

# Development Perspective of Balance Scorecard through “multi-dimensional” value measurement

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**Abstract**—This work, after dealing with the multidimensional “values”, as “objective” goal of the company, is intended to go through the main and significant measuring tool, that is able to analyze different aspects of the performance and to represent different perspectives of the “multiple” value creation process.

It is the Balanced Scorecard framework, an analysis instrument which has the aptitude to measure the performance according to a multidimensional and coordinated logic, as well as to represent the causal links between strategic goals and assumed measuring indicators. The analysis of this innovative balanced measuring system, developed on a deductive approach based on theoretical and empirical studies already done, propose comments on some critical aspects of this model and enlightening possible solutions and opportunities, in order to contribute to its development path and to the widening of its content.

The present paper has been developed in the perspective of the most accepted accounting and finance theory.

**Keywords**—Balanced scorecard; Critical aspects and possible solutions for balance scorecard implementation; Multidimensional value measurement.

## I. PREMISE

The deep changes occurring in the last decade, within the socio-economic context and in the companies way to be and to act, together with the achievement of their social responsibility, have raised important issues related to company finalities and to measurement instruments of aspects considered strategic for company living continuity and development.

The establishing of the “multiple” value creation theory, together with the evolution of studies on the multiple analysis’ profiles of business dynamics, have changed again and made more complex the notion of “result”, highlighting its several possible dimensions. The pluralism of the features characterizing the complex business dynamics leads us to overcome the interpretation of performance analyzed only in terms of profitability from the owner’s perspective, in order to adopt a broadest notion, which takes into account the multiple profiles of company phenomenon, that is more and more characterized by factors of internal orientation and by factors of socio-environmental orientation. Under these new circumstances, the achievement of business results in economic terms comes to depend on several aspects that became more and more influential and crucial for the company system. Among these issues, a great importance is gained by the dimensions of technical processes, innovation and relationships with stakeholders. In this way, the super-system of capital’s property is accompanied by different super-systems of interests, more and more directly and indirectly involved in the company activity’s strategic processes.

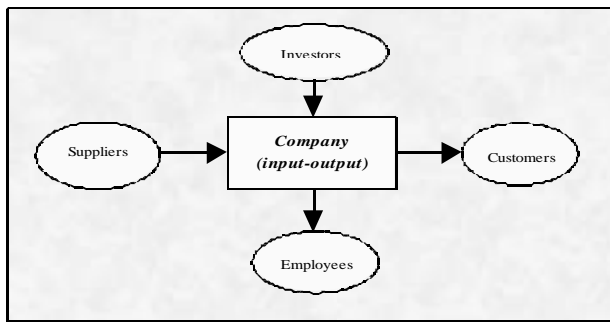
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The need to observe the pluralism of the features characterizing the complex company dynamics leads to widen the dimensions of business performance’s analysis by adopting integrated measuring tools, which allow also the evaluation of competitive strategies and initiatives, social and of business processes development. This work, after dealing with the multidimensional “values”, as “objective” goal of the company, is intended to go through the main and significant measuring tool, able to analyze different aspects of the performance and to represent different perspectives of the “multiple” value creation process. It is the Balanced Scorecard framework, able to measure the performance according to a multidimensional and coordinated logic, and also able to represent the causal links between strategic goals and assumed measuring indicators. In this regard, within the Balanced Scorecard model the construction of measuring tools, of a quantitative and qualitative nature, are inserted into a logical chain of cause- effect relationships that links strategy with drivers that will lead to the achievement of strategic goals, describing the changing path through which company activities have been translated in economic-financial results. The analysis of this innovative balanced measuring system is made, in the perspective of the most accepted accounting and finance theory, by proposing comments on some critical aspects of this model and enlightening possible solutions and opportunities, in order to contribute to its development path and to the widening of its content.

## II. THE “MULTIDIMENSIONAL” VALUE AS COMPANY GOAL

In economy-business literature, the enterprise’s goal has over time been mostly linked to expressions such as: “profit maximization”, “stakeholder’s interests and expectations’ weighting”, “long-term value maximization”. Different identifications of enterprise goals come from the several interpretations of company’s role in a society founded on a capitalist market economy that rule and affect business activity [1]. At the beginning, the neoclassic economic setting, having reference to the well-known “property rights Theory”, identified “profit maximization” as main indicator of the most important enterprise’s goal [2]. This position has been originally argued by Smith [3]. The company, being regarded as any other economic asset, should respect private property laws and, therefore, should be used in order to maximize the benefit that could be obtained by the owners [4]. In this way, the company system is analysed from an external point of view and, to be more precise, only in the perspective of the entrepreneur-owner, favouring the highest economic efficiency than interests pursued from other subjects involved in company’s life. Mentioned perspective can be expressed by the “input-output” relation model (*shareholders theory*).

