Application of the Balanced Scorecard in Higher Education
Opportunities and Challenges

An evaluation of balance scorecard implementation at the College of St. Scholastica.

by Cindy Brown

Introduction

In the 1990s a new way of evaluating performance improvement in the business industry was introduced. The balanced scorecard (BSC) emerged as a conceptual framework for organizations to use in translating their strategic objectives into a set of performance indicators. Rather than focusing on operational performance and the use of quantitative financial measures, the BSC approach links the organization’s strategy to measurable goals and objectives in four perspectives: financial, customer, internal process, and learning and growth (Niven 2003).

The purpose of this article is to evaluate the use of the BSC in the nonprofit sector, specifically at an institution of higher education. Case studies in higher education and personal perspectives are presented, and the opportunities for and challenges of implementing the BSC framework in higher education are discussed.

Balanced Scorecard Principles

Achievement of equilibrium is at the core of the BSC system. Balance must be attained among factors in three areas of performance measurement: financial and nonfinancial indicators, internal and external constituents, and lag and
lead indicators. Equilibrium must also be attained between financial and nonfinancial measures; nonfinancial measures drive the future performance of an organization and are therefore integral to its success. Further, the use of nonfinancial measures allows problems to be identified and resolved early, while they are still manageable (Gumbus 2005). The sometimes contradictory needs of internal constituents (employees and internal processes) and external stakeholders (funders, legislators, and customers) should be equally represented in the scorecard system (Niven 2003). A key function of the BSC is its use as a performance measurement system. The scorecard enables organizations to measure performance through a variety of lead and lag indicators relating to finances, customers, internal processes, and growth and development (Niven 2003). According to Niven (2003), lag indicators are past performance indicators such as revenue or customer satisfaction, whereas lead indicators are “the performance drivers that lead to the achievement of the lag indicators” (p. 23).

The BSC’s cascading process results in a consistent focus at all levels of the organization.

The BSC framework provides tools to assist business organizations in mapping their performance improvement strategies and establishing connections throughout the various levels of the organization. Additionally, the framework identifies cause-and-effect relationships. The strategy map component of the BSC provides a graphical description of the organization’s strategy, including the interrelationships of its elements. This map is considered the blueprint for the organizational plan (Lichtenberg 2008). Further, the BSC’s cascading process gives the organization a tool for taking the scorecard down to departmental, unit, divisional, or individual measures of performance, resulting in a consistent focus at all levels of the organization. Ideally, these measures of performance at the various levels directly relate to the organizational strategy; if not, the organization is just benchmarking its metrics. The cascading of the scorecard also presents employees with a clear image of how their individual actions make a difference in relation to the organization’s strategic objectives. The cascaded scorecard creates alignment among the performance measurement outcomes throughout the various levels of the organization (Lichtenberg 2009).

The BSC has evolved into a powerful communications tool and strategic management system for profit-based organizations. *Harvard Business Review* has recognized the framework as one of the top 75 most influential ideas in the 21st century (Niven 2003). Its successful use in the for-profit arena has been clearly demonstrated, but does it have applicability in the nonprofit sector, specifically in institutions of higher education (IHEs)?

**Use of Performance Indicators in Higher Education**

Like other nonprofit organizations, IHEs are increasingly under pressure to provide external stakeholders such as communities, alumni, and prospective students with performance indicators that reflect the overall value and excellence of the institution. Historically, however, performance indicators in higher education have emphasized academic measures (Ruben 1999). Driven by external accountability and comparability issues, IHEs often focus on quantitative academic variables such as faculty demographics, enrollment, grade point average, retention rates, faculty-student ratios, standardized test scores, graduation rates, faculty teaching loads, and faculty scholarly activity (Ruben 1999). IHEs often assume that measuring external accountability through one-dimensional parameters such as college rankings or accrediting agency mandates will influence internally driven parameters related to institutional effectiveness; yet, unless these indicators are linked in a meaningful way to the drivers of institutional effectiveness, desired improvements in service, productivity, and impact are unlikely to occur (Stewart and Carpenter-Hubin 2000–2001). Additionally, some of these academic variables do not reflect the value that the IHE adds through the teaching and learning process but instead reflect students’ existing capabilities (Ruben 1999).

