

## PERFORMANCES OUTCOME AND IMPLEMENTATION CHALLENGES OF BALANCE SCORECARD IN SMEs: A SYSTEMATIC LITERATURE REVIEW

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### ABSTRACT

Small and medium-sized enterprises (SMEs) play an important role in economic development and business sustainability. The Balanced Scorecard (BSC) is widely recognized as a strategic performance measurement framework that integrates financial and non-financial perspectives, including financial, customer, internal business process, and learning and growth dimensions. This study aims to examine the performance outcomes and implementation challenges of BSC in SMEs through a Systematic Literature Review (SLR). Using the PRISMA 2020 framework, 225 records published between 2022 and 2026 were identified through Publish or Perish and supporting databases, resulting in 20 selected studies for final review. The findings indicate that BSC implementation positively contributes to SME performance by improving financial management, customer orientation, operational efficiency, strategic alignment, employee development, and decision-making quality. However, several implementation barriers were identified, including limited resources, weak managerial capability, lack of strategic planning, and difficulties in determining appropriate key performance indicators (KPIs). The review concludes that BSC has strong potential as a strategic performance management tool for SMEs when implemented through simplified and contextually adaptive models that align with organizational capacity and business characteristics.

**Kata Kunci:** Balanced Scorecard, SMEs, MSMEs, Performance Measurement, Strategic Management, Implementation Challenges.

### INTRODUCTION

Small and medium-sized enterprises (SMEs) play a crucial role in economic development because they contribute to employment creation, innovation, competitiveness, and local economic resilience. In many economies, SMEs are considered an important foundation for inclusive and sustainable growth, particularly because they support entrepreneurship and strengthen regional business ecosystems (Wahyudi et al., 2024). However, despite their economic importance, SMEs often face limitations in managerial capability, financial resources, strategic planning, and performance measurement systems. These limitations may reduce their ability to monitor business performance comprehensively and respond effectively to environmental changes (Yahaya et al., 2023).

The Balanced Scorecard (BSC), introduced by Kaplan and Norton, is one of the most widely used strategic performance measurement frameworks. It does not rely only on financial indicators, but also integrates non-financial dimensions through four main perspectives: financial, customer, internal business process, and learning and growth. This framework enables organizations to translate strategy into measurable performance indicators and to evaluate organizational achievement from multiple perspectives (Madsen, 2025). Although the BSC has been widely applied in large organizations, its implementation in SMEs remains a relevant area of investigation. SMEs differ from large firms in terms of resources, structure, managerial systems, and decision-making flexibility.

Therefore, the implementation of BSC in SMEs may produce different outcomes and challenges compared with its implementation in larger organizations (Damayanti et al., 2023). Several studies in the reviewed literature indicate that BSC can support SMEs in measuring financial and non-financial performance, improving strategic alignment, and identifying areas for operational improvement. However, SMEs may also experience challenges such as limited resources, lack of formalized strategy, low managerial readiness, and difficulties in selecting appropriate performance indicators. Previous studies also suggest that the adoption of BSC in SMEs is influenced by organizational and managerial factors, such as top management involvement, innovative culture, organizational resources, and business network support (Ratnaningtyas & Wicaksono, 2025).

These factors may determine whether BSC is implemented merely as a performance measurement tool or developed into a broader strategic management system. Therefore, understanding both the performance outcomes and implementation challenges of BSC in SMEs is important for developing a clearer picture of how this framework contributes to SME performance improvement. Based on this background, this study aims to conduct a systematic literature review on performance outcomes and implementation challenges of Balanced Scorecard in SMEs. This review focuses on articles published between 2022 and 2026 and applies the PRISMA approach to ensure a transparent and systematic selection process. The study is expected to provide a structured synthesis of existing findings, identify dominant research themes, and highlight future research opportunities related to BSC implementation in SMEs.

## **LITERATURE REVIEW**

### **Balanced Scorecard**

The Balanced Scorecard (BSC), developed by Robert S. Kaplan and David P. Norton, is a strategic performance measurement framework that integrates financial and non-financial indicators. Unlike traditional performance measurement systems that mainly focus on financial outcomes, BSC evaluates organizational performance through four perspectives: financial, customer, internal business process, and learning and growth. This framework helps organizations translate strategic objectives into measurable indicators and align operational activities with long-term goals (Journal & Economics, 2025). BSC has evolved from a performance measurement tool into a strategic management system used to improve organizational performance, decision-making, and strategic alignment. Through its multidimensional approach, BSC enables organizations to monitor both short-term achievements and long-term organizational sustainability (Tuombale et al., 2024).

