

Balanced Scorecard: History, Implementation, and Impact

Subjects: [Management](#)

Contributor: Dag Øivind Madsen

The Balanced Scorecard (BSC) is a strategic management framework introduced by Kaplan and Norton in 1992 to address the limitations of traditional performance measurement systems. It integrates financial and non-financial performance measures across four perspectives—financial, customer, internal processes, and learning and growth. Over three decades, the BSC has evolved into a comprehensive strategic tool adopted across industries and sectors worldwide. While its adaptability and integrative approach are strengths, criticisms include challenges in implementation, assumed cause–effect relationships, and relevance in decentralized organizations. Future research should investigate cultural adaptation; the incorporation of environmental, social, and governance metrics; and advancements driven by artificial intelligence to maintain ongoing relevance.

Balanced Scorecard

strategic management

performance measurement

organizational performance

management

accounting

Since its inception more than 30 years ago, the Balanced Scorecard (BSC) has become a key framework in strategic management, widely recognized for its ability to integrate multiple performance dimensions into a cohesive strategy implementation tool [\[1\]](#)[\[2\]](#)[\[3\]](#). Kaplan and Norton initially introduced the BSC in the 1992 Harvard Business Review article “The Balanced Scorecard—Measures That Drive Performance” [\[4\]](#). The BSC was developed as a response to the growing complexity of business environments in the 1980s and 1990s, where traditional financial metrics alone were insufficient to evaluate organizational health and long-term potential [\[5\]](#)[\[6\]](#)[\[7\]](#). Overall, the structured BSC approach facilitates translating the organization’s strategy into measurable outcomes and has shaped decision-making practices by encouraging organizations to balance short-term financial goals with long-term strategic priorities. The BSC can mitigate issues of sub-optimization and short-termism within organizations by compelling managers to adopt a long-term, holistic perspective [\[8\]](#).

The BSC has received considerable attention both in the business world and in business school academia. By 1997, the Harvard Business Review recognized it as a significant innovation in management thinking [\[9\]](#). Furthermore, the BSC has been the subject of extensive scholarly focus, with numerous literature reviews and commentaries highlighting its impact on management theory and practice [\[1\]](#)[\[2\]](#)[\[10\]](#)[\[11\]](#)[\[12\]](#)[\[13\]](#)[\[14\]](#)[\[15\]](#)[\[16\]](#). The consulting firm Bain & Company’s longitudinal surveys continue to rank the BSC among the most frequently used management tools globally [\[17\]](#)[\[18\]](#).

This entry provides an overview of the BSC’s historical evolution, examines its conceptual foundations, highlights key academic debates, and explores its real-world applications, including its impact and associated challenges.

The structure of this entry follows a logical progression, beginning with an overview of the historical context shaping the BSC's development, examining its conceptual components, development, implementation and use, criticisms and challenges, and concluding with its broader impact and implementation considerations. This organization provides a comprehensive understanding of the relevance of the BSC in theory and practice.

Having established the foundational principles and significance of the BSC, the next section explores its historical development, tracing its evolution from a performance measurement tool to a comprehensive strategic management framework.

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