

# An Exploratory Study on the Balanced Scorecard Model of Social Enterprise\*

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## Abstract

The purpose of this study is to develop BSC model of social enterprise. Performance analysis tool of BSC have been brought over from the business world, designed and created from the perspectives of profit-based businesses. The BSC is a strategic performance measurement and management tool designed for the private sector acting as a communication/information and learning system, to measure 'where we are now' and 'where to aim for next'. It prescribes a plan for translating 'vision' and 'strategy' into concrete action across four perspectives at different stages, depending on the business. These perspectives are 'financial', 'customer', 'internal processes' and 'learning and growth', each of which is connected by cause-and-effect relationships that reflect the firm's strategy. Social aims of social enterprise are to accomplish desired outcomes which are to employ vulnerable people and to provide social services. The measurement factors of financial perspective are stable funding, efficiency of budgeting, stakeholders' financial supports, and trade profit. The measurement factors of customer perspective are government, social service users, employees, local communities, supplier, social activity company, and partnership with external organizations. The measurement factors of internal process perspective are organizational culture, organizational structure/management, internal/external communication, quality of products and services, information sharing. The measurement factors of learning and growth perspective are training and development, management participation, knowledge sharing, leadership of CEO and manager, and learning culture.

**Key Words:** Social Enterprise, Balanced Scorecard (BSC), Performance Measurement

## 1. Introduction

With the enactment of Social Enterprise Promoting Law (2007. 07), the discussion about the direction of growth and development for social enterprises is on the rise. Social Enterprise is an organization that pursuits social objectives such as providing jobs to economically vulnerable people as well as pursuit economic objectives of making profit.

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From smaller point of view, social enterprises provide social services or create jobs to economically vulnerable people to improve quality of life of population of a local community and also performs business activities including manufacturing and marketing products or services (Social Enterprise Promoting Law, clause 2). In broader definition, social enterprises put a higher priority on pursuing social objectives than profit maximization for stakeholders (England DTI, 2002). Thus, social enterprises are characterized as pursuing social objectives including creating jobs or providing social services; reinvesting profits earned by business activities in social objectives for local communities; attracting employees, beneficiaries of their services, or interest groups in the communities to participate the decision making process.

Social Enterprise has been developed in European countries with the tradition of socialism since 1970s. In those countries, non profit organizations provided social services that was not delivered by the local or national governments such as creating jobs for communities and they developed at a large scale with the renovation of social welfare system and the privatization of welfare services in an effort to reduce the burden on national budget. In England, the Community Interest Company Regulation was enacted and Social Enterprise Unit under the Department of Trade and Industry (DTI) supports social enterprises. In the United States, the interest for social enterprises has been grown since 1990s as non-profit organizations are creating jobs and revenue. There are various supports from the federal and local government for social enterprises due in part to fewer government interventions for the market, despite the fact that there was no policy supporting social enterprises. Higher educational institutions run basic or advanced education programs that raise social entrepreneurs. Interest for social economy has been grown in Korea since the currency crisis and social job-creating businesses have been carried out by joint efforts between the Korean government and non-profit organizations since 2003. The concept of social enterprise appeared for the first time in relation to the social unemployment plan after the foreign currency crisis. After July, 2007, by the Social Enterprise Promoting Law, social enterprises receive various benefits such as tax reduction, social insurance, and financial support. Social enterprises that provide jobs or social services to economically vulnerable population are benefited for the corporate tax, value added tax, and employer proportion of the four insurance. Additionally, social enterprises also have several supports for their establishment including the expenses of purchasing land and facility and can rent nation-owned properties. Financial supports for employment expenses are also ended to 55 accredited social enterprises up until now.

However, studies about performance evaluation of social enterprise are very few. Only small number of exploratory studies is conducted about the conceptual definition social enterprise to provide policy directions. Therefore, it is imperative to develop performance measures that objectively evaluate performance of social enterprises. Objective performance evaluation allows social enterprises to develop competitive advantages that enable them to provide social services or to create jobs for communities. The purpose of this study is to develop a

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BSC model to evaluate performance of social enterprises and also to provide strategic insights to social enterprises and further suggest performance measures that can be used for the growth of social enterprises.

This is the first attempt in Korea to develop performance measures for social enterprises. Development of performance measures of social enterprise based on BSC model is also in its initial phase in Europe. Therefore, this study can suggest the strategic directions for social enterprises to realize social economy.

## **2. BSC as a Business Performance Analysis Tool**

### **2.1 Overview of Balanced Scorecard**

Today's business environment forces companies to change from just depending on performance of products to having deep understanding of their customers and even further to having capabilities that appeal to target customers. In order to affectively response to such changes in business environment, organizations try their best to manage changes internally and put priority on delivering value to customers based on intangible assets. Therefore, balanced and integrated business indicators are needed including non-financial indicators as well as financial indicators in performance evaluation. Kaplan and Norton introduced the BSC (Balanced Scorecard) as a comprehensive business performance measurement tool. According to them, financial indicators can tell whether tasks performed by employees fit with organizations' business strategy and the efforts to improve short-term financial performances through cost reduction may affect R&D investment that in the long run may threaten the survival of organizations.

BSC is a performance measurement tool in which organizational goals are related to routine tasks through the strategy map (Kaplan and Norton, 1996). BSC can suggest strategic direction rather than evaluate current situation and also consider critical resources for success either financial or intangible assets (Somers, 2005). The differences between traditional performance evaluation system and BSC are shown in the Table 1.

