

The major perspectives weighted model for balanced scorecard system in the case of auto industries

Ghodratolah Talebnia

Department of Accounting, Science and Research Branch, Islamic Azad University, Tehran, Iran.
Iran gh_talebni@yahoo.com

Abstract

The Balanced Scorecard methodology is a comprehensive approach that analyzes an organization's overall performance in at least four ways. Based on the idea that assessing performance through financial returns only provides information about how well the organization did prior to the assessment, so that future performance can be predicted and proper actions taken to create the desired future. The present study tried to point out the major perspectives weighted model for the Balance Scorecard Systems through setting weight for each perspective of a Balance Scorecard which especially can be used in Iranian auto industries. Fuzzy AHP was employed as one of the important items regarding multi-criteria decision making. Regarding results of Fuzzy AHP Organization's Innovation and Learning is the most important perspective and then are Customer Satisfaction, Financial Measures and Internal Processes. It should be noticed that in effectiveness Balance Scorecard, all the perspectives are of not the same importance and a better Balance Scorecard system that makes suitable will tend support for higher performance.

Keywords: Balanced Scorecard, Fuzzy AHP, Perspective, Implementation

1. Introduction

Most of managers have heard some version of the standard performance measurement clichés: “what gets measured gets done,” “if you don't measure results, you can't tell success from failure and thus you can't claim or reward success or avoid unintentionally rewarding failure,” “if you can't recognize success, you can't learn from it; “if you can't recognize failure, you can't correct it,” “if you can't measure it, you can neither manage it nor improve it,” but what eludes many of us is the easy path to identifying truly strategic measurements without falling back on things that are easier to measure such as input, project or operational process measurements. To be successful in a competitive environment, organizations must pursue and execute strategies consistent with their mission. Management needs to align its goals and objectives with those of the organization to execute strategies effectively. With this alignment, managers are motivated to attain higher levels of individual performance. Using a Balanced Scorecard (BSC) system is an integral component in these alignment efforts (Khozein, 2012). The Balanced Scorecard (BSC) is a methodological tool meant to help businesses manage their future growth, objectives and plans. The purpose of the balanced scorecard is to give a measuring tape by which someone can determine whether the set goals have been met or exceeded. It adds non-financial metrics to traditional financial metrics to give a well-rounded view of the performance in an organization. Balanced scorecards can be as simple or complex as needed for the purposes of a company's metrics. This new approach to strategic management was first detailed in a series of articles and books by Drs. Kaplan and Norton. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to balance the financial perspective. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise. It complements the financial measures with operational measures on customer satisfaction, internal processes, and the organization's innovation and improvement activities- operational measures that are the drivers of future financial performance.

The most simplistic way to refer to the BSC is as a tool, albeit with different blends: a comprehensive management tool (Ahn, 2001), strategic management instrument (Hueng, 2000) or strategic management tool (Pforsich, 2005). Some authors recognized early that the BSC is more than a performance measurement technique and considered it to be a management system (Butler *et al.*, 1997). Just to be sure or in order to contribute to the confusion, some authors prefer to use both at the same time: “formal management technique and formal management system” (Hasan & Tibbits, 2000). Others consider the BSC to be a management philosophy as well as a performance management system (Hanson & Towle, 2000). Although it is fairly common for management concepts to have various definitions, the BSC literature goes a step further. The concept is not only defined differently, but it is presented and

perceived in various ways.

The following definitions of the Balanced Scorecard concept present a rich picture from multiple angles. Kaplan and Norton (1992) believed that “The Balanced Scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation.” It could be considered as a tool that translates an organization’s mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system” (Balanced Scorecard Collaborative, 2010, Online). According with The Balanced Scorecard Institute (2010), it is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.

In this research the major perspective will be weighted to provide a better model for an effectiveness performance measurement. It should be understand that all the BSC perspective have not a same importance in organization. And each industry has a different characteristics, so it needs a specialize model. We selected the auto industry as a very important one for this research. So, the research questions are as follow:

Q: What are the major perspectives weighted for Balance Score Card System in case of Iranian auto industrial companies?

