Small Business Owners' Perception of Balanced Scorecard for Business Survival and Growth

Dr. Emad Ahmed
Arab Open University- Jordan, e_ahmad@aou.edu.jo

Dr. Medhat Alsafadi
St. Augustine College, Malsafadi@staugustine.edu

Abstract

The United States Small Business Administration (SBA) defines Small Business Enterprises (SMEs) business establishments that are independently owned managed or operated. Small business organization indicates that some of them have found the Balanced Scorecard to be very significant in boosting general performance in two key perspectives: higher complexity and management capability and drives change and enhance rapid growth. However, in the recent past, there has been increased study on the adoption of BSC in small organizations. The objective of this study was to determine the how small business owners in the United States perceive the aspects of balance score card in regard to business survivability, growth and competitiveness. Hypotheses that were to be answered include ***H1:*** *Small business owners' perceive learning and growth as the most significant perspective for their business survival, growth, and competitiveness beside the financial perspective.* ***H2:*** *Small business owners' perceive customers as the most significant perspective for business growth, survival, and competitiveness.* ***H3:*** *Small businesses owners perceive internal business processes as the most significant perspective for their business growth, survival, and competitiveness. The philosophy adopted is positivist with explanatory and descriptive strategies. The approach of the research is quantitative using ANOVA analysis. The 100 sample companies were selected from the Best 100 small business in the SBA website and survey questionnaire sent online to this selected companies. The result of the research indicated that the most significant Balanced Scorecard perspective is the customer. At the end of the research, it was deciphered that all initiatives that the small business listed in SBA undertake when applying the BSC, customer focus is always the guiding force. Therefore, it can be stated overly that there a significant positive perception of the Balanced Scorecard as a tool to enhance growth and survivability among small businesses.*

INTRODUCTION

According to United States Small Business Administration (SBA) defines Small Business Enterprises (SMEs) as business establishments that are independently owned managed or operated. SBA (2013) added that small businesses are not significantly dominant in the various areas that they operate in and that their core business motive is profits.

Andersen, Cobbold & Lawrie (2001) posited that although it is perceived that strategic planning by business organization management is very explicit and formally structured, studies on small and medium enterprises (SMEs) has identified that in practice it can be random and significantly informal. However, the interrelationship between organizational performance and planning in small businesses has recently been recognized in strategic management studies and literature. A study by Rohm (2002) using a mixed method approach of focus groups in the US deduced that business planning, organizational size, and the firm owner's level of perception on performance management tools such as Balanced Score Card (BSC) are significantly related to higher organizations' performance (Molleman, 2006).

More (2000) stated that the disjoint between monitoring and business strategy as identified by Kaplan has been observed in many studies relating to the application of Balanced Score Card small scale business enterprises. According to Kee-Luen, Thiam-Yong and Seng-Fook (2013), Balanced Score Card was developed by Kaplan and Norton in 1992 to help organizational managers match business objectives and performance indicators. Kaplan and Norton (2007) added that the Balanced Score Card framework enhance translation of business strategy into operational terms. The framework addresses basic objectives of financial profits and the success factors aimed at promoting long run performance through investment in diverse resources such as human resource, customers, partners and information technology.

Fare et. al. (2006) revealed that this framework was and still is identified as a successful and critical performance measurement tool fit for small, medium, and large scale organizations. The focus of the Balanced Score Card is on financial and non-financial factors. Schwartz (2005) added that in the 20th century the balanced score card is one of the most critical and popular frameworks that has driven many business organizations to success. Schwartz (2005) defined the Kaplan and Norton framework as an integrated set of financial and non-financial performance indicators that strategic management relies on when executing a firm's strategic objectives. While the large organizations have benefited from this financial performance management tool, small owned businesses have not clearly gotten around it. Nevertheless, Schwartz (2005) indicated that the model by Kaplan and Norton has somehow been reengineered to fit small business organizations and those that have used it effectively have exhibited tremendous growth and gained on competitive advantage. These deductions are shared by Manville (2007) who postulated that some of Small and Medium Enterprises in the United States have recently shown increased profitability and revenues financial factors used to measure growth and even the amount of assets the businesses own.

According to Manville (2007), the facets of Norton-Kaplan's Balanced Score Card framework entail four key performance measurement factors: financial, customer, internal business processes and learning and growth. Balance scorecard (BSC) has been widely recognized as critical tool that can enhance business growth and competitive performance in small organizations (Halpern & Richman, 2002). However, Halpern & Richman (2002) indicated that it is not very clear whether the success of some of the small businesses operating this framework can be generalized to all industries. Some of the organization that have benefitted from the criticality of the Balanced Score Card framework are: Intel, 3Com and AT&T.

Research problem

Currently, most large business organizations have adopted a performance measurement framework such as the Balance Score Card. Equally relevant is the fact that smaller business establishments have no performance measurement framework as postulated by Davies & Davies (2004). Small business surveyed recognized the significance of performance and a performance measurement tools/ frameworks but their level of application was very low. Dimmock & Walker (2004) found a significant relation of size (measured as the number of employees) and Balance Score Card application.

However, most studies have not focused extensively on the small business organization and how significant the balanced score card framework to their growth, survivability and competiveness (Dimmock & Walker, 2004). Consequently, the research problem in this case is to decipher the most significant aspect of the balanced score card in regard to survivability, growth and competitiveness. The researcher used ANOVA statistical tools to assess which factor or dimension of BSC that small business establishments under the Small Business Administration (SBA) in the United States perceive most significant to business growth, survivability and competitiveness.

Purpose of the study

A plethora of studies and researches existed in the literature discussed the benefits of applying Norton-Kaplan balance scorecard on large businesses and corporations; little was mentioned about applying it on small businesses. The current research is acknowledging and building on previous findings and researches regarding the importance of the financial perspective of the BSC. The main purpose of the current research is to study a sample of small business owners' perception of balance scorecard in an attempt to determine which perspective of BSC is perceived as an important and significant to small business owners other than the financial perspective.

Significance of the study

While most of the studies were concerned about applying balance scorecard on large businesses and corporations, little was mentioned about applying the balance scorecard on small businesses. This study expected to fill the gap in the literature by showing that balance scorecard is important to small businesses too and determined which one of the three identified factors is the most significant factors as perceived by small business owners toward applying BSC in small businesses.

