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Balance Scorecard: Translating Corporate Plan into Action.
A Case Study on University of Kelaniya, Sri Lanka.

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Abstract

The main objective of this paper is to suggest Balanced Scorecard techniques to support the corporate plan preparation and implementation process in the Sri Lankan universities. This study was carried out selecting the University of Kelaniya (UOK) as a case study method. Through this study a balanced corporate plan framework was developed under five strategic themes for UOK and proposed a strategy map for communicating the corporate plan for implementation. The framework and the strategic map proposed by this study are recommended as a visual aid in the planning, communicating and resource allocation for the University system in Sri Lanka.

Keywords: Corporate plan; Strategic management; Balance Scorecard; Cause-and-effect relationship; Strategy maps; Performance evaluation

1. Introduction

The present vision of being an international hub of excellence in higher education by 2020 has made Sri Lanka to drive to the economic development through rapidly expanding the knowledge economy. This expected transition calls for the public universities of Sri Lanka to play a vital role in a number of spheres of activities. Accordingly, higher education institutes will have to become dynamic, innovative and competitive. These conditions do force state
universities to re-evaluate their vision, mission and goals clearly and craft appropriate strategies to reach the desired destination successfully.

In this respect, strategic planning and efficient implementation will lead universities to have a better future in line with the new higher educational policies. However, sometimes a sound strategic plan may not be fully implemented for a number of barriers, such as vision barrier, people barrier, resource barrier, and management barrier (Niven, 2003). To rectify such unnecessary failures of implementing a corporate plan experts recommend setting up a new way of communicating strategy to reach the bottom level employees by applying the Balanced Scorecard (BSC) approach (Kassahun, 2010). With the BSC, strategy reaches everyone in a terminology that makes sense. When a strategy is expressed in terms of measurements and targets, the employee can relate it to what must take place. This will lead to much better execution of strategy. Not only does BSC transform how the strategic plan is expressed, but also it pulls everything together. This is the “cause and effect” relationship or linking of all elements together. The strategy maps created through a cause and effect relationship serves as the mediator tool which serves to translate the strategy into measurable terms and could be considered as an autonomous tool of communication (ibid, 2010).

The application of the concept of BCS for higher education institutions in Sri Lanka is a recent phenomenon. This exploratory study is carried out with a view to analyze and synthesize the existing body of knowledge in the area of balanced scorecard and examine the possibilities of applying this technique to review corporate planning process and provide a framework for corporate plan implementation of the Sri Lankan higher education institutions. Firstly, strategic themes are defined for the goals of the university and for the identified strategic themes the objectives are defined afterwards. Finally, strategic maps are constructed showing the interrelationships among the objectives based on the cause-and-effect relationships. These frameworks are developed based on the Corporate Plan of the University of Kelaniya (UOK) for 2014-2018 and suggesting to apply what is proposed by this study as a guide to determine the success of other universities’ corporate plan implementations.

2. The Balance Scorecard

Kaplan and Norton (1992) first introduced the concept of balance scorecard through their Harvard Business Review article, “The Balance Scorecard – Measures that Drive Performance”. This is a set of measures that appropriate for a holistic, integrated view of business performance and can be identified as the first generation of the balance scorecard. The scorecard was originally created to supplement the “traditional financial measures with those of three other additional perspectives such as those of customers, internal business processes, and learning and growth” (Kaplan and Norton, 1996).

(1) Customer perspective – how do customers see us?
(2) Internal perspective – what must we excel at?
(3) Innovation and learning perspective – can we continue to improve and create value?
(4) Financial perspective – how do we look to stakeholders? (Traditional perspective)

However due to the practical difficulties associated with the design of the first generation BSC it was replaced by the second generation of the BCS. In the second generation BSC, the scorecard provides executives with a comprehensive framework that translates a company’s strategic objectives into a coherent set of performance measures. It represents a fundamental change in the underlying assumptions about performance measurements and helps focus the strategic vision, most importantly, by viewing the organization from all four perspectives. As such, the balanced scorecard provides a more comprehensive discernment of its current and future functioning.

