

Application of the Balanced Scorecard In The University Budget Management

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Abstract—Budget management is the core of university financial management work,however the current budget management of universities often