Research Question

Which perspective of BSC (customer, learning and growth, or internal business processes) besides financial perspective is perceived as the most significant in regard to growth, survivability and competitiveness of small businesses?

Research Hypotheses

H1: Small business owners' perceive learning and growth as the most significant perspective for their business survival, growth, and competitiveness beside the financial perspective.

H2: Small business owners' perceive customers as the most significant perspective for business growth, survival, and competitiveness.

H3: Small businesses owners perceive internal business processes as the most significant perspective for their business growth, survival, and competitiveness.

LITERATURE REVIEW

Theoretical review

In theory, 2GC (2004) revealed that the Balanced Scorecard (BSC) is a strategic performance measurement tool that is common with large and complex organizations. 2GC (2006) added that the implementation of Balanced Scorecard in these large organization has been extensively discussed and studied but there are some questions that have not been fully studied in regard to SMEs. 2GC (2004) argued that the implementation has not been successfully executed due to too much simplicity.

Aidemark (2001) revealed that organizations strive for better performance and ultimately top notch competitive advantage. Andersen & Lawrie (2002) augmented these deductions and indicated that no matter the size of an organization, competitive advantage and growth is one of the factors that they envision in their strategies. Andersen & Lawrie (2002) envisioned this in the theory or model of Balance Scorecard is a key to driving organizational performance and growth. Aidemark (2001) supported the preposition of the theory of balanced scorecard.

Aidemark (2001) supported the suggestions of Andersen & Lawrie (2002) and argued that one of the ways that can enhance business performance is the application of Balanced Scorecard. Figure 1 presents a framework of the Balanced Scorecard with the four main dimensions: financial perspective, internal business perspective, customer perspective and innovation and learning perspective.

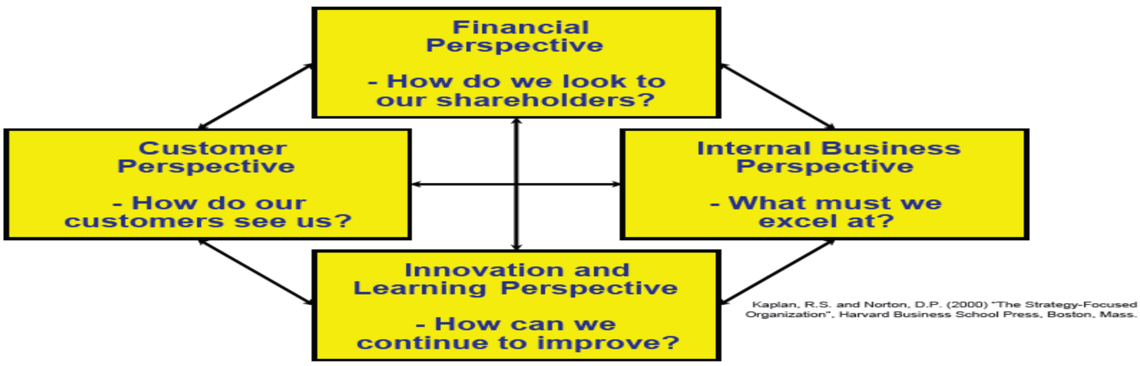

Figure 1: Perspectives of BSC (Adopted from Angel & Rampersad, 2005)

Angel & Rampersad (2005) indicated that the theory or model of Kaplan and Norton, (Balanced Scorecard) can be adopted in any organization as a strategic management framework. Archer (2007) advocated the adoption and effective application of this model in all business organizations as a strategic planning tool that enhance alignment of organizational objectives and strategies consequently achieving consistent or planned growth. Bardoll & Kamensky (2005) expounded that this application can be achieved through the use of cause and effect relationship between the four dimensions of BSC and organizational growth measured by level of assets, revenues or profits.

Chugach School District (2001) further specified some criterion on how to implement the Balanced Scorecard Model. However, Chugach School District (2001) argued that an organization should link the performance indicators to strategy execution. Second, the organization should outline organizational policies clearly and disseminate them throughout the firm in order to enhance employee understanding. Third, the firm has to establish adequate measures before implementing Balance Scorecard. Consequently, the progress of the implementation process has to be reviewed continuously.

Finally remedial actions should be taken to ensure weak areas are corrected and strong areas strengthened. Cullen, Joyce, Hassall & Broadbent (2003) supplemented these findings and indicated that the implementation process needs to be dynamic and in synch with the changing environment. It is this complexity in the implementation that locks most Small and Medium Enterprises out from successfully benefiting from the functionality of the model or theory. In the subsequent subsection, the researcher extensively and exclusively assessed the applicability of the theory. These inferences have been Graham (2001) who argued that small business are yet to get around the potential of the model of Balance Scorecard.

Empirical review

According to Graham (2001) the linkages of the BSC indicate two significant indicators (core results): operating income and customer satisfaction. Although Gamberg, Kwak, Hutchings & Altheim (1988) supported the deduction by Graham (2001) and add that each of these lag indicators are subsequently influenced by other factors. Halpern & Richman (2002) posit that the three lag factorial indicators are availability of time, period spent on human resource development and customer satisfaction with contacts. On the other hand, the four lead indicators entail time worked per partners, staff satisfaction, number of contacts and customer feedback as postulated by Halpern & Richman (2002). Huang, Chen, Yang & Chang, Wen-Yin & Lee (2004) indicated that the lag indicators are customer satisfaction, quantity of products that get to the intended market, number existing customers on databases. All these factors can be used measure the growth, competitive advantage (competitiveness) and performance. Huitt (1999) augmented this observation and indicated that small organizations can easily keep track of the performance but boosting competitiveness may be complicated.

Balanced Scorecard in SMEs

According to Keyt (2001), small business managers can easily set short term strategies that are defined by the nature of the business environment at the time. Kaplan & Norton (2007) indicated that the flexibility of small businesses is an advantage relative to large companies. However, Kaplan & Norton (2007) noted that the specificities of small and medium establishments should be taken into consideration with focus on the flexibility and informality of the establishments. Although, Zelman et. al. (2003) agreed with the notifications of Kaplan & Norton (2007), the perception of small business managers on each perspective is very unique. Therefore, the researcher's perception of significance of each perspective of Balanced Scorecard is variant. For instance, Yang et. al. (2005) indicated that any manager has significant focus and perception on the Balanced Scorecard financial perspective. Financial perspective is a key to any business as noted by Willis (2000).