The balanced scorecard in this way can be used as a strategic planning and management system to align business activities to the vision and strategy of the organization and to monitor organization performance against strategic goals (ibid, 1996). In order to support the usage of the BSC as a strategic management system Kaplan & Norton (2004) introduced a new framework namely, the “Strategy Map” which is a comprehensive architecture for describing the strategy through a series of cross functional cause-and-effect relationships. This provides a visual representation of the strategy and a single page view of how objectives in the four perspectives integrate and combine to describe the strategy, and this clearly highlights that the strategy map serves as a mediator tool that translates the strategy into
measurable terms. Further, due to the simplicity in strategy map it can be considered as an autonomous tool of communication as well. Thus, this one page picture can tell us the short story explaining how the organization defines its success and signals to everyone what must be done in order to execute the strategy (Smith, 2007; Niven, 2008). In summary, it can be stated that form the generation one and two, the balance scorecard could be viewed as a methodology which offers three complementary systems or roles: strategic management system, a communication tool and a performance measurement system (Niven, 2008).

3. Methodology of the study

The study is an exploratory work that involves analyzing and synthesizing the existing body of knowledge in the area of BSC and examine the possibilities of applying it to the Sri Lankan higher educational Institutions for developing their corporate planning process. Accordingly, first, a BCS framework suited for universities is developed with a view to developing a suitable conceptual framework.

3.1 Conceptual Framework

In order to make the balance scorecard more suitable for the non profit organizations such as universities, Kaplan & Norton (2001) proposed a new structure including some modifications to the original framework. They pointed out that financial measurement alone does not reflect the organizational mission of governmental and non-profit organizations; rather their mission should be placed on the top of the BSC to determine whether such an organization has been successful. To do this, both the financial perspective (fiduciary perspective) and the customer perspective must be used to enhance the perspectives of internal processes and learning and growth. Based on the BSC framework developed for the non profit organizations the following conceptual framework was constructed for the study (See Figure 1)

![Figure 1: The modified perspectives of the BSC](image-url)

Accordingly, the perspectives were customized to suit to a higher education institutes. The ‘customer perspective’ is modified as stakeholder perspective since there are multiple customers’ (students, academic & non academic staff, public etc.) requirements need to be satisfied by the university. In addition, this has been elevated mainly because universities need to determine whom they aim to serve and how to do it in order to accomplish their mission, so flowing from the mission is the view of the university's stakeholders. By elevating the stakeholder perspective the clear message is signalled, that is anything required to be done should be done to support the stakeholders of the university (Niven, 2008). Afterwards, the ‘learning & growth perspective’ has been substituted by ‘Innovation and learning perspective’ since it is more applicable to universities. Moreover, the ‘Financial perspective’ moves down
to the rear end of the framework and also renamed as ‘Resource management’. This was done since universities are non-profit organizations and they don't have profit related financial targets to be reached. Although the financial goals are not the ultimate purpose of the universities, no university could operate successfully or fulfill its mission without sufficient funds. Thus, in this study resources management is seen as an enabler of serving stakeholder’s need and fulfillment of the mission (ibid, 2008)

3.2 Research Method & Data

This study will be conducted by using a triangulation method. The triangulation was used to improve the quality of the research using different methods rather than depending on a single method which will increase the acceptance of the qualitative study. Since the study is carried out with respect to UOK, an instrumental case study method has been employed as the research strategy. That is, the research mainly has concern about preparing a framework for the corporate plan based on the modified BSC perspectives of the study and developing a strategy map as a guide for the implementation of the corporate plan of the university. As such, when developing the frameworks it has used a qualitative content analysis. This has been used due to the fact that Braman (2004) states that qualitative content analysis is "probably the most prevalent approach to the qualitative analysis of documents, and it comprises a searching-out of underlying themes in the materials being analyzed". Therefore, in the study according to the content of the corporate plan 2014-2018 of the UOK, a framework was developed to visualize the goals of the university under five different themes and categorising the objectives according to the themes by using the BSC perspectives. Further a strategy map was constructed through the cause and effect relationship among the objectives under one strategic theme which will be effective communication in corporate plan implementation. The research was done using the secondary data collected from the Sri Lanka Higher Education Corporate Plan 2012-2015, Sri Lanka University Grant Commission annual reports 2011, 2012, 2013 and the UOK Corporate Plan for 2014-2018.

4. Data Analysis and Findings

4.1 Developing a framework for corporate plan of the University of Kelaniya using the BSC.

The University of Kelaniya, Sri Lanka is one of the leading national universities in the country, and is situated closer to Colombo. It comprises of six Faculties, namely the Faculty of Commerce and Management Studies, Faculty of Humanities, Faculty of Medicine, Faculty of Science, Faculty of Social Sciences and Faculty of Graduate Studies. Its in-campus student population is about 8,650 undergraduates and about 4000 postgraduates including foreign students. In addition, there are about 24,000 external students following external undergraduate programs.

