Analysis of the application of CJ's balanced scorecard performance evaluation system

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Abstract: In today's new era, the competition of enterprises is becoming increasingly fierce, and the globalization of the economy has strengthened the relevance of enterprise operations. Reasonable evaluation of the company's performance level, so as to establish a scientific and reasonable evaluation system, can effectively promote the healthy development of the company. In contrast, the Balanced Scorecard incorporates several future drivers of financial inclusion and departs from the conventional approach of evaluating performance exclusively through financial measurements. It can dynamically analyze each position's performance and has four dimensions. As a result, this paper examines the literature on balanced scorecards, examines the issues with CJ's performance assessment and the project's architecture, and offers a number of recommendations for how CJ may create a balanced scorecard.

[Keywords]: balanced scorecard, performance evaluation, evaluation system

1. Literature review and research methods

1.1 Literature review

In 1992, Robert Kaplan and David Norton first introduced the concept of the Balanced Scorecard in the Harvard Business Review, marking its birth in the theory of performance management. Over the next two decades, the Balanced Scorecard concept has undergone continuous evolution and refinement. The three major stages of the development of the Balanced Scorecard can be traced through three important books: Balanced Scorecard for Translating Strategy into Action, Strategy-Focused Organizations, and Strategy Maps: Translating Intangibles into Concrete Results: Performance Management, Strategic Performance Management, and Strategy-Oriented Organizations[1] .

In terms of application, Kaplan and Norton applied the balanced scorecard to performance appraisal in 1993[2], and after continuous development and improvement, they pointed out in 1996 that it is not necessary to combine financial and non-financial indicators for evaluation to constitute a balanced scorecard, but also to closely integrate the corporate mission, vision, development strategy and performance indicators. A more comprehensive evaluation index framework was refined to assess organizational performance [3].

In recent years, Nguyen, Cao, Pham (2019) have demonstrated the significant impact of the combination of BSR and CSR on corporate performance through empirical research, and proposed a new way to use the BSB to evaluate firm-business partnerships to promote the achievement of corporate goals[4] .

Alex Tawse1,21 et al. (2022) showed that the adoption of the Balanced Scorecard has a positive impact on firm performance, and the analysis found that the indicators of the Balanced Scorecard can significantly improve firm performance when they are clearly linked to strategy, and suggested that the adoption of the Balanced Scorecard can be accompanied by the development of a strategy map[5] .

Ogi Maulana Firli.et (2023) argues that the Balanced Scorecard is another method used by companies to manage their company's performance more holistically, not only in financial performance, but also in non-financial performance, such as customer perspective, internal business processes, learning and growth, etc., to help companies determine performance evaluation[6] .

From the perspective of relevant academic research, considerable progress has been made in the theoretical basis of the Balanced Scorecard and its practical application. Many companies use the traditional balanced scorecard as a strategic management tool and evaluate performance by constructing four balanced perspectives.

Therefore, based on the balanced scorecard theory, this paper provides an in-depth analysis of many problems existing in CJ's current performance evaluation system, such as inconsistency with strategic goals, lack of guidance on indicators, and insufficient effective transmission of responsibility pressure. By accurately analyzing strategic objectives and building a more comprehensive balanced scorecard evaluation framework from four aspects: finance, customer satisfaction, internal operations, and learning and development, it aims to comprehensively evaluate enterprise performance. In addition, this paper adopts a more scientific and reasonable method to select and determine the weights of evaluation indicators, and calculates the comprehensive weights of CJ's performance evaluation indicators by combining the analytic hierarchy process, which will make CJ's performance evaluation more scientific in the weight distribution of performance evaluation, and then effectively carry out CJ's performance evaluation work.

1.2 Research methods

This paper is conducted by a combination of literature research and case analysis, and carefully studies the materials related to performance evaluation by consulting books, newspapers, periodicals, and websites, and earnestly learns the research methods of predecessors. The core content of the Balanced Scorecard is expounded, and a solid theoretical foundation is laid for the writing of this paper. Taking CJ as a case, we conducted on-the-spot interviews on the performance evaluation of the case company and summarized the problems existing in the performance evaluation of the company. Through the analysis of cases and the combination of problems, it is proposed to use the balanced scorecard to establish a performance evaluation system that can solve the problems of the case enterprises in a targeted manner.