Another challenge in using traditional measures of excellence in higher education is their failure to capture a comprehensive image of the institution’s current status (Ruben 1999; Stewart and Carpenter-Hubin 2000–2001). Further, the tendency for IHE performance indicators to focus on external accountability fails to account for the importance of internal assessment. Inclusion of internal assessment indicators broadens perspectives and, if done correctly, provides a connection between the institution’s values and goals (Stewart and Carpenter-Hubin 2000–2001). Indicators used in traditional higher education performance
measurement frameworks cannot be adequately translated into meaningful applications for the purpose of monitoring, planning strategically, or conducting comparative evaluations against standards of excellence among IHEs (Johnson and Seymour 1996, as cited in Ruben 1999). These traditional performance indicators also lack the predictive power necessary to adequately alert IHEs of needed changes in a timely manner. In addition, traditional models for measuring higher education performance are constrained by departmental boundaries and are limited in their ability to link individual performance objectives and performance evaluation processes with institutional performance (Hafner 1998).

Traditional models are limited in their ability to link individual performance objectives with institutional performance.

Not as much emphasis is placed on other less tangible indicators in higher education such as relevance, need, accessibility, value added, appreciation of diversity, student satisfaction levels, and motivation for lifelong learning; yet, a common mission of IHEs is to foster lifelong learning. Many of these indicators, especially those related to student and faculty expectations and satisfaction levels, deserve greater attention; recruiting, retaining, and nurturing the best and brightest individuals is the primary goal of IHEs (Ruben 1999). Despite this, the five most common performance-based measures used in higher education are retention and graduation rates, faculty teaching load, licensure test scores, two- to four-year transfers, and use of technology/distance learning (Burke 1997).

Absent from these common performance-based indicators are the measurement categories and specific metrics suggested by a BSC approach. IHEs need measurable indicators that reflect value and excellence achieved through investments in technology, innovation, students, faculty, and staff (Nefstead and Gillard 2006). Current ranking systems in higher education consider the multiple facets of higher education but do not offer guidance on the selection and organization of performance measures in terms of performance drivers or diagnostic indicators. Moreover, these ranking systems often do not relate performance indicators to the institution’s mission or provide guidance toward continuous quality improvement (Beard 2009).

The Balanced Scorecard and Higher Education

While implementation of the BSC cannot guarantee a formula for accurate decision making, it does provide higher education with “an integrated perspective on goals, targets, and measures of progress” (Stewart and Carpenter-Hubin 2000–2001, p. 40). Some IHEs have taken the step of measuring performance indicators through the implementation of a BSC approach. These IHEs have identified the important characteristics of the scorecard: inclusion of a strategic plan; establishment of lag and lead performance indicators; improvement of efficiency, effectiveness, and overall quality; and inclusion of faculty and staff in the process (Rice and Taylor 2003). Successful implementation of the BSC framework in higher education relies on the progression through various steps as part of the process. The first step is clear delineation of the mission and vision, including translating this vision into specific strategies with a set of performance measures. The next step is establishing communication and linkage among schools, departments, student support services, institutional advancement, and other offices such as physical plant and maintenance services. This step is important in establishing direct connections between the individual unit goals and objectives and the macro-level institutional goals. To increase the potential for success, it is imperative that administrators develop specific strategies to achieve goals and allocate sufficient resources for these strategies. Credible measures of progress toward these goals must also be instituted. The final step involves creating a feedback mechanism whereby the IHE can evaluate its overall performance using updated indicators and revise its strategies when needed (Stewart and Carpenter-Hubin 2000–2001).