The corporate plan 2014-2018, which is used in this study affirms the policy guidelines of the government and the Ministry of Higher Education. Further, this was prepared in line with the National Higher Education Strategic Management Plan of Sri Lanka of the Ministry of Higher Education. When developing the corporate plan firstly a situational analysis had been done to identify the strengths, weaknesses opportunities and threats. Based on the outcomes of the situational analysis goals, objectives and strategies have been developed. Further, in the corporate plan performance indicators have also been identified for the period being concerned. For modernizing the corporate plan the authorities have applied the proper strategic planning methodology. That is they have developed their goals and objectives in line with the vision and mission of the university. However, it is also important to identify whether the objectives being developed to achieve the goals are balanced between all the perspectives rather than focusing on some perspectives, especially some stakeholders. However, if there aren't enough objectives sprung up in respect of internal process, innovation and learning angles, the fulfillment of all stakeholders’ objectives is not fully met.

Therefore, firstly a framework has been constructed for the corporate plan to plot the goals and objectives under the modified BSC perspectives. This will be useful to identify whether the objectives identified in the corporate plan have a balance among the four perspectives which is required to reach the goals (See Figure 2). When developing the model, the four goals of the university were categorized into four strategic themes. They are:

Theme 1: Quality and flexible education (To create a high quality and flexible teaching and learning environment)
Figure 2: Corporate plan 2014-2018 of UOK on modified framework of BSC

“To nurture intellectual citizens through creativity and innovation, who contributes to the national development.”

<table>
<thead>
<tr>
<th>STAKEHOLDERS PERSPECTIVE</th>
<th>QUALITY &amp; FLEXIBLE EDUCATION</th>
<th>RESEARCH EXCELLENCE</th>
<th>COMMUNITY ENGAGEMENT</th>
<th>DIVERSITY ENRICHMENT</th>
<th>ORGANIZATIONAL EXCELLENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased employment</td>
<td>Produce internationally recognized research</td>
<td>Support national development</td>
<td>University Mission</td>
<td>Develop an efficient system of governance</td>
</tr>
<tr>
<td></td>
<td>Student &amp; Staff satisfaction</td>
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Internationalization of the University: curriculum, research, staff, student and community

<table>
<thead>
<tr>
<th>INTERNAL PROCESS PERSPECTIVE</th>
<th>QUALITY ASSURANCES</th>
<th>RESEARCH EXCELLENCES</th>
<th>COMMUNITY ENGAGEMENT</th>
<th>DIVERSITY ENRICHMENT</th>
<th>ORGANIZATIONAL EXCELLENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provide internal and external support for research</td>
<td>Support national development</td>
<td>University Mission</td>
<td>Develop an efficient system of governance</td>
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</tr>
<tr>
<td></td>
<td>Promote research that encourages community partnership</td>
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Develop Student Based Learning Systems

<table>
<thead>
<tr>
<th>INNOVATION &amp; LEARNING PERSPECTIVE</th>
<th>Resource Management</th>
<th>Infrastructure</th>
<th>Knowledge Management</th>
<th>Information Technology</th>
<th>Revenue from Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Infrastructure</td>
<td>Fund raising</td>
<td>Grants</td>
<td>Increase asset utilization</td>
<td>Cost Optimization</td>
<td>Revenue from operations</td>
</tr>
<tr>
<td>Recognize the best research lab</td>
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<td>Improve research culture</td>
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</table>

Drivers

Drives

Outcomes

Current objectives

Proposed objectives

Proposed goal
Theme 2: Research Excellence (To create a multi-disciplinary research culture of global standing)
Theme 3: Community Engagement (To widen the range of economic and social engagement)
Theme 4: Organizational Excellence (To develop an excellent system of governance through the efficient and effective administration and financial management)

Each of the four themes supports the strategy implementation and the mission fulfillment in a different and complementary ways. Further, when analyzing the corporate plan thoroughly and considering the role that universities need to play to fulfill the vision of creating Sri Lanka a knowledge hub the researcher proposed another new strategic theme for the model. This is the fifth theme and it is called “Diversity Enrichment”. Thompson (2009) provides eight reasons why diversity matters in colleges. Since UOK is currently in the process of achieving some of the targets it is worth to have a separate theme to cover the diversity engagement of the university as well.

