Balanced Scorecard – Strategic Management
Tool of Performance in Public Institutions

Carmen Cretu1, Victoria Gheonea2, Alexandra Ivan3

Abstract: Balanced Scorecard (BSC) is used to achieve an operational strategic vision at all levels of the organization regarding issues related to performance, strategy, communication, resource allocation, decision-making and competitiveness. BSC was created to restrict the limits of traditional financial and management tools and ensure unity of vision and long-term action in an organization. The main advantage of the method consists in guiding managers and departments, human resources, technological and financial resources towards the strategy of the organization. Unfortunately BSC is mainly used in private companies, because high costs and lack of specialists pose a real obstacle in implementing this instrument in public institutions. Our arguments attempts to show that the Balanced Scorecard can be the most appropriate among all the management tools for the public sector.

Key Words: Balanced Scorecard; KPIs; strategic management; public institutions

JEL Classification: H83; M41

1. Introduction

Balanced Scorecard provides an overview of the entire business, allowing monitoring the performance of all the proposed strategic objectives, the measures taken to achieve them, the degree of staff involvement, involving all financial and non-financial aspects. Balanced Scorecard concept involves grouping key performance indicators (KPIs), financial and nonfinancial, in four perspectives. The four sizes cover financial success, market leadership, customer loyalty, capital development, business process control and, in part, the consequences for the community (figure 1).