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Cidália Oliveira
REMIT – Research on Economics Management and Information Technologies Universidade Portucalense, Portugal
CIDI – IEES – Instituto Europeu de Estudos Superiores, Portugal
cidalia.o@hotmail.com
ORCID ID: 0000-0002-3512-6151

Nayra Martins
Polytechnic Institute of Coimbra, Oliveira do Hospital School of Technology and Management, Rua General Santos Costa, Portugal
NECE – Centre for Research in Business Sciences, University of Beira Interior, Covilha, Portugal
nayralmartins@hotmail.com

Margarida Rodrigues
CEFAGE – University of Beira Interior, Portugal
CIDI – IEES – Instituto Europeu de Estudos Superiores, Portugal
mmmrodrigues@sapo.pt
ORCID ID: 0000-0002-0997-9716

The Contribution of the BSC to Strategic Focus and Organisational Performance – Perception of the Mayor Export Companies in Portugal

Abstract

Objective: Managers recognise the ability of the Balanced Scorecard (BSC) to leverage strategic focus and organisational performance. In addition, the BSC is capable of addressing strategic focuses, aligning and monitoring strategic goals.

Considering the strategic focus and organisational performance, various studies have been carried out related to the BSC; however, few studies have delved into the knowledge and relevance recognised by organisations with and without the BSC. Considering the organisations that have implemented the BSC and those that have not, this research empirically demonstrates the real benefits of this tool.

Methodology: A quantitative approach was adopted, using a questionnaire drawn up on the basis of a literature review. The respondents were managers of companies that have implemented the BSC and managers of companies that have not implemented the BSC.

Results and Conclusions: This research shows that the characteristics and benefits of the BSC are confirmed by the managers of the main exporting organisations in Portugal, regardless of whether they have the BSC implemented or not. In companies that do not have the BSC in place, managers agree that if the BSC were implemented, it would support strategic focus and improve the monitoring of organisational performance.

Added Value: The contribution of this research is useful for both academics and professionals, as it highlights the relevance of the BSC with regard to strategic focus and performance management.

Recommendations: The BSC should be used to track strategic focus and organisational performance on a monthly basis

Key words: balanced scorecard, strategic focus, strategy, organisational performance, performance indicators, BSC

Introduction

Planning and implementing a strategy successfully is one of the most critical and urgent management tasks for improving and maintaining high organisational performance (Kaplan & Norton, 2008; Mankins & Steele, 2005) provided that the strategic development process and the control of strategic implementation work well (Dyson et al., 2007; Forrester, 1961; Sterman, 2000). Although strategy development and evaluation seem to take the centre stage (Sull et al., 2015) and care in the implementation phase is criticised and perceived as insufficient, strategic execution rates are described as high (Alexander, 1985; Cândido & Santos, 2015; Kaplan, 2008; Kaplan & Norton, 2004b; Mankins & Steele, 2005; Sterling, 2003).

Precisely for the above criticisms about the implementation phase, balanced indicators (e.g., Balanced Scorecard) (Atkinson et al., 1997; Atkinson, 2006; Banker et al., 2004; Kaplan, 2008; Kaplan & Norton, 1996b, 2004b; Tapinos et al., 2011) and focused on measuring strategy, contributing to better performance and mitigating dysfunctions within the strategic implementation of the closed control loop (Dyson, 2000). Against this backdrop, Strohhecker (2016) research concluded that the Balanced Scorecard (BSC) facilitated the translation of strategy into action, so as decision-making with strategic implementation (Brehmer & Dörner, 1993; Dörner, 1996; Hämäläinen et al., 2013; Moxnes, 1998; Sterman, 1989). Furthermore, Strohhecker and Größler (2012) as well as Strohhecker (2016) proposed that the same applies to strategy implementation. As managers are guided by the chosen strategy, implementation also needs to take place through a series of operational decisions designed to close the gap between actual observed performance and desired performance (Strohhecker, 2016). This decision-making process is complex and very difficult for those who have to make them (Lane, 1999). However, Strohhecker and Größler (2012) showed in their research that managers successfully endeavour to implement a business growth strategy without declining, even when they underperform in relation to their desired success.

Rather than investigating the BSC approach as a whole, Hu et al. (2017) restrict the research question to the performance measurement system, which is seen as a key element in strategic implementation for control (Dyson, 2000). Focusing on the impact that the different versions of the cockpit have on individual managers' strategic implementation and decision making, the effectiveness of the results was confirmed by Hu et al. (2017).

Management control systems include formal procedures supported by computer systems that facilitate the selection of information for managers Bedford (2015), however, these managers are beginning to value executive dashboards for better performance (Easter et al., 2015; Rasmussen et al., 2009). Therefore, an organisational cockpit has been defined as a performance dashboard that associates three management levels: strategic, operational and tactical (Easter et al., 2015). The same author also explained that the cockpit provides monitoring, analysis and management, the results of which show the just-in-time measurement of the level of execution of each objective. This means that the cockpit makes it possible to "give management a quick overview of organisational performance, i.e. organisational performance at a glance" (DeBusk et al., 2003, p. 215). In view of these arguments, we see that Kaplan and Norton (1992, p. 71) made an analogy between the BSC and the cockpit of an aeroplane, stating that "Think of the balanced scorecard as the dials and indicators in the cockpit of an aeroplane. For the complex task of navigating and flying an aeroplane, pilots need detailed information on many aspects of the flight".

