

APPLYING THE BALANCED SCORECARD FRAMEWORK TO TEA EXPORT FIRMS OF SRI LANKA

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ABSTRACT

As a performance management model, the balanced scorecard (BSC) of Kaplan and Norton postulates that firms should focus not only on current financial success but also on the drivers of future performance viz. customer satisfaction, internal business processes and organisational learning. The objectives and measures of the BSC are derived from a top down process driven by the company's mission and strategy. Kaplan and Norton later went on to delineate a relationship where organisational learning contributes sequentially to improvements in internal processes, customer satisfaction and financial performance. In the present study, the writer attempted to design and apply the BSC framework to 14 Sri Lankan tea export firms. These firms, which were largely engaged in executing orders placed by intermediaries, remained financially profitable but scored low on the other BSC perspectives - in particular, on organisational learning. Unless firms demonstrate a steadfast commitment to increase value added exports and directly link with retailers, they cannot look forward to spectacular business success in the future. Companies would first have to get their long term direction and strategy right, which at present is either non-existent or flawed. The later sequence mapped out by Kaplan and Norton where employee initiatives drive company performance lacks relevance because what needs encouragement are initiatives that are in line with the company's long term direction and strategy.

Key words: *Balanced Scorecard, Sri Lankan Tea Export Firms*

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