Willis (2000) revealed that Kaplan and Norton in 1990 undertook a study on the implementation of the Balance Scorecard in the United States on several randomly selected small business establishments. Willis (2000) found out that there was a gradual increase of the inefficacy of traditional financial performance indicators that were conventionally used to assess business performance for companies that had not adopted the Balanced Scorecard model. Therefore, the contribution of Willis (2000) to the research is that first the overall model of Balanced Scorecard is significant in organizational performance.

Urrutia & Eriksen (2005) revealed that the Balanced Scorecard provided a link between the organizational strategy and the relationship of cause and effect that define the premise of the strategies making it an efficient framework that enhances business performance. Tucker et. al. (2005) argued that small business establishments in the nineteenth and twentieth century managed to maintain competitiveness through application of all perspectives of the Balanced Scorecard. Tucker et. al. (2005) indicated that the financial perspective is significant than other perspectives. Organizational management and practitioners perceived the financial perspective to be the most significant. Tischfeld (2004) added that financial performance can be tested through the financial reports or statements.

However, Tischfeld (2004) indicated that since the 20th Century, financial perspective and related factors have become the most significant source of competitive advantage to any business. More importantly, Tischfeld (2004) argued that the significance of financial perspective in regard to small businesses is highest when the business is in their infancy. Urrutia & Eriksen (2005) expounded by indicating that entrepreneurs are motivated with making more income (financial perspective).

However, the study Tam (2006) posited that in recent years, the significance of Balanced Scorecard perspectives has shifted. Storey (2002) in his study of whether the Balanced Scorecard can work in small business organizations indicated that the significance of the customer perspective became better than the financial performance. Storey (2002) argued that the aspect of customer loyalty is the most important perspective as companies cannot grow without loyalty from customers enhanced by customer satisfaction. Sioncke (2005) augmented this deduction by indicating that the link between customer loyalty and product innovation, product quality, quality processes, knowledge and skill base. In the same line of argument, Stolp & Smith (1995) indicated that increase in the efficacy of these factors enhances growth competitive advantage and consequently growth of business enterprises.

In the words of Storey (2004), the organizational growth process also determines the significance and priority of the perspectives. For instance, small businesses are usually in the small in all aspects. Consequently, utilizing the power of the BSC is not easy rather a complex task and fit that cannot easily be accomplished. However, Storey (2004) observed that as the small businesses become medium and reach the growth stage. The balanced score card can be customized to fit the scale of the business and a shift of the perspectives in regard to significance will be observed. Seller (2001) could not agree more.

In this regard, Sioncke (2005) indicated that the concept of BSC as defined by Kaplan and Norton is an effective management tool which provides a comprehensive and integrated vision of the business' performance. Schwartz (2005) in his article on BSC and Total Quality Management (TQM) postulated that the financial perspective (which reflects results of previous action) and outlined three extra non-financial based perspectives and intangible factors that are linked to the determination of the efficacy of future competitive performance. Rohm (2002) in his study of the efficacy of the BSC model in the public sector establishments took a broader look at the significance of the perspectives. His results are of great contribution to this study. Rohm (2002) used single ANOVA regression model to assess the significance of the Balanced Scorecard perspectives. According Rohm (2002), the p-values of the perspectives were used to determine significance at 5% level of significance. The general findings of their study can be presented as outlined below.

Financial

According to Rohm (2002) Kaplan and Norton indicated that the financial perspective is most important as it readily enhances summarization and measurable of important economic impact of strategies already taken. As alluded to earlier, growth strategies can be assessed and controlled through measureable factors based on this perspective. Saraiva et. al. (2003) indicated that whether the business strategy and its implementation are contributing to the bottom-line improvement is important in regard to competitiveness and subsequently better survivability. According Saraiva et. al. (2003), the indicators of financial goals can range from conventional accounting factors such as operating expenses/ costs, total sales, profit margin, operating income, profitability measures to sophisticated value-added indicators intended to link managerial strategies and objectives to shareholder interests. Therefore, the perspective is significant in regard to measuring the effect of strategies. According to Rohm (2002), small businesses are significantly influenced by this perspective.

Customers

Rohm (2002) argued that the core objective of this perspective is to win customers' satisfaction and loyalty to the business through the creation of differentiating of products. This is usually concerned with very competitive industries and poaching of customers from each other is the order of the day.

Quinlivan (2000) revealed that from the Balanced Scorecard customer perspective, managers should identify the customer and market segments that the small business has better competitive advantage relative to its business rivals. Organizations that aim on growth and expansion of operations will determine the performance measures of the establishment in the targeted segments. Additionally, Quinlivan (2000) stated that comprehending the customer and the market niche is critical in achieving the greatest growth and profitability (performance). Pointer et. al. (2005) augmented the deductions of Quinlivan (2000) but added that small business owners can decide which policy is to be used in particular segments. Pointer et. al. (2005) revealed that the determinants of customer perspective can either be customer retention and satisfaction, attrition of new customers, customer profitability, market share of the business in the particular segment and the value added to customers through products and services. For organizational managers that are proactive and aggressive, their perception of this perspective is significant.

Internal processes

Pineno (2002) indicateed that perspective focuses on the critical internal procedures and operations that enhance the achievement of the objective of the preceding perspective (customers). Pineno (2002) argued that small business managers can enhance organizational performance, competitiveness and growth by identifying the most influential internal procedures. Peters et. al. (2007) agreed with Pineno's arguments and indicated that if small business owners can identify the critical internal business procedure and manipulated them accordingly, the small business can:

i. Deliver value to the organization that is important in attracting and retaining customers in target market segments.
ii. Achievement of shareholder satisfaction due excellent financial returns.