In this context, following the BSC approach, the strategic decisions implemented are supported by a set of metrics that, at the same time, balance the strategy (Kaplan & Norton, 1996, 2001). Therefore, a BSC cockpit should reflect these ideas, as Kaplan and Norton (2001a) argued; they later suggested that strategies should be complemented with strategy maps (Kaplan & Norton, 2001b, 2004b). It is assumed that, with the use of strategy maps, decision-makers will improve their understanding of the importance of the cause and effect relationship and make a decision at a later point in time, causing performance to increase as the same authors postulated.

On the other hand, cockpits are perceived as related to the dynamic capabilities of human resources, since they are related to the tasks that organisations develop and adapt to their routines in a systematic and highly predictable way (Zollo & Winter, 2002). In other words, common capabilities focus on the efficient execution of daily activities, based on the best technology and qualified people (Winter, 2003). Dynamic capabilities aim to improve organisational effectiveness by aligning operational routines with the external environment and broader organisational objectives (Zollo & Winter, 2002). The learning and growth perspective of the BSC is what we intend to conceptually evaluate in terms of its connection with the dynamic capabilities of organisational resources, which is the aim of this theoretical study.

This research clarifies how to include a third procedure, a strategy map cockpit that follows Kaplan and Norton's (2001, 2004) suggestion to clarify strategies using strategy maps. In this case, it allows for a comparison of the effect of three management cockpits on strategy implementation, decision-making and performance, and how they contribute to strategic interventions. The research identifies a visualisation of the causes of strategy and how it actually makes a difference.

It can be said that addressing this topic in the Portuguese context highlights the originality of this article, as there is evidence of managerial actions that improve competence, commitment and organisational coordination, the three fundamental requirements of effective strategy implementation (Tabesh et al., 2019; Tawse & Tabesh, 2021). Studying and analysing Portuguese exporting companies that do and do not have the BSC in place helps to effectively compare managers' perceptions and the desired and achieved performance.

In this way, this research helps to fill a gap in the literature, indicated by Tawse and Tabesh (2023), since a strategy map is demonstrated in conjunction with the adoption of the BSC, and how the combination of these can improve strategic focus and organisational performance.

Organisational Performance

The concept of organisational performance is complex and abundant in the literature (Oliveira et al., 2024). Organisational performance identifies, measures and develops the performance of individuals and teams and aligning their performance with the strategic goals of the organisation (Aguinis & Kraiger, 2009). Defining goals, targets and monitoring it's performance is a continuous process (Aguinis & Kraiger, 2009). It also promotes alignment between the performance of the organisation's members and the organisational goals (Aguinis & Kraiger, 2009, pp. 2–3).

Organisational performance is a concept related to the achievement of results Brandão et al. (2012) and mobilises the organisation's strategic process (Floyd & Wooldridge, 1997). Strategy (Steensen, 2014) is a determinant of organisational performance (Becker & Huselid, 2006). Organisations operate in changing contexts, which requires them to adapt their strategy and be more competitive in order to achieve the goals set (Oliveira et al., 2022; Teece et al., 1997). Thus, measuring organisational performance is a process by which the organisation knows whether it is fulfilling the task it has set for itself, so that the continuous improvement of organisational performance increases value creation (Neely & Al Najjar, 2006; Neelys, 2006; Schiuma & Lerro, 2008).

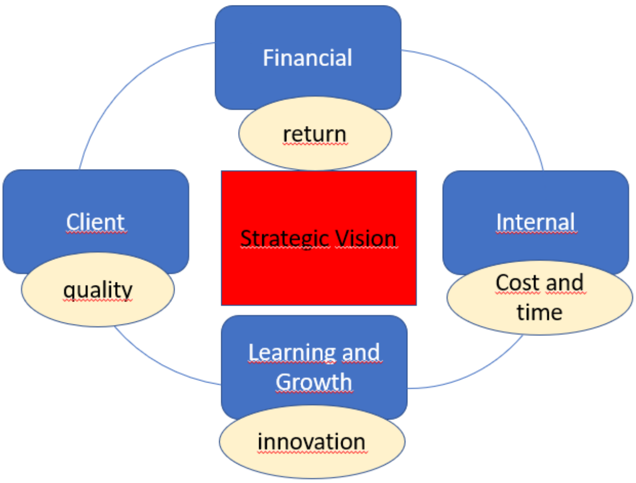
The BSC's Contribution to Organisational Performance

Until the late 1980s, Total Quality Management (TQM) was considered a management philosophy that set out to adequately meet organisational needs. However, this form of management is not capable of solving problems outside the scope of quality management, so organisations need the support of other tools. The BSC is one such tool. Lima et al. (2004) refer to the possibility of interconnection between TQM tools and the BSC. In addition, derived from the TQM movement, other tools have been developed, such as the Baldridge, Six Sigma, ISO9000 and European Quality models. Also noteworthy is the Performance Scorecard (Lynch & Cross, 1995) performance pyramid and performance prism (Neely et al., 2002). The development of new management tools emphasises the need to find alternatives to traditional financial indicators (Eccles, 1991; Kaplan & Norton, 1992). In this context, the BSC has emerged as a tool capable of meeting many of the needs felt by organisations (Cross & Lynch, 1992; Eccles, 1991; Epstein & Roy, 2007; Kaplan & Norton, 1992b).

Thus, the use of the BSC is becoming a reality for a number of organisations that need, among other things, to monitor performance not only retrospectively, but also in a more preventive way (Kaplan & Norton, 1992b). This monitoring is made possible by the use of indicators that not only alert, but also serve to stimulate processes (drivers) and allow the goals set by senior management to be aligned with the goals set for the whole organisation.