In traditional performance evaluation system, past financial performance indicators of a given period are reported rather than how manager can improve performance. However, BSC is functioning as a cornerstone of the future success of business (Kaplan and Norton, 1996). It offers a comprehensive framework by which strategic objectives can be altered, for example from financial performance indicators to non-financial indicators including customer indicators, internal business process indicators, learning and growth indicators that make the objective measurement of performances from various perspectives. Additionally, BSC tries to evaluate business performances through the balance between long-term and short-term ob-

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jectives and also allows to overview comprehensive business information in a timely manner (Kaplan and Norton, 1996). With the four performance indicators; financial, customer, internal business process, learning, and growth indicators, BSC also can capture the capability of improving performances of the future (Kaplan and Norton, 2001). In addition to the four indicators, the purpose of the introduction of BSC is to implement business strategies by managing the indicators that is firmly aligned with the strategies.

**Table 1.** A comparison between of traditional performance analysis system and BSC

	<b>Traditional Performance Analysis System</b>	<b>Balanced Scorecard(BSC)</b>
Objective	Measurement of internal management process	Execution of strategy
Measurement indicators	Financial	Learning and growth Internal process Customer Financial
Perspective	Short-term, Present-oriented	Long-term, Future-oriented
Decision making	Bottom-up	Top-down
Targets	Functional organization	All-level organization
Relationship with customers	Relatedness	Related

Thus, BSC is the critical tool that is collectively assessing vision and mission of a company with various performance indicators that are used to communicate performance drivers and performance results to employees and outside stakeholders. Many companies look BSC as a performance measurement system, a strategic management system, and a communication tool. Well designed BSC can effectively describe an organization's vision and strategy with clear, objective performance indicators. Therefore, BSC enables organizations to measure their performances and also to implement their strategies successfully. Clear operational objectives must be provided to employees to get the BSC implementation successful (Niven, 2003). According to Kaplan and Norton (1996), BSC is an analytic tool for business performances as seen in the Figure 1 (Bull, 2007).

BSC assumes that managers follow profit motive in implementing business strategies. In BSC, business objectives are described by causal relationships between the four perspectives; financial, consumers, internal business process, learning and growth (the intangible factor of performance). If employees are provided with more training about the products (learning and growth perspective), they will be endowed with deeper knowledge about the products (internal process perspective) and in turn operational efficiency of employees will be improved (consumer perspective). In consequence, improved operational efficiency leads to the profit increase (financial perspective).

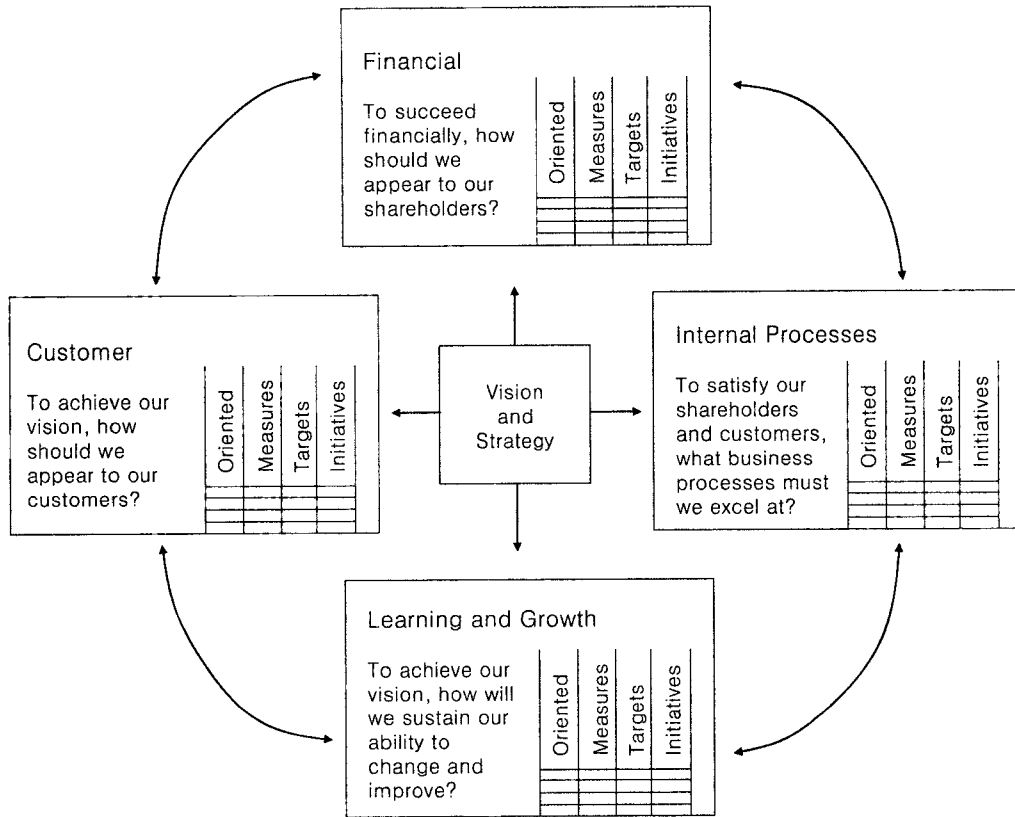


Figure 1. Balanced Scorecard of Kaplan and Norton (1996)

• **Financial Perspective**

Financial perspective can be applied to non-profit organizations as well as to profit organizations. Financial perspective is to display the organization’s performances to important stakeholders through financial indicators. The financial perspective of BSC means more than just managing financial indicators. BSC is different from the traditional financial performance evaluation from accounting point of view because it assumes that financial performance is the result of causal relationships between other perspectives.

• **Customer Perspective**

Customers are the most importance resource in business value creation. Thus, it is necessary for companies to create core competency by analyzing customer information. Customers create value and growth of business can only be possible when organizations keep tracking and understanding the changes in the needs of customers. However, many companies fail to have the customer focused strategy. Organizations need to find a way of creating profit by managing customers.