1.1 Review of balanced scorecard

The most widely known approach to performance measurement, the Balanced Scorecard is now widely used as a strategy development and execution tool but was developed in an operational environment. The Balanced Scorecard (BSC) translates a firm’s mission and strategy into a set of understandable performance measures (indicators), so that the strategy could be understood, communicated and measured; thus, serving as a basis for all the activities. Moreover, the indicators allow monitoring the accuracy level of strategy implementation (Kaplan & Norton, 1996). In order to respond to the firm’s vision and strategy, the BSC uses four business perspectives. A financial perspective that establishes the financial objectives that must be attain in order to satisfy the shareholders interests. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the “unbalanced” situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category.

A customer perspective that establishes the objectives that permits to meet the customers’ needs in order to reach the established financial aims. Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups. An internal processes perspective that establishes the processes which excellence needs to be achieved in order to satisfy customers. This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants.

An organization’s innovation perspective (learning and growth perspective) that establishes the way in which the firm must learn and innovate to attain all the goals proposed in the other perspectives. This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people - the only repository of knowledge - are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that ‘learning’ is more than ‘training’; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call “high performance work systems.”

The BSC elaboration process required an integral entrepreneurial vision of the business into the future, which forced the restructuring of the corporation's strategic framework. In other words, an Entrepreneurial Strategic Planning was required in order to define the managerial indicators. The corporation's strategic framework was initiated by reviewing the business's definition, so as to clarify the reasons for the existence of the firm, as well as its future projection. The organization's mission, vision and values were reviewed and this was in charge of the Management Committee, which was formed by the General Manager and all the firm's Managers. An experiment developed by Swain *et al.* (2002) suggests that the perceived linkage between BSC metrics and divisional strategy has a significant and positive effect on the use of these metrics in individual's performance evaluation processes.

The first advantage of using the balanced scorecard method is that by looking at four aspects of a company's performance, you really do get a balanced view of company performance. Unlike traditional methods of tracking the financial health of a business, the balanced scorecard gives you a full picture as to whether your company is meeting its objectives. While it may seem that a company is doing well financially, it may be that customer satisfaction is down, employee training is inadequate, or that the processes are outdated. Second, by using a balanced scorecard approach, the immediate future isn't the only thing being evaluated. Often, when an accountant sees the financial bottom line (perhaps the company isn't doing well), suggestions are given that are immediate, but do not look at the long-term. Using balanced scorecards allows for stakeholders to determine the health of short, medium, and long term objectives at a glance. Finally, by using a balanced scorecard, a company can be sure that any strategic action implemented matches the desired outcomes. Will raising the price of a product help the bottom line of the company in the long run? It might, if the customer is satisfied with that product, or if the processes involved with creating that product make the product of a higher quality.

While there are many advantages to using balanced scorecards in your accounting toolbox, there are a few disadvantages to the method as well. First, the balanced scorecard takes forethought. It is not a tool you can just think up one night to solve a problem. Instead, it is recommended that you hold a meeting to plan out what goals you would like to see your company reach in each of the four above areas. Once you have clearly stated objectives, you can then begin to break down these objectives in what you will need, financially, to bring these objectives to fruition. Second, while the balanced scorecard gives you an overall view of the four areas for concern in business growth and development, these four areas do not paint the whole picture. The financial information included on the scorecard is limited. Instead, to be successfully implemented, the balanced scorecard must be part of a bigger strategy for company growth that includes meticulous accounting methods. Finally, many companies use metrics that are not applicable to their own situation. It is vitally important when using balanced scorecards to make the information being tracked applicable to your needs. Otherwise, the metrics will be meaningless.