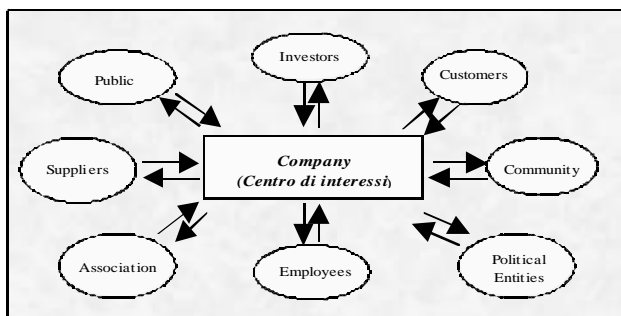
Figure 1: “Input-Output” Company Model



In this context, the different individuals input-holder will receive, in marginal terms and in a situation of long-term stability, a “normal” remuneration for provided inputs (competitive market), that is the remuneration gettable from a different use of provided resource and time spent. In the end, the final benefit, according to competitive trends of the market system, will be given to the entrepreneur-owner. The interpretation founded on “property rights”, belonging to an economic reality characterized by the substantial correspondence in the figure of the so called “entrepreneur subject” between owner and manager, badly adapts itself to a managerial capitalist reality as the current one is. In fact, the progressive distinction between owner and manager, that took place especially in Anglo-Saxon countries, and the resulting coming out of a *public company* enterprise model, caused the establishment of a “passive” form of the property exercise. In this regard, the economic reality described is characterized by a progressive weakness in controlling rights, in direct goods availability and in company outcomes, as well as of the responsibility for both the liabilities assumed and the information gettable from shareholders on business management. Basis on these considerations, it has been thought that this new “passive” form of property right operating will lead the owners to an implicit renounce to the right stating that the company could be managed in their mere interest. For this reason, it has been stated that all individuals or groups of stakeholders have the same legitimate priorities in expressed interests and expected benefits (*Stakeholders theory*) [5].

Figure 2: “Stakeholders Theory” Company Model

This new company vision redefines the company as a nexus of contracts, that are the relationships among people involved in its management (shareholders, providers, managers, financial backers, workers, clients, etc.), which



rights and duties derive from. This changing in perspective has moreover been justified by the decentralization of company’s decisions among several players, whose interests

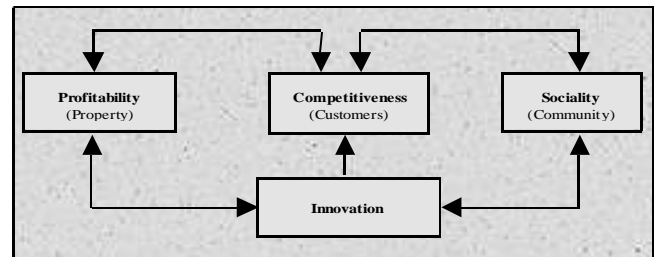
come often into conflict with the property ones. In this occasion, both enterprise and entrepreneur’s purposes need to be rightly tempered under the sign of company survival. In this regard, a profit ideology that deem the company’s economic role as absolute and consider the profit almost a goal, will lead to the exploitation of all vital relationships which characterize company life, starting from the ones with clients and employees [6]. The goal to reach the highest profit in the owner’s interest cannot be anymore proposed in an exclusive way because of the presence of different involved stakeholders that have also opposing and potentially conflicting interests [7]. According to this approach, profitability should be measured no more in the mere owner’s point of view but in relation to interests, aspirations and expectations of other individuals or groups too. It derives the need to individuate different goals that must be pursued by the enterprise, which are alternative compared to the mere profit maximization.

Among the different proposed goals, (satisfaction of customers’ expectations, satisfaction of workers’ expectations, etc.) one of most significant is the need to properly weighting the “interests and expectations” of several stakeholders”. This last perspective implies the need to consider and put on the same level the interests of all stakeholders that are involved in the goals reached by the enterprise. In this sense, all involved individuals, having a legitimate economic interest, take part in company’s life in order to have a “benefit” and there is no priority of any single group in expressed interests and expected benefits [8]. In these terms, the company is thought to be an entity responsible for all interests and expectations expressed by all parties involved in different ways in its activity and interested in the results it achieved. The approach under consideration, to the extreme, leads to give the same dignity to all involved players (shareholders, employees, workers, customers, etc.). There is no more one function to be maximized but many interests to be reconciled. In this situation it comes to be really important in order to evaluate business performance measuring the fairness of remuneration for all stakeholders. The shift of observation perspective from the owner (subjective-private company’s vision) to all stakeholders involved in the entrepreneurial project (subjective-public company’s vision) allows to assert that each enterprise is as an institutional source of long-lasting process of value creation, not only expressed in economic terms. This has allowed both the goals achievement of “maximum simultaneous progressive, with regard to salaries, dividends and self-financings dynamically combined” and of the relevance of the company’s social responsibility, as a “mutual good” of people working and interacting with it [9] [10]. In fact, this theoretical goal cannot be reached in the reality, especially taking into consideration the difficulties both in identifying relevant stakeholders and in identifying, within several groups, the priority interest to be considered. Moreover, this approach would not be able to provide a goal-function able to orient in an univocal way the entrepreneurial and managerial choices [11]. The highlighted theoretical approaches described above, designed to give priority to the property’s interests (shareholders theory) or to the need to reconcile interests and expectations of different groups of stakeholders (stakeholders theory), finds settlement and balancing in the model of “maximization of long-term value

model". This methodological approach, that has been recently shared by many academics, resulting in an analysis of strategic and operational business management model, identifies the "value creation theory". The latter, giving conceptual autonomy to the company phenomenon, bases its conceptions on the possibility to identify an autonomous goal for the company, superordinate and different from the one pursued by individuals that create it and from those interested to the results it achieved (objective vision of enterprise). The idea of maximization is intended to be a continuous aim to increase the company's value in long-term, considering the actual decisions of the manager (or entrepreneur), given the company's continuous becoming. The considered time horizon, consistent with the definition of company as economic long-lasting institute, consequently exclude both the conceptual reference to the company's "present market value" (expressed by the stock market) and the short-term profit's maximization. It follows that company's value, as vital phenomenon, expresses the perspective conditions of balance and the organic and functional development of the economic entity system, accordingly with freedom's bonds and degrees of the reference environmental system [12]. In these terms, the long-term value maximization provides to the stakeholders of a certain company, the indicator according to which they should measure their success in achieving a certain company vision, in formulating and putting in practice a certain strategy and in defining organizational choices.