2. Overview of the Balanced Scorecard

2.1The four angles of the Balanced Scorecard

Implementing organizational strategy into realistic metrics and target values from the four viewpoints of finance, customers, internal operations, learning, and growth is the main premise behind the Balanced Scorecard, a new kind of performance management system. The design's goal is to progressively create a performance management system that "realizes strategic guidance" in order to guarantee the successful implementation of the enterprise strategy. It also progressively elevates performance appraisal to the strategic level of the company and turns it into an implementation tool within the organizational strategy [7].

Customers, employees, and shareholders are the company's three primary stakeholders, and the significance of each perspective varies according to how well the indicators and perspective selection align with the business's goal. Every one of these elements has a central idea.

As required by the learning and growth perspectives of the Balanced Scorecard, the company must invest in the technical re-engineering of its employees, the sequencing of daily work, and organizational procedures in order to close the gap between the organization's actual capabilities and the capabilities required to achieve breakthrough performance, which is typically revealed by the first three perspectives in the Balanced Scorecard. Through the use of cause and effect, the Balanced Scorecard offers a framework for turning strategy into actionable content. It then breaks down the enterprise's strategic objectives into multiple sub-goals to achieve the enterprise's strategic goals, which are the departmental objectives. The evaluation indicators of each intermediate goal can then be further broken down based on the relationship between cause and effect, and ultimately, they become performance indicators and goals that can direct individual actions. This creates a general cause-and-effect chain that passes through the balanced scorecard's four aspects.

2.2 Advantages of the Balanced Scorecard

It has the following benefits over the conventional performance evaluation system: it not only complies with the idea that establishing a system for performance evaluation is just as crucial as financial and non-financial evaluation. The advantage of the balanced scorecard is that it considers both financial and non-financial indicators. From a financial perspective, it can keep the focus on the company's short-term performance; from a non-financial perspective, it can clearly show how the company achieves its long-term strategic development goals; and from non-financial information, it can identify the underlying causes of financial performance in companies. Additionally, it can steer clear of the enterprise's short-term behavior.

3. Problems in CJ's performance evaluation

3.1Analysis of on-site interviews

In order to obtain the necessary information, people from different positions or positions are selected for one-on-one interviews. Through interviews, we can understand the problems encountered in the work and the relevant opinions and suggestions, and summarize the shortcomings in the previous performance evaluation process. Throughout the interview, we try to minimize distractions and allow the interviewee to fully express their opinions. A total of 8 people were interviewed in this interview, including 1 senior management of the company, 3 middle-level employees of the company, and 4 grass-roots employees, as shown in Table 3-1.

Table 3-1 Interviewees

Interviewees	Years of service (years)	Education	Department	office
A	10	Master	—	Deputy General Manager
B	6	Undergraduate	Purchasing Department	Manger
C	7	Undergraduate	Business Department	Assistant Manager
D	6	Undergraduate	Business Department	Supervisor
E	5	Master	Marketing Department	Employee
F	8	Undergraduate	Production	Manger

			Department	
G	6	Undergraduate	Personnel	Supervisor
H	3	Master	Finance Department	Assistant Manager

Among the 8 interviewees, it is generally believed that the current performance evaluation does not meet the company's development requirements, there are many inconsistencies with the actual situation, and there is a lack of communication between superiors and subordinates; Among them, 4 said that the current performance evaluation has not had a substantive effect; 5 said the impact of performance results was minimal; A said that the main reason for the problem was the low level of awareness of the employees; A and E indicate the need to introduce "customer satisfaction"; B hopes to reflect the problem of internal collaboration through performance evaluation; B, D and F believe that there are many human factors in the evaluation process, and it is recommended to evaluate through data as much as possible. C believes that the evaluation cycle is too long and cannot reflect the actual situation in real time. The answers of the eight interviewees selected were highly credible because they were directly involved in the performance evaluation, had a long period of work experience, had a high level of understanding of CJ's company, and were able to describe the actual situation in detail.

3.2 Problems existing in performance evaluation

By summarizing the results of the interviews, it can be seen that CJ's current performance evaluation level is backward and not suitable for the current social development trend. The evaluation method is crude, and the results reflected are not objective, accurate and fair. And the evaluation content is not scientific enough to reflect the real situation of the enterprise. It is mainly reflected in the following points:

3.2.1Lack of an independent performance appraisal department. Only the deputy general manager in charge of the personnel department and the heads of various departments are responsible for the assessment, and the personnel department is only responsible for the statistics of data, while the deputy general manager in charge of the personnel department and the heads of other departments lack professionalism and impartiality. There is also no clear feedback channel when there are doubts about the assessment results.