Thus, through the BSC, organisational performance can be monitored in various respects. For managers to be able to make informed decisions, they need a tool capable of configuring and measuring a set of correctly defined key indicators. In this sense, the BSC presents a proposal for assigning indicators to each of the four perspectives (Kessens-van Drongelen & Cook, 1997) as shown in Figure 1.

Figure 1. Key parameters of the strategic vision



Source: Adapted by Kessens-van Drongelen & Andrew Cook, 1997, p. 38.

For an efficient implementation and evaluation of the strategy, it is necessary for the top management to define a set of goals to be achieved beforehand (Strohhecker, 2016) as proposed by Kaplan and Norton (2001b) (see Table 1).

Table 1. Definition of objectives, indicators, targets and initiatives

Objectives	Indicators (Measures)	Goals (Targets)	Initiatives
Definition of what must be achieved, critical result	Measuring success	Performance level – quantifiable in % or units achieved. Improvement required	Programmes/Action plan to achieve the objectives

Source: Kaplan and Norton, 2001b.

Through strategic objectives and key indicators, it is possible for the organisation to focus not only on the short term, but also on the long term, as one of the great advantages of the BSC is its dynamic nature (Kaplan & Norton, 2001a). The strategy map contains the summary of the strategy, which is complemented by the definition of targets for the indicators that serve to assess the degree of implementation of the strategy and the individual achievement of each of the indicators. This tool provides a visual methodology capable of translating alerts to managers, represented in a colour system (blue for an objective exceeded; green for an objective achieved; yellow for an objective partially achieved and red for an objective not achieved). Naturally, this dashboard is capable of reflecting all the dynamics required by a permanent performance evaluation (Kallás & Ribeiro, 2008; Humphreys et al., 2016).

Atkinson et al. (1997) state that, despite the heterogeneity of indicators, any performance management tool must be able to: (i) monitor objectives in order to check that the organisation is getting closer to what is intended, whether by employees, suppliers, internal elements as well as the financial return; (ii) confirm the return expected by each shareholder so that they continue to invest in the organisation; (iii) guide and define procedures for implementing processes to achieve secondary objectives; and (iv) help plan the contracts that have been agreed with shareholders.

Performance information, both in terms of its nature and the timing of its disclosure, can facilitate decision-making and influence certain decisions (Grafton et al., 2010). In this sense, information, i.e. organisational knowledge, can influence the level of organisational performance (March, 1991). The BSC is recognised as having the capacity to unify the interests of the various users, since, on the one hand, it provides information and, on the other, it allows the objectives and their indicators to be ascertained (Busco & Quattrone, 2015). Managers who use the BSC as a performance evaluation tool have a number of benefits compared to managers who do not use this management tool (Lipe & Salterio, 2002). For these and other reasons, the authors of the BSC consider that this tool can effectively boost organisational performance (Fijałkowska & Oliveira, 2018; Kaplan, 2001; Kaplan & Norton, 1992b, 2004b, 2006, 2007; Oliveira et al., 2021).

Kaplan and Norton (2004a) state that organisations that have successfully implemented the BSC are characterised by a culture in which people are deeply aware of and immersed in the mission, vision and core values in order to follow and match the organisational strategy. In turn, the adoption of the BSC also triggers cultural changes in the organisation, with a focus on corporate strategy (Kaplan & Norton, 2001b).

Organisations need performance measurement systems, so that they can measure organisational and employee performance. To this end, measurement tools make it possible to assess the degree to which objectives have been achieved and to define future strategic plans for organisations (Ittner & Larcker, 1998). It should be noted, however, that performance is very complex and depends on internal factors, including organisational strategy.

Performance Indicators

Initially, the authors of the BSC management tool called for the integration of 14 to 16 performance measures, covered by 4 to 6 distinct and interconnected areas, through cause and effect relationships. In fact, in the reality of organisations, these interconnections are not realised (Figge et al., 2002). The BSC incorporates the internal and external perspectives of stakeholders based on short- and long-term topics (Hubbard, 2009). However, it is not enough to define objectives; it is imperative to analyse and verify the current position in relation to the goals defined by the operationalisation of the strategy.

Kaplan and Norton (2006) state that the BSC is conceived on the basis of four primary phases that must be followed by managers: (i) **plan / planning** in which financial results are emphasised. This phase consists of defining the organisational strategy and the four perspectives, as well as incorporating the dashboard, indicators and monitoring; (ii) **do / deployment,** called the application of the "fishbone" in defining the strategic objectives; (iii) **check / confirmation** in which workshops are held to demonstrate the results to senior management, which have been established through periodic follow-up and monitoring meetings; and (iv) **act / corrective actions in which** meetings are held to define action plans, and new directions and/or objectives can be established.

Consequently, the indicators must support and answer the following questions: (a) Which indicators are used? (b) What are they used for? (c) How much will they cost? and (d) What are the benefits? To summarise, it can be said that strategic management must always assess the origins of the change: its object (what) and the subject of the change (who), as well as the place and time of the change (where and when). In fact, knowing what caused a particular change allows the organisation to efficiently follow and implement a strategy (Busco et al., 2007).

However, as mentioned above, analysis based only on traditional indicators is insufficient, and, therefore, Kaplan and Norton (1996a) and Ghalayini et al. (1997) provide some justifications for the insufficiency of traditional indicators: (i) financial results report past data; (ii) they only assess impacts of a financial nature; (iii) values obey standardised methods and parameters, previously defined, which makes it impossible to analyse other factors; (iv) they do not support continuous improvement of indicators; and (v) planning is very rigid, according to certain standards, so there is no autonomy or responsibility for individual analysis and management. However, it is worth noting that the aforementioned authors do not limit themselves to criticising traditional indicators, since the whole innovation of the BSC lies in the introduction of perspectives and indicators that also include a non-financial dimension. This is the BSC's main contribution and innovation.