### **Small and Medium-Sized Enterprises (SMEs)**

Small and medium-sized enterprises (SMEs) play an important role in economic growth, employment creation, innovation, and regional development. SMEs are considered essential contributors to economic sustainability because they support entrepreneurship and strengthen local business activities. However, SMEs commonly face challenges such as limited financial resources, weak managerial capability, lack of strategic planning, and inadequate performance measurement systems (Anatan, 2023). Compared with large organizations, SMEs generally operate with simpler organizational structures and limited technological support. Therefore, SMEs require flexible and practical management systems that can support business performance evaluation without creating excessive operational complexity.

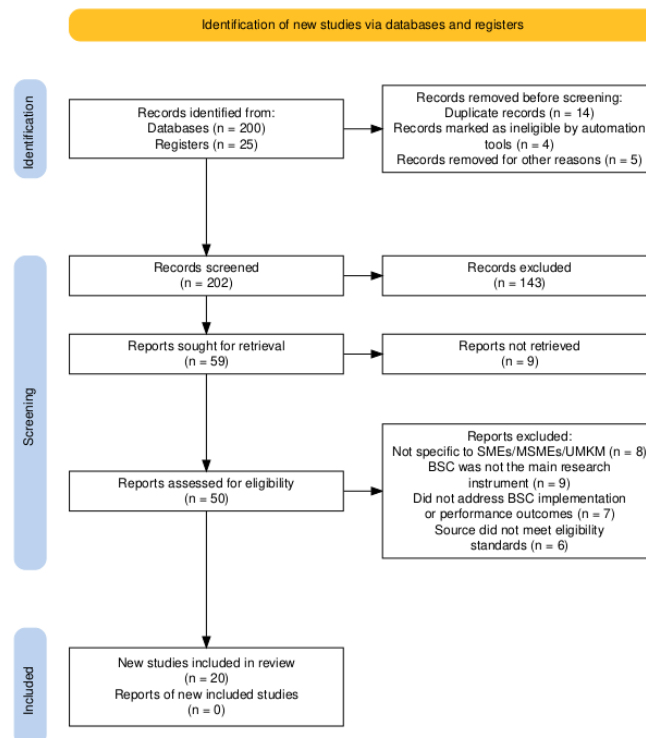
## Balanced Scorecard Implementation in SMEs

The implementation of Balanced Scorecard in SMEs has gained increasing attention because BSC provides a comprehensive framework for evaluating organizational performance. Several studies indicate that BSC implementation can improve financial performance, customer satisfaction, operational efficiency, strategic alignment, and employee development in SMEs. Despite these benefits, SMEs often experience challenges in implementing BSC effectively. Common barriers include limited financial and human resources, lack of managerial understanding, weak strategic planning, and difficulties in determining appropriate key performance indicators (KPIs) (Dave, 2017). Therefore, successful BSC implementation in SMEs requires managerial commitment, organizational readiness, and adaptation of the framework to SME characteristics and operational capacity.

## METHOD

This study used a Systematic Literature Review (SLR) approach to examine previous studies related to the performance outcomes and implementation challenges of the Balanced Scorecard in SMEs. The SLR method was selected because it allows researchers to identify, evaluate, and synthesize existing academic literature in a structured and transparent manner. To ensure the transparency of the article selection process (Systematic Literature Review : Research & Publication, n.d.), this study followed the PRISMA 2020 framework, which provides reporting guidance and flow diagrams for systematic reviews. This review did not apply meta-analysis because the selected studies used diverse research designs, objects, countries, methods, and performance indicators. Therefore, the findings were analyzed using a qualitative narrative synthesis approach. The synthesis focused on identifying patterns related to BSC implementation, SME performance outcomes, adoption factors, and implementation challenges.