Table 2. Performance analysis perspective of BSC

Researcher	Learning and Growth	Internal Process	Customer	Financial
Olson and Slater (2002)	<ul style="list-style-type: none"> <li>◦ Sale amount</li> <li>◦ Market sharing</li> <li>◦ Sale growth</li> <li>◦ Market growth</li> <li>◦ New product sale</li> <li>◦ A number of suggestion</li> <li>◦ Sale to new customer</li> </ul>	<ul style="list-style-type: none"> <li>◦ Delivering time</li> <li>◦ Just delivering rate</li> <li>◦ Inventory stock ratio</li> </ul>	<ul style="list-style-type: none"> <li>◦ Customer satisfaction</li> <li>◦ Customer maintenance</li> <li>◦ A number of complaint</li> <li>◦ Quality of product/service</li> <li>◦ Image of organization</li> </ul>	<ul style="list-style-type: none"> <li>◦ ROI(CFROI, ROA, ROIC, RONA)</li> <li>◦ ROS</li> </ul>
Lipe and Salterio (2000)	<ul style="list-style-type: none"> <li>◦ Average tenure of sales people</li> <li>◦ Training time</li> <li>◦ Shop automation</li> <li>◦ A number of suggestion</li> </ul>	<ul style="list-style-type: none"> <li>◦ Return to supplier</li> <li>◦ Important brand</li> <li>◦ Average bargain price</li> <li>◦ Sale from new market</li> </ul>	<ul style="list-style-type: none"> <li>◦ Service surveyor</li> <li>◦ Resale</li> <li>◦ Recalled goods</li> <li>◦ Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>◦ ROS</li> <li>◦ New shop sale</li> <li>◦ Sale growth</li> <li>◦ Market sharing</li> </ul>
Banker <i>et al.</i> (2004)	<ul style="list-style-type: none"> <li>◦ Employee satisfaction</li> <li>◦ A number of suggestion</li> <li>◦ Shop automation</li> <li>◦ Investment of training</li> </ul>	<ul style="list-style-type: none"> <li>◦ Brand cognition</li> <li>◦ Insufficiency of stock</li> <li>◦ Shop service</li> <li>◦ Delivering time of recalled goods</li> </ul>	<ul style="list-style-type: none"> <li>◦ Price</li> <li>◦ Customer satisfaction</li> <li>◦ Sale amount of shop size</li> <li>◦ Customer number of credit card</li> </ul>	<ul style="list-style-type: none"> <li>◦ Sale margin</li> <li>◦ Sale growth per shop</li> <li>◦ Stock rotation rate</li> <li>◦ Asset contrast debt rate</li> </ul>
Kim and Choi (2002)	<ul style="list-style-type: none"> <li>◦ Employee satisfaction</li> <li>◦ Productivity of employee</li> <li>◦ Proficiency of employee</li> <li>◦ Motivation to employee</li> <li>◦ System and information utilization</li> <li>◦ Decentralization of decision making</li> </ul>	<ul style="list-style-type: none"> <li>◦ Purchase operating time</li> <li>◦ Purchasing information accuracy</li> <li>◦ Production lead time</li> <li>◦ Inferior goods rate</li> <li>◦ Just stock</li> <li>◦ Production scheduling accuracy</li> </ul>	<ul style="list-style-type: none"> <li>◦ Market sharing</li> <li>◦ Customer satisfaction</li> <li>◦ Earning from customer</li> <li>◦ Customer persistent rate</li> </ul>	<ul style="list-style-type: none"> <li>◦ Purchasing cost</li> <li>◦ Production cost</li> <li>◦ Distribution cost</li> <li>◦ Sale profit/sale cost</li> <li>◦ Service cost</li> </ul>
Choi <i>et al.</i> (2004)	<ul style="list-style-type: none"> <li>◦ Information sharing</li> <li>◦ Information mind spread</li> <li>◦ Account clarity</li> </ul>	<ul style="list-style-type: none"> <li>◦ Stock retention time</li> <li>◦ Production planning required time</li> <li>◦ Settlement of accounts closing time</li> </ul>	<ul style="list-style-type: none"> <li>◦ Trade accuracy</li> <li>◦ Inferior goods rate</li> <li>◦ Responding time of appointed date of delivery</li> </ul>	<ul style="list-style-type: none"> <li>◦ Net profit increasing rate</li> <li>◦ Sale profit increasing rate</li> </ul>

#### • Internal Business Process Perspective

The internal business process perspective is to define businesses' core processes and core competencies to maximize business performance and to realize how processes must be operated to fulfill customers' needs and to be successful in the business competitions. Creation of processes to satisfy strategic customer segments and managing the processes for improving efficiency are needed.