A system of performance indicators should, on the one hand, monitor the past and, on the other, plan for the future (Bititci, 1995; Meyer & Gupta, 1994; Neely et al., 1996). In this sense, it is important to determine how to develop the methodologies for measuring indicators, their periodicity and recipients (Hursman, 2010).

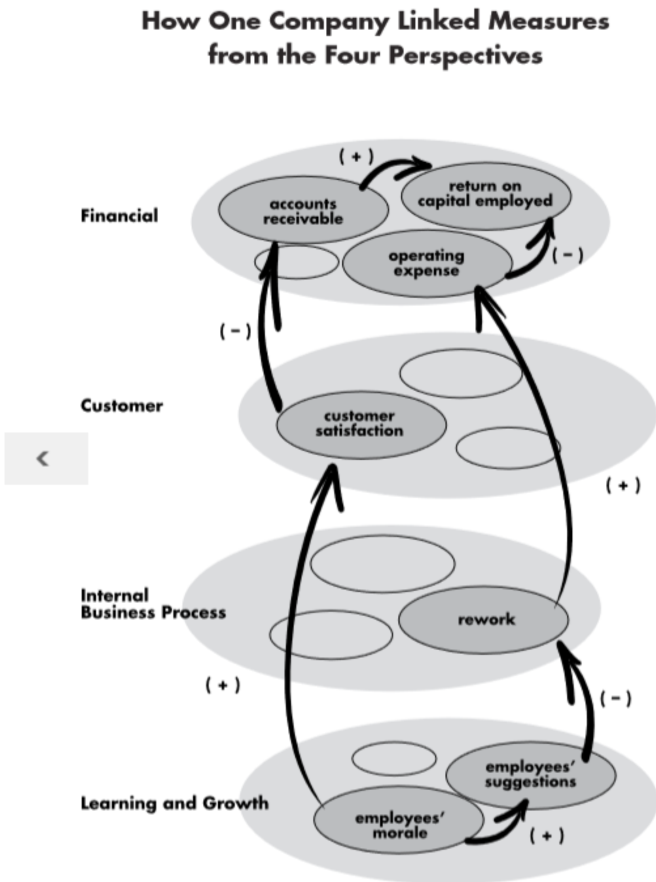
The balance provided by the BSC in the relationship between performance indicators and strategy allows this management system to be one of the most widely used today (Bauer, 2004, 2005). On the other hand, following the idea of Hubbard (2009) and Atkisson and Hatcher (2005) a more comprehensive management tool should be implemented, adding the social and environmental perspective to the four classic perspectives of the BSC, thus generating the sustainable BSC, known as the SBSC (Sustainable Balanced Scorecard). Based on this integration, it would be possible for organisations to monitor the Organisational Sustainable Performance Index (OSPI). This simple indicator, according to Hubbard (2009), has a lot of value for stakeholder decisions.

The issue of performance can be characterised in various dimensions, such as: growth in sales; increase in profit; increase in market share; return on investment (ROI); return on equity (ROE); and return on total assets (ROA), which are the most frequent performance measures (Eddleston et al., 2008). Silva (2010) states that organisations generally rely on traditional indicators such as return on investment, return on assets, return on sales, price variation, sales per employee, profit per unit produced and productivity. However, it should be emphasised that the BSC concept goes beyond these traditional performance indicators. Organisations that focus on intangible resources evaluate performance based on customer response to service (feedback) as well as intangible incentives (Kelly, 2007).

Although it is considered that there are no perfect indicators, it is recognised that financial indicators are not sufficient for assessing organisational performance (Banker et al., 1989). Despite this recognition, the performance indicators that organisations select are generally: sales growth, profit growth, market share growth, return on investment, return on equity and return on total assets (Eddleston et al., 2008).

What can be said is the added value of the BSC, which, by adding new perspectives and new measures, changes and complements the way in which strategic focus and organisational performance are analysed. The BSC proposes a different dynamic from other performance assessment tools in the causal relationship between strategic objectives (see Figure 2).

Figure 2. **The definition of indicators, based on the four perspectives**



Source: Kaplan and Norton, 1996b, p. 83.

Considering the dynamics proposed in the BSC (i) the strategic objectives make it possible to translate the vision of the future into selected objectives; (ii) the key performance indicators make it possible to measure each objective and monitor it. The analysis of the indicators must be able to frame the results obtained by the occurrence indicators and the trend indicators, since the former show past situations, while the latter provide a forecast of the future; (iii) the establishment of targets for the strategic objectives/indicators allows for the objective measurement of the strategy to be achieved; and (iv) the strategic initiatives allow for the definition of concrete action plans that make it possible to realise the targets so that the strategy can be achieved.

Based on the strategy map, the manager has the objectives/key performance indicators strategically interconnected, since the map shows, through its graphical representation, the causal relationships between the strategic elements and the measures (Banker et al., 2004). In addition to this tool, managers are under pressure to carry out an analysis of organisational performance that goes beyond the classic and economic side, i.e. a more comprehensive analysis is required, in which managers carry out a more analytical analysis (Hubbard, 2009) in which the current situation must be compared with the future situation of the organization, as shown in Table 2.