Application of the Balanced Scorecard Framework in IHEs

There is a dearth of published literature regarding BSC applications in IHEs. Beard (2009) believes that this may be attributed to a lack of knowledge and awareness of the opportunities for BSC application rather than to incongruence between the BSC approach and higher education strategic planning. Scholey and Armitage (2006) suggest that as IHEs are expected to develop more innovative programs and also demonstrate greater fiscal and customer...
accountability, more will adopt the BSC framework. Others contend that the lack of a detailed, systematic process for executing the BSC model has hindered its widespread use in IHEs; as a result, they have developed models for its application in higher education (Asan and Tanyas 2007; Karpagam and Suganthi 2010). Asan and Tanyas (2007) presented a methodology that integrates the BSC (a performance-based approach) with Hoshin Kanri (a process-based approach). Karpagam and Suganthi (2010) created a generic BSC framework to assist IHEs in assessing overall institutional performance through the use of identified higher education measurement criteria that lead to the establishment of benchmarks and quality improvement goals.

Despite the reluctance of IHEs to adopt standard innovations (Pineno 2008), there are some documented case studies in which the BSC approach has been successfully implemented in IHEs both nationally and internationally. From an international perspective, authors in both Australia and Canada have published case-study data on the use of the BSC approach (Cribb and Hogan 2003; Mikhail 2004). Additionally, colleges and university systems in the United States that have documented their use of the BSC include the University of California System, Fairfield University, University of Wisconsin-Stout, and the University of Minnesota College of Foods, Agricultural and Natural Resource Sciences (Nefstead and Gillard 2006).

Bond University in Australia initiated a BSC approach for performance improvement. The library unit at Bond University used the university’s vision, mission, strategies, and performance goals to develop and implement its own BSC. As part of the process, the library’s senior and middle managers provided input on strategic objectives and proposed metrics. This process also included the linkage of measures through cause-and-effect relationships. An identified challenge involved narrowing the list of possible measures to the select few that would best capture the core of the desired strategy (Cribb and Hogan 2003). The library’s objective for each of its perspectives closely aligned with the university’s objectives. For example, under the customer perspective, the university defined customer satisfaction as an objective. The library then identified its own objectives focused on the assurance of customer satisfaction through a variety of strategies, including an emphasis on available resources and services as well as effective collaboration and communication with academic staff.

In developing financial measures, Bond University initially decided to use library resources in relation to student numbers to measure the library’s role in achieving cost-effectiveness. However, since the university had lower student enrollment and smaller economies of scale in comparison to other universities in Australia, this financial measure did not adequately reflect the relationships among library expenditures, usage, student educational achievement, and customer satisfaction. Therefore, additional measures were identified to more accurately support both the library’s and university’s objectives. A key factor that contributed to the successful implementation of the BSC at Bond University was the involvement of staff in the process; staff involvement created an alignment between both the library’s and university’s strategic objectives (Cribb and Hogan 2003).

Ontario Community College in Canada also shared its application of the BSC. The college substituted a strategic goals perspective for the financial perspective typically used in the BSC framework. This perspective was intended to identify “how we should appear to our shareholders” in order to succeed (Mikhail 2004, p. 9). The college identified the following strategic goals: (1) achieve academic/service excellence, (2) manage enrollment growth, (3) develop strategic partnerships, (4) achieve organizational success, and (5) manage cost-effectiveness and achieve a balanced budget (Mikhail 2004).

In the mid-1990s, the University of California System initiated a “Partnership for Performance,” a collaborative effort involving the development and implementation of a BSC framework throughout the nine distinctly different campuses. The system executed specific approaches that contributed to the overall success of this initiative. Senior administrative managers from each campus participated in the development of the overall vision and goals for business administration and operations. This administrative group also served as a steering committee over the life of the initiative by providing direction, prioritizing, solving problems, and encouraging and motivating their staff to participate. The five business areas on each campus—human resources, facilities management, environmental health and safety, information technology, and financial operations—piloted the development of common BSC measures. Creating a performance measurement culture was challenging, but part of the system’s success in achieving this culture resulted from the creation of “performance champions groups” that met quarterly to exchange dialogue and
information related to organizational performance measurement and management. As a result of the initiative, two of the campuses adopted the BSC as a strategic planning tool for business administration at the university level (Hafner 1998).