This assumption allows to understand the company's position in relation to its reference environment and to its workers' interests and rights, by assuming its long-term survival as the company's main goal [13]. The value creation process is therefore interpreted, in a wide sense, as potentiality to satisfy the company's need of surviving over time, together with the expectations of different stakeholders, among which there are also the capitalist-entrepreneur's ones. It tries to conciliate the economic vision, by enlightening the need to get, in the course of time, incomes that will be congruous and able to regenerate and renew the productive processes, with the social one, related to the "fair" distribution of value created among different stakeholders. In fact, the company's long-lasting development requires the integration of social needs, of market needs and of the unavoidable economic goals, which the satisfaction also of social-ethic demands inevitably depends on [14]. In this regard, the profit, although expressing the main but not the only one aspect of economic rationality, must be observed in relation to the above mentioned company's ability to achieve its own "reason to be", that is, in other words, the satisfaction of human needs. According to this, they can mostly be ascribable to the use of goods and services produced by the company and to the remuneration for those who have been involved in different ways to the company activity. Infact, "several incomes, such as: salary, interest, profit" develop and come from business functioning. The company ability to survive in the market depends on the way in which the economic subject is able to combine different economic needs of property and other investors with social and market requirements. Specifically, the value creation, in a broadest sense, tries to make coexist the logic of private profitability, in particular the one of compensation dues to the property, with the competitive, innovative and social function of the company which, thanks

to its economic-productive activity, represents a key-factor for the whole community's life and development. In this way, together with the "private" one, there will be the development of other dimensions related to different of individuals' classes, whose system of value relations favours the enterprise's



permanence over time [15].

Figure 3: The Value dimensions system

The enterprise's continuity and long-lasting functioning is more and more related, in the present reference context, to the legitimacy of socio-economic values by the reference environment in which the company operates. The social consensus, assuring the sharing of same purposes between business "philosophy" and surrounding environment, became, together with the profitability, one of the factors needed for the company's survival and development, and that comes to define the same economy. This has concurred to permanently demolish the idea of company as a just economic phenomenon that deplete its function within the private sphere of individuals that constitute and rule it [14] [16]. Every company stands on the market not only with its products or with the dynamic of its economic and financial values, but with its whole features, with its range of knowledge that it has been able to gather, with its intangible assets, its image, its management style, its organization models, its way of operating and its way to be and to make business. The more the inside and outside sharing of intents is positive, the more the company shall obtain favouring long-lasting results. In these terms, monetary and social culture are not in contrast with themselves, they live together for the creation and valorisation of intangible goods, cultural resources, creativity, human resources and the whole business capital [17]. In a medium-long term perspective, the pursuing of company's institutional purposes (producing congruous incomes) and the quality of relations with different business dealers become more and more strategically important. The fairness in resources allotment and in the management of relationships with stakeholders, promoting the company's legitimation in the reference environment, became a fundamental strategy with positive effect not only on the achieving of economic goals (economic development dimension), but also with innovative, physic-technical (internal business development dimension), competitive (Customers' development dimension) and social results (transcendent development dimension).

It comes to be defined a circular system of strategic values,?? each one acknowledged as such so far as it is linked to others, involving company's productivity and profitability, customers and other stakeholders' needs, innovative and creative processes, careers development and human resources valorisation. This value creation process, favouring a long-term perspective that considers the effects of business

decisions on the company's future profitability, it is not oriented towards the property but aims to satisfy the need to meet the expectations of other stakeholders, aiming to achieve a broad acceptance of the entrepreneurial project.

### III. COMPANY RESULTS IN TERMS OF "MULTIPLE" VALUE.

The acknowledgement by business economic literature of a multiple value's perspective and, precisely, of an economic, competitive and social perspective, that represents the corporate finality, implies that business results should be traced back and interpreted in relation to the company's ability to create value in a "multidimensional" way and, in other words, to measure the effects of different business dimensions [18] [19].

According to this interpretation of the business phenomenon, the results it achieve can be considered in terms of "values", i.e. results pursued by the company both on its own benefit and on that of all different categories of involved and socially considered stakeholders, as tutors of value created. The multidimensionality of business's results, shows, on one hand, that the essence of the company's production process, consisting in long-lasting adding value to consumed inputs and, on the other, that the highest finality of company system, is the fulfilment not only of the property's expectations, but also of the ones of all individuals involved in the business. In this regard, the value creation process is not an aim in itself, but stands as instrument to the satisfaction of different actors' expectations that, in various ways, have interests towards the company.

In this conceptual framework, business results cannot be considered limited to the only economic dimension of management, but they must be considered taking into account the different profiles in which the object of the same results can be observed. Indeed, the latter may be of various kinds, economic and financial, competitive, social and development, and, even if some of them may present a level of conflict in the short term, it's necessary to seek a balance between them in the long term.