On the same line of argument, Pointer et. al., (2005) add that this BSC perspective is crucial as the procedures focus on internal procedures that have significant effect on achieving customer satisfaction and desirable financial objectives. Pearl River School District (2001) explained that the first initiative in generic value chain is product innovation where the business owner has to determine the customers' expectations and preferences and consequently create products that are in accordance with these preferences. Peters et al (2007) indicated that it is in this perspective that the business owner identifies new markets and customers. The significance of the internal process perspective is that it enables organizations to design and develop new and innovative products in order to penetrate new markets. In this regard, there is a positive link between this perspective and organizational competiveness and growth.

Although Peters et al (2007) indicated that there is a positive correlation between organizational growth and competitiveness, Pearl River School District (2001) didn't agree but added that the level of significance is very low. The views of O'Neil et. al. (1999) agreed with Pearl River School. However, O'Neil et. al. (1999) indicated that the critical internal processes identified emphasizes on efficacy, consistency and timely delivery of products to current customers. The perception of organizational managers in the study conducted by Niven (2003) who argued that the significance of this perspective is enhancement of operational excellence and cost minimization is positive. However, Niven (2003) argued that the internal value chain like operational excellence is not the most significant perspective for achieving financial and customer goals.

Learning and organizational development

According to Niven (2003), priority is given to the creation of where priority is given to creation of a conducive business environment in order to the satisfaction of stakeholders, growth and overall improvements. In this BSC perspective, small business owners identify the favorable infrastructure of the business that must be in place order to enhance long run growth and improvement. Niven (2005) argued that the ability to continually improve the business's capacity to deliver quality products to their customers and shareholders is critical in a cut throat competitive economy or market. In this regard, National Council for Accreditation of Teacher Education (2006) indicated that three core sources of value exist in this perspective: people, systems, and organizational procedures.

A careful synthesis of the deductions by National Council for Accreditation of Teacher Education (2006) revealed that this perspective is perceived as the second most significant in determination of organizational growth and competitiveness. However, Manville (2007) posited that there is a large gap and level of significance among the objectives of BSC perspectives. It is for this reason that Madsen et. al. (1995)

argued that the small business organizations should invest in continuing training for staff; enhance IT improvement and aligning firm procedures.

From the review above, it is clear that the Balanced Score emphasizes is not only on financial indicators but also on non-financial indicators such as product development, market share, customer satisfaction and sustainable competition. For instance, if small businesses managers want to be profitable, they must have loyal customers. This indicates that customer perspective is significant in regard to organizational performance and growth. The researcher draws this observation into the research and believes that upon analysis the same results will be arrived at. This is significant factor that small business managers should implement appropriate and well functioning procedures. In this regard, it can be deduced that there is some significance as to the perspectives of BSC and business growth and competiveness.

Conceptual framework

The conceptual framework illustrated in figure 2 below indicates the inter linkage between the perspectives of Balance Scorecard. As discussed in the preceding studies, there is significant and inseparable relationship between organizational strategic goals and the BSC perspectives. According to Tischfeld (2004), strategic goals are not short term but long term goals and aims underlying the vision of the organizations. Additionally, strategic goals are related to the growth (as in the long term organize will develop and grow). At the lowest level of conceptual framework is the learning and development that enhances the human capital development. Technology aids differentiation and effective training through media such online portals, presentations and distant learning. The internal procedure perspective is concerned with Total Quality Management (TQM) which holds all other outcomes related to customers (customer loyalty, customer satisfaction). According to Tischfeld (2004), the final deliverable of other perspectives is the financial that incorporates profits and growth (related to study problem).

Figure 2: Conceptual framework (Conceptualized by the researcher)

Based on the review of previous literatures in this section, the following are the hypotheses that have been conceptualized for this research:

H1: Small business owners' perceive learning and growth as the most significant perspective for their business survival, growth and competitiveness

H2: Small business owners' perceive customers as the most significant perspective for business growth, survival and competitiveness.

H3: Small businesses owners perceive internal business processes as the most significant perspective for their business growth, survival and competitiveness.

ANALYSIS AND INTERPRETATION OF FINDINGS

Descriptive statistics

There were 24 questions with 6 questions under each theme: growth, competiveness and survivability that were presented to the survey respondents. Question 1 to 6 represents the responses to the competitiveness, growth and survivability of the business organizations. The next set of questions are concerned with customer perspective of balanced scorecard, the third set of questions involve internal processes and learning and growth perspectives of balanced scorecard.

According to the mean of the respondents to the first set of questions (competiveness and growth), the response was evenly distributed at 33% expect for question 2 in regard to liquidity of the businesses being more than 1.5. According Tischfeld (2004), liquidity is the ratio between current assets to current liabilities. The recommended ratio is 2:1 meaning that there should be 2 units of asset for every 1 unit of liability. Tischfeld (2004) indicated that the higher the value, the better is the liquidity. The essence of liquidity of the business in this case is how effective they manage the cash flow and how thereby influencing its survivability. Consequently, most of the organizations indicated that they had effective survivability based on the mean.

In regard to the customer perspective, the average responses indicated that most of the respondents reported that the customers had positive perception of their organization. Urrutia & Eriksen (2005) indicated that balanced scorecard improves the total quality management (TQM) thereby enhancing customer satisfaction. In essence, the balanced scorecard is used by strategic management in an organization with key performance indicators. A balanced scorecard ensures that strategies are executed monitored and evaluated. As alluded to in the literature review, implementing the model is complex but the incorporation of aspects like technology increases quality. Consequently, the increase in quality and that translated into positive perception by consumers observed in the responses. The high quality is augmented by availability of training and application technology in knowledge management under the learning and growth perspective. The average response to this question was 50. Overall, each balanced scorecard perspective seems significant in the determination of growth, competitiveness and survivability.

General description of organizations

An analysis of the organizations that were surveyed during the study indicated that most of the best 100 companies were very successful in what they were doing. The organizations were very aggressive and it was identified that 78% of the organizations were medium sized and performing very well. Additionally, they exhibited significant and strong signs of transforming into large organizations.

Analysis showed that 22% of the organizations contacted were small while 78% could be considered medium but still small relative to its competitors in their respective industries. Chart 1 presents a visual aid to the results of the nature of organization that each case study belonged to. It was found that 100% of the organizations used an adjusted form of Balanced Scorecard to formulate, execute and assess the achievement of the strategic goals.