3.2.2 The performance evaluation mechanism is not perfect

The performance evaluation system contains many contents, from the setting of goals before the evaluation, to the implementation and inspection during the evaluation, to the feedback after the evaluation, and so on. However, CJ is currently only partially part of the process, and the overall evaluation mechanism is not perfect.

(1) CJ's performance evaluation was fixed and did not set the corresponding performance content based on the company's strategic goals. As a result, the employee's work performance is still the same as before, and it is not moving towards the company's development goals, and may even deviate from the company's development direction.

(2) CJ's performance evaluation is conducted once a year on an annual basis, and there are no monthly, quarterly, or semi-annual evaluations. The performance evaluation method scored by the superior can easily lead to the work performance at the end of the year, which represents the work performance of the whole year. As a result, the performance of the whole year cannot be fully and objectively reflected.

(3) Because the cycle of performance evaluation is one year, it is not reflected in the poor performance of employees every month or quarter, so that some supervisors who are not sensitive to observation can not point out the problems of employees or provide corresponding help in time, and cannot provide feedback information in time.

3.2.3 The content of the evaluation is not scientific

(1) CJ's strategic goals have been adjusted according to the current internal and external factors, but the content of the performance evaluation remains unchanged, resulting in the performance evaluation not only not being able to guide employees to develop in the direction of the strategic goals, but also the results of the performance evaluation not reflecting the completion and effectiveness of the strategy.

(2) CJ's internal management measures, such as competitive strategy, organizational structure, and business processes, have been adjusted accordingly. However, there is no change in the performance evaluation, and the supervisor is still the main body of evaluation, and customer needs such as customer satisfaction are not included in the evaluation content. Then, at work, you will only care about the opinion of the supervisor, and not the real needs of the customer. If customer needs are not met, they will lose market share over time. It can be seen that external indicators are a crucial part of the performance evaluation dimension, so the subject dimension should be enriched.

(3) The evaluation is too subjective and lacks objective indicators. On the one hand, the subject of evaluation is highly subjective. The results of the scoring will be different depending on the rater. On the other hand, the evaluation indicators are not objective enough. Whether it is ideological and moral character, the ability to perform

duties and responsibilities, or the level of diligent work, it cannot be easily described in three words. It is precisely because the evaluation subjects and indicators are not objective enough that the current performance evaluation is too subjective.

3.2.4 The evaluation process is a mere formality

CJ's performance evaluation process is reflected in the fact that most of the employees are "about the same" and "not to offend", and there is a lack of sense of competition. The supervisor is too lenient in his evaluation, and even all the staff are qualified as a whole. In addition, due to the lack of a monitoring mechanism for the evaluation process, there is no verification of the corresponding content, and personnel staff are only routinely counted.

4. Steps of CJ's Balanced Scorecard Project

According to the interviews, CJ's performance evaluation mechanism is difficult to meet the company's current development needs. There is an urgent need for an effective performance evaluation system to standardize management and improve the level of organizational management. From the wide application of the Balanced Scorecard, it is clear that this performance evaluation method is very mature, and it can not only manage CJ from the actual work of CJ from the perspective of subdivision and specific content, but also flexibly adjust according to the actual situation and adapt to local conditions to improve the level of organizational management.

4.1 Prepare for building a balanced scorecard

CJ's management researches, communicates, analyzes, collects, and aggregates information from all aspects to understand the company's strategic goals, identify key factors and performance indicators, establish a preliminary structure for the Balanced Scorecard, and determine the time for regular maintenance and improvement of the Balanced Scorecard.

4.2 Define specific strategic goals

The company's vision and strategy is to build a complete and feasible performance system to promote the company's growth. CJ's management researched and communicated with each other and determined that the scope of the project would include: increasing shareholder value, improving risk resistance, increasing customer loyalty, increasing market share, and increasing corporate visibilityIncreased time control and increased satisfaction.

CJ's strategic goals are confirmed through high-level discussions, and the company's core success factors are identified accordingly. Then, from a strategic point of view, the balanced scorecard method is used to design a department-level performance appraisal indicator system for each department of the company's headquarters.

4.3 Identify key factors and performance indicators

According to the strategic objectives, the company-level performance indicators are decomposed to departments and positions, and implemented at all levels, one post and one post. Finally, determine the key factors and performance indicators: return on equity, growth rate of net profit, total capital turnover, customer retention, market share, customer acquisition rate, service response time shortened, employee satisfaction.