Unlike traditional positions, in which the content of results refers to the relationship between "revenues" and "costs" in connection monetary exchanges, creation process of "multidimensional" value, drives the attention on the concepts of "economic value of obtained productions" (to be allocated on target markets or be sold to other users) and "value of consumed resources" in production process. Compared to the quantitative-monetary idea, the new expressions are not necessarily related to negotiations ruled by monetary exchanges, that is the amount paid to buy resources or collected by the products' sale. These "values" are connected and change in relation to the way in which resources are placed within the value creation system. In this regard, they also exist in the presence of not monetary exchanges or when resources are freely available, and productions are freely given up to users; this happens, in different measure, above all in those kinds of business not identified as enterprises. There are therefore other qualitative "values", benefits or charges directly or indirectly produced by the company, which cannot be economically expressed by costs and revenues, but which can play a decisive role in the approval process by

stakeholders involved in company's choices. In these terms, the value created must be interpreted not only with regard to conditions set to the basis of the well-known economic (as congruous financial remuneration of used factors), financial (as an adequate correlation between investments and sources) and monetary balance (as capability to face the ordinary flow of expenses), but also with regard to all other qualitative conditions that are part of the so called "overall strategic balance" [20].

In particular, in reference to the latter balance condition, we can say that it is of qualitative conditions, decisive for the company productive organization survival and for its social-responsibility oriented management, as they invest both the company's relationships with surrounding environment (markets, civil society) and internal relationships, addressing them towards relational logics. [21]. The mentioned qualitative conditions can be traced back to socially responsible behaviours able to ensure the preservation of winning positions on sales and buy markets over time; or they can be related to factor connected to needs of organizational structures and levels of knowledge that are able to feed distinctive competencies, to maintain competitive advantages and to improve economic performances; they can be also associated to attitudes aimed to encourage the creation of a cooperative atmosphere among different categories of different actors involved in the entrepreneurial project.

The widest conception of value creation, assuming a long-term perspective that considers the effects of company decisions on its own future profitability, demonstrates that the performance measuring process is not oriented to the exclusive interest of shareholders, that are particularly sensitive to the increase of value of the invested capital, but it also has the aim to take into account the expectations of other stakeholders and of the same firm to survive [18]. In these terms, the measurement process of created value implies, in addition to economic and financial perspective (tangible production of value), the analysis of internal and external relations' quality, as well as the held knowledge and innovation capabilities (intangible production of value) [22]. It follows that company performance cannot be limited to income (that represent the *result from the owner's perspective*), but can be observed in relation to the increase of company's value, dues to the development of its innovative knowledge and of its internal physical-technical processes (that represent the *result from the company's perspective*), or to the destination of goods and services created (that represent the *result in a competitive perspective*) and, in addition, in relation to the distribution of its results, in a balanced way, among different stakeholders (that represent the *result in a social or community perspective*) [23] [24] [25].

The outlined approach based on economic, social, competitive, innovative relations, offers a useful interpretative key of the enterprises phenomenon and connects reference metrics to qualitative and quantitative company's connotations, both tangible and intangible. The acceptance of "multidimensional value" concept, as enterprise's finality, requires not only the review of the company's result content, but also the establishment of new and appropriate measuring systems.

In this regard, the traditional economic and financial indicators (such as income of period, residual income, Economic Value Added, Cash Value Added, etc.), despite the certain validity in measuring company management results and in providing an overview of company's ability in creating value, show limitations due to special features of this measuring method and, to be more precise, in being deeply affected by legal-formal rules and especially by the inability to define processes and dynamics of value creation, as well as to highlight links existing between performance and its internal and external determinants. At the same time, these measures do not allow to express the interdependence existing among different bodies providing or participating to the company's performance, as well as to appreciate the contribution of different involved "actors" and factors that affect the achievement of results.

The meaning of different economic and financial results, determined according to all possible measuring methods, also implies a simplified reasoning that considers three main elements of value creation process:

- Monetary "benefit" produced by business activity;
- Monetary "sacrifice", which the above mentioned benefit requires;
- Monetary "utility" expected by the individual who wished to support that sacrifice.

These three variables, able to give expression to the company's ability in achieving and maintaining the conditions for the economic and monetary equilibriums, concisely trace the overall of the enterprise's finality to properly satisfy the expectations of property and other investors, disregarding other factors considered, at the same time, important and from which the underlined equilibrium conditions often depend on.

Therefore, in consideration of "multidimensional" concept of value creation process, stated in the doctrine and upheld in the present work, it is felt the need to use "additional" value measuring models able to combine various kinds of indicators, by bringing together global measurements, generally expressed in economic and financial terms (since it is based on exchange relations between the company and the environment), and analytical indicators, expressed both in quantitative-monetary terms as well as physical-technical or even qualitative ones.

The created value, being a structured and complex entity cannot be only determined by synoptic monetary and quantitative expressions (production costs, sales revenues, ingoing and outgoing cash flows, income of period, etc.). This entity can also be expressed through physical and qualitative indicators connected with rationality concepts, appreciation and satisfaction, cohesion, commitment and involvement, quality of knowledge, innovative skills, sociality, environmental effects, etc. Moreover, focusing on short-term accounting goals it diverts attention from the real drivers of enterprises performance: production process, innovation, competitive and social relations [26].