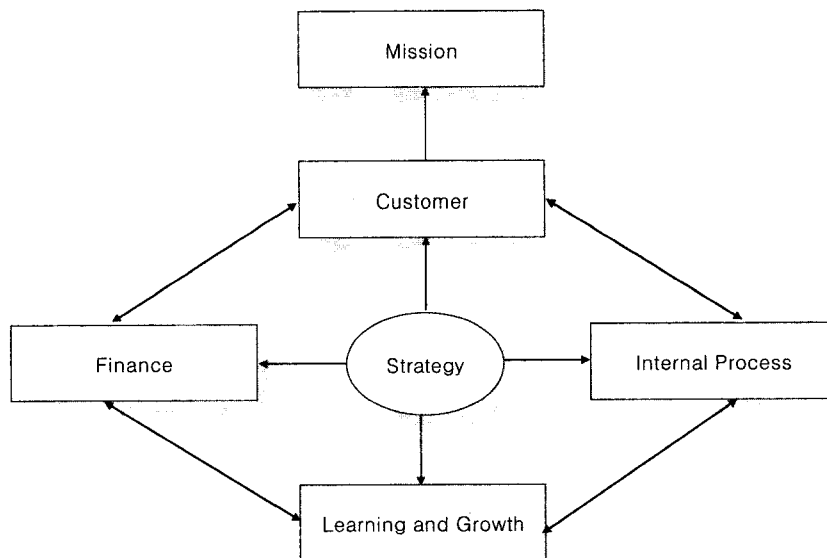
### • Learning and Growth Perspective

Continuous efforts for improving products and processes in addition to the capability of developing new products are directly related to value creation of a company. The learning and growth perspective is the most future oriented out of the four perspectives. Through this perspective it is possible to evaluate the impact of organizations' investment for long-term potential on the future growth. The learning and growth perspective is the impetus of other three perspectives and especially, stresses competencies of people in the organization. This is interrelated with the recognition of the importance of intangible asset together with the increased recognition of knowledge asset.

Table 2 is the summary of BSC measurement indicators for business performance evaluation from previous studies.

## 2.2 BSC for non-profit organizations.

The BSC model gets widely applied to non-profit organizations or public organizations (Lee, 2007). To effectively apply the BSC model with the four perspectives suggested by Kaplan and Norton to non-profit organizations, it needs to be modified. Customers for non-profit organizations can be patrons or beneficiaries rather than those who have direct business relationships. In for-profit organizations, customers need to pay for products or services and in most of cases so that customers are buyers.

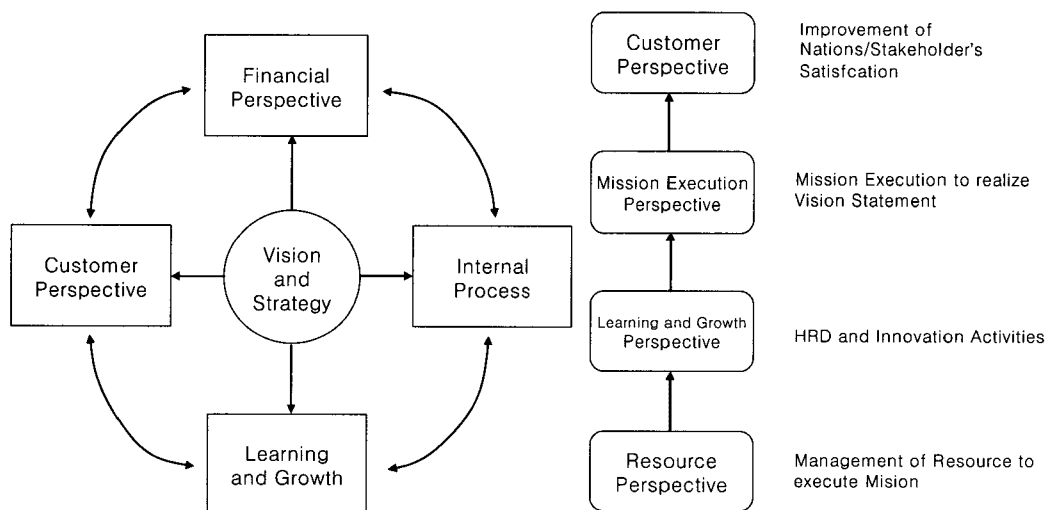


Source: Niven, P. R.(2003) Balanced Scorecard Step by Step for Government and Nonprofit Agencies, p. 35.

**Figure 2.** BSC Model for non-profit organizations

However, for non-profit organizations, it is important to know who the customers are because patrons that provide financial supports as well as other non-profit organizations and stakeholders that has direct or indirect relationships with the non-profit organizations can be customers. Therefore, patrons or beneficiary perspective is the most important in BSC model of non-profit organizations.

Financial perspective can be a restriction rather than objectives to achieve in non-profit organizations. It is hard to say that non-profit organizations' efforts to deliver services to customers are efficient or effective only if they spend their budgets as planned. If non-profit organizations fail to provide appropriate services to customers or stakeholders because of budget cut, they also fail to achieve their goals. Therefore, financial indicators cannot be the most important in attaining organizational goals. The BSC model suggested by Kaplan and Norton can be modified to be applied to non-profit organizations. Strategy plays a central role in achieving an organization's mission. The differences in perspectives, organizational culture, and utilizing BSC are found in BSC models between for-profit and non-profit organizations. In most of non-profit or government organizations, it is hard to apply the principles of the BSC model that places the financial perspective at the top of its structure (Lee and Jung, 2001). That highlights again that achieving financial objectives cannot be the final goal of non-profit organizations and the BSC perspectives must be realigned that in turn causes changes in strategies. The perspective of the BSC model is the source of value by which mission and vision are to be sought. The BSC model for non-profit organizations is compared with that for for-profit organizations in Figure 3.



