

A New Approach in University Evaluation: the Balanced Scorecard

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Abstract: The BSC could be employed as an evaluation tool in Italian Universities, also using the set of performance indicators proposed by MiUR in DM n. 506/2007, integrating them with further proper ones.

Keywords: University evaluation, balanced scorecard, performance indicators

1. Introduction

In the Public Administration, the evaluation has been introduced to assess the proper management of state resources, the impartiality and good managing, the efficiency and the efficacy of the choices and activities carried out in terms of user's satisfaction. At the same time, there is the intention to ensure the necessary transparency to gain the agreement of internal and external stakeholders about the decision-making process methods and procedures. To reach its goal, the evaluation needs to monitor the implemented activities also to deliver an opinion on achieved results. Generally, the evaluation process starts with the description of the objectives of the actions established by the decision makers, then the parameters and indicators to be used are defined, the necessary information (quantitative and qualitative) is collected and, finally, the opinion is delivered. The outcome of this process has to be followed by proper actions from the bodies in charge (administrative or political), which may vary according to the institution or the kind of decision-making process.

With reference to the Italian University system, in order to ensure an efficient and effective development of the evaluation process, two conditions are necessary: 1) all the Universities have to develop planning and control processes and functions to perform evaluation in all their activities; 2) an operative and methodological coordination among the different evaluation activities and at different decision making levels has to be introduced.

In Italian Universities, the evaluation process started in the early years of 90s, with D. Lgs. n. 29/93 followed by L. n. 537/93 introducing *Internal Evaluation Units* in each University and the *National University Evaluation Council* to coordinate them. In 1998, by D. Lgs. n. 204/98, the *Committee for Evaluation of Research* was established in order to bring the evaluation process into scientific research field too.

The balanced scorecard (BSC) is a strategic planning and management system used to align business activities to the vision and strategy of the organization and to monitor organization performance against strategic goals. It was created by Kaplan and Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial ones (Kaplan, Norton 1992). The BSC has evolved from its early use to a full strategic planning and management system (Kaplan,

Norton 1996). In academic context, we can identify four perspectives also developing metrics, collecting and analyzing data referring to: *Stakeholders, Internal Process, Financial, Learning & Growth*. In each perspective, several metrics, known as Key performance indicators (KPI), are computed measuring strategic variables; they are distinguished in *lagging indicators* (evidencing and measuring performance in the organization) and *leading indicators* (drivers of performance). A target value is associated to each KPI and its difference with current value allows to obtain an evaluation of performance level of strategic variables.

2. The Balanced scorecard in higher education institutions

The BSC is currently used in Italy in different nonprofit sectors such as Public Administration, Local government, Health (AA. VV., 2008). In United States and the United Kingdom, this framework finds application also in higher education institutions. We believe that, following the achievement of university autonomy and new tendencies drawn by the Italian Ministry of higher education (MiUR) about university planning in the period 2007-2009 (as stated in DM n. 506/2007 and n. 362/2007), the BSC could become a very useful management and governance tool, allowing Italian Universities to evaluate their ability in planning. Some recent studies (Del Sordo, 2005, Del Sordo et al., 2007) and this contribution too aim to exploring further BSC's applications in this field. Firstly Italian Universities should decide their benchmark and which performance they will measure, according these steps: 1) Translating vision into actions; 2) Communicating and linking strategic objectives and measures; 3) Linking unit goals to macro goals in all scorecard areas, developing strategies to achieve them and allocating resources to different strategies; 4) Developing reliable measures of progress toward goals; 5) Feedback and learning, in which universities are required to evaluate their performance based on updated indicators and to revise strategies as appropriate. Translating the BSC to a complex world such as Academia is a great challenge, but it would contribute to improve internal organization and, consequently, to maximize efficiency and efficacy.

Nowadays any Italian University has not already adopted the BSC, even if this framework is meeting an increasing consent.

The University of Edinburgh developed the BSC framework in governance and strategic planning in 2002¹. It includes four perspectives (Organizational development, Financial, Stakeholder, Internal business) and 32 KPIs, reflecting the University's strategic goals and objectives; they are linked to the University's operational priorities as outlined in the Strategic Plan. Performance indicators are calculated to assist management in monitoring the overall performance and they are relevant in setting the strategic direction for the University and in judging the performance of management in delivering it. The application of a BSC provided University of Edinburgh management of a precious tool, ensuring that the University's strategic goals and mission are being achieved, confirming to Government and Stakeholders that University is meeting their expectations.

