**Sri Lankan Journal of Management**
*Vol. 7, Nos. 1&2, January-June, 2002*

# Applying the Balanced Scorecard Framework to Rubber Goods Manufacturing and Exporting Firms of Sri Lanka

***A. T. Fonseka***

**Abstract:** Kaplan and Norton present their Balanced Scorecard (BSC) framework to organisational leaders as a comprehensive technique for the performance management of their organisations. The central principle underlying the BSC is that firms should focus not only on current financial success but also on the forces driving financial success. The architects of the BSC identified three non-financial factors driving financial performance viz. customer satisfaction, internal business processes and organisational learning. They stated that the objectives and measures of the BSC are derived from a top-down process, driven by the company's mission and strategy. Subsequently, they delineated a relationship where organisational learning contributes sequentially to improvements in internal processes, customer satisfaction and financial performance. In the present study, the writer summarises and comments on the BSC scores obtained by six Sri Lankan rubber product manufacturing and exporting firms. These firms, which were engaged in low value-added exports to intermediaries, remained financially profitable but scored low on the other BSC perspectives - in particular, on organisational learning. Unless firms show a continuing commitment to increase value-added exports and reduce intermediation by linking directly with retailers, they cannot hope for spectacular business success in the future. It is essential for local firms to formulate their long-term goals and strategy first, and have a clear sense of their future direction. The causal relationship subsequently delineated by Kaplan and Norton, where employee initiatives drive company performance, has limited relevance for local firms because what must be encouraged are initiatives that are in line with the company's mission and strategy.

---

**Dr A. T. Fonseka** is Senior Lecturer and Research Coordinator, PIM. The writer expresses his gratitude to his faculty colleagues for helping him to design the BSC measurement criteria; he also wishes to thank the student team which undertook company visits to compile the BSCs of the individual firms covered in this study.