The Fairfield University School of Business designed a phased approach for the implementation of the BSC framework at the academic unit level. The phases of the strategy revitalization process included building a foundation, developing the scorecard, compiling measures, analyzing results, recommending changes, revising measures, and implementing initiatives (McDevitt, Giapponi, and Solomon 2008). The university also defined its own perspectives that it felt were more appropriate to academics, including growth and development, scholarship and research, teaching and learning, service and outreach, and financial resources. In some instances, the university needed to adopt a benchmarking program; in others, it changed its metrics because information was not available or easily accessible. During the analysis phase, metrics were reevaluated and faculty members were assessed on their ability to meet goals. Faculty metrics included numbers and types of “intellectual contributions,” measured through refereed publications and attendance at or sponsorship of pedagogical seminars (McDevitt, Giapponi, and Solomon 2008, p. 45).

Fairfield University’s School of Business had difficulty in maintaining momentum throughout the implementation of the program. The institution found it challenging to develop effective measures to meet long-term qualitative goals and to create effective communication strategies across work groups, which led to delays in establishing consensus within and among the various groups. Key outcomes of this revitalization program included creating a communications network between faculty and staff, increasing faculty awareness of the institution’s goals and objectives, and identifying and documenting needs for the purpose of determining budget and funding (McDevitt, Giapponi, and Solomon 2008).

The University of Wisconsin-Stout, another BSC implementer, was one of the first three organizations to receive the Baldrige education award (Karathanos and Karathanos 2005). The Malcolm Baldrige Education Criteria for Performance Excellence was designed to recognize integrated performance measurement in IHEs that includes (1) the delivery of ongoing value to stakeholders, (2) the improvement of the institution’s overall effectiveness and capability, and (3) the promotion of organizational and individual learning. The Baldrige National Quality Program criteria focus on results and creation of value. Its requirement of an institutional report with comprehensive measures comprised of both leading and lagging performance indicators is consistent with the basic premise of the BSC framework (Beard 2009; Karathanos and Karathanos 2005).

Balanced Scorecard Application at a Select IHE

A BSC, including a strategy map and departmental improvement plan, was developed for a select IHE (figures 1, 2, and 3, respectively). This IHE is a small liberal arts college located in northern Minnesota, rich in its Benedictine heritage and Catholic tradition. Applying Stewart and Carpenter-Hubin’s (2000–2001) process, the IHE first identified strategies/objectives and performance measures that fit with the distinct mission and vision of the college. The strategy map (figure 2) was an invaluable resource in expressing the cause-and-effect relationships among the various perspectives. The strategy map provided useful visual connections that illustrated the college’s overall calculated planning process, which helped generate faculty and staff buy-in to the BSC approach. For example, faculty could see how their work in strengthening and creating new academic programs and program delivery systems affected other performance indicators such as improving student satisfaction and increasing enrollment growth in extended studies programs. Similarly, staff could gain an understanding of how their commitment to strengthening student support services and enhancing service-learning experiences affected the student experience and community partnerships.

Once the overall strategies were identified in each of the four perspectives—financial, internal processes, students and community, and learning and growth—it was relatively easy to develop School of Nursing (SoN) and undergraduate nursing department-based objectives that fit with the institution’s overall objectives/goals through the process of cascading, as illustrated by the BSC performance improvement plan (figure 3). As a nursing faculty member, it was beneficial to see how the undergraduate nursing department’s objectives were linked to the overall college objectives. For example, strategies from the internal process dimension at the college level included strengthening the Benedictine Liberal Arts (BLA) program and enhancing student service-learning experiences. Measures related to achieving these strategies at the undergraduate nursing
### STRATEGY

A. Manage enrollment growth

- **MEASURE**: Increase student enrollment in Adult Day and Evening Programs (ADEP), extended sites, and with the three online initiatives.

- **TARGET**:
  1. Ten percent increase in student enrollment at each ADEP extended site: Brainerd, St. Cloud, St. Paul, and Rochester.
  2. Twenty percent increase in the three online initiatives: RN to BS, HIIM Master’s, and DPT programs.