To this end, the traditional income-related profitability indicators, although providing a informative summery, are unable to provide suitable elements in order to evaluate the

quality of overall strategic positioning towards social partners and markets. In other words, the performance measurement in terms of created value cannot be only addressed towards synthesis results, purely of economic and financial nature, but needs to highlight the drivers of the same performance in order to increase the system capability to create value [27]. The complexity of social and competitive aspects, increasingly falling under the concept of company performance, requires the employ of signaling results indicators different from the monetary ones, complementing and completing accounting measures, in order to favour the quantification and the interpretation of benefits achieved in different multidimensional aspects of value. Their use, favouring the defining of goals, the measurement of intellectual, social and environmental results as well as the diffusion of information produced thanks to inside and outside communication, allows to several classes of stakeholders to be aware both of the made choices and achieved results, and to encourage the permeability between the company and reference environment [28] [29]. The introduction of other measuring instruments has been justified by the fact that if the competitive environment and the production and organizational processes change, the same change should happen to the measuring system. This does not mean that the new instruments replace the previous ones, but that they can be integrated with others in order to satisfy different knowledge needs and to support management decision-making processes that are becoming more and more complex and articulated [30]. The acceptance of multidimensional value concept, as highest goal, leads to review the essential elements of business results measuring system. The "value" requires detection tools that are able to observe several business profiles and correlations with external environment.

#### IV. THE FOUNDING ELEMENTS AND FEATURES OF BALANCED SCORECARD

Since above all the nineties, value multidimensionality has led the academic and professionals to propose integrated measuring models able to broaden the analysis of enterprise phenomenon and, above all, to previously underline company life perspectives. The most well-known framework for value multidimensionality measurement, able to evaluate the company management's key-factors in a systematic way and deeply discussed in management literature as well as widely applied in practise by the corporate world, is the Balanced Scorecard, created by Kaplan and Norton (1996). *The Balanced Scorecard (BSC)* is a "balanced evaluation system", that identifies the "company's genome" and takes into consideration the different analysis perspectives of value creation process. In particular, the innovative proposed model assumes the definition of strategic guidance, of the related enterprise behaviours and measuring instruments of the main "process variables" which the economic and financial results depend on, that can be traced back to monetary capital, competitive-relational capital, corporate structural-internal model, human-professional resources. To be more precise, the perspectives considered as strategic for company management that, as known, are also sources of value creation and key variables for multidimensional appreciation of management performance, can be identified in: *financial perspective*;

customer perspective; internal business process perspective learning & growth perspective.;

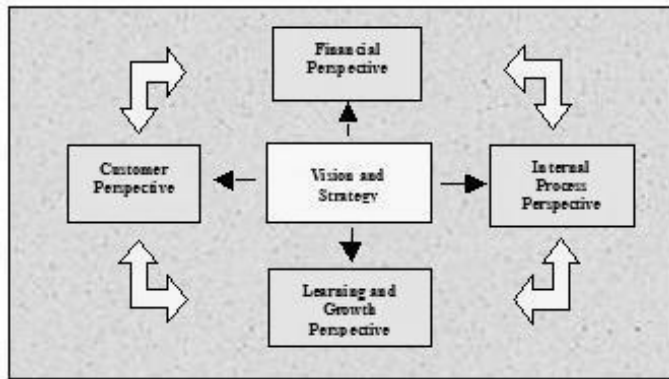


Fig. 4: BSC analysis perspectives

Source: KAPLAN R.S. – NORTON D.P., *The balanced Scorecard – Measures That Drive Performance*, Harvard Business Review, January-february:71-79 (Our adaptation).

The causal reciprocal links, if-then kind, existing between the highlighted perspectives, show how the achievement of economic goals depends on the enhancement of customers relationships and on internal processes which, in their turn, depend on the enterprise's ability in creating intangible assets, as innovative skills and knowledge of human resources [31] [32].

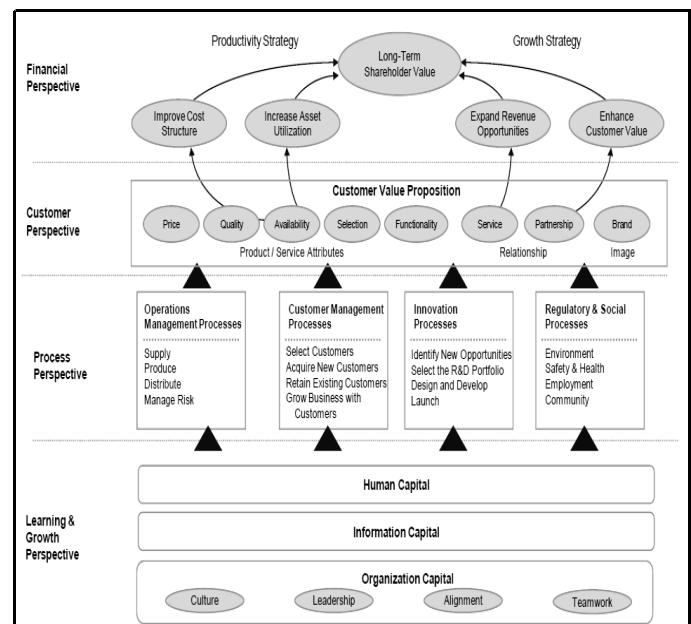
At the same time, the model under consideration is characterized by the attitude to separately evaluate the result of the highlighted perspectives and this allows the evaluation if the achievement of a certain perspective's strategic goals are reached to the detriment of another one. In this way it is also possible to avoid, for example, that the aim to improve the short-term financial performance is achieved through the worsening of company ability to satisfy its customers or by reducing the investments in research, training, development [33]. The four identified perspectives also allow an appropriate balance between goals and short, medium and long term behaviours, as well as between internal management critical processes, innovation paths, learning and company growth. The underlined philosophy, that characterizes the construction of the BSC, lies in the awareness that the strategy's implementation and the consequent achievement of the wished results, derive from the combination of three components, which the same model's constitution is based on, that is: definition of strategy, the selection of behaviors to be implemented in order to achieve the set goals; the choice of indicators to be used to measure the results related to the effects of performed behaviors. The logical link that connect these three components comes from the assumption that "you cannot manage what you cannot measure and you cannot measure what you cannot describe" (Kaplan). Certainly the BSC's representativeness and effectiveness depend on the definition and description of cause-effect relationships among several and specific strategy goals stated for each identified perspective, which shall be consistent among them, integrated and not in conflict. The need to represent the causal links among specific goals and between them and the measures able to weigh up each goal, implies the prior definition of the so-called "strategy map" [34].

