

A Proposal of a Balanced Scorecard for Governance and Strategic Planning in an Italian University

Una Proposta di Balanced Scorecard per la Governance e la Pianificazione Strategica in un Ateneo Italiano

Angela Maria D'Uggento, Massimo Iaquinta, Vito Ricci
Università degli studi di Bari, Area Studi, ricerche e programmazione
e-mail: a.duggento@das.uniba.it

Keywords: Balanced scorecard, University strategic planning, performance indicators

1. Introduction

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 *leading indicators* (evidencing and measuring performance in the organization) and *lagging 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. 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) and this contribution too aim at 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; 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 is required universities 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.

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 at a corporate University-level 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.

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 way University of Bari is moving in arranging its Plan for the period 2007-2009 using MiUR indicators also as an instrument of governance.

References

- Del Sordo C. (2005) Il controllo direzionale nelle università. Dal sistema di bilancio alla Balanced Scorecard, Franco Angeli, Milano 2005.
- Kaplan R. S., Norton D. P. (1992) The Balanced Scorecard: measures that drive performance, *Harvard Business Review*, 1, 71-80.
- Kaplan R. S., Norton D. P. (1996) Using the Balanced Scorecard as a Strategic Management System, *Harvard Business Review*, 1, 75-85.

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