The shortcomings and dysfunctional consequences of performance measurement systems have been discussed in the academic literature for at least fifty years (Ridgway, 1956), but recently there has been a flurry of activity. Throughout the 1980s vocal and influential authors criticized the measurement systems used by many firms (Hayes & Abernathy, 1980; Johnson & Kaplan, 1988). By the 1990s the noise made by these voices had grown to a crescendo (Neely *et al.*, 1995; Marr & Schiuma, 2002) and increasing numbers of firms appeared to be "re-engineering" their measurement systems. The basic premise of the BSC is that a company tailors its performance evaluation system to a well-defined mission and a strategy for fulfilling that mission. As its name suggests, the Balanced Scorecard approach seeks to strike a "balance" between financial and nonfinancial measures in evaluating the company and its personnel. Certain nonfinancial measures are considered "leading indicators" of long-run financial goals (Kaplan & Norton, 2004). Recent data suggested that as of 2001, the BSC had been adopted by 57% of organisations in the UK, and 46% of organisations in the US (Neely *et al.*, 2004). In Germany, Switzerland, and Austria, research has shown that only 26% of firms use the BSC (Speckbacher & Pfeiffer, 2003).

Kaplan and Norton (2000) have made some efforts to demonstrate the impact of the Balanced Scorecard, but their approach has been to use largely anecdotal cases. An important and notable effort is the work of Chris Ittner and David Larcker (2003), which reports that only 23% of organizations that they surveyed consistently built and tested causal models to underpin their measurement systems, but that these 23% achieved 2.95% higher return on assets and 5.14% higher return on equity. Dumond (1994) and Sandt *et al.* (2001) suggest that the using balanced performance measurement systems improves the decision-making performance of managers and employees. Lawson *et al.* (2003) and Dumond (1994) found that using performance measurement systems and linking scorecards to compensation significantly increased employee satisfaction.

Users of the BSC assert that it is a powerful means for translating a firm's vision and strategy into a tool that communicates strategic intent effectively and motivates performance against established strategic goals (Ittner & Larcker, 1998). Furthermore, the development of the BSC overcame some of the limitations that traditional performance measurement systems had propagated (Ittner & Larcker 1998), by linking them definitively to strategy (Kanji, 2002). However, researchers have noted that the BSC does not contain an employee/human resources perspective (Maltz *et al.*, 2003). Arguably, a human resources perspective is desirable in performance

measurement, and it should be related to those human resource factors which are considered important strategically (Maltz *et al.*, 2003). Furthermore, the BSC is essentially a conceptual model, and as such, researchers and practitioners have difficulties defining measures, since they are not established clearly (Ahn, 2001). Nevertheless, the original appeal of the BSC approach to total business performance measurement was that it organised measurement under a small set of dimensions of business performance with which any manager can work, arguably (Kaplan & Norton, 1992).

Biggart *et al.* (2010) investigated about usefulness of Balanced Scorecard in a competitive retail environment. Their result reflects that managers have a positive attitude toward the BSC and it improves managers' understanding of how to achieve organizational strategy, impacts how managers do their job, and provides a financial benefit. The results indicate that a significant association exists between the BSC score and managerial satisfaction. Similarly, the results indicate a significant association between the BSC score and the financial results as measured by sale-to-plan. They noted perceived improvement at a statistically significant level in these research questions: teamwork, goal alignment, and fairness of the organization's performance evaluation, decision quality, business performance, and the overall focus on goals of the individual segment. They found disagreement, however, regarding the BSC's improvement in fairness of the individual performance evaluation, job satisfaction, employee performance, and shareholder value. These findings indicate that managers generally appreciate the unique characteristics of information the BSC provides with regard to the operation of their store. The dominance of common measures in the system (sales-to-plan and shrinkage), however, results in disagreement as to the improved value of the BSC as an individual performance measurement system. Their results show that, in some areas, managers report higher levels of organizational benefits, information characteristics, and functionality, as well as positive attitudes toward the BSC. They also found that positive managerial attitudes toward the BSC are associated with higher BSC scores and that higher BSC scores are associated with higher financial performance. At the same time, the study highlights weaknesses in Wildcat's BSC, such as timeliness, adequacy of training, and individual employee performance measurement. Their findings also contributed to BSC research by noting the differences in perceptions among multiple levels of management within the organization. Areas in which senior managers perceive the BSC as providing higher value include financial benefit and performance measures, and lower-level managers perceive characteristics such as accuracy and reliability more favorably. These results support previous research findings in which senior levels of management focus more on the strategic value a management technique such as a BSC provides.