Therefore, this latter represents a logical step, a very important moment of reflection on organization strategy and allows translating it in a set of goals connected to each other by cause-effect relations across considered perspectives: from results wished to drivers (activities) that will lead to these results. In other words, through the definition of "strategy map" every measure of BSC is put in a logical chain of cause-effect relationships that links the results expected from strategy with the drivers that will lead to strategic results, describing the resources transforming process (economic-productive utilities) in material results of both economic-financial and customers perspectives. In this way, it make visible the links between the strategy that company is intended to pursue, the activities that will lead to the achievement of fixed goals, the measuring tools that will be applied.

Figure 5: Strategy Map in the BSC perspective

Source: Kaplan R.S. and Norton D.P. (2000), *The strategy-focused organization: How balanced scorecard companies thrive in the new business environment*, Harvard Business School Press.

The explication of the strategy, the connection with



strategic-operational goals and the behaviours-action that are to be implemented, as well as the connections with the structure organizing indicator, besides improving the representation of company dynamics, favour the strategy communication within enterprise organization, the responsibility of company's different components in the achievement of fixed goals, the identification and rationalization of behaviours to be implemented at different organizational levels. At the same time, they stimulate initiatives to be undertaken after the analysis of existing gaps toward those expected [35] [36] [37] [38]. The analysis of perspectives which the BSC model is based on and the proposals about strategy's content, business behaviours and measuring instruments, highlight the central position of those factors the company's success increasingly depends on in the current highly competitive and global context, and that are represented by intangible assets and competences. The discovery of the importance of such intangible aspects

requires the integrated use of traditional economic and financial measures with a set of technical and operational measures that enable to get information and indications about the enterprise's trend capability to successfully compete, to create value, and survive over time. Together with economic-financial indicators, object of analyses in the accounting context, there are also measures able to detect the trend of these intangible factors revealing the company's current and prospective ability in creating value over time. In this way, the model tends to favour the adoption of company policies able to orient the strategy to improve possession, storage, management and renewal of such intangible assets. It follows that the system of measuring indicators, used in the BSC, in addition to be consistent with the strategy and oriented to the measurement of the activities' implementation effects and processes, is characterized by the adoption of different indicators (selective and simple, global and analytical, monetary and physical-technical, leading and lagging, related to tangible and intangible profiles of value creation process, referable to the expectations of different stakeholders, etc.). However, the choice of the different indicators must be consistent with their ability to accurately represent the value creation process and the achievement of strategy objectives [39] [40]. The specificity of contents and links among the analysed variables (general strategy, specific goals, behaviour-actions, measures and their mutual relations) makes this measuring system assume a typical and unique nature, since it needs to be based on distinctive elements of the strategic, organizational and operational profile of each company as well as on needs and peculiarities of its reference partners [41]. It follows that the measuring system at issue cannot be generalized and standardized, since the set of indicators changes according to the adopted strategy and behaviour-actions selected to achieve set goals. This measuring tool, in fact, constitutes an open-content model, always in evolution and ever-improving, according to which all value dimensions can be measured, as considered strategic for the success of a particular company. These management aspects have been considered useful, short and long term, inside and outside the company, expressive of the effectiveness and efficiency in performing a specific economic activity.

Moreover, the indicators system, thanks also to the use of quantitative-physical parameters, presents a high level of flexibility. Its consequent updating and possible changing of parameters in relation to new strategy needs, to a new logic of production and to informative needs of users, even if there are no powerful accounting systems and strong procedures to modify, it is not really simple, rapid and inexpensive.

## V. DEVELOPMENT PERSPECTIVES OF BALANCED SCORECARD

The BSC model, as proposed in its original version in 1992, has been the focus of an intense and continuous debate, still ongoing, on a theoretical and practical level which has been highlighted critical issues and proposed suggestions in order to improve, under several aspects, its ability in investigating and representing the company's dynamics.

After its conception and application in manufacturing companies, there has been a strong interest in the BSC by

companies operating in high-technology, public and nonprofit organizations. The use of mentioned model in these sectors is justified by the ability of this tool to favor the planning and monitoring of operational efficiency and strategy effectiveness as well as the intangibles innovation and government and relational structure of the company.

The fervor of scholars studies on the model and its intense application in different business activities' sectors have led many academics and professionals to highlight limits and resolving proposals aimed at improving and making the model more and more suited to different strategic management needs of the diversified today organizations. In this regard, critical issues and suggestions have been highlighted in order to overcome those that we could define as barriers for BSC's development and large scale implementation.