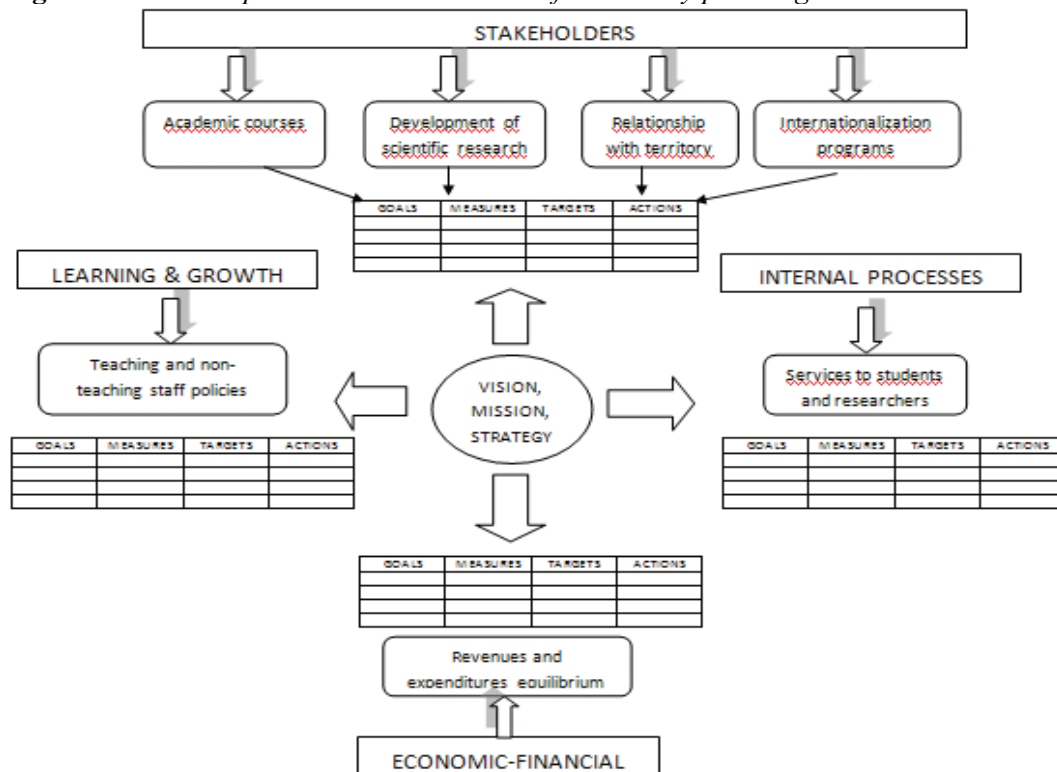
¹ http://www.planning.ed.ac.uk/Strategic_Planning/BalancedScorecard.htm.

3. The implementation of a balanced scorecard: an opportunity

As known, DM n. 506/2007 introduced a suite of performance indicators to evaluate *ex post* Italian Universities Plans for the period 2007-2009 and to assign financial resources according to these indicators, covering five areas (Academic courses, Development of scientific research, Services to students, Internationalization programs, Teaching and non-teaching staff policies). In order to build a BSC, these indicators could be adopted not only as performance measures, but also, adding other opportune metrics, could be linked to: strategic plan, University mission and vision, strategic and operative goals and actions. Thereof BSC might represent an opportunity to improve strategy through the staff involvement, to create a multidimensional control system of performance and to leave behind the traditional bureaucratic managerial model adopting a modern one. Doubtless, making all these actions possible, BSC has the advantage to grant an integrated approach to the several variables regarding Academia, being particularly useful in the big and complex Universities. Nowadays successful strategies cannot do without social and environmental factors as stated in the concept of Accountability both at internal and external level: moreover in this context BSC seems to play an important role.

In this perspective, we design a possible BSC for University as shown in Figure 1.

Figure 1: *BSC Perspectives and Guidelines of University planning*



We propose to translate the 6 guidelines of University planning into the 4 BSC canonical dimensions. In this way, the perspective *Stakeholders* would be divided into 4 sections: Academic courses, Development of scientific research, Relationship with territory, Internationalization programs, so representing all the possible “players”:

students and their families, researchers, local, domestic and foreign Institutions and firms. The perspective *Internal Processes* would include Services to students and researchers, while *Learning and Growth* would deal with Teaching and non-teaching staff policies. According to the mission of a University, any guideline has not been envisaged for the *Financial* perspective since it derives from a business approach that, in case of a University, should correspond to the achievement of equilibrium between revenues and expenditures. The evaluation goes through the 21 indicators suggested by MiUR, to which we propose to add further 21 specific performance indicators allowing to measure strategic objectives of the decision-makers. The BSC can be employed to measure and manage performance, and then to evaluate, either at corporate level (the whole University) or at Faculty level (concerning didactics) or Department level (concerning research).

4. Work in progress

The BSC, born in the business managerial field, in the last decades has drawn the attention of public administrators becoming a useful tool to carry on evaluation during years. In a perspective of a benchmarking analysis of Italian Universities, the BSC built using guidelines and indicators proposed by MiUR in DM n. 506/2007, could be adopted as a standardized model and as a reporting tool for decision-makers and stakeholders. It could be a suitable framework to measure the multidimensional performance of the University, whose core business is producing and offering knowledge intensive services. Moreover, it represents a modern and integrated approach, particularly appreciated by the University management which, sometimes, hardly succeeds in monitoring, at the same time, several variables which are usually untied. A further development of the proposed standardized tool could be the introduction of a BSC concerning the whole Italian Universities System, adopting mean or median of single Universities' indicators with also standard deviation to measure the variability. It could be a useful tool for the Italian Ministry of higher education.

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