Islam and Kellermanns (2006) examined an individual-level model that embraced behavioral issues that could enhance or impede BSC usage inside the firm. They examined the association between four different factors and found that employee awareness of the BSC capabilities led to a better perception of BSC's ease of use and usefulness. Further, perception about BSC's ease of use was also associated with positive perception of the BSC's usefulness. Finally, Perception of the BSC's usefulness among employees led to greater intention to use the BSC as a management control tool.

Govindarajan and Gupta (1985) suggested that a good fit between the element of the firm's external environment, the firm's strategy, and its choice of control system would result in better corporate performance. It is well documented that external variables are determinants of the firm's strategy; furthermore, there is also evidence that external variables would affect the choice of the management control system. For one thing, Khandwalla (1972) found that operating in market characterized by strong competition increased the need for formal control systems. Therefore, we believe that external and environmental criterion such as competition in the firm's market, legal environment, change in consumer demand, and product life cycle, would affect the firm's strategy as well as the choice and implementation of the management control system.

There is some empirical evidence that the firms who have implemented the BSC have achieved some form of success and enhanced financial performance (Hoque & James, 2000; Maiga & Jacobs, 2003; De Geuser *et al.*, 2009). Kaplan and Norton (2001) emphasized the linkage between the different measurements of the BSC and the firm's strategy to promote the non-financial measures from a strategic operational point of view. In other words, the mapping between the BSC and the firm's strategy is fundamental for a successful implementation, which means that the firm's strategy should embrace the customer, internal business, and learning and innovation dimensions as well as the financial dimension. However, the fit between the BSC and strategy does not guarantee enhanced performance, since other variables might affect usage and other internal and external variables.

2. Research method

Regarding the literature, major perspectives of Balanced Scorecard system are classified into four perspectives such as financial perspective, customer satisfaction perspective, internal processes perspective and organization’s innovation perspective as are shown in Table 1. These major perspectives were recognized then using Fuzzy Analytical Hierarchy Process (FAHP) they were weighted. Analytic Hierarchy Process (AHP) is one of the well-known Multi-criteria decision making techniques that was first proposed by Saaty (1980). Although the classical AHP includes the opinions of experts and makes a multiple criteria evaluation, it is not capable of reflecting human’s vague thoughts. The classical AHP takes into consideration the definite judgments of decision makers (Wang & Chen, 2007). Different methods for the fuzzification of AHP have been proposed in the literature. Experts may prefer intermediate judgments rather than certain judgments. Thus the fuzzy set theory makes the comparison process more flexible and capable to explain experts’ preferences (Kahraman *et al.*, 2003).

Table 1. The weight of major perspective in BSC system by fuzzy AHP

Criterion	Weight of Criterion	Rank
Financial Perspective (I1)	0.224	3
Customer Satisfaction Perspective (I2)	0.252	2
Internal Processes Perspective (I3)	0.206	4
Organization's Innovation Perspective (I4)	0.318	1

In this study, Chang’s (1992) extent analysis method is used to compare the performances of banks because of the computational easiness and efficiency of this method. Let $X=\{X_1, X_2, \dots, X_N\}$ be an object set, and $U= \{u_1, u_2, \dots, u_N\}$ be a goal set. According to the method of Chang’s extent analysis, each object is taken and extent analysis for each goal is performed, respectively. Therefore, m extent analysis values for each object can be obtained, with the following signs:

$$M_{gi}^1, M_{gi}^2, \dots, M_{gi}^m \quad \text{where} \quad i = 1, 2, \dots, n \tag{1}$$

Where all the $M_{gi}^j (j = 1, 2, \dots, m)$ are TFNs.