Figure 1. Prism Flow Diagram



## Descriptive Literature Synthesis: Mapping of Journal and Research Indexes

Table 1. Mapping of Selected Scientific Articles Based on Journal Indexes and Research Contributions

Jurnal/Prosiding	Indeks/Quartile	No.	Penulis	Judul
Accounting Research Journal	Q2	1	Ha, D. T.; Le, T.; Fisher, G.; dan Nguyen, T. T. (2022)	Factors affecting the adoption extent of the balanced scorecard by Vietnamese small- and medium-sized enterprises
Development Southern Africa		2	Aluko, T. O.; dan Kibuuka, P. (2023)	Effectiveness in the small enterprise state grant-funded programme performance - a balanced scorecard application
Decision Science Letters	Q3	3	Kalender, Z. T.; Vayvay, O.; dan Cirpan, B. (2024)	Achieving strategic excellence: Integrating balanced scorecard and IVHF-DEMATEL for strategic management of a medical device SME
Management Research: Journal of the Iberoamerican Academy of Management		4	Curado, C.; Jesus, M. M.; dan Bontis, N. (2025)	Perceptions and configurations of balanced scorecard use: evidence from Portuguese SMEs
International Journal for Quality Research		5	Ahmad, F.; Abdul Hamid, N.; Ahmad, A. N. A.; Mohd Nawi, M. N.; Abdul Rahman, N. A.; dan Abdul Hamid, N. A. (2022)	The impact of TQM on business performances based on Balanced Scorecard approach in Malaysia SMEs
Problems and Perspectives in Management	Q4	6	Manalu, V. G., Santoso, A., & Sulaiman, E. (2025).	The influence of entrepreneurial orientation and learning orientation on innovation performance of SMEs in Indonesia: Organizational learning as a mediator

WSEAS Transactions on Business and Economics	Q4	7	Sharabati, A.-A. A.; Ghaith, A. A.; Morshed, A.; Abusaimeh, H.; dan Al-Haddad, S. (2024)	Balanced Scorecard and competitive strategies of small and medium manufacturing organizations
Jurnal Manajemen Industri dan Logistik	SINTA 2	8	Rosita; Hanum, Z.; Julita; Aditi, B.; dan Gunawan, A. (2023)	Analysis of company performance and its influence through Balanced Scorecard using intervening variables of work climate in Medan City and surrounding areas
Sebelas Maret Business Review	SINTA 4	9	Damayanti, R. M.; Utami, E. Y.; Pramesti, D.; Yuninata, D.; Pratama, R. A.; dan Pratama, V. Y. (2023)	The implementation of a balanced scorecard perspective to SMEs performance
Jambura Accounting Review		10	Alipok, A. K.; Tuli, H.; dan Taruh, V. (2024)	Analisis penilaian kinerja UMKM dengan pendekatan Balanced Scorecard
TIN: Terapan Informatika Nusantara		11	Helencia, K., & Agustian, E. (2023).	Kinerja Keuangan Berbasis Konsep BSC (Balance Scorecard) Berdasarkan Prespektif Financial
Jurnal Aplikasi Manajemen, Ekonomi dan Bisnis	SINTA 5	12	Zaheer, H.; Ramzan, A.; Mahmood, K.; dan Nagra, M. N. (2023)	Implementation of Balanced Scorecard and financial performance of SMEs
JIME (Journal of Industrial and Manufacture Engineering)		13	Limbong, A. C. (2023)	Penggunaan metode Balanced Scorecard (BSC) untuk pengukuran kinerja pada UMKM XYZ
Wacana Ekonomi (Jurnal Ekonomi, Bisnis dan		14	Mawuntu, P. S. T.; dan Aotama, R. C.	Pengukuran kinerja UMKM berdasarkan Key Performance