- **FREQUENCY**: Monthly

B. Secure capital funds

- **MEASURE**: Seek private donor funding through capital campaign.

- **TARGET**: Obtain 10 percent of estimated $15 million for Science building expansion from private donations.

- **FREQUENCY**: Quarterly

C. Increase student satisfaction

- **MEASURE**: Increase students’ overall satisfaction with their college experience.

- **TARGET**:
  1. One hundred percent of students will report being “satisfied” or “very satisfied” with their overall experience at the college.
  2. One hundred percent of students will report being “satisfied” or “very satisfied” with their preparation for future work.

- **FREQUENCY**: Annual

D. Strengthen the Benedictine Liberal Arts program

- **MEASURE**: Develop a Benedictine Liberal Arts program that aligns itself with the mission and values of the college.

- **TARGET**:
  1. Implementation of new Benedictine Liberal Arts program beginning Fall of 2011.
  2. By Fall of 2011, 25 percent of the Benedictine Liberal Arts program will be available in an online format.

- **FREQUENCY**: Semi-annually

E. Enhance service-learning experiences

- **MEASURE**: Increase service-learning opportunities and student participation.

- **TARGET**:
  1. Each school—Education, Management, Business & Technology, Health Science, Sciences, Nursing, and Arts & Letters—will add at least two new service-learning experience options each semester.
  2. Prior to graduation, 100 percent of students will participate in a service-learning experience.

- **FREQUENCY**: Semi-annually

F. Support faculty professional practice and research

- **MEASURE**: Expand faculty development funding to support faculty advance practice and research.

- **TARGET**:
  1. Five percent of entire faculty each year will become eligible for associate professor status through achievement of a terminal degree and advance research.
  2. These faculty receive 50 percent funding, up to $10,000/year, for advanced education/research.

- **FREQUENCY**: Semi-annually

G. Strengthen information technology infrastructure

- **MEASURE**: Provide a competitive technology infrastructure that supports the needs of students, faculty, and staff.

- **TARGET**:
  1. Each school within the college has its own designated academic IT development/support staff in proportion to its number of programs and departments.
  2. IT Help “desk” support is available 7 days per week.
  3. One hundred percent of college classrooms and labs are evaluated for supportive technology needs.

- **FREQUENCY**: Quarterly
As an organization, what type of culture, skills, training, and technology are we going to develop to support our processes?

The cascading tool proved useful throughout the college, especially when used as a basis for developing and justifying departmental budgets. Budget allocation could be directly linked to the college’s BSC strategic plan and subsequent SoN and departmental performance improvement plans.
### Figure 3  Balanced Scorecard Performance Improvement Plan: Undergraduate Department of Nursing