After identifying and naming the five themes for the goals of the corporate plan, the objectives developed for each goal were plotted under the four perspectives of the modified BSC structure (See Figure 2). In this new framework the objectives developed for each goal in the corporate plan are represented by uncoloured ovals. Through this it can be identified that certain objectives fulfill many themes in the framework. For an example, the objective to Internationalization of the UOK, all five strategic themes need to be covered to achieve that objective. Likewise from this framework, it is easy to identify the effect of achieving an objective for many strategic themes. However, through the plotting of these objectives it was realized that objectives that have not been developed do not represent a balance focus to cover the four perspectives of the BSC. For example, when the first strategic theme of Quality & flexible education being considered, objectives are developed more to cover other perspectives rather than the internal process and invention and learning perspective. However, in order to elevate the stakeholder perspectives the bottom two perspectives, needs to be strong and objectives need to be there to fulfill those perspectives primarily.

As a solution for this after referring to the National Higher Education Strategic Management Plan of Sri Lanka of the Ministry of Higher Education, a new set of objectives were proposed to cover the unattended perspectives in the corporate plan. These proposed objectives are shown by the shaded ovals in the framework. Eventually, the one page corporate plan framework of the university will enhance the ability to pass the corporate design of the UOK simply and distinctly to its administrators, authorities and stakeholders.

5.2 Developing strategy Map for Corporate Plan Implementation for the University of Kelaniya.

After preparing a one page corporate plan of the university using the BSC, the study developed strategy map that will be useful as a guide for corporate plan implementation. The strategy map clearly illustrates how objectives of each strategic theme are linked together and this enables university authorities to effectively communicate the story of its strategy in a relatively short period of time. To exemplify this in the study a strategy map was prepared for its first strategic theme of ‘Quality and Flexible education’ and it is illustrated in Figure 3.

In order to achieve the strategic theme of ‘Quality and Flexible education’ from the resource management perspective, all the objectives are needed to be connected to the innovation and learning perspective. In the innovation and learning perspective, the two main objectives are increasing staff motivation and development and improve infrastructure facilities. When the staff motivation and development is increased it will furnish a group of academic staff who are with much updated knowledge of new teaching methods and techniques. Therefore, this should be the core foundation that is needed under this strategic theme. With these developments, teaching quality of the university can be improved and maintained throughout. Further the development and motivation of staff will be complemented by increasing the resources which create the educational potential, such as library pool and information technology. The foundation that is laid through fulfilling these objectives will support the achievement of the internal process perspective objectives. As depicted in figure 3 the two objectives of the innovation & learning perspective have a direct impact on the four objectives of the internal process perspective. The increased staff motivation and development will impact the quality of the teaching, developing updated, unique and specialized curriculum and
develop student based learning system. At the same time improving the infrastructure facilities will be essentially needed to achieve all these objectives. Further the cause-and-effect relationship between the objectives in the same perspective can also be observed through this strategic map. For an example, adhering to the quality assurance has a direct impact when developing the curriculum and student based learning system.
Accomplishing the objectives in the internal process perspective is required to endorse the founding an attractive value proposition for the University of Kelaniya. These value propositions highlight how the UOK creates value under their quality and flexible education strategic theme. Through the enhancement of the value proposition the university is attempting to accomplish the ultimate aims of the stakeholders. The high quality graduates passing out from the university will contribute to increase their employability. Further the efficient and effective learning and teaching experiences will create higher satisfaction among students and staff in the university. Further, these contended students will decide to study at the same university at the next level of studies (Masters and PhDs). This is the loyalty required to be built for the passed out students to be attached to the same institute. Further, this ensures even revenue generation for the university since all the higher curriculum courses are fee laving courses. The strategy map presented above could be applied as the footing of communication of the ‘Quality and Flexible education’ strategic theme of the university.

5. Conclusion

A modified BSC approach was adopted through this study as the methodology for increasing the effectiveness of the preparation of a balanced corporate plan for UOK and communication of it to the different layers for the implementation. This line of thinking facilitated to produce one page visual tool which links objectives to accomplish the strategic themes according to cause-and-effect relationship, ensuring whether all required objectives have been developed to cover all the perspectives in order to attain the ultimate mission and vision of the university. Thus, this the modified BSC approach contributes to improve strategic management process of the corporate planning, and can be used as diagnostic model to examine even the efficiency of corporate planning process in other universities, especially in Sri Lanka.

6. References

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