Table 2. Organisational analysis

Finance	Current	Future	Internal process	Current	Future
Sales growth	3	2	**Productivity**	3.8	4
Return on sales	6.8	5.4	**Productive *turnover***	12	16.5
Return on resources	5.1	6.1	**Production days**	4 days	4 days
Return on capital	15.5	16	**Capital/Sales**	10	10
Leverage ratio (GAF)	73	77	**Capacity utilisation**	73	77
Customers/Market	**Current**	**Future**	**Learning and growth**	**Current**	**Future**
***Market* share**	32	30	**New products**	1	0
Number of new customers	12.35	10.145	**New markets**	2	1
Product returns	1.5	1.4	**Investment/Sales**	2.50%	1.50%
Defects	2.8	3	**Training/Sales**	5.50%	7.30%
Order cycle time	7 days	7 days	**Investment/Total resources**	10%	10%

Source: Adapted from Hubbard, 2009, p. 187.

The classic BSC perspective focuses on stakeholder theory, incorporating factors related to customers/market, short- and long-term efficiency, learning, as well as factors associated with development (Kaplan & Norton, 1992b).

Methodology

The aim of this research is to study the contribution of the BSC in terms of its ability to promote strategic focus and improve organisational performance. The research question is as follows:

RQ: Are managers' perceptions of the BSC's contribution to strategic focus and organisational performance different in non-BSC and BSC organisations?

The specific objectives are: i) to characterise the perception of the contribution of the BSC, in terms of strategic focus and organisational performance, in the largest exporters without a BSC and with a BSC; and ii) to check whether there are different perceptions of the contribution of the BSC, in terms of strategic focus and organisational performance, in the largest Portuguese exporters without a BSC and with a BSC.

To answer the research question and objectives, a quantitative approach was adopted using questionnaire analysis based on comparative graphs (Amaratunga & Baldry, 2001) and the following research hypotheses were formulated:

H1_Q1: The BSC contributes to strategic focus in organisations with a BSC.

H1_Q2: The possible contribution of the BSC to strategic focus is recognised by organisations that do not have a BSC.

H2_Q1: The possible contribution of the BSC to organisational performance is recognised by organisations that do not have a BSC.

H2_Q2: The BSC contributes to organisational performance in organisations with a BSC.

A questionnaire was drawn up (Appendix 1) with five questions based on the literature. The respondents were managers of companies that have implemented the BSC and managers of companies that have not implemented the BSC. A total of 106 valid responses were obtained.

For most of the items, a 7-point Likert scale was used as the response scale, where point 1 corresponds to "Strongly disagree" and point 7 to "Strongly agree". For the question on performance, point 1 corresponds to "Significantly worsened" and point 7 to "Significantly improved".

It is known that the questionnaire should be limited in length and purpose, because if it is too long, it causes fatigue and disinterest; if it is too short, it runs the risk of not providing enough information (Marconi & Lakatos, 2003). Questionnaires are a versatile and effective data collection research tool with several advantages. They are more convenient for respondents and have a relatively low cost of preparation and implementation compared to other data collection instruments (Evans & Mathur, 2018; Jones et al., 2013; Nayak & Narayan, 2019).

Results and Discussion

The four perspectives of the BSC reflect the results through their individual indicators, but the four perspectives are closely interconnected as they influence each other and, therefore, cannot be considered exclusively in a disaggregated way. Table 3 shows the analysis according to the number of employees.

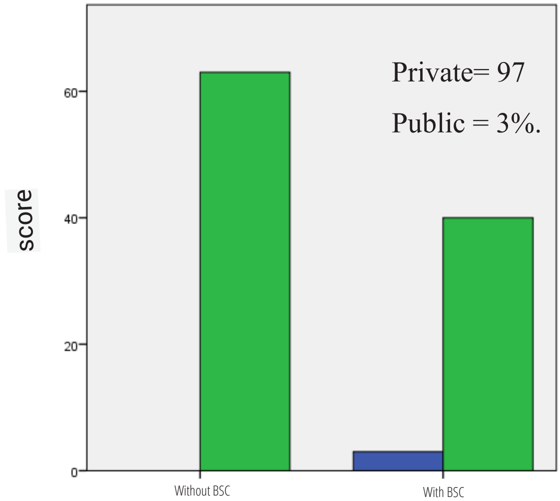
Table 3. Number of employees

Cross-tabulation of the number of employees					
			Organisations		**Total**
			No BSC	**With BSC**	
Total		Counting	63	43	106
		% of Group	100.0%	100.0%	100.0%
Number of employees	5-9	Counting	2	2	4
		% of Group	3.2%	4.7%	3.8%
	10-49	Counting	7	1	8
		% of Group	11.1%	2.3%	7.5%
	50-249	Counting	16	10	26
		% of Group	25.4%	23.3%	24.5%
	=>250	Counting	38	30	68
		% of Group	60.3%	69.8%	64.2%

Source: Own elaboration.

Of the 106 organisations that make up the sample under study, only three are public. In these three public organisations, the BSC is implemented (see Figure 3 and Table 4).

Figure 3. **Type of organisation – public or private**



Source: Own elaboration.

Table 4. **Public versus private organisations**

Cross-tabulation public versus private organisations					
			Organisations		**Total**
			No BSC	**With BSC**	
Total		Counting	63	43	106
		% of Group	100.0%	100.0%	100.0%
Type of organisation	public	Counting	0	3	3
		% of Group	0.0%	7.0%	2.8%
	private	Counting	63	40	103
		% of Group	100.0%	93.0%	97.2%

Source: Own elaboration.

Tables 5 and 6 show the details of the interviewees' management level and type of training.