Akuntansi)		(2022)	Indicators (KPI) metode Balanced Scorecard
Jurnal Manajemen		15	Maharani, L. P.; Pramudita, A.; Pratiwi, R.; dan Budiarto, A. (2024) Analisis penerapan perspektif Balanced Scorecard terhadap kinerja UMKM: Studi kasus Seblak Prasmanan di Kota Semarang
Journal of Business Sectors	International non-Scopus	16	Gallo, P.; Kollman, J.; Pavlinska, J.; dan Dobrovic, J. (2024) KPIs and BSC in the SME segment. Myth or reality?
East Asian Journal of Multidisciplinary Research		17	Nugroho, T. R.; Sanputra, A. H. D.; Miftakh, E. S.; Adonia, G. N.; dan Fatria, F. (2025) Adapting the Balanced Scorecard for export-oriented SMEs: A case study from Indonesia
International Journal of Research and Innovation in Social Science		18	Agpaoa, J. A. P.; Mariano, J. B.; Pacheco, K. M. C.; Surco, R. A. G.; Ubaldo, K. M. A.; dan Soriano, J. L. R. (2024) Readiness of micro-enterprises from 4th and 5th class municipalities of Nueva Vizcaya in adapting Balanced Scorecard
Journal of Innovation Management in Small and Medium Enterprises		19	Leite, J.; Fernandes, J.; dan Fernandes, A. (2025) The Balanced Scorecard as a strategic cost management tool: Insights from a Portuguese small and medium enterprise
Journal of Emerging Markets and Management		20	Rampaul, K. (2025) Digital Transformation and SME Growth in Emerging Markets

## RESULT AND DISCUSSION

### Overview of Selected Studies

This study employed the PRISMA 2020 framework to support a transparent and systematic process of literature identification, screening, eligibility assessment, and inclusion. PRISMA 2020 is designed to help systematic review authors report what was identified, excluded, and finally included in a review in a complete and transparent manner. Initially, 225 records were identified from databases and supporting sources. After the

removal of duplicate records, automation-ineligible records, and other irrelevant records, 202 studies were retained for screening. Following the title, abstract, and eligibility assessment stages, 20 studies fulfilled the inclusion criteria and were included in the final review.

The selected studies were obtained from various academic sources, including Scopus-indexed journals, SINTA-indexed journals, international non-Scopus journals, and other scholarly publications. The reviewed studies represented several geographical contexts, including Indonesia, Vietnam, Portugal, Malaysia, Jordan, South Africa, Turkey, and the Philippines. In terms of methodology, the articles used quantitative, qualitative, mixed-method, conceptual, and systematic review approaches. The studies also covered different SME settings, such as manufacturing SMEs, micro-enterprises, culinary SMEs, export-oriented MSMEs, medical device SMEs, small industrial enterprises, and service-based SMEs.

In general, the selected literature positioned the Balanced Scorecard as a multidimensional framework for performance measurement and strategic management. This is in line with the original concept of the BSC, which emphasizes that organizations should translate strategic goals into specific financial and non-financial measures rather than relying only on traditional financial indicators.

#### **Dominant Research Trends in the Reviewed Studies**

The reviewed studies show that recent discussions on Balanced Scorecard in SMEs have moved beyond financial performance measurement. Earlier applications of BSC often emphasized financial results, but the recent literature increasingly treats BSC as a broader strategic management framework. This is shown through studies that connect BSC with customer satisfaction, internal process improvement, organizational learning, innovation, and competitiveness (Damayanti et al., 2023; Zaheer et al., 2023).

Another dominant trend is the contextual adaptation of BSC to different SME environments. Several studies show that SMEs cannot simply adopt BSC in the same way as large corporations because they differ in terms of resources, organizational structure, managerial capacity, and market orientation. For instance, BSC was adapted for a medical device SME through integration with IVHF-DEMATEL, while another study adjusted BSC for an export-oriented Indonesian MSME facing global market demands (Kalender et al., 2024; Nugroho et al., 2025). In addition, many SMEs still experience inconsistencies between strategic objectives and performance indicators, indicating that effective BSC implementation requires stronger KPI coherence and clearer strategic management systems (Gallo et al., 2024).

The reviewed studies also reveal growing attention to adoption readiness and organizational conditions. BSC implementation is not only determined by the availability of performance indicators, but also by managerial commitment, organizational resources, innovation culture, and business network support. This indicates that successful BSC adoption in SMEs depends on both technical design and internal organizational readiness (Curado et al., 2025; Ha et al., 2022).

#### **Performance Outcomes of Balanced Scorecard Implementation in SMEs**

The reviewed studies indicate that BSC implementation contributes to both financial and non-financial SME performance. From the financial perspective, BSC helps SMEs evaluate profitability, revenue, cost efficiency, and financial planning more systematically. In the context of SMEs, Zaheer et al. found that the four BSC perspectives were positively related to financial performance, showing that financial improvement is supported not only

by financial control but also by customer, internal process, and learning-growth factors (Zaheer et al., 2023).