Develop a performance management system based on key factors and performance indicators, and link KPI performance with career development, salary, etc. Analyze and report the completion of performance on a regular basis, communicate and feedback in a timely manner, and adjust it to strategic goals as appropriate. Design the process, key steps and related documents for individual performance appraisal.

4.4 Goal setting and goal refinement

Based on the analysis of key factors based on KPIs, CJ's vision is to become an excellent industry company through successful language innovation, channel expansion, brand building, human resource development, and agile market response, providing high-quality services to customers and creating maximum benefits for the company and employees. This is how the design refines the goal.

4.5 Design and build a balanced scorecard

The application of the balanced scorecard from the current situation analysis, the balanced scorecard of each team, the performance of pilot positions, and key position indicators are applied to the internal and external aspects of the business in accordance with the specific strategy and specific goals.

5. Establishment of CJ's corporate performance evaluation system centered on the Balanced Scorecard

In order to create a performance evaluation system that is based on the Balanced Scorecard, CJ will implement the fundamental idea of the scorecard. The four aspects of the Balanced Scorecard will serve as the foundation for this system's application to CJ, and each of them will be configured as a Level 1 indication, namely financial, customer, internal process, and learning and growth indicators. A comprehensive enterprise performance evaluation system is then created once the second-level indicators are produced under the first-level indicators and the weights are determined based on the indicators. The computation of these four dimensions, given CJ's circumstances, is approximately as follows:

5.1 Selection of financial indicators

Financial indicators are calculated from a variety of accounting data, these financial indicators specify some specific behaviors expected to be taken by the enterprise, and then examine, to examine whether the enterprise has actually carried out these behaviors, as well as the performance evaluation of the enterprise, and what kind of benefits will be brought to the enterprise by taking these behaviors. Therefore, the evaluation of this indicator is often linked to the ability to make a profit. Therefore, CJ set three small indicators for separate calculation of financial indicators, and finally calculated overall, the three small indicators are:

5.1.1 Revenue growth metrics

The company's revenue growth index is an important indicator to evaluate the financial performance of the enterprise, because it can focus on the company's operating activities in the current period and the growth rate compared with the previous period. By calculating this small indicator, you can get a detailed picture of the company's sales.

5.1.2 Cost control and productivity indicators

The company's cost control and productivity are also important indicators to evaluate the company's financial performance. Therefore, CJ selected the cost ratio and total labor productivity, and compared the two rates to calculate a series of corresponding results. In turn, it is possible to understand all the cost data of the company, as well as the dynamics between it and the labor productivity of employees, so as to better calculate the financial indicators.

5.1.3 Capital utilization

This is of far-reaching significance for evaluating the financial performance of the company. If you want to improve the company's capital utilization, you need to sell the same number of products on the basis of reducing the use of capital, or use the same amount of capital to produce more products.

Through the calculation and integration of these three small indicators, clear and accurate data can be used as financial indicators, laying data support for the better implementation of the balanced scorecard.

5.2 Selection of customer indicators

It is also extremely important to evaluate the performance of the company from the customer's point of view. Therefore, customer metrics can be calculated from the following small metrics.

5.2.1 Market share

From a horizontal perspective, CJ can ascertain the position of the company's products in the entire market, followed by the company's position and market share in the industry. The market share indicates how competitive the company's products are in the market.

5.2.2 Customer satisfaction

The success of the customer satisfaction strategy may be gauged by customer satisfaction, and market share can only grow if customer happiness is consistently raised.

5.2.3 The customer's profit rate from it

The profit rate of the customer is the net profit level that the enterprise can make from the products and services provided to the customer.

5.3 Selection of internal operating indicators

How to gain an internal competitive edge and adjust to the external environment are the issues that the company seeks to resolve from the standpoint of internal operations. The processes of innovation, operation, and after-sales service are mostly included in this:

5.3.1 Innovation

Companies should seek out and investigate the present and projected demands of their clients before developing goods and services to satisfy these needs through innovation. The corporation must thus establish an index evaluation using particular indicators, like the R&D success rate and spending rate, and use the data derived from the subtraction of these indicators to show the company's capacity for innovation.

5.3.2 Operation

CJ's management process is the entire process from receiving orders from customers to providing services and products to delivering performance evaluations that reflect customers. In the process of this operation, it reflects the supply and sales of the company's product cost, quality, time and other aspects.

