

Applied strategic analysis of learning and growth based on a balanced scorecard: Theoretical foundations

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Abstract

Learning and growth is one of the essential tools that companies ought to use in today's market economy in order to ensure their sustainable development in the long-term and, consequently, to achieve their maximum market value. This article is predominantly of theoretical nature and considers the possibility of using the applied strategic analysis technique that was developed by the author to analyze learning and growth in the course of a study of strategic aspects of learning and growth. The technique is based on the balanced scorecard system of the same name. Methodologically, the study is based on Kaplan and Norton's balanced scorecard concept and the author's concept of applied strategic analysis. It is shown that applied strategic analysis of learning and growth envisages comparative evaluation, diagnostics of deviations and predictions of the values of the balanced scorecard metrics of learning and growth in the dimension of strategic objectives. It includes analysis of the level of motivation in employees, the volume of authority delegation and whether their personal goals match company goals; analysis of the expansion capacity of information systems, and analysis of the quality of retraining and the creativity level of employees. The applied strategic analysis of learning and growth with comparative evaluation of the metrics of the level of motivation in employees, the volume of delegation to them and of the match between their personal and corporate goals, and concludes with a prediction of the values of factor measures of the quality of retraining and creativity development in employees. The author comes to a conclusion that applied strategic analysis of learning and growth is a new and sufficiently effective instrument for studying the strategic aspects of companies' performance that is associated with the training and development of their personnel. The instrument provides analytical support to strategic management as regards personnel training and development in today's conditions. Its results might be useful when working out managerial decisions for the company's short-term, medium-term and long-term plans in the area of learning and growth.

1. Introduction

Personnel training and development is an essential tool that ensures companies' sustainable development in the long-term and helps them achieve their maximum market value in today's economy. As a perspective of the balanced scorecard, personnel training and development, or learning and growth, determines the infrastructure that needs to be created for the long-term growth and improvement. The strategic objectives of this perspective are a factor of the implementation of the plans set for the first three perspectives of the balanced scorecard: those of internal processes, customer perspective, and financial.

Learning and growth, including career growth, rests on three pillars: people, IT systems, and organizational procedures. The first three perspectives of the balanced scorecard usually reveal a gap between the current capabilities of people, IT systems and organizational structure, and what is needed for a breakthrough. In order to bridge the gap, the company needs to invest in retraining of its staff, improvement of information systems and technology, and building a link between organizational structures and day-to-day operations (Kaplan & Norton, 1996).

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