

BALANCED SCORECARD IMPLEMENTATION IN JORDAN: AN INITIAL ANALYSIS

Fawzi Al Sawalqa*, David Holloway and Manzurul Alam
Murdoch Business School
Murdoch University
Perth (6150), Western Australia

ABSTRACT

This paper analyses the state of implementation of the balanced scorecard (BSC) among Jordanian industrial companies. From an economic perspective, Jordan is an exemplar of an advanced developing nation in the Middle Eastern region. The paper is part of a wider investigation into the usage of Western developed performance measurement diversity techniques in the Jordanian context. A quantitative survey of 168 companies provided insight into the level of implementation, diffusion and purposes for the use of the BSC approach among medium and large industrial companies. The results showed that 35.1% of the surveyed companies used the BSC approach. The finding also indicated that approximately a further 30% of the responding companies were either considering or currently implementing the BSC approach. The results revealed some inconsistency in terms of the types and number of BSC perspectives used. Companies that had implemented the BSC used different perspectives in their BSC with a greater focus on the original four perspectives as suggested by the original authors Kaplan and Norton.

Keywords: Balanced Scorecard, BSC Methodology, Developing Country, Jordan

1. INTRODUCTION

The BSC approach is a well-known approach that complements traditional financial measures of business unit performance. The term “balanced” relates to the balance between financial and non-financial performance measures, between lagging and leading indicators and between internal and external perspective of performance measurement [31]. The BSC contains various performance measures, including financial and non-financial measures.

A significant amount of literature (for example, Anand et al. [3]; Franco-Santos et al. [17]; Ismail [28]; Ittner et al. [29]; Joshi [30]; Jusoh et al. [31]; Kald and Nilsson [32]; Othman, 2006 [52]; Rigby [58]; Speckbacher et al. [63]) has been published on the BSC approach. The findings of these studies differ from one country to another. In the context of Jordan, there are only a small number of published studies [1,2]. Speckbacher et al. [63] argued that many studies were deficient because of methodological shortcomings such as bias with respect to the selected samples of companies, low response rates or unreliable estimates. This study follows an effective methodology by identifying the actual users and discussing the state of BSC usage in a sample spread across all industrial companies in Jordan. Furthermore,

two questions were used to determine the number and type of perspectives that were included in the BSC of each company and to identify the companies that actually use the BSC approach. In addition, many procedures were taken to increase and enhance the response rate and quality of the research. The study, therefore, not only contributes to the BSC literature, but also opens avenues for further research in Jordan and other countries to systematically investigate the BSC approach. However, there is a need for further research into the BSC to analyse more deeply its spread, content and implementation [63]. This study aims to address some of these limitations by assessing the extent of diffusion, implementation stages and contents of BSC and identify the main purposes for using the BSC approach among Jordanian companies.

The next section identifies the aims and the contributions of this paper followed by a review of the extant literature. Section four details the research methodology that was utilized. The empirical results are analysed in section five. Section six discusses the limitations and opportunities for future research and finally, section seven summarizes and concludes the study.

2. AIMS AND CONTRIBUTIONS

As a developing country, Jordan suffers from a limitation of publications about management

*Corresponding author: Fawzi2000sawalqa@yahoo.com