Specifically, the BSC's features in which it is possible to find theoretic and practical critical aspects, have been mainly concerned the following circumstances: limited analysis perspectives; linear cause-effect relationships among elements of "strategic map", missing definition of the executive leadership, individual activities and units supporting the strategy; lack in consideration the company management risk in the strategic map; poor consideration of external environment; the advantage of certain stakeholders' categories over others; limited attention to socio-environmental aspects. With regard to the limited perspectives of analysis, the practical BSC application revealed in highly technological context and, above all, in public and non-profit sector, the inability of the four variables universally assumed by the model in order to represent the complex business reality. On this issue, we consider desirable some changes and adjustments in order to make flexible the model's basic structure and to promote the breadth of application and representativeness of strategic variables of the specific business dynamics. Indeed, what is fundamental is that the BSC's structure is able to reflect the company strategy and the correlations among goals, actions and tools. A fundamental step is, therefore, the model personalization, which must be free from theoretic constraints and must favor the adjustment to specific strategic needs of companies that implement it, without compromising the basic structural setting and the functionality. Therefore it follows that the BSC's perspectives must be appropriate to the strategy of each company and their importance in the strategy map has to be established according to the order considered as opportune. As pointed out, it could imply the introduction of new perspectives, replacement of those originally proposed, changing in priority's order. Another aspect to be analyzed concerns the cause-effect relationships among elements outlined in the strategy map. These are linear in the BSC's architecture and this contravene the company's systemic view that, on the contrary, shows circular and mutually interactive relationships. In addition, the strategic variables as well as goals and measuring tools' interconnections are not inserted into the spatial and temporal dimensions, making impossible to observe the evolution of causes and effects according to the dynamics systems principles. In this regard, the causal interactions among strategic goals, as the proposed strategy maps shows, have still a high level of fragmentation, to the point that they result to be more aggregate than made ??up in a systemic key. Therefore, it would be appropriate the proposition of a

dynamic system able to fully highlight the causal links, not necessarily of unidirectional kind, among the different strategic elements of each perspective, above all in relation to the most relevant ones and to those having significantly late expressions compared to expectations. At the same time, it would be necessary the introduction of a feedback circuit more complex than the one currently proposed in strategic map, that draw on multi-dimensional causal links between the main variables. These considerations require the construction of a model with an even more complex and varied content that would require a considerable professional and economic management commitment for its practical proposition.

Moreover, the BSC model, at least in its original theoretic and applicative version, does not make explicit the fundamental role played by the executive leadership and the related operational support units in strategy implementation and successful realization. In this regard, the business practice shows how the leadership and technical support activities are a critical factor able to determine the company's success or failure. They are, in fact, some professional ability and skills of those who technically manage the behaviors to be implemented in order to achieve the goals set to influence business results. Therefore, the leadership and individual operational support activities and units should be identified within the strategic map and they will govern and implement the strategy, defining their competencies, duties and responsibilities. The failure to identify such aspects would deprive the model of those fundamental issues that make winning the practical implementation of strategy, preventing the analysis tool being reduced to a reporting system, distorting his own purposes, that is the creation of a tool for the implementation of strategy. The importance of introducing these figures is also due, beyond their actual role in developing the strategy and the links among strategic goals, to the fact that their involvement should ensure information and advices that might be useful for modifying or improving the strategy.

Further attention should be dedicated to the issue concerning the management business risk factor since, in operational reality as well as in BSC strategy map, it is not properly considered. In this regard, the management risk, in consequence of Basilea II agreements, it's already of fundamental importance for banks, as well as for all companies that turned to the banking system. Therefore, the architecture of the strategic map, in order to make the model more and more complete, should provide a greater formalization on this issue, endorsing both literature and the emerging practice on risk management. This new management issue, as proposed by some companies acting in the financial sector, could be included as one of the main pillars in the consideration of the financial and internal processes perspectives. In this case, for example, with reference to the financial perspective of the revenue growth, it may be required the determination of the risk of failure to achieve the target goal, or estimate the eventual delay that might occur between the fixed goal and the verified result. In this case, it would be an integration of the identified strategic pillars, rather than a new analysis perspective. In this way, it would give attention to the performance as well as to the possible risk factors and uncertainties, that is needed to be able to strategically investigate, define and manage. Then, in the

fulfillment of BSC, little importance is given to the variables of external environment not only during the strategy formulation or in its implementation process. Where the model turns to outside entities, such as customers, uses purely internal indicators to evaluate the implementation of strategy. External entities, such as number of competitors, demographic and macroeconomic parameters, legislation and so on, although being not influenced, may, in fact, damage the strategy implementation. Thus, It would be appropriate, in order to improve the BSC's application utility, to introduce a set of indicators monitoring the external conditions, that allows the company to understand the changing in conditions that may affect actual and perspective results.

On the other hand, with regard to individuals which the information of BSC is addressed to, the model puts the attention on shareholders, customers and employees, assuming that there aren't other stakeholders equally important for certain kinds of businesses such as, for example, suppliers, financial backers. Let's think to a company trading in motor vehicles, electronic and IT products, for which the relationship with suppliers is vital. It becomes, therefore, important for the model's practical usefulness and representation, to extend the information towards several stakeholders' categories that are deemed strategically crucial to business success. This, however, is favored by the same versatile and flexible features of the model, which should lead not to follow the proposed framework as it is designed for a general business, but rather follow a logical path of strategy translation into operational terms taking into consideration its own specificity. It follows that if it is considered strategic for a company to pursue certain goals in the relationship with certain suppliers, financial backers, etc., it is consequently necessary that behaviors and measures in this regard are considered of fundamental importance. This proves to be consistent with the primary goal of creating value that each company tends according to its natural inclination and that leads to place the economic and financial perspective in a privileged position along with the key-players that favor its implementation. Finally, the last main aspect on which is considered useful making observations is the exclusive focus of the BSC model on value creation conceived according to an economic perspective. This makes the instrument under consideration not very inclined to consider the social and environmental issues in strategies formulation, as the economic goal are integrated with those of social and environmental protection, for the attainment of sustainable economic development, based on the contextual balance of results between the economic and social dimension [42] [43] [44].