The steps of Chang’s (1996) extent analysis can be given as in the following:

Step 1: The value of fuzzy synthetic extent with respect to the i th object is defined as

$$S_i = \sum_{j=1}^m M_{gi}^j \otimes \left[\sum_{j=1}^n \sum_{j=1}^m M_{gi}^j \right]^{-1} \tag{2}$$

To obtain $\sum_{j=1}^m M_{gi}^j$ perform the fuzzy addition operation of m extent analysis values for a particular matrix such that:

$$\sum_{j=1}^m M_{gi}^j = \left(\sum_{j=1}^m l_j, \sum_{j=1}^m m_j, \sum_{j=1}^m u_j \right) \tag{3}$$

and to obtain $\left[\sum_{j=1}^n \sum_{j=1}^m M_{gi}^j \right]^{-1}$ the fuzzy and to addition operation of $M_{gi}^j (j = 1, 2, \dots, m)$ values is performed such as:

$$\sum_{i=1}^n \sum_{j=1}^m M_{gi}^j = \left(\sum_{i=1}^n l_i, \sum_{i=1}^n m_i, \sum_{i=1}^n u_i \right) \tag{4}$$

and then the inverse of the above vector is computed in this equation such as:

$$[\sum_{i=1}^n \sum_{j=1}^m M_{gi}^j]^{-1} = (\frac{1}{\sum_{i=1}^n u_i}, \frac{1}{\sum_{i=1}^n m_i}, \frac{1}{\sum_{i=1}^n l_i}) \tag{5}$$

Step 2: As M_2 and M_1 are two triangular fuzzy numbers, the degree of possibility of

$$M_2 = (l_2, m_2, u_2) \geq M_1 = (l_1, m_1, u_1) \tag{6}$$

Is defined as: $V(M_2 \geq M_1) = \sup[\min(\mu_{M_1}(x), \mu_{M_2}(y))]$ and can be equivalently expressed as follows:

$$V(M_2 \geq M_1) = hgt(M_1 \cap M_2) = \mu(d) = \begin{cases} 1, & \text{if } m_2 \geq m_1, \\ 0 & \text{if } l_1 \geq u_2, \\ \frac{l_1 - u_2}{(m_2 - u_2) - (m_1 - l_1)}, & \text{otherwise} \end{cases} \tag{7}$$

where d is the ordinate of the highest intersection point D between μ_{M_1} and μ_{M_2} (Fig. 1).

Step 3: The degree of possibility for a convex fuzzy number to be greater than k convex fuzzy numbers $M_i (i = 1, 2, \dots, k)$ can be defined by:

$$V(M_1 \geq M_2, \dots, M_k) = V(M_1 \geq M_2), \dots, V(M_1 \geq M_k) \tag{8}$$

Assume that $d(A_i) = \text{Min}\{V(S_i \geq S_k)\}$, \tag{9}

For $k=1, 2, \dots, n; k \neq i$. Then the weight vector is given by:

$$W' = (d'(A1), d'(A2), \dots, d'(An))^T, \tag{10}$$

Where $A_i (i = 1, 2, \dots, n)$ are n elements.

Step 4: Via normalization, the normalized weight vectors are:

$$W = (d(A1), d(A2), \dots, d(An))^T, \tag{11}$$

where W is a non-fuzzy number.

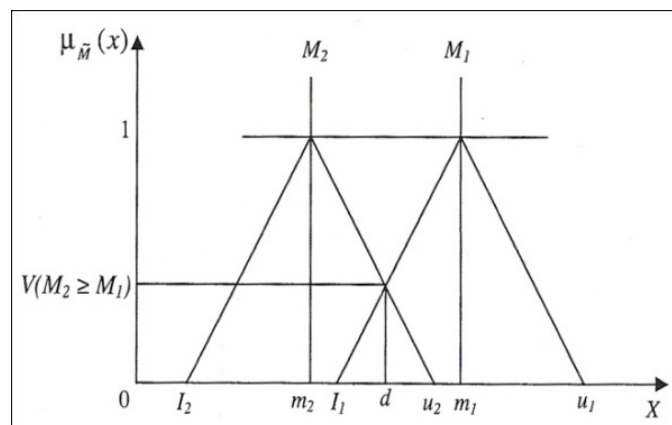


Fig.1. The intersection between μ_{M_1} and μ_{M_2}

For gathering data needed for FAHP tables, the researchers used interviews, questionnaire and making expert work groups. The respondent of this research were managers, financial managers, researchers, university professors and experts of BSC system. We sent the survey questionnaires by mail during the October and November 2011. We followed up with phone calls three weeks after the mailing date. After recording the answers, combining pair wise comparison matrix for each participant would be started.