<table>
<thead>
<tr>
<th>SCORECARD</th>
<th>DEPARTMENT LEVEL</th>
<th>ACTION PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCE</strong></td>
<td>Undergraduate Nursing</td>
<td>Department Initiatives</td>
</tr>
<tr>
<td>A. Manage enrollment growth</td>
<td>Increase enrollment in ADEP extended sites and the three college online initiatives.</td>
<td>Increase enrollment in the online RN to BS program by 10 percent.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Develop and revise RN to BS program for rolling admission, online format. \n2) Nursing faculty training necessary for successful online courses implementation.</td>
</tr>
<tr>
<td><strong>STUDENTS AND COMMUNITY</strong></td>
<td>Undergraduate Nursing</td>
<td>Department Initiatives</td>
</tr>
<tr>
<td>B. Secure capital funds</td>
<td>Private donor funding for capital campaign for Science building.</td>
<td>Identify community benefactors in the health care field.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>School of Nursing solicits identified benefactors for capital funds.</td>
</tr>
<tr>
<td><strong>INTERNAL PROCESSES</strong></td>
<td>Undergraduate Nursing</td>
<td>Department Initiatives</td>
</tr>
<tr>
<td>C. Improve student satisfaction</td>
<td>Increase students’ overall satisfaction with their college experience.</td>
<td>One hundred percent of nursing students report being satisfied with availability and variety of course offerings in the program.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Evaluate nursing elective courses for the purpose of aligning offerings with students’ needs. \n2) Identify additional ways of meeting program requirements through a variety of course or service-learning opportunities.</td>
</tr>
<tr>
<td><strong>LEARNING AND GROWTH</strong></td>
<td>Undergraduate Nursing</td>
<td>Department Initiatives</td>
</tr>
<tr>
<td>D. Strengthen the Benedictine Liberal Arts (BLA) program</td>
<td>Alignment of BLA program with mission, vision, and values of the college.</td>
<td>Five percent of nursing faculty teach BLA courses.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Adjustment of nursing faculty workload to accommodate teaching of BLA courses. \n2) Nursing faculty representation and participation in BLA program planning initiative.</td>
</tr>
<tr>
<td>E. Enhance student service-learning experiences</td>
<td>Increase service-learning opportunities and student participation.</td>
<td>One hundred percent of nursing students participate in service-learning opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Embed service-learning opportunities in undergraduate nursing program curriculum. \n2) Make service-learning opportunities available each semester at each program level: sophomore, junior, and senior.</td>
</tr>
<tr>
<td>F. Support faculty professional practice and research</td>
<td>Expand faculty development to support advanced practice and research.</td>
<td>Nursing faculty funding sources are available for advancing education and research experience.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Obtain grant funding to support nursing faculty education and research. \n2) Offer nursing faculty and student collaboration experiences to advance evidenced-based nursing practice.</td>
</tr>
<tr>
<td>G. Strengthen information technology infrastructure</td>
<td>Provide a competitive technology infrastructure.</td>
<td>Integrate nursing informatics into the curriculum.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1) Advance the use of simulation and the academic electronic health record in the curriculum. \n2) Increase student didactic and clinical experiences with nursing informatics.</td>
</tr>
</tbody>
</table>
This writer agrees with several authors’ assessments that modification of the BSC is necessary for successful application in IHEs. As a nursing faculty member, it was difficult to identify objectives and develop specific performance measures from a financial perspective. As Mikhail (2004) suggests, it would have been useful to replace the financial perspective with a strategic goals perspective. These strategic goals could be established to support the college’s financial priorities: to contain costs and to increase enrollment and revenue in extended campuses and online programs.

Further, future IHE BSC implementations should consider including the service and outreach perspectives (McDevitt, Giapponi, and Solomon 2008), especially since these are congruent with this college’s mission and vision. This perspective could also be reasonably addressed through the splitting of the customer perspective into two parts, with students as one customer and the community as another, as demonstrated in the strategy map (figure 2).

**Recommendations**

It would be advantageous for this select liberal arts college in northern Minnesota to adopt the BSC framework as a communication tool and strategic management system. Prior to implementation, it is imperative to name organizational champions to lead the process, garner support, and gain the momentum necessary to execute the BSC framework. These champions should include not only administrators, but also faculty and staff representatives from the various schools and administrative departments that support the college’s academic programs. A valuable resource already exists in the college’s strategic plan for 2011–2016, which directly links to the mission and vision of this IHE. The champions could take the strategic goals found in the plan and articulate appropriate measures for their attainment through the development of a BSC that considers all four perspectives: financial, internal processes, students and community, and learning and growth.