Source: [www.nungcool.com](http://www.nungcool.com)

**Figure 3.** Private and Public Sector of BSC Model



### 3. Design of BSC model of social enterprise

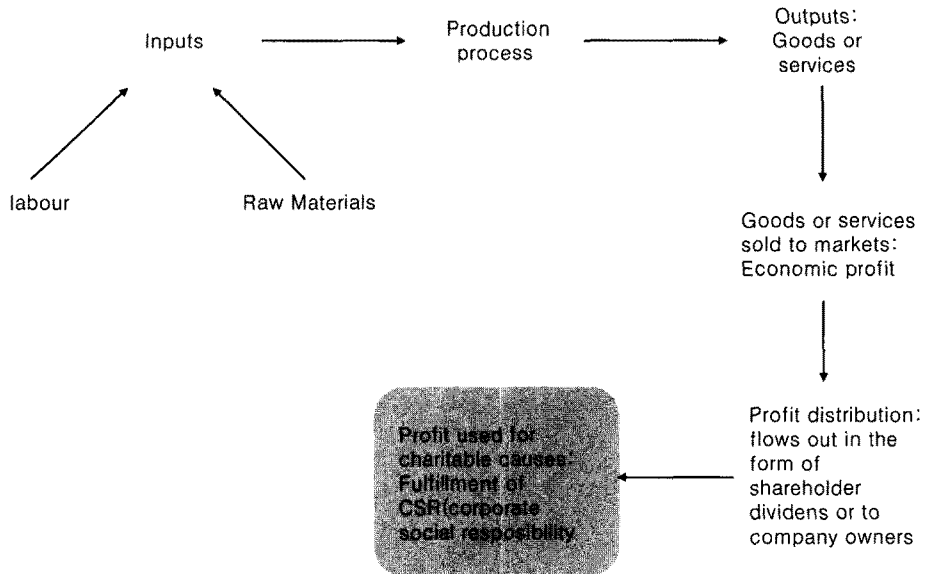
#### 3.1 Applicability of the BSC model for social enterprise

Managers in social enterprises need to cope with changing environments to attain stable business through strategic consideration and analysis. Stability of social enterprises can be evaluated by analyzing performances. According to social enterprise partnership in England (2003), many social enterprises think performance measurement as a burden rather than a source of competitive advantage or a management tool (Bull, 2007). Basically, performance measurement was originated from for-profit organizations to maximize profits (Speckbacher, 2003) and thereby used in large organizations for management rationalization, maximizing resource utility, market expansion, and improving financial performance (Garengo *et al.*, 2005). However, social enterprise is usually small or mid-size organizations with small number of employees; stresses informal relationships; and operates with limited resources. According to Dandridge (1979) and Wyncarczyk *et al.* (1993), owners or managers of small or mid-size companies are more likely to be rigid to inefficiency and seem to introduce different sets of business philosophy, ethics, and organizational structure. Thus, careful attention is needed to develop performance measures for social enterprises that have small or middle size.

Additionally, the approach of social enterprises to performance measurement is different from other types of organizations. The issue is how to include social value. In other words, it includes definition of social value and the ways of appropriately measuring social values that social enterprises are pursuing. For social enterprises, performance measurement and quantification are either economic indicators or unexpressed social value that is quite often intangible and difficult to quantify (Dees and Anderson, 2003). Social revenue is implicit and immeasurable concept that is dependent upon trust and value of mission (Paton, 2003). Speckbacher (2003) indicated that success of social enterprises cannot be measured by profit alone because other outputs that are not included in profits are equally important. Therefore, it is difficult to implement performance measurement with BSC that is invented for other organizations than social enterprises. However, literatures imply that the BSC model can be an appropriate tool that can be adjusted to include the approaches of social enterprises that are multi-bottom line, multi-stakeholder, and social objective (Somers, 2005). This study attempts to develop performance measurement of social enterprises based on the BSC model that provides a fundamental and flexible framework as indicated by other studies (Deakins *et al.*, 2002; Morrison *et al.*, 2002, Figge *et al.*, 2002).

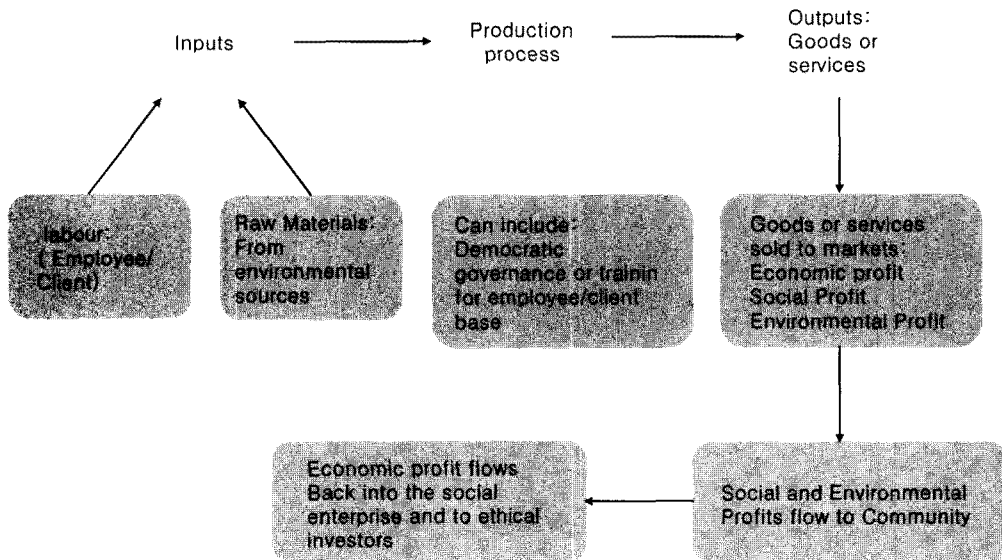
For for-profit organizations, social or environmental values of products are analyzed at the end of the manufacturing process but those values are treated as additional issues to profit maximization (see Figure 4). However, profits must be created for investors, and social indicators must also be addressed when it comes down to business performance of social enterprises. Social enterprises take a unique position in entire economic system because they

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Source: Somers, A. B.(2005), “Shaping the Balanced Scorecard for Use in UK Social Enterprise,” *Social Enterprise Journal*, Vol. 1, No. 1, p. 46.