3. Result and discussion

The present study tried to point out a model for the Balance Scorecard Systems through setting weight for each perspective of a Balance Scorecard which especially can be used in Iranian auto industrials. To answer the first question (according to the result as shown in Table 1), it should be mention that among the major perspectives, in such a model, the ‘organization’s innovation and learning’ should got the highest weight (0.318); and then ‘customer satisfaction perspective’, ‘financial perspective’ and ‘internal processes perspective’ have got the 0.252, 0.224 and 0.206 as their weight repeatedly. The calculations and the result to answer the first ques

tion are shown as follows

$$\left[\sum_{i=1}^m \sum_{j=1}^n M_{ij} \right]^{-1}$$

$$= (14.41, 18.16, 22.67)^{-1} = (0.0441, 0.0551, 0.0694)$$

$$S1 = (3.4, 4.17, 5.17) \times (0.0441, 0.0551, 0.0694) = (0.1500, 0.2296, 0.3587)$$

$$S1 = (3.5625, 4.5, 5.67) \times (0.0441, 0.0551, 0.0694) = (0.1572, 0.2478, 0.3934)$$

$$S1 = (3.2925, 4.00, 4.8367) \times (0.0441, 0.0551, 0.0694) = (0.1452, 0.2202, 0.3355)$$

$$S1 = (4.1592, 5.4925, 6.9925) \times (0.0441, 0.0551, 0.0694) = (0.1835, 0.3024, 0.4851)$$

$$V(S1 \geq S2) = 0.9173; V(S2 \geq S1) = 1.0000; V(S3 \geq S1) = 0.9520; V(S4 \geq S1) = 1.0000$$

$$V(S1 \geq S3) = 1.0000; V(S2 \geq S3) = 1.0000; V(S3 \geq S2) = 0.8663; V(S4 \geq S2) = 1.0000$$

$$V(S1 \geq S4) = 0.7064; V(S2 \geq S4) = 0.7934; V(S3 \geq S4) = 0.6492; V(S4 \geq S3) = 1.0000$$

$$\text{Min } V(S1 \geq S2, S3, S4) = \text{Min}(0.9173, 1.0000, 0.7064) = 0.7064$$

$$\text{Min } V(S2 \geq S1, S3, S4) = \text{Min}(1.0000, 1.0000, 0.7934) = 0.7934$$

$$\text{Min } V(S3 \geq S1, S2, S4) = \text{Min}(0.9520, 0.8663, 0.6492) = 0.6492$$

$$\text{Min } V(S4 \geq S1, S2, S3) = \text{Min}(1, 1, 1) = 1$$

$$W^* = [0.7064, 0.7934, 0.6492, 1] T$$

$$W = (W1, W2, W3, W4) = (0.224, 0.252, 0.206, 0.318) \text{ (Table 1)}$$

4. Conclusion

The idea of the Balanced Scorecard is simple but extremely powerful if implemented well. As long as you use the key ideas of the BSC to (a) create a unique strategy and visualize it in a cause-and-effect map, (b) align the organization and its processes to the objectives identified in the strategic map, (c) design meaningful key performance indicators and (d) use them to facilitate learning and improved decision making you will end up with a powerful tool that should lead to better performance. A Balanced Scorecard approach generally has four perspectives included financial, internal business processes, learning and growth (human focus, or learning and development) and customer. Each of the four perspectives is interdependent improvement in just one area is not necessarily a recipe for success in the other areas (Khozein, 2012). Implementing the Balanced Scorecard system company-wide should be the key to the successful realization of the strategic plan/vision. A balanced scorecard should result in improved processes, motivated/educated employees, enhanced information systems, monitored progress, greater customer satisfaction and increased financial usage. The key benefits of using a BSC include better strategic planning, improved strategy communication and execution, better management information, improved performance reporting, better Strategic alignment and better organizational alignment. It should be noticed that in effectiveness Balance Scorecard, all the perspectives have not same importance. According to the result of the present study the weights of major perspectives are as follow: 0.318 is for organization’s innovation and learning, 0.252 is for customer satisfaction perspective, 0.224 is for financial perspective and 0.206 is for internal processes perspective.

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