The SoN could serve as the pilot for implementing the BSC approach; the SoN is in a position to greatly benefit from such an approach. Having grown in recent years to become one of the largest nursing programs in Minnesota, the school faces challenges in organizing its complex structure, which is composed of undergraduate programs taught in traditional, accelerated, and online formats and graduate programs that include baccalaureate and master’s degree tracks to doctoral degrees and master’s degree tracks to five different advanced nursing practice options. Historically, the SoN’s goals were established without measurable outcomes and without direct linkages to departmental budgets. When these goals were revisited at the end of the academic year, faculty questioned how their achievement was being measured. While the SoN’s goals do connect to the college’s mission and vision, nursing faculty have requested that a long-term strategic plan be developed to manage the school’s growth and assist in identifying priorities. Adopting the BSC would enable the nursing faculty to participate in the identification of SoN priorities and then, through the BSC improvement plan, develop school- and department-specific objectives with performance measure outcomes. The BSC improvement plan would also establish connections and improve communication among the four nursing departments and the school. Clear alignment of performance measurement indicators with the institution’s mission, values, and strategies is imperative in the BSC approach. Further, nursing education accreditation standards, which have the purpose of ensuring the quality of baccalaureate and graduate nursing programs (Commission on Collegiate Nursing Education 2009), mandate that the SoN’s mission, goals, and outcomes fit with the college’s mission and vision. The BSC improvement plan can serve as the working document that illustrates the achievement of this important quality standard.

After successful implementation of the BSC framework in the SoN, momentum could be maintained by disseminating the approach to the other schools until the entire college has adopted the system. Using the college’s strategy map (figure 2), improvement plans could be developed by the various schools and departments, starting with school plans and cascading down to designated department-level plans. This systematic approach would help to minimize any difficulty in obtaining consensus in setting performance measures and would enhance communication within each school. Moreover, this process would delineate how each school supports the college’s mission and values. IHE accrediting organizations require an institution to demonstrate the fulfillment of its mission through organizational structure and system processes. This quality indicator can be validated through the use of the BSC approach, which links the college’s mission and values with specific performance measures in each of the four perspectives that then cascade down to school and departmental improvement plans.
A common issue in IHEs is a disconnect between faculty and administrators. Communication in IHEs often flows in a top-down, vertical-type way. Feeling some of these same sentiments, the faculty at this liberal arts college have asked for a shared-governance structure. In whole system shared governance (WSSG), the organizational structure is decentralized and accountability-based. WSSG “operates from its core where its mission, vision, and values should be most visible” (Crow and DeBourgh 2010, p. 216).

Implementation of the BSC framework at this college would help build relationships among faculty, staff, and administrators, a start in the process of shared governance.

The BSC framework serves to build alignment around key performance indicators.

This writer believes that this college has historically functioned in a reactive manner. With its emphasis on continuous improvement processes, the BSC would better position the college to operate in a proactive mode, since the scorecard’s lead indicators link college strategies and mission with measurable outcomes that then drive future endeavors and initiatives. An efficient and effective way to gauge and/or predict upcoming trends and issues is through active engagement and alignment with a variety of stakeholders; this alignment and engagement is encouraged with the BSC approach. The college is also challenged by growth related to distant campuses and online formats, which may contribute to isolation and inconsistency in measuring and achieving quality performance standards; the BSC framework serves to foster connections and build alignment around key performance indicators.

Conclusion

The BSC framework is an excellent strategy-based management system that can be used in IHEs to assist them in clarifying their mission and vision and translating their vision into strategies. These strategies, in turn, can serve as the basis for developing operational objectives or actions with measurable indicators for the purpose of evaluating performance improvement and achieving success. In these tumultuous economic times, the use of the scorecard, with its inclusion of nonfinancial measures, paradoxically provides IHEs with a way to develop strategic priorities for resource allocation. Monitoring nonfinancial measures also affords IHEs the opportunity to consider student and stakeholder feedback, faculty and staff satisfaction, and the internal efficiency of the institution’s processes.

The scorecard can serve as an effective communication tool for IHEs. The BSC approach enhances communication with internal and external stakeholders; it also provides a venue for identifying what really matters to these stakeholders. Improved communication flow builds trust within and outside the IHE. Since successful execution of the BSC requires engagement and cooperation among all levels in the institution, it promotes collaboration and alignment, which are key motivators in pursuing continuous quality improvement strategies (Rice and Taylor 2003). Further, the cascading of the BSC also creates the alignment of performance measures. With the proliferation of IHE learning formats to include virtual sites and extended campuses, decentralization, isolation, and quality control can be problematic. The collaboration and alignment that drives the development of BSC performance measures fosters consistency and motivates action and change at the institutional level.

References