Table 5. Respondents' management level

Cross-tabulation of respondents' management level					
			Organisations		Total
			No BSC	With BSC	
Total		Counting	62	42	104
		% of Group	100.0%	100.0%	100.0%
Management level	senior management	Counting	23	23	46
		% of Group	37.1%	54.8%	44.2%
	middle management	Counting	27	14	41
		% of Group	43.5%	33.3%	39.4%
	operational management	Counting	12	5	17
		% of Group	19.4%	11.9%	16.3%

Source: Own elaboration.

Table 6. Education level of respondents

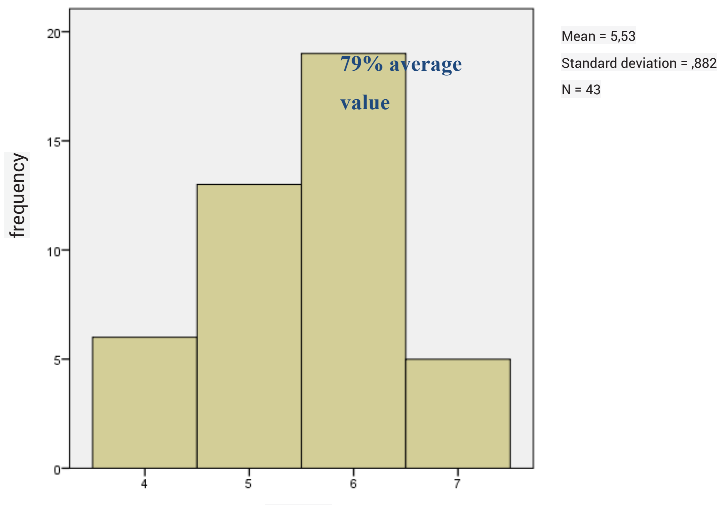
Cross-tabulation type of qualification					
			Organisations		Total
			No BSC	With BSC	
Total		Counting	62	43	105
		% of total	59.0%	41.0%	100.0%
Type of qualification	primary education	Counting	0	1	1
		% of Group	0.0%	2.3%	1.0%
	secondary school	Counting	3	1	4
		% of Group	4.8%	2.3%	3.8%
	bachelor's degree	Counting	4	1	5
		% of Group	6.5%	2.3%	4.8%
	Licence	Counting	44	24	68
		% of Group	71.0%	55.8%	64.8%
	Master's degree	Counting	10	16	26
		% of Group	16.1%	37.2%	24.8%
	Doctorate	Counting	1	0	1
		% of Group	1.6%	0.0%	1.0%

Source: Own elaboration.

With regard to the level of education of managers (Table 6), it can be seen that a degree is the predominant type of qualification in companies with the BSC (55.8%) and without the BSC (71%).

For all the managers whose organisation had implemented the BSC (N=43), the average value assigned to this question was 5.53 (on a scale of 1 to 7), which corresponds to 79% (on a scale of 0 to 100). With this result, managers classify organisations with BSC as relatively successful in terms of organisational performance over the last 5 years, as we can conclude from the analysis in Figure 4.

Figure 4. **Histogram – BSC impact on organisational performance**



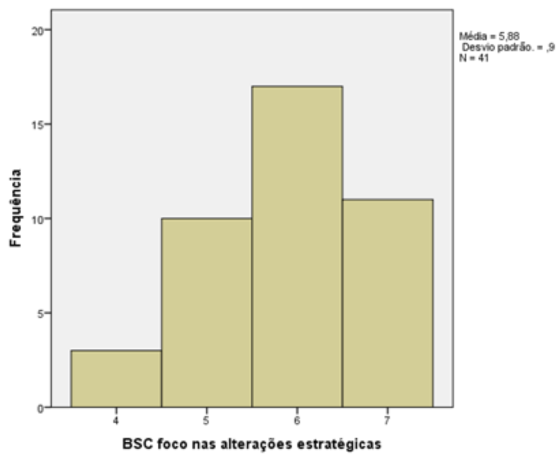
Source: Own elaboration.

After this description, the hypotheses related to the BSC's contribution to strategic focus and organisational performance are verified.

H1_Q1: The BSC contributes to strategic focus in organisations with a BSC.

The role of the BSC for organisations with a strategic focus is addressed in question 1.2 of the questionnaire. There are 43 organisations with the BSC; however, only 41 of the managers of these organisations answered this question, and gave it an average value of 5.88 (on a scale of 1 to 7), corresponding to 84% (on a scale of 0 to 100), so the managers of the organisations with the BSC consider that there is a strong contribution from the BSC to the strategic focus in their organisations (see Figure 5).

Figure 5. Histogram – the role of the BSC in the strategic focus

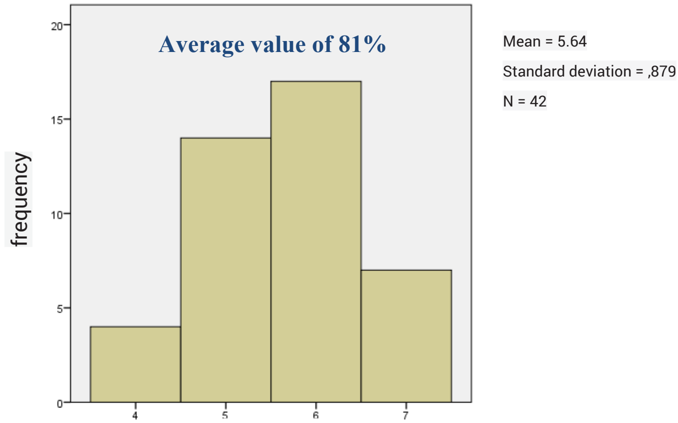


Source: Own elaboration.

H2_Q2: The BSC contributes to organisational performance in organisations with the BSC.