**Figure 4. Private Production Process**



Source: Somers, A. B.(2005), “Shaping the Balanced Scorecard for Use in UK Social Enterprise,” *Social Enterprise Journal*, Vol. 1, No. 1, p. 47.

**Figure 5. Social Enterprise Production Process**

use monetary gains for more than profit making such as the development of society or environment while trying to have a financial stability. Social objective and social motive characterize the core culture of social enterprises. Additionally, social enterprises are taking part in market transactions on the basis of free competition that differentiates them from other non-profit or charitable organizations.

Throughout the whole production process is the most important part of social enterprises that characterizes themselves (see Figure 5).

Social enterprises have to know social and environmental values of their services in addition to economic values because their inputs and production processes are different from other types of organizations. Actually managers of social enterprises try to maintain the balance between productivity improvement for financial profits and productivity improvement for social benefits. With the BSC model, managers of social enterprises can realize the results of the balance and also can make a strategic decision rather than a simple response to short term market fluctuation to create more value.

### **3.2 Development of BSC model of social enterprises**

Social enterprises usually operate in local communities so that products or services they provide cover individuals and local communities. They provide educational service for re-employment, solve local inequalities in social services, improve access to social service and technology and thereby contribute to improving social bondage (Haugh, 2005).

Social enterprises are established to provide complicated social services and to create jobs in the communities. Evaluation the performance of social enterprises is not easy and needs various methods and indicators (Paton, 2003). Some quantitative indicators developed for-profit organizations can be adopted for the performance evaluation of social enterprises. Major performance indicators include inputs (revenue), direct output (job creation), and indirect output (number of reinstatement). However, these indicators measure only a part of the performances of social enterprises and overlook social or qualitative outputs. Bielefield (2003) suggested the necessary of measuring opportunity cost, distributional effect, and multiplier effect. To measure performance of social enterprises, all outputs, direct, indirect, short term, and long term, must be considered and resource limitation of social enterprises must be included. Additionally, performance evaluation of social enterprises must be cost efficient, applicable, comprehensive, and trustful.

The performance of social enterprises cannot be evaluated comprehensively only by quantitative indications such as ROI. Social benefits or services provided by social enterprises are usually intangible, hard to quantify, and can be joint performance of several organizations. Thus, all components of the performance must be carefully defined (Dees and Anderson, 2003). Moreover, the effect of social enterprises' performance on society and cost efficiency

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of their operations needs to be proved (Young, 2003). Performance indicators are the major concern of financial supporters and also are necessary to attract investment from venture capital, commercial funds, or governmental funds.

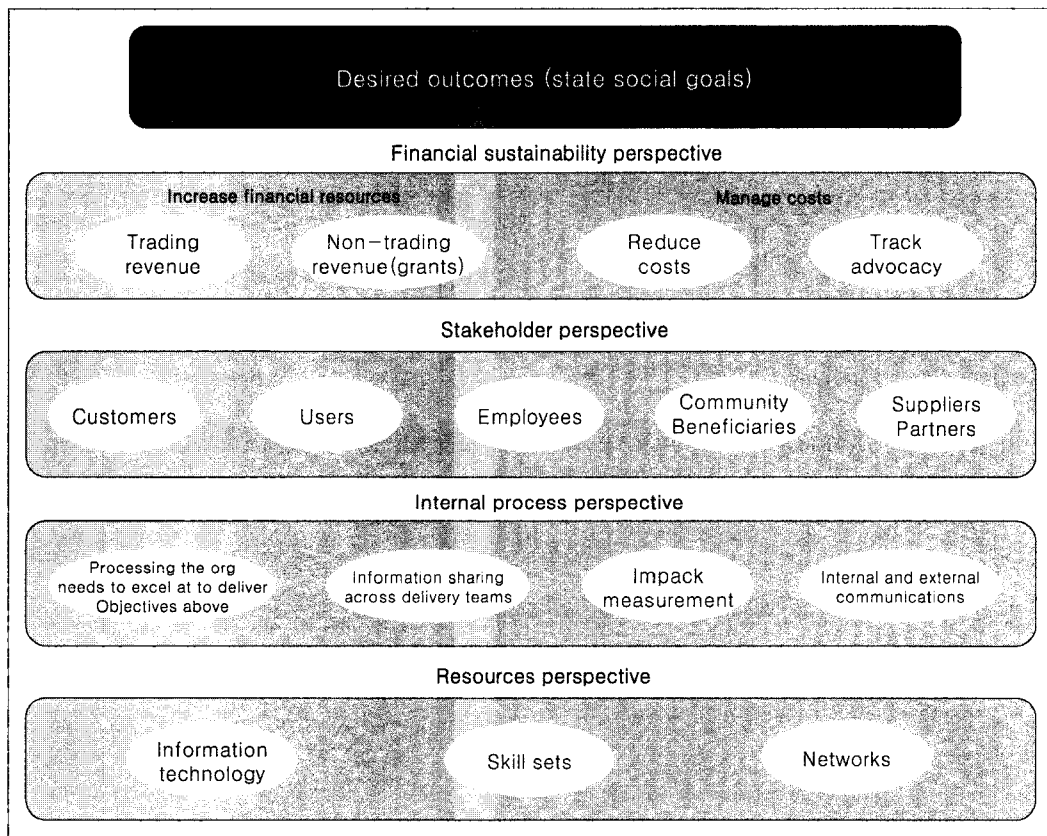
Social benefits or services can only be partially measured by financial indicators (Dees and Anderson, 2003) but social influence and intangible benefits are very hard or not at all to measure. The BSC model can be an effective alternative for measuring performance of social enterprises as Putanam (2000) used a proxy to measure social capital.