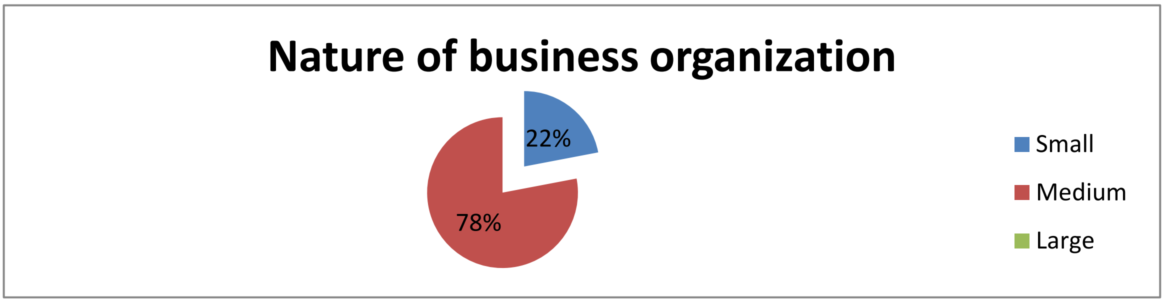

Chart 1: Nature of the organization

In regard to the industry that each organization operated in, 42% of them were in the manufacturing industry, 22% were in the retail industry and 36% were in the service industry. However, it was observed that most of the small organizations were in the technology sector. According to Tucker et. al. (2005), the technology sector is full of many organizations that are either offering services such as communication firms or manufacturing of various electronic components. However, this sector is full of cutthroat competition and by becoming among the top 100 organization indicated a good synchronization of strategic goals and the balanced scorecard perspectives. As observed in the literature review, the conceptual framework indicated that proper synchronization of strategic goals and the balanced scorecard perspectives: customers, learning and growth, financial and internal processes.

Competitiveness, growth and survivability

As alluded to in the literature review, competitive advantage and growth is driven by coherent and strong synchronized strategy that work effectively. This can be achieved through the application of effective performance management models such as balanced scorecard. As mentioned in the preceding subsection, survivability of the business is the availability of "*going concern*" where the business' future is guaranteed at least for the proceeding one year.

In regard to the question of being top 10 in each area of specialization, 32% of the respondents strongly agreed that their organizations are among the best top 10 in their respective areas of specialization. 50% of the organizations are in top-10 category while 18% indicated that were neutral on the point. On the other hand, liquidity question indicated that 60% of the respondents strongly agreed that their liquidity (survivability) is well within good bounds. 26% of the respondents indicated that their survivability was good but 14% were neutral.

80% of the respondents strongly agreed that their revenues had increased over the last 3 years positively. 3% of the respondents augmented this observation and but 17% were neutral. The trend was similar to the response on the enquiry statement indicating profits have not fallen below 30% of sales. 56% of the respondents, essentially small organizations surveyed, indicated that their profit margin has not fallen below 30%. Similarly, 36% augmented by agreeing but 8% were neutral. The asset base of the organizations was good as indicated by 68% of the respondents who strongly agreed supported by 20% who agreed but 12% were neutral. The asset base increase over 3 years consecutively indicates that the organizations have grown consecutively. Bottom line, the market price for each organization was observed to have increased over the few the past few years. This was supported by 76% of the respondents who strongly agreed augmented by 8%. However, 16% of the respondents were neutral. Summarily, the competitiveness, growth and survivability of the organizations that were being surveyed are above average. In other words, the small businesses registered with the Small Business Administration (SBA) and under the Best 100 SMEs in the US are among the best. Consequently, the results arrived at in this survey are in line with what has already been suggested or postulated in the Small Business Administration (SBA) and studies on small and medium enterprise organizations.

In regard to the ANOVA analysis presented in the table below, the competitiveness, growth and survivability are significant to the organizations. In other words, all the statements of enquiry (A-F) have the same means as the p-value (0.687) is greater than a critical value of 0.05.

Accept Null Hypothesis because p > 0.05 (Means are the same)

Anova: Single Factor	□	0.05				
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
A	3	100	33	257		
B	3	100	43	569		
C	3	100	33	1682		
D	3	100	33	581		
E	3	100	33	917		
F	3	100	33	1381		
ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-Value*	*F crit*
Between Groups	2214	5	47	0.620	0.687	3.106
Within Groups	8564	12	909			
Total	10778	17				

Table 1: Competitiveness, growth and survivability

Customer perspective of Balanced Scorecard

On the other hand, customer perspective is one of the most significant aspects of the balanced scorecard. According to Sioncke (2005), satisfying customers is one of key factors that ensure sustainability and survivability of the organization. In reference to the results obtained in the descriptive analysis in the preceding subsection, one of the statements of enquiry, the respondents indicated with the highest average response is customer satisfaction and enhancement of the quality. The hypotheses that the researcher was required to answer upon completion of the research was small business owners' perceive customers as the most significant perspective for business growth, survival, and competitiveness.

Accept Null Hypothesis because p > 0.05 (Means are the same)

Anova: Single Factor	□	0.05				
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
G	3	100	33.33333	497.3333		
H	3	100	33.33333	537.3333		
I	3	100	33.33333	654.3333		
J	3	116	38.66667	554.3333		
K	3	100	33.33333	741.3333		
L	3	100	33.33333	617.3333		
ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-Value*	*F crit*
Between Groups	71.11111	5	14.22222	0.023691	1.000	3.105875
Within Groups	7204	12	600.3333			
Total	7275.111	17				

Table 2: Customer perspective

Focusing on the p value of the customer perspective in the table above, the hypothesis that the perception of small business owners on customers as the most significant perspective for business growth, survival, and competitiveness is true. In other words, the null hypothesis is accepted. Satisfying customers is key to a successful business as postulated by Saraiva, Rosa & d'Orey (2003). The unique aspect about the perception on customer perspective is that small and medium organizations assessed in this case are all in the growth stage of the organization development path. For instance, some small business owners are in developing the foundation for their history and will take the customer as the best stakeholder in the organization. As revealed in the previous subsection, most of the organizations surveyed were in the technology sector. The growth of these organizations is based on strong inspirations from large technology customers. These deductions have been augmented by Peters, Noor, Singh, Kakar, Hansen & Burnham (2007).