5.4 Selection of learning and development perspectives

5.4.1 The calculation should be integrated with other management methods such as key indicators

All of the Balanced Scorecard measuring techniques are based on key measures, which can help the company with performance rating. CJ must use some sophisticated performance measurement techniques, systems, technologies, and information to reflect goals and strategies in order to better measure and analyze some target values and indicator values, confirm the causal cycle relationship between indicators, and make the target and indicator values more realistic.

5.4.2 Detect the turnover of employees in the enterprise

In order for the business to quickly acquire pertinent and helpful information, CJ must first train and acquire new technologies and knowledge before creating an efficient information system. Three factors can also be used to assess the company's capacity for learning and development: incentive structure, information system, and employee attitude.

5.4.3 Balance should be achieved between all aspects of the various indicators

As a tool for measuring the performance of an enterprise, the Balanced Scorecard should use the balance of the four perspectives of the Balanced Scorecard to help the enterprise achieve other balances, but the Balanced Scorecard only provides a mechanism, and it has no way to automatically achieve the balance between goals and indicators. Therefore, CJ should continue to explore and summarize the expected goals that can be achieved by the balanced scorecard used by CJ in concrete practice.

6. CJ's recommendations for effectively establishing a balanced scorecard performance evaluation system

6.1 Pay attention to changes in the external and internal environment

In an environment of turbulent economic competition, it is necessary to pay attention to the fierce competition in the market, and in this case, therefore, the targets set should be in line with the growth rate of the market. That is, we should pay attention to the trend of industry development, pay attention to the policies introduced by the government, update the data in a timely manner, and adjust the target in a timely manner when the market has shown signs of white-hot weather.

It is necessary to pay attention to the analysis of the internal environment, to fully understand the balanced scorecard and thoroughly analyze the internal current situation, so the uncertainty associated with it, the balanced scorecard model developed by the company can only be used as a large framework, and the specified indicators now seem to be considered from the short-term, medium-term and long-term aspects; It is necessary to pay attention to the internal structure adjustment of the company, the synergy effect of each team and the communication, to ensure that there will be no problems in the entire communication process; It should be noted that the Balanced Scorecard should not only be used in the performance appraisal of employees, but should be widely used in the positions needed to maximize its effectiveness; It should be noted that the lack of knowledge, understanding, execution and feedback of the company's employees is another major obstacle to the implementation of the Balanced Scorecard; Finally, the data involved in the balanced scorecard is large and complex, and the data is difficult to collect, so it is necessary to strengthen the screening.

6.2 It is necessary to follow objective laws and avoid rigid routines

Although the Balanced Scorecard is widely acclaimed, the premise of its use is to do a comprehensive analysis of the entire company, and not to take the ways and methods of others in a rigid way, but to analyze and improve the system to be established from various aspects in combination with their own actual situation.

6.3 Organize the internal structure, set up reward mechanisms, and pay attention to uploading and disseminating

That is, it is necessary to adjust the internal structure first, and set up some rewards and systems, so that each single group can be combined to strengthen synergy and communication. For the communication process, the supervisor should be one-on-one, and the supervisor should communicate down to avoid process errors.

6.4 Give full play to the benefits in the appropriate position, and enhance the training and corresponding feedback mechanism

The Balanced Scorecard should be applied where it is actually needed. To give full play to its maximum benefits, it is necessary to train the company's employees at the beginning of the implementation of the system, so that employees can deeply understand and strengthen the execution, and at the same time, it is also necessary to establish a feedback mechanism accordingly and adjust the feedback problems in a timely manner.

To sum up, due to the limitation of research time and length of the paper, this paper still has deficiencies and imperfections in many aspects:

First, due to my limited research capabilities and the confidentiality of CJ's performance management data, the collection and collation of some of CJ's relevant data is not comprehensive, resulting in incomplete selection of indicators for each dimension.

Second, this paper focuses on CJ's use of the balanced scorecard for performance evaluation, and how to formulate performance appraisal indicators based on the balanced scorecard, but does not determine the weight of the indicators, and further in-depth judgment of the weights of each indicator is needed in the use of analytic hierarchy process, and there is a lack of follow-up and feedback on the actual effect of specific performance appraisal.

The third is a performance evaluation system based on the balanced scorecard, which is complex, heavy and time-consuming. This paper is mainly based on theoretical research and has not been verified by practice, so there are some limitations.

In view of the above shortcomings, I will continue to improve in my future life and work. The application of the Balanced Scorecard needs to be continuously studied and updated in the future. We believe that the introduction of the Balanced Scorecard will bring new opportunities for CJ's performance appraisal.

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