

Performance Management in Serbian Banks: Balanced Scorecard Approach

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Abstract : Nowadays, performance measurement systems play a key role in evaluating the strategic performances of an organization. On the other hand, there has been a shift towards the Balanced Scorecard (BSC), which has been recognized as a valuable managerial approach. The main goal of this paper is to analyze the main performances of Serbian banks measured at the branches level, through the usage of the Balanced Scorecard framework. Although an extensive number of practitioners have an interest in the Balanced Scorecard approach, little empirical research has been conducted on the implementation of its concept in the service sector like banks, especially within developing countries. From the beginning of August till the end of September 2015, authors have been conducting in-depth interviews among a number of experts from the most successful banks in Serbia. The results show that the non-financial measures, especially, customer oriented indicators and product/service oriented indicators, seem to be very important factors for improving not only the financial situation within the bank, but also overall business performances. Additionally, the findings prove that there is the cause-effect relationship between non-financial and financial dimensions of the Balanced Scorecard. Having in mind that the banks are still using outdated performance evaluation systems, such as annual, quarterly and monthly reports, we hope that this paper will contribute to the knowledge of how banks in Serbia may apply the Balanced Scorecard approach to evaluate their performance on the most efficient and effective way.

Keywords : balanced scorecard approach, bank management, performance measurement systems, strategic performances

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