Learning and development perspective of BSC

Learning organizations are always focused on flexibility and dynamism on how they operate their business. The set of questions under the learning and growth perspective of the balance scorecard were directed to the organizations to decipher whether the small business enterprises have taken initiatives to enhance the capacity of their resources. According to Pointer, Totten & Orlikoff (2005) and Schwartz (2005), technological developments can enhance application of balanced scorecard model and consequently increase growth potentials such as ability to trade online and reach far markets.

Accept Null Hypothesis because p > 0.05 (Means are the same)

Anova: Single Factor	□	0.05				
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
s	3	100	33	316		
t	3	100	33	1012		
u	3	100	29	763		
v	2	100	50	2		
w	3	100	33	1024		
x	3	100	33	69		
ANOVA						
Source of Variation	*SS*	*df*	*MS*	*F*	*P-Value*	*F crit*
Between Groups	587.5686	5	117.51	0.203	0.955	3.204
Within Groups	6372.667	11	579.33			
Total	6960.235	16				

Table 3: Learning and growth perspective

The hypothesis that the researcher wanted to answer in regard to this question is that small business owners' perceive learning and growth as the most significant perspective for their business survival, growth, and competitiveness beside the financial perspective. The results presented in the table above indicate that p value is within the acceptable range. Consequently, the learning and growth perspective is equally significant in enhancing growth, competitiveness and survivability. The same observation was made by Sioncke (2005) who indicates that implementing the balanced scorecard alone cannot enhance achievement of competitive advantage if the resources that should drive the change are not qualified. Additionally, Tam (2006) in his study on assessing the quality, experience and learning outcome in an organization enables supports the findings by indicating that the employees need to be given the right tools, trained and evaluated. In regard to this research, the learning and growth perspective is also a significant determinant of the growth or competitiveness and survivability of the small business organization involved in the survey.

Internal business process perspective of BSC

Similarly, internal procedures are critical to the performance of an organization and smooth communication and interaction between various functions of the organization. According to Tucker, Cullen, Sinclair & Wakeland (2005) the significance of having concrete and frequently reviewed internal processes enables growth. For instance, the decision making framework or process should be participatory, clear and geared towards promotion of organizational performance.

In regard, to the study, the research hypothesis that was to be answered by this perspective was **s**mall businesses owners perceive internal business processes as the most significant perspective for their business growth, survival, and competitiveness.

Accept Null Hypothesis because p > 0.05 (Means are the same)

Anova: Single Factor	□	0.05				
SUMMARY						
Groups	*Count*	*Sum*	*Average*	*Variance*		
m	3	100	33	352		
n	3	100	33	709		
o	2	100	50	1058		
p	3	100	33	1076		
q	3	100	33	2412		
r	3	100	33	808		
ANOVA						
Source of Variation	*SS*	*Df*	*MS*	*F*	*P-Value*	*F crit*
Between Groups	490.196	5	98.039	0.092	0.992	3.204
Within Groups	11775.33	11	1070.48			
Total	12265.53	16				

Table 4: Internal processes perspective

The p value indicates that there is no much difference in regard to the mean of the statements and hence the null hypothesis is accepted. In other words, the internal processes perspective is critical to the growth, competitiveness and survivability. Similar results were arrived at by Urrutia & Eriksen (2005) and Saraiva, Rosa & d'Orey (2003) where they indicate that small business organizations should lay a strong foundation in the internal environment of the business. Peters, Noor, Singh, Kakar, Hansen & Burnham (2007) deduces that implementation of balanced scorecard would ensure that total quality management (TQM) measures have been taken care off.

However, the key question was to determine the perspective that is most significant in the determination of growth, survivability and competitiveness of the small business enterprises. A walk though on the one way or single ANOVA output results as discussed in the previous subsection indicates that p-value that is greatest is the most significant aspect. Customer perspective has a p-value of 1 which indicates that this perspective is the most significant in the determination of competiveness, survivability and growth of the small business enterprises surveyed in the study. The respondents had a strong positive perception that the customer perspective was the most significant facet of balanced score card that influences the level of competitiveness in their respective industries. This deduction is in line with the findings of Lawrie, Kalff & Andersen (2005) which indicate that implementation of the balanced scorecard and all the initiatives that small business management or owners undertake trickle down to the impact on customers.

A final question for the respondents in regard to their perception on the efficacy of the balanced scorecard is illustrated in chart 2. The chart indicates that 85% of the respondents have a positive and strong perception on the impact of the overall application of the Balance Scorecard. However, in regard to specificity, the customer perspective received the highest positive perception and positive response.

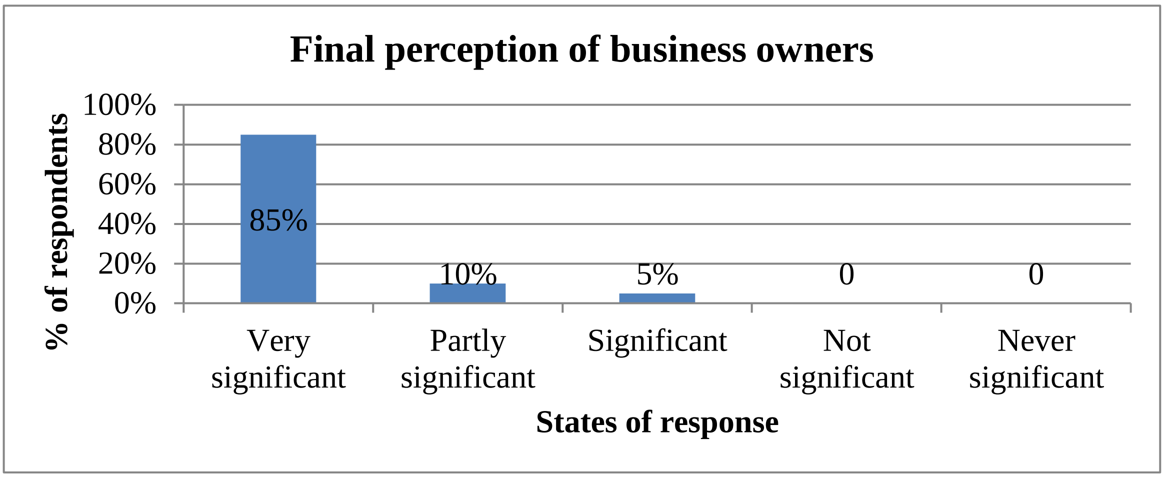

Chart 2: Overall perception of Balance Scorecard by small business owners

Therefore it can be concluded that small organizations in the United States have started adopting the balanced scorecard in an adjusted form. According to Lawrie, Kalff & Andersen (2005), customer perspective is the most important principle in total quality management. Small organizations struggle to continuously compete with large organizations for customers but their agility enhanced.