Several Indonesian studies also show that BSC helps identify performance weaknesses more clearly. Alipok et al. found that some micro-enterprises in Gorontalo were not yet economical and still faced efficiency problems, while Mawuntu and Aotama found that culinary MSMEs performed better in financial and customer perspectives but remained weak in internal business process and learning-growth indicators. In addition, Helencia and Agustian found that BSC could be used to evaluate company performance through financial, customer, and internal business process perspectives, although their study was conducted in a banking context rather than SME context (Alipok et al., 2024; Helencia & Agustian, 2023; Mawuntu & Aotama, 2022).

From the non-financial perspective, BSC supports improvements in customer satisfaction, customer loyalty, operational efficiency, product innovation, employee development, and organizational learning. Damayanti et al. found that customer satisfaction and loyalty significantly influenced SME performance and profitability. Rosita et al. also showed that the four BSC perspectives had direct and indirect effects on company performance through work climate, indicating that non-financial organizational conditions can strengthen performance outcomes (Damayanti et al., 2023; Rosita et al., 2023).

### **Strategic Role of BSC in SME Management**

The reviewed studies suggest that the Balanced Scorecard plays a significant role in linking strategy formulation with strategy implementation in SMEs. Since many SMEs operate with informal and owner-centered strategies, their strategic objectives are often not translated into measurable performance indicators. BSC helps overcome this limitation by converting strategic goals into specific performance measures that can guide planning, monitoring, and decision-making. For example, BSC was found to support strategic planning in a medical device SME by helping define objectives, prioritize strategic targets, and improve managerial decision-making. Similarly, BSC enabled a small industrial enterprise to develop a strategy map consisting of objectives, indicators, targets, and initiatives across the four BSC perspectives (Kalender et al., 2024; Leite et al., 2025).

The strategic value of BSC becomes more important when SMEs face intense competitive pressure. Through its multidimensional structure, BSC allows SMEs to evaluate not only past performance but also future strategic direction. In Jordanian small and medium manufacturing enterprises, BSC was found to influence competitive strategies, especially through the customer perspective. Similarly, Aluko and Kibuuka showed that an expanded BSC model can be used to evaluate the effectiveness of state grant-funded programmes for small enterprises through performance objectives and KPIs, indicating that BSC can also support policy-level evaluation for SME development (Aluko & Kibuuka, 2023; Sharabati et al., 2024).

In export-oriented MSMEs, BSC also contributes to the alignment between internal business capabilities and external market expectations. Exporting SMEs often need to meet requirements related to product consistency, innovation, packaging, customer responsiveness, and international market standards. Therefore, BSC implementation in export-oriented SMEs should not only focus on internal efficiency, but also on external competitiveness and global market adaptation. This is reflected in the study of export-oriented Indonesian MSMEs, where BSC was used to align financial efficiency, internal process innovation, customer responsiveness, and learning culture with sustainable export growth (Nugroho et al., 2025).

## **Implementation Challenges of Balanced Scorecard in SMEs**

Although the Balanced Scorecard offers various benefits, its implementation in SMEs remains challenging. One of the main barriers is resource limitation, including limited financial capacity, human resources, technological infrastructure, and formal management systems. SMEs generally differ from large organizations because they have simpler organizational structures, fewer managerial resources, and more flexible but less formalized processes. Therefore, BSC cannot be applied rigidly in SMEs and must be adjusted to their organizational characteristics and resource capacity (Damayanti et al., 2023). Small firms also tend to face operational constraints when applying formal management tools due to limited resources and the absence of structured management systems (Leite et al., 2025).

Another challenge relates to managerial readiness and strategic formalization. Some SMEs may recognize the importance of performance measurement but still lack the managerial capability or strategic structure required to implement BSC systematically. Gallo et al. found that firms with more than 20 employees were more likely to use strategic management systems and linked KPIs, while smaller firms tended to face greater difficulty in applying structured strategic management tools. This finding suggests that BSC adoption is influenced by firm size, managerial maturity, and the ability to connect objectives with indicators (Curado et al., 2025; Gallo et al., 2024). In addition, top management involvement and organizational resources were found to be important determinants of BSC adoption, which means weak leadership commitment may reduce implementation effectiveness (Ha et al., 2022).

