**ADVANTAGES OF THE BALANCED SCORECARD**

“Organizations build strategy maps from the top down, starting with the destination and then charting the routes that lead there. Corporate executives first review their mission statement, why their company exists, and core values, what their company believes in. From that information, they develop their strategic vision, what their company wants to become. This vision creates a clear picture of the company's overall goal, which could be to become a top-quartile performer. The strategy identifies the path intended to reach that destination. “

(Kaplan, R.S. & Norton, D.P. (2001a)

“Although the Balanced Scorecard will have a role to play in each of the four sections of the management system, often one or two of the sections will dominate.

This will depend on the motivation for developing the Balanced Scorecard and on its stage of implementation.”

(Moorai et al. (1999)

“It can be clearly seen that their intention was to keep score of a set of Key Performance Indicators (KPIs) that could maintain a balance between short and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between internal and external performance perspectives. By adopting such a ‘holistic’ view Kaplan and Norton hoped that managers, who were traditionally being overwhelmed with data, would spend more time on decision making rather than on data analysis.”

Fernandes, K.J., Raj, V. & Whalley, A. (2006)

**CRITICISM OF BALANCED SCORECARD**

“It contains outcome measures and the performance drivers of outcomes, linked together in cause-and-effect relationships, and thus aims to be a feed-forward control system a strategic control system which can align departmental and personal goals to overall strategy.”

“There may be a gap between the strategy expressed in the activities planned and the strategy expressed in the pattern of actions actually undertaken. Reducing this gap requires appropriate tools: change management, organizational learning and staff-controlled processes of change are probably necessary.

The efforts made in recent years, however, have been directed at constructing a system of non-financial measures linked to strategy

The validity of the model relies, however, on the assumption that the cause-and-effect relationship exists between the areas of measurement suggested.

Because it measures cause and effect at the same time without considering any time lag, it has no time.”

“The above analysis shows that the balanced scorecard makes invalid assumptions about causal relationships, leading to the anticipation of performance indicators which are faulty, thus resulting in dysfunctional organizational behavior and sub-optimized performance”

“The balanced scorecard risks being too rigid because it measures what is required to set a strategy without asking what may block or shock the strategy.”

“Kaplan and Norton’s control model is a hierarchical top-down model and that it is not easily rooted in a dynamic environment or in the organization.”

(Nerreklit, H. (2000)

The problems with the Balanced Scorecard according to Moorai:

- highlight employee and supplier’s contributions (that it doesn’t consider the extended value chain, which is an essential element of today’s networked organizations);

- identify the role of the community in defining the environment within which the company works;

- identify performance measurement as a two-way process (that it focuses primarily on top–down performance measurement). (Moorai et al. (1999)

**CONCLUSION**

The question remains therefore,

“Is the Balanced Scorecard ‘necessary’?

It is possible, or perhaps essential, to include proactive objectives on the Balanced Scorecard, which will advance the company towards its strategic goals and which, more often than not, will require a great deal of interaction.

It is therefore important to spend a moment investigating the potential conflicts between the Balanced Scorecard and other existing systems.” (Moorai et al. (1999)

Fernandes, K.J., Raj, V. & Whalley, A. (2006) ‘Lessons from implementing the balanced scorecard in a small and medium size manufacturing organization’, Technovation, 26, pp. 623–634.

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