Summary

In summary, the layout of the section has been presented in subsections and themes based on the perspectives of the Balanced Scorecard (BSC). According Tischfeld (2004), liquidity is the ratio between current assets to current liabilities. Critical ratio is 2:1 meaning that there should be 2 units of asset for every 1 unit of liability. Tischfeld (2004) indicates that the higher the value, the better is the liquidity. The balanced scorecard is used by strategic management in an organization with key performance indicators. A balanced scorecard ensures that strategies are executed monitored and evaluated. The analysis process has deciphered that the most critical perspective of the balanced scorecard in regard to small business organization analyzed is the customer perspective. In overall, the balanced scorecard has been viewed as the most effective model of performance management in small organizations. However, adjustment needs to be done in order for the organizations of this scale to be able to benefit from the balance scorecard. The methodology that has been used in this section largely is the single or one way ANOVA statistical model that resulted in p-values through which the hypotheses that accompanied the questions were tested. Tables and charts have been used as visual aids to present the findings of the analysis process. In the subsequent section or chapter the researcher recaps on the key objective, question and hypotheses that were to be answered upon completion of the research.

Conclusion

In summary, the findings indicated that the one way or single way ANOVA analysis is the most appropriate method of analyzing cause and effect relationships. In regard to the first hypothesis, the researcher deciphered that small business owners have positive perception that customer perspective of balanced score card is the most significant of the three perspectives under study. The hypothesis that was accepted in this case the second one which stated that: **H2:** Small business owners' perceive customers as the most significant perspective for business growth, survival, and competitiveness. Similar findings were arrived at by Schwartz (2005) who indicated that all perspectives in the Kaplan and Norton model were aimed at providing satisfactory products and services to customers. Organizations cannot exist without customers but customer can exist without organizations as postulated by Schwartz (2005).

Recommendation

It is recommended that further research should be done in this topic as not much has been done. The research may in apply different research philosophies, design and approach in order to determine different results can be arrived at. Consequently, there is a research gap, as explained in research problem, for this future research to be warranted

References

2GC. (2004). *How a public sector agency re-invigorated its balanced scorecard*. Maidenhead,UK: 2GC.

2GC. (2006). *Organisational performance management in a UK insurance firm: Aligning individuals' goals with the business strategy* (Case study. Maidenstone: 2GC.

Aidemark, L. (2001). The meaning of balanced scorecards in the health care organization. *Financial Accountability & Management, 17*(1), pp. 23-40.

Andersen, H. & Lawrie, G. (2002). *Examining opportunities for improving public sector governance through better strategic management*. Maidenhead, UK: 2GC.

Andersen, H., Cobbold, I., & Lawrie, G. (2001). Balanced scorecard implementation in SMEs: Reflection in literature and practice. Paper presented at the *SMESME Conference*, Denmark.

Angel, R., & Rampersad, H. (2005, May). Do scorecards ADD UP? *C A Magazine*, *138*(4) pp. 30-35.

Archer, J. (2007, February). Districts tracking goals with 'balanced scorecards'. *Education Week, 26*(24), pp. 10.

Balanced Scorecard Institute. (2007). *Balanced scorecard institute.*

Bardoll, J., & Kamensky, J. (2005, July). Key factors that make a balanced scorecard successful. *ASPA Times, 28*(7) 15-23.

Chugach School District. (2001). *Malcom baldridge national quality awards 2001 application form, chugach school district*. Chugach: Chugach School District.

Cullen, J., Joyce, J., Hassall, T., & Broadbent, M. (2003). Quality in higher education: From monitoring to management. *Quality Assurance in Education, 11*(1), pp. 5-14.

Davies, B., J., & Davies, B. (2004). Strategic leadership. *School Leadership and Management*, *24*(1), pp. 29-38.

Davies, B. (2004). Developing the strategically focused school. *School Leadership and Management*, *24*(1), pp. 11-27.

Dimmock, C., & Walker, A. (2004). A new approach to strategic leadership: Learning centredness, connectivity and cultural context in school design. *School Leadership & Management*, *24*(1), pp. 39-56.

Färe, R., Grosskopf, S., Forsund, F. R., Hayes, K., & Heshmati, A. (2006). Measurement of productivity and quality in non-marketable services: With application to schools. *Quality Assurance in Education*, *14*(1), pp. 21-36.

Gamberg, R., Kwak, W., Hutchings, M., & Altheim, J. (1988). *Learning and loving it*. Portsmouth, Hew Hampshire: Heinemann Educational Books.

Graham, A. K. (2001). Challenge your balanced scorecard. *Credit Union Executive Journal*, *41*(3), pp. 22.

Halpern, W., & Richman, C. (2002). Balanced scorecard tool drives performance. *Association Management, 54*(2), pp. 26.

Huang, S., Chen, P., Yang, M., & Chang, Wen-Yin. Haw-Jenn Lee. (2004). Using a balanced scorecard to improve the performance of an emergency department. *Nursing Economic$, 22*(3), pp.140-146.

Huitt, W. G. (1999). *Implementing effective school achievement reform: Four principles*. Valdosta: Valdosta State University.

Inamdar N, Kaplan RS, Bower M. (2002). Applying the balanced scorecard in healthcare provider organizations. *Journal of Healthcare Management*, *47*(3), pp. 179-195.

Kaplan, R. S. (1999). *New profit, inc.: Governing the nonprofit enterprise* (Case study. Boston: Harvard Business School Publication Corp.

