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Performance Measurement in Academic Libraries: A Discussion of the Use of the Balanced Scorecard in Academic Libraries

Introduction

As a result of financial pressure and the demand for accountability, academic libraries face the challenge to document organizational performance. The Balanced Scorecard (BSC) has been identified as an appropriate tool to use for this important task (Smith 210). This brief discussion provides an overview of the BSC and relates how it is used as a measurement tool in academic libraries. This review concludes that there exists a need for benchmarking, and for a more accurate method to calculate electronic usage, for the purposes of effectively measuring performance within academic library systems.

Balanced Scorecard

The Balanced Scorecard, a framework for organizational analysis developed by Kaplan and Norton and first published in an article Harvard Business Review in 1992, provides a set of performance measures that creates a multi-dimensional view of organizational activities, focusing on the four “perspectives” of a business firms’ activities: financial, customer, internal, and learning (71-79). A revolutionary aspect of the system for business firms is that it measures other activities apart from the financial perspective, especially since these perspectives (customer, internal process, and learning) drive the financial success or failure of organizations. In addition to the financial perspectives, using performance indicators to measure customer satisfaction, internal processes, and learning, the BSC provides connections between these activities that are often ignored. “The BSC seeks to provide a comprehensive view of the business by incorporating both financial and operational measures in one report, thereby compensating for the limitations of presenting just one perspective” (Kim 365). The major challenges that the BSC poses to organizations include limiting the number of measures to be included in the process and to appropriately grouping the measures according to the four perspectives (Wang 103).

An essential aspect of the BSC is that it provides measurements that can then move an organization from theory to action. “BSC is not a measurement system per se; it is a directional tool for translating strategy into action at all levels of the organization. At its root is the principle of motivated action – that is, granting the individuals and teams within the organization the ability to know that their actions feed a strategic focus every day” (Nair 14). This strategic aspect of the BSC, in using critical success factors or performance indicators to measure activity within each of the four perspectives, allows an organization to view its interconnected activities and react in a strategic manner to the results. The BSC has developed into a strategic tool that is used to establish strategy, align operations, and communicate this information with internal and external stakeholders (Gumbus 619).

Academic Libraries and the Balanced Scorecard

Matthews, while describing the use of the BSC to assist public libraries, identifies performance measures to determine impact of library services that are relevant to academic libraries as well (64-71). His general purpose “Library Balanced Scorecard” includes the following perspectives: customer, information resources, internal processes, organization readiness, and financial (ibid.). Its use in libraries provides the opportunity to explore the financial and learning perspectives, which may often not be acknowledged as importantly as those of the user or internal process perspective (Willis 64). Poll provides a similar framework to analyze performance in academic libraries by using the BSC to measure activities within four areas that include financial, patron, internal processes, and learning/growth (709-717). Self, in an article in the ARL Bimonthly Report, discusses the successful implementation of the BSC at the University of Virginia Library using the same four perspectives. The BSC, according to Self, “allows an organization to focus on a relatively small number of carefully chosen measurements. These measures are aligned with the library mission and strategies, and they provide a quick but comprehensive picture of organizational performance” (28). As with business firms and other nonprofit organizations, academic libraries engage in interconnected financial and non-financial activities, which relate to the mission and long-term strategic goals of the library. The BSC creates the framework to connect the academic library’s mission with the financial and non-financial activities of the organization. “The BSC process allows for the monitoring of operating activities in a way to ensure that library staff and management are performing daily activities that contribute to the achievement of long-term initiatives” (Smith 211).

Poll (716-17) suggests using a set of “ten core data” points derived from a study underway in Germany to provide a concentrated view of elements of the BSC as applied to academic libraries within the context of input, services offered, and usage. These data points attempt to incorporate the four elements of the BSC as applied to academic libraries, which include the perspectives of financial, patron, internal process, and learning/growth. These data points include the following and are divided into three sections:

Input

- Acquisition expenditure per capita (members of the population served)

- Proportion of acquisition expenditure spent on electronic documents
- Library costs per capita

Service offered

- Opening hours per week
- Immediate availability of the loan collection
- Percentage of personal computer (PC)-places of all user working places
- Processed accessions per employee man-year

Usage

- Market penetration
- Loans per capita
- User satisfaction rate

Performance Measurement Questions

The input measures suggested here assist in providing a picture of acquisition expenditures and cost per capita. Some of the measurements, however, often cannot be used due to the availability and relevance of the information. In the case of services, immediate availability of the loan collection should ideally include electronic books if they are considered part of the library collection. The percentage of PC places versus all other user spaces may be less relevant now that many libraries utilize a wireless network environment. Concerning usage, the measurement of loans-per-capita does not take into account the use of electronic documents and periodicals in databases. The most important element missing here is some type of measurement of use for electronic resources.

Acknowledging these problems, these measurements still attempt to provide meaningful indications of performance since they are based upon measurable services and usage, in addition to financial information. However, in the case of measuring services, ARL urges caution and states that “readers should take care when using service indicators for comparing institutions, because local policies can influence the level of service activities” (6). The example that is given is the comparison of circulation, since loan periods across institutions vary and therefore a library with a shorter loan period will report a higher number of circulation transactions. However ARL then points out that “it is useful to look at the trends of select services assuming that changes due to policies and other conditions affecting measurement of services are random across institutions” (ibid, 6). Therefore some type of benchmarking would be useful to this process.

Conclusion

The complexity of academic library systems in the digital era pose challenges for the use of the BSC or any other measurement tool for comparison since differences exist within the operations, policies, and budgets of these institutions. While various metrics of the BSC may be

applied to these organizations for the purposes of general comparisons, one should be careful in making conclusions about these results due to the lack of benchmarks, the dispersion of budgets, and difficulty in measuring electronic usage. Therefore there exists the need for creating a system of more relevant measures so that academic libraries can more effectively use the BSC.

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