The contribution of the BSC to organisational performance in organisations with the BSC is addressed in question 1.3 of the questionnaire. Of the 43 organisations with the BSC, only 42 of the managers answered this question, and gave it an average value of 5.64 (on a scale of 1 to 7), which corresponds to 81 percent (on a scale of 0 to 100), so the managers of organisations with the BSC consider that there is a strong contribution of the BSC to organisational performance in their organisations (see Figure 6).

Figure 6. **Histogram – BSC's contribution to organisational performance**

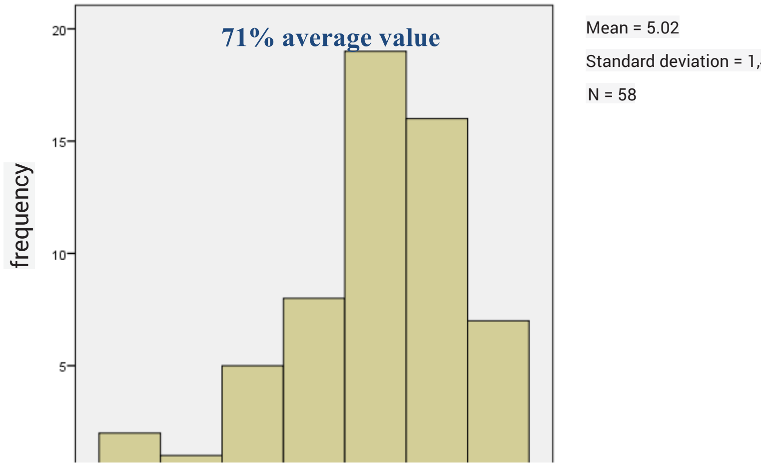


Source: Own elaboration.

H1_Q2: The possible contribution of the BSC to strategic focus is recognised by organisations that do not have a BSC.

The role of the BSC in the strategic focus of organisations without the BSC is addressed in question 1.4 of the questionnaire. Of the 64 organisations without the BSC, only 58 managers answered this question, and gave it an average value of 5.02 (on a scale of 1 to 7), which corresponds to 71 percent (on a scale of 0 to 100), so the managers of organisations without the BSC consider that there is a strong contribution from the BSC to the strategic focus in their organisations (see Figure 7), although their average value is slightly lower than that given by the managers of organisations with the BSC (84 percent).

Figure 7. Histogram – BSC on strategic focus

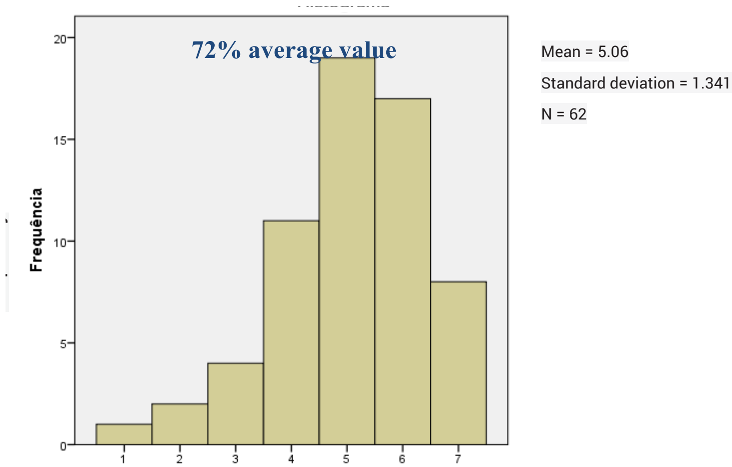


Source: Own elaboration.

H2_Q1: The possible contribution of the BSC to organisational performance is recognised by organisations that do not have the BSC.

The contribution of the BSC to organisational performance in organisations without the BSC is addressed in question 1.5 of the questionnaire. Of the 64 organisations without the BSC, only 62 of the managers of these organisations answered this question, and gave it an average value of 5.06 (on a scale of 1 to 7), which corresponds to 72 percent (on a scale of 0 to 100), so the managers of organisations without the BSC consider that there is a strong contribution of the BSC to organisational performance in their organisations (see Figure 8), although, in this case too, their average value is slightly lower than that given by the managers of organisations with the BSC (81 percent).

Figure 8. Histogram – BSC capacity on organisational performance



Source: Own elaboration.

Based on the figure above, it can be seen that organisations with the BSC attribute a percentage of 81% to its capacity in relation to organisational performance, which is slightly lower when compared to the percentage attributed by organisations without the BSC, which is a percentage of 84%.

Strategy is described as consisting of a set of actions to face competition, obtain a high return on investment and maintain its position in the market (Kaplan & Norton, 1996b; Kaplan & Norton, 2005; Porter, 1980, 1996). With regard to strategy, the literature highlights that through the BSC, organisations can keep their strategy well aligned and communicate their goals and tasks (Kaplan, 1992, 1996a). This is the ambition of most organisations, but it is recognised that these steps are not easy, as they need an integrated tool to help them make decisions. It is recognised that the BSC, as well as being a performance measurement tool, also assumes important functions in the strategic management of organisations, and has been implemented by several organisations as a tool for measuring performance (Louro, 2009) or as a strategic management system (Poll, 2001). The use of the BSC as a strategic tool enables comprehensive strategic management, i.e. it incorporates communication, strategic alignment, business planning, mission and customer satisfaction (Kaplan & Norton, 1996b).

In a context of strategic changes that require the acquisition of new knowledge, it is essential that the working environment is favourable (Kaplan & Norton, 2000, 2005). Furthermore, a very important characteristic in the context of organisational strategy is the transmission of knowledge. The transmission of knowledge is extremely important for defining, informing and achieving strategic objectives; however, despite this importance, the capacity for learning is, as a rule, underestimated in most organisations (Cabrita et al., 2010).