The performance of social enterprises affects micro and macro economy (Haugh, 2005). When implied from previous studies for for-profit organizations, social enterprises can contribute to development of local communities through job creation, tax revenue, service expansion, reinforcement of community revenue increment (OECD, 2003). From macro economy point of view, social enterprises contribute to innovation of social welfare, redistribution of resources, facilitating social innovation, and job creation (Borzaga and Santuari, 2003). Further, Kaplan and Norton suggested that the BSC model can be easily adopted by non-profit organizations (Bull, 2007). Deakins *et al.* (2002) said that the BSC model needs to be modified to be applicable to small companies to account for dynamic financial decision making process that is influenced by external environment such as customers, bondholder, and suppliers. These studies are commonly indicated that a balanced and developmental approach needs to be considered to account for qualitative perspectives of decision making or learning in small companies. The other hand, in England the New Economic Foundation collaborated with the Social Enterprise Partnership experimentally tested the adaptability of the BSC model to social enterprises and also suggested the need of modification of the BSC model to account for the characteristics of social enterprises. This study indicated that the BSC model of social enterprises must include social objectives, focus on the sustainability expanding financial perspective, and expand the customer focus to include a wider range of stakeholders (Somers, 2005).

The importance of non-financial information in assessing and improving business performance becomes widely recognized with the introduction of the BSC model. However, the BSC model cannot meet the every need of social enterprises because it does not address the conflicts between social benefits and financial profits. Thus, the BSC model currently used does not properly reflect the objectives and performance of social enterprises. Performance of social enterprises cannot describe without considering the social objectives. If the performances of social enterprises in terms of social and environmental perspectives are ignored in the performance measurement, the validity of resources consumption for such objectives is also not supported.

The BSC model of social enterprises developed by Somers (2005) is shown in the Figure 6. First, social enterprises define their social objectives and desirable results then cascade down to each perspective. Each circle in the financial sustainability perspectives stands for

an objective. This BSC model of social enterprises is little more complicated reflecting the hybrid characteristics that require more complex business structure. The stakeholder perspective exemplifies such feature of the BSC model that makes a distinction between buyers and consumers (Donators, support groups, employees, communities etc).

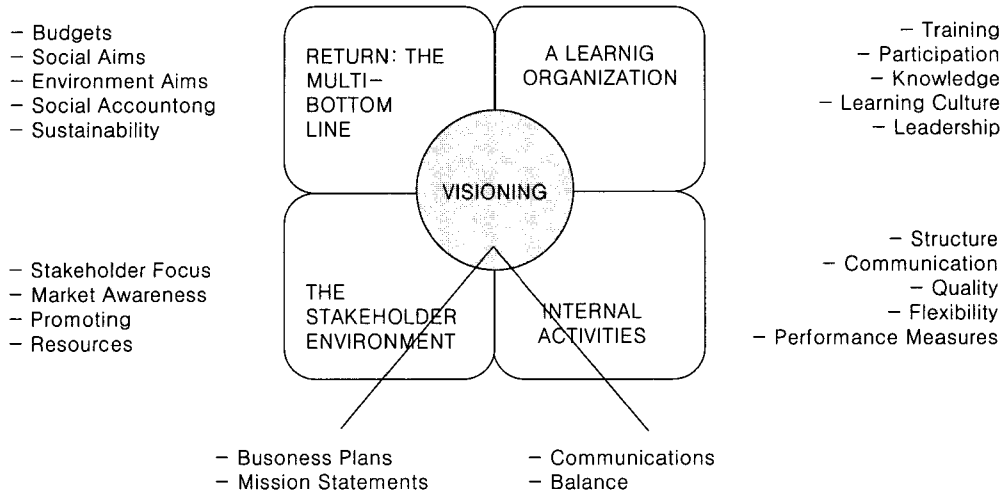


Source: Somers, A. B.(2005), "Shaping the Balanced Scorecard for Use in UK Social Enterprise," *Social Enterprise Journal*, Vol. 1, No. 1, p. 48.

**Figure 6.** BSC Model for Social Enterprises of Somers

Additionally, the study conducted by Bull (2007) also suggested a BSC model applicable to social enterprises (see Figure 7). In Bull's BSC model, multiple bottom line perspective includes social, environmental and financial sustainability, budget and expenditure management, performance indicators combining social and economic accountability, systematic approaches to articulating social accounting. Stakeholder perspective includes an awareness of the stakeholder, competitor identification and awareness, image and identity, promotional activities, marketing and budgets. Learning perspective includes learning culture, creativity, participative decision making, team working, leadership and continuous improvement. An in-

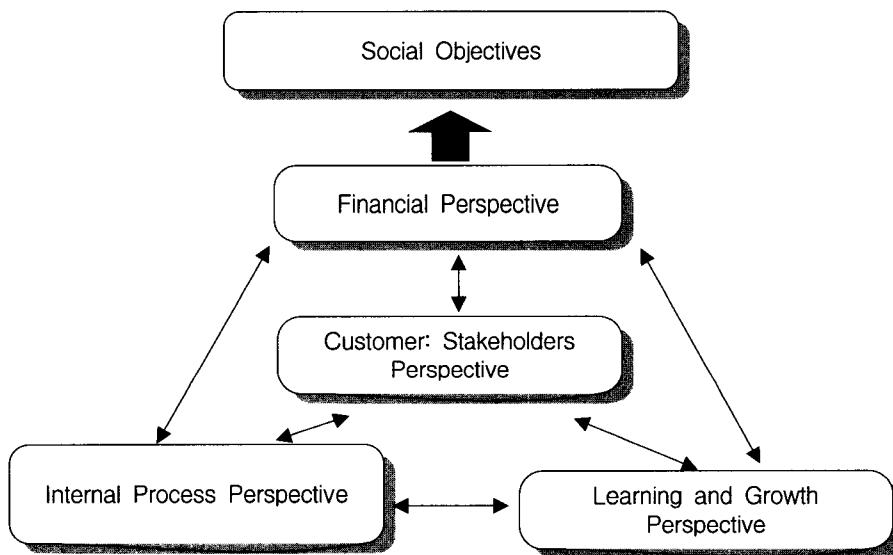
ternal activity includes internal structure, managing internal communicators, quality, management systems, flexibility and adaptability.



