

Development of Risk Linked Balanced Scorecard

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Summary

Balanced Scorecard (BSC) was proposition as a tool of strategy execution. However, there are risks that prevent successful execution of strategies. The risk must be taken into consideration, in order to execute strategies. This paper proposes Risk Linked Balanced Scorecard (RLBSC) which is a new model of BSC linked to risks. First, Risk Scorecard is created based on the strategic objectives of BSC. Second, Risk Scorecard is combined with BSC so that it can illustrate risk guideline. Finally, by using the risk guideline as an early warning signal, users of RLBSC can recognize risks at an early stage. Therefore RLBSC should be effective in achieving strategic objectives.