In that regard, more than ever in the current competitive environment, the business success' strategy is increasingly pervaded by behaviors-oriented towards the company's social responsibility to the system of reference partners, so as to became one of the founding value of the very identity of the company. In these terms, it is deemed important the consideration, in defining the strategic map, of issues such as image, reputation, level of social responsibility, the economic activity's impact on the surrounding environment, the initiatives without economic impact and so on, since they are more and more important in determining the economic results. The introduction of these new features, modifying the company's way of being and acting, necessarily requires a



new modulation of the hierarchical functional system of analysis perspectives, which defines the balance between economic and social goals [45]. In this case the social strategies, in order not to distort the purpose and structure of the model should be considered in relation to the effects that these have on economic and financial variables (revenue, operating income, etc..) and competitive (market share, average turnover per customer, etc.) [46] [47].

However, there are clear difficulties in isolating the effects arising from the implementation of social strategies on economic and competitive performance, which are mitigated when the consequences of social strategies are easily limited, as for example in the measuring of revenue related to products with social and environmental content or the reduction of costs concerning the implementation of eco-efficient processes or the improving of the safety in workplaces. As it emerges from the above, the main critical issues and development perspectives of the Balanced Scorecard are only in part connected to its theoretical architecture, as its evolution depend largely from business management abilities to fully understand the requirements and implications of the model, to implement it with awareness by taking into account the company's attitudes, to customize the structure, to implement it in a way shared with all business functions and units, to institutionalize the tools and to improve the company culture. In view of these circumstances, the BSC model can be candidate to represent the most significant tool intended, with due precaution, to monitor the features from which company's success depend on. In the course of the future development of the model, it would be appropriate that it exits from the willingness to create rigid causal links between the perspectives and indicators, focusing on the consistency between the strategy, key performance and indicators within the perspectives of analysis. At the same time, it is necessary to particularly deepen elements such as culture, values?, expectations, principles, related in their turn to factors such as innovation and learning, in order to avoid focusing attention only to those easily perceptible aspects.

## VI. CONCLUSIONS

This work has underlined the "multidimensionality" of the concept of "value", as concept that embodies the current company finality in the perspective of the most accepted accounting and finance theory. The resulting problems came from the "natural" complexity of the issue, being related to the aspects the value derives from and to the possible measuring instruments able to represent it.

The present study on different dimensions of value, pointed out how the concept of performance and the related systems responsible for its evaluation require a deep and radical change in their main content. In particular, it asserts the need to overcome the notion of result expressed only in economic terms, in order to embrace a broadest interpretation that takes into account the multiple aspects of enterprise phenomenon. In that regard, it is asserted the need of measuring instrument that tend to focus on performance's driver in order to raise the awareness of different dimensions of in value creation. This requires the construction of an analysis vector aimed to highlight the results, basically correlated between themselves, on the following aspects of the

business action: *the economic profile*, aimed to monitor the ability to remunerate involved resources over time; the *productivity*, that can be measured through the relationship between processes' *output* and *input* needed to achieve them; the *efficacy*, which measures the ability to achieve the process objectives, measurable in terms of relationship between expected and actual output; the *efficiency*, aimed to measure physical-technical output of production processes, that is the relationship between achieved results and used resources, that can be approximated as relationship between resources that are expected to be consumed and resources actually used during the performance of business processes; the *quality of behaviors* in economic actions, measurable in terms of relationships with internal subsystems (production and organizational processes, human resources etc.) and with external systems (supplier, consumer, funding relationships; relations of social and environmental interest, etc.); the *flexibility*, which measures the company's ability to quickly respond to changes caused by events both internal and external to the company environment; the *Innovation* as key-element to maintain and improve the competitive advantage and therefore the overall results.

In view of these different and interconnected aspects, the traditional analysis models of accounting origin, even if being not replaceable, do not offer a positive contribution to the evaluation of business action. Therefore, they are no longer sufficient to outline the development values of business system. They should be joined by partial, detailed measuring processes, focusing on factors that somehow are able to determine and influence synthesis results. The systematic nature of these aspects implies that they have to be observed according to the causal links that permeate and characterize them. It follows the need for a joint evaluation that allows defining and describing the cause-effect relationships among strategy, behaviors and measuring tools that should evaluate the results of different planned goals. In this regard, the instrument mainly appointed to meet this need is the Balanced Scorecard, which basically academics and professionals converge on. Anyway, as for its content, we are still far from reaching a definitive proposal, even if it is possible to recognize, for some fundamental features, common and well-established development paths of the model. The analysis of this innovative instrument of strategic management and results-goals measuring has highlighted the need to improve the synergistic relationships among the elements of "strategic map", to pay more attention on executive leadership, to broaden the analysis by considering the external environment, management risk, relations with different categories of stakeholders other than shareholders, customers and employees, as well as to complete the original analysis perspectives by including also the social perspective, that began having decisive effects in many economic realities. Without any doubt, despite the highlighted limitations, that could be mainly brought back to the high conceptual strictness and to the non-univocal feature of the theoretical positions stated in the reference scientific literature, it is considered that the tool in question can help optimizing the management of those factors considered to be the real development drivers of a company, which are able to put in evidence in advance the future evolutions of the same management.

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