Source: Bull, M.(2007), “‘Balance’: The Development of a Social Enterprise Business Performance Analysis Tool,” *Social Enterprise Journal*, Vol. 3, No. 1, p. 54.

**Figure 7.** BSC Model for Social Enterprises of Bull

Based on the discussion above, this study suggests a BSC model of social enterprises as in the Figure 8.



**Figure 8.** BSC Model of Social Enterprises

This study suggests a BSC model of social enterprises in which social objectives are presented as the desired results that are achieved by the interrelationship between sub-perspectives. Financial perspective is placed as the highest perspective that is to achieve financial sustainability that is followed by customers (stakeholder) perspective that reflects how social enterprises understand their customers to achieve their visions and also includes customers' viewpoints about social enterprises.

Internal business process perspective reflects whether social enterprises have appropriate business relationships and systems to achieve their visions and learning and growth perspective is to maintaining the capabilities to achieve vision. Social objectives represent the reason of existence of social enterprises and are the desirable results for social enterprises are pursuing. In the BSC model of this study, the performance measures include job creation and social service provision for economically vulnerable population.

Financial perspective represents the financial sustainability of social enterprises. Performance measures of the financial perspective include stable funding, efficiency in budgeting, stakeholders' financial supports, and trade profit. Customers (Stakeholders) perspective represents collaborative relationships with stakeholders of social enterprises. Performance measures of customers (stakeholders) perspective include partnerships with governments (local governments), consumers, users, employees, communities, suppliers, social activities of company and partnership with external organizations.

**Table 3. BSC perspectives of Social enterprises**

<b>Social Objective: Job creation to vulnerable population and provision social services</b>	
Financial Perspective	<ul style="list-style-type: none"> <li>◦ Stable funding</li> <li>◦ Efficiency of budgeting</li> <li>◦ Stakeholders' financial supports</li> <li>◦ Trade profit</li> </ul>
Customer(Stakeholder) Perspective	<ul style="list-style-type: none"> <li>◦ Government(local government)</li> <li>◦ Social service users</li> <li>◦ Employees</li> <li>◦ Local communities</li> <li>◦ Suppliers</li> <li>◦ Social activity company</li> <li>◦ Partnership with external organization</li> </ul>
Internal Process Perspective	<ul style="list-style-type: none"> <li>◦ Organizational culture</li> <li>◦ Organizational structure/management</li> <li>◦ Internal/external communication</li> <li>◦ Quality of products and services</li> <li>◦ Information sharing</li> </ul>
Learning and Growth Perspective	<ul style="list-style-type: none"> <li>◦ Training and development</li> <li>◦ Management participation</li> <li>◦ Knowledge sharing</li> <li>◦ Leadership of CEO/managers of CEO</li> <li>◦ Learning culture</li> </ul>

Social enterprises have to achieve economic objectives as well as their social objectives so that they have to attain operational efficiency as for-profit organizations do. Internal business process perspective represents efficiency of social enterprises' internal business process. Performance measures of internal business process perspective include organizational culture, organizational structure, internal/external communication, quality of products/services, and information sharing. Learning and growth perspective represents the degree of continuous efforts to achieve social enterprises' social and economic objectives. Performance measures of learning and growth perspective include training and development, management participation, knowledge sharing, leadership, and learning culture.

The performance measures for each perspective of the BSC model of this study are summarized in Table 3.

## 4. Conclusions

Social enterprises have a mission of achieving social objectives such as creation of jobs for economically vulnerable population and provision of social services as well as economic objectives altogether that is only possible when they make profits by competitive advantages. To reinforce competitive advantages, development of performance evaluation model and performance measures with which performances of social enterprises are to be objectively evaluated are needed. This study developed a framework to evaluate performances of social enterprises, based on the BSC model that has been developed for and adopted by for-profit organizations.

This study suggested a BSC model of social enterprises in which social objectives are attained as a result of interrelationships between four perspectives; financial, customers (stakeholders), internal business process, and learning and growth. Financial perspective (financial sustainability) was positioned as the highest perspective, followed by customers (stakeholders) perspective (relationships with stakeholders). Internal business process perspective (business relationships and systems) and learning and growth perspective (capability of change and development) were placed at the bottom.

This study also suggested performance measures for each perspective. For social objectives, this study suggested creation of jobs for economically vulnerable population and provision of social services. Stable funding, efficiency in budgeting, stakeholders' financial supports, and trade profit were suggested as performance measures for financial perspective; Governments (local governments), social service users, employees, local communities, suppliers, and partnership with external organizations for customers (stakeholders); organizational culture, organizational structure/management, internal/external communication, quality of products/services, and information sharing for internal business process perspective; and training and develop-

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ment, management participation, knowledge sharing, leadership of CEO/managers, and learning culture for learning and growth perspective.

This is the first attempt in Korea to develop a BSC model and performance measures for social enterprises. In Europe where lots of social enterprises are actively operating, development of performance measures based on the BSC model is in its initial phase. The present study can serve as an input for further studies to develop more advanced theories and also serve as an input for empirical studies to provide knowledge of business performance analysis for social enterprises.

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