Kaplan, R. S. (2001). Strategic performance measurement and management in nonprofit organizations. *Nonprofit Management & Leadership*, *11*(3), 354.

Kaplan, R. S., & Kaplan, E. L. (1996). *United way of southeastern New England (UWSENE)*. Boston: Harvard Business School Publication Corp.

Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard--measures that drive performance. *Harvard Business Review; Jan/Feb92, Vol. 70 Issue 1, p71- 79*, *70*(1), 71-79.

Kaplan, R. S., & Norton, D. P. (1993). Putting the balanced scorecard to work. *Harvard Business Review,*

Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard*. Boston: Harvard Business School Press.

Kaplan, R. S., & Norton, D. P. (2001). Balance without profit. *Financial Management,* 23.

Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management: Part 1. *Accounting Horizons, 15*(1), 87-104.

Kaplan, R. S., & Norton, D. P. (2007). Using the balanced scorecard as a strategic management system. *Harvard Business Review*, pp. 150.

Kaplan, R. S., & Norton, D. (2004). Keeping score on community investment. *Leader to Leader*, *2004*(33), 13-19.

Kaplan, R. S., & Norton, D. (2004). Plotting success with 'strategy maps'. *Optimize*, 65.

Keyt, J. C. (2001). Beyond strategic control: Applying the balanced scorecard to a religious organization. *Journal of Nonprofit & Public Sector Marketing., 8*(4), 91.

Lawrie, G., Kalff, D., & Andersen, H. (2005). *Balanced scorecard and results based management: Convergent performance management systems*. Maidenhead, UK: 2GC.

Madsen, O., Norgaard, & Carlsson, R. (1995). Total quality in education': A case study. *Total Quality Management, 6*(5/6), 613-619.

Manville, G. (2007). Implementing a balanced scorecard framework in a not for profit SME. *International Journal of Productivity and Performance Management*, *56*(2), 162-169.

Moore, M. H. (2000). Managing for value: Organizational strategy in for-profit, nonprofit, and governmental organizations. *Nonprofit and Voluntary Sector Quarterly, 29*, 183-208.

National Council for Accreditation of Teacher Education. (2006). *Professional standards for the accreditation of schools, colleges, and departments of education*. Washington: NCATE. National Institute of Standards and Technology. (2005). *E-baldridge self-assessment and action planning: Using the Baldridge organizational profile for education.*

Niven, P., R. (2005). Driving focus and alignment with the balanced scorecard. *The Journal for Quality and Participation*, *28*(4), 21.

Niven, P., R. (n/d). *Examining the endurance of the balanced scorecard.* Paul Niven & QPR Software.

Niven, P., R. (2003). *Balanced scorecard step-by-step for government and not-for-profit agencies*. Hoboken New Jersey: John Wiley & Sons, Inc.

O'Neil Jr., Harold F., & Bensimon, E. M. (1999). Designing and implementing an academic scorecard. *Change, 31*(6), 32.

Pearl River School District. (2001). *2001 Malcolm baldridge national quality award, education application, pearl river school district* (Application. Pearl River: Pearl River School District.

Peters, D. H., Noor, A. A., Singh, L., Kakar, F. K., Hansen, P., & Burnham, G. (2007). A balanced scorecard for health services in Afghanistan. [Electronic version]. *Bulletin of the World Health Organization; Feb2007, 85*(2), 146-151.

Pointer, D. D., Totten, M. K., & Orlikoff, J. E. (2005, April). The balanced scorecard: A tool for maximizing board performance. *Trustee, 58*(4) 17-20.

Quinlivan, D. (2000). Rescaling the balanced scorecard for local government. *Australian Journal of Public Administration, 59*(4), 36.

Rohm, H. (2002). *Developing and using balanced scorecard performance systems*.

Rohm, H. (2002). *Improve public sector results with a balanced scorecard: Nine steps to success* (Presentation US Foundation for performance measurement.

Saraiva, P. M., Rosa, M. J., & d'Orey, J. L. (2003). Applying an excellence model to schools. *Quality Progress, 36*(11), 4.

Schwartz, J. (2005). The balanced scorecard versus total quality management: Which is better for your organization? *Military Medicine, 170*(10), 855-858.

Seller, W. (2001). Introduction. reforming schools: Building the capacity for change. *School Leadership & Management, 21*(3), 255-259. .

Sioncke, G. (2005). Implementation of a balanced scorecard in a care home for the elderly: Useful or not? *Total Quality Management, 16*(8/9), 1023-1029.

Stolp, S., & Smith, S. C. (1995). *Transforming school culture: Stories, symbols, values & the leaders' role*. Eugene, Oregon: ERIC Clearinghouse on Educational Management, University of Oregan.

Storey, A. (2002). Performance management in schools: Could the balanced scorecard help? *School Leadership & Management, 22*(3), 321-338.

Storey, A. (2004). From performance management to capacity-building: An escape from the culde sac ? *Curriculum Journal, 15*(3), 207-218.

Tam, M. (2006). Assessing quality experience and learning outcomes: Part I: Instrument and analysis. *Quality Assurance in Education, 14*(1), 75-87.

Tischfeld, G. N. (2004). Balanced scorecard step-by-step for government and nonprofit agencies (book). *CPA Journal, 74*(6), 18.

Tucker, J. S., Cullen, J. C., Sinclair, R. R., & Wakeland, W. W. (2005). Dynamic systems and organizational decision-making processes in nonprofits. *Journal of Applied Behavioral Science, 12 2005; vol. 41: pp. 482 - 502, 41*(4), 482-502.

Urrutia, I., & Eriksen, S. D. (2005). Application of the balanced scorecard in Spanish private health-care management. *Measuring Business Excellence, 9*(4), 16.

Willis, G. (2000). Managing a good cause. *CMA Management., 74*(10), 18.

Yang, C. -., Cheng, L. -., & Yang, C. W. (2005. Vol. 24, Iss. 4; pg. 285). A study of implementing balanced scorecard (BSC) in non-profit organizations: A case study of private hospital. *Human Systems Management, 24*(4), 285.

Zelman, W. N., Pink, G. H., & Matthias, C. B. (2003). Use of the balanced scorecard in health care. *Journal of Health Care Finance, 29*(4), 1.