The study was, therefore, structured in such a way as to obtain empirical evidence to answer the research question and thus i) characterise the perception of the BSC's contribution to strategic focus and organisational performance in the largest exporters without the BSC and with the BSC and ii) check whether there are different perceptions of the BSC's contribution to strategic focus and organisational performance in the largest exporters without the BSC and with the BSC.

Based on the results obtained, considering the average values of the managers' responses, it can be concluded that, in general, managers recognise a strong contribution from the BSC, both for strategic focus and for organisational performance. It is noteworthy that even in organisations that do not yet have the BSC in place, the BSC's faculties are highly valued, so that in fact it can be seen that the BSC will still have a strong chance of expansion.

Implications and Conclusion

Knowing today's challenging and competitive organisational circumstances, the focus on strategy and performance takes on a prominent relevance, leading managers to look for integrated tools that integrate strategy and performance.

In fact, managers of organisations with the BSC recognise a strong contribution from the BSC to both strategic focus and organisational performance. This recognition is shared by managers of organisations without the BSC, who recognise a strong potential contribution of the BSC to both strategic focus and organisational performance. The literature confirms that the BSC goes beyond performance measurement, being a communication tool (Oliveira et al., 2021), a provider of learning and growth (Oliveira et al., 2018) capable of evaluating and measuring companies' organisational performance, in order to get closer to the strategic focus, aligning and monitoring strategic objectives (Busco & Quattrone, 2015).

By comparing the relevance attributes of organisations with and without BSC implementation, this research determines that managers, regardless of BSC implementation, recognise its influential competences related to strategic focus and organisational performance.

The result of this research confirms that the managers of the main exporting organisations in Portugal, regardless of whether or not they have implemented the BSC, confirm the positive impact of the BSC on strategic focus and performance.

Based on this research, the results reflect that managers would benefit from the implementation to support strategic focus and performance monitoring. This perception is present in all the managers in the study and does not differ between managers in organisations with the BSC and those without.

In conclusion, the literature shows that organisational culture has an impact on organisational performance , and also identifies the BSC as a tool with great potential for, for example, evaluating performance Kaplan (1992a, 1996a). This research sought empirical evidence of the existence of a distinct cultural profile for organisations implementing the BSC. It also investigated the existence of a distinct profile with regard to the importance attributed to the different perspectives and critical factors for organisations implementing the BSC.

In this way, the theoretical implications demonstrated here help to develop this theme in the academic field, especially by considering management in the Portuguese context, which can be analysed from an intercultural perspective caused by different cultural components.

The aim was to obtain empirical evidence on the contribution (real or potential) that the BSC makes to organisations with regard to strategic focus and organisational performance.

As far as practical implications are concerned, by identifying the strong level of importance that managers (of organisations without and with the BSC) attribute to the BSC's contribution to strategic focus and organisational performance, it is possible to ascertain that the BSC is a management tool with a strong contribution not only by those who use it, but also by those who, despite not yet using it, recognise its strong potential contributions. This notable relevance implies that the BSC still has the potential to increase its level of implementation, especially in the context of Portuguese organisations with greater export capacity. And that, when they manage to implement this tool, they will realise the benefits for organisational performance as a whole.

Therefore, this research aligns the notoriety and relevance of the BSC with regard to strategic focus and performance management, and is useful for both academics and professionals.

Limitations include the use of a convenience sample, which makes it difficult to generalise the results, and the fact that only Portuguese companies were analysed. In view of the above, future research could entail, for example: (1) carrying out interviews with managers to try to understand why those who see the possible benefits of the BSC choose not to implement it; and (2) applying the same questionnaire to companies in other countries and with different cultures to see if there are any discrepancies between the results.

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Appendix 1

The contribution of the *Balanced Scorecard to strategic focus and organisational performance*	
Performance (5 years)	1.1 What is your opinion of organisational performance (non-financial – internal) over the last 5 years? Scale: [1 – significantly worsened; 7 – significantly improved].
H1_Q1: with the BSC: Strategic focus	1.2 Do you think that the BSC allows the organisation to focus on the strategic changes defined by managers? Scale: [1 – Strongly disagree; 7 – Strongly agree].
H2_Q2: with the BSC: Organisational performance	1.3 Do you believe that the BSC contributes to the organisational performance defined above? Scale: [1 – Strongly disagree; 7 – Strongly agree].
H2_Q1_without BSC: Organisational performance	1.5 Do you believe that the BSC will be a tool capable of providing your organisation's organisational performance? Scale: [1 – Strongly disagree; 7 – Strongly agree].
H1_Q2_without BSC: Strategic focus	1.4 Do you think the BSC will allow the organisation to focus on the strategic changes previously defined by managers? Scale: [1 – Strongly disagree; 7 – Strongly agree].

Appendix 2

The contribution of the *Balanced Scorecard* to strategic focus and organisational performance
Opinion on the evolution of Organisational Performance (internal process)
The BSC helps focus on strategic changes
Contribution to organisational performance (internal process)
Perception/opinion about the BSC helping to focus on strategic changes
Perception/opinion of contribution to organisational performance (internal process)
Socio-demographic characterisation of the interviewee
Average number of employees
Is the organisation run publicly or privately?
Legal form
Age
Gender
Management level
Professional experience
Academic qualifications
Academic background in Administration
Socio-demographic characteristics of the organisation’s members
Average level of academic qualification of Management Bodies
Average level of qualification of administrative staff