The selection of appropriate Key Performance Indicators also becomes a practical challenge for SMEs. BSC requires indicators that are simple, measurable, relevant, and suitable for the firm's actual business condition. If the indicators are too complex, they may create an administrative burden for small firms; however, if the indicators are too narrow, they may fail to represent overall business performance. Studies on Indonesian UMKM show that BSC indicators must be carefully selected so they remain practical for SME owners and managers (Limbong, 2023; Mawuntu & Aotama, 2022; Rosita et al., 2023).

Technological and data readiness also influence BSC implementation. Effective BSC application requires reliable data collection, regular monitoring, and information systems that support performance evaluation. However, SMEs in emerging markets often experience digital barriers such as infrastructure limitations, digital access gaps, regulatory uncertainty, and spatial inequality (Rampaul, 2025). Although digital transformation is not identical to BSC, it is closely related because poor digital capability may prevent SMEs from monitoring performance indicators consistently and accurately.

Another challenge concerns organizational learning. BSC implementation does not end with collecting performance data; SMEs must also be able to interpret the data and use it for improvement. Without learning capability, performance information may not lead to meaningful managerial action. In Indonesian SMEs, innovation performance was influenced by entrepreneurial orientation and organizational learning, showing that learning capability is important for transforming performance feedback into innovation and corrective action (Manalu et al., 2025).

## **Factors Influencing BSC Adoption in SMEs**

The adoption of BSC in SMEs is strongly influenced by top management commitment. In small firms, owners and managers usually have direct authority over strategy, operations, and resource allocation. Therefore, their involvement determines whether BSC is applied as a serious strategic management tool or only as a formal performance measurement

instrument (Ha et al., 2022).

Organizational culture and learning capability also affect BSC adoption. SMEs with stronger innovation culture and learning orientation are more likely to use performance information for improvement. This is consistent with studies showing that organizational learning contributes to innovation performance, which is closely related to the learning and growth perspective of BSC (Ha et al., 2022; Manalu et al., 2025)

Firm characteristics and managerial perceptions also affect BSC use. In Portuguese SMEs, different combinations of individual and organizational conditions were found to either support or prevent BSC implementation (Curado et al., 2025). Meanwhile, micro-enterprises in Nueva Vizcaya were most prepared to adopt BSC from the financial perspective, and their readiness was related to initial capitalization and average annual sales (Agpaoa et al., 2024). These findings indicate that BSC adoption may vary depending on firm size, financial capacity, business maturity, and managerial perception.

### **Contextual Adaptation of BSC Across SME Types**

The selected studies show that BSC implementation should be adjusted to the type and scale of SMEs. In micro-enterprises, BSC may need to begin with basic financial and customer indicators because these businesses often have limited resources and simple management systems. Agpaoa et al. found that micro-enterprises were most ready to adopt BSC from the financial perspective, indicating that gradual implementation may be more realistic for very small businesses (Agpaoa et al., 2024).

In culinary and local service-based MSMEs, BSC is useful for translating daily business activities into measurable performance dimensions. Maharani et al. showed that BSC implementation in a seblak buffet MSME in Semarang helped evaluate strategy and work programmes through financial, customer, internal business process, and learning-growth perspectives. This indicates that even very small food businesses can use BSC as a practical tool to improve competitiveness, adapt to market changes, and support business sustainability (Maharani et al., 2024).

In manufacturing SMEs, BSC is more closely related to productivity, quality, operational efficiency, and competitive strategy. Sharabati et al. showed that BSC influenced competitive strategies in Jordanian manufacturing SMEs, while Ahmad et al. found that Total Quality Management had a positive relationship with BSC-based business performance among Malaysian SMEs. These findings suggest that BSC can strengthen process improvement and quality management in manufacturing contexts (Ahmad et al., 2022; Sharabati et al., 2024).

In export-oriented MSMEs and small industrial firms, BSC needs to be adapted to broader strategic demands. Export-oriented SMEs require indicators related to product consistency, customer responsiveness, innovation, packaging, and global market standards. Meanwhile, small industrial firms may use BSC to support cost management, internal control, and structured decision-making (Leite et al., 2025; Nugroho et al., 2025).

### **Research Gaps Identified from the Reviewed Studies**

The first research gap relates to the limited use of longitudinal research designs. Most reviewed studies used cross-sectional surveys, descriptive analysis, case studies, or conceptual approaches. Although these methods are useful for explaining current conditions, they provide limited evidence on whether BSC implementation produces sustainable performance improvement over time.

The second gap concerns the limited development of SME-specific BSC models. Many studies still use the four classic BSC perspectives without deeply adapting the

indicators to different SME sectors, sizes, and resource capacities. Since SMEs vary significantly across industries, future studies should develop simplified and sector-specific BSC models for culinary SMEs, manufacturing SMEs, export-oriented MSMEs, service SMEs, and micro-enterprises (Curado et al., 2025; Damayanti et al., 2023).

The third gap is related to digitalization and performance data systems. Although digital transformation is increasingly important for SMEs, only a limited number of studies connect digital readiness with BSC implementation. Future studies should examine how digital dashboards, accounting information systems, and cloud-based tools can support more consistent BSC monitoring in SMEs (Damayanti et al., 2023; Rampaul, 2025).

### **Synthesis and Implications**

The reviewed studies show that Balanced Scorecard has strong potential as a strategic performance management framework for SMEs because it combines financial and non-financial indicators in one integrated system. Through financial, customer, internal process, and learning-growth perspectives, BSC helps SMEs evaluate profitability, cost efficiency, customer satisfaction, operational efficiency, innovation, employee development, organizational learning, and strategic alignment. This is consistent with the core idea of BSC as a framework that balances financial measures with customer, internal process, and learning-oriented indicators to support broader performance evaluation.

However, the effectiveness of BSC in SMEs depends on how well it is adapted to SME characteristics. Since SMEs often operate with limited resources, informal structures, and owner-centered decision-making, BSC should be implemented gradually through a simplified set of relevant indicators rather than a complex corporate-style system. For SME owners, managers, policymakers, and future researchers, the main implication is that BSC should be supported by managerial commitment, KPI guidance, training, mentoring, digital performance tools, and further empirical research so that it can function not only as a performance measurement tool, but also as a strategic learning system for long-term competitiveness and sustainability.

### **CONCLUSION**

This systematic literature review examined the performance outcomes and implementation challenges of Balanced Scorecard in SMEs based on 20 selected studies published between 2022 and 2026. The review shows that BSC is a relevant performance measurement and strategic management framework for SMEs because it allows firms to evaluate performance beyond financial indicators. Through its four perspectives, BSC helps SMEs understand financial achievement, customer satisfaction, internal process effectiveness, and learning and growth capacity. The reviewed studies indicate that BSC implementation can support SMEs in improving strategic alignment, strengthening performance measurement, identifying operational weaknesses, and encouraging more structured decision-making. In several studies, BSC was associated with improved financial performance, customer orientation, internal process efficiency, employee development, and long-term business sustainability.

However, the review also found that implementing BSC in SMEs is not always easy. Common challenges include limited financial and human resources, lack of formalized strategy, insufficient managerial understanding, weak data management, and difficulty in selecting relevant key performance indicators. These challenges show that BSC cannot simply be adopted from large companies without adjustment. SMEs need a simplified and contextualized BSC model that fits their size, resources, sector, and managerial capacity.

Overall, this review concludes that BSC has strong potential to improve SME performance, but its effectiveness depends on how well the framework is adapted to SME characteristics. Successful implementation requires managerial commitment, clear strategic objectives, relevant indicators, employee involvement, and continuous evaluation.

### **Recommendations**

For SME owners and managers, BSC should be implemented gradually by focusing first on the most relevant indicators for business survival and growth. Instead of applying too many indicators, SMEs should select simple and measurable indicators that reflect their strategic priorities. This approach can help SMEs avoid administrative complexity while still gaining benefits from structured performance measurement. For policymakers and business development institutions, training and mentoring programs are needed to improve SME understanding of strategic performance measurement. Government agencies, universities, and business associations can support SMEs by providing practical BSC templates, KPI guidance, and digital tools that are suitable for small business contexts.

For future researchers, further empirical studies are needed to examine how BSC affects SME performance across different sectors, countries, and business sizes. Future studies should also explore the barriers to BSC implementation more deeply, especially in developing countries where SMEs often face resource constraints and limited managerial systems. In addition, future research may develop a simplified BSC model specifically designed for SMEs and test its effectiveness through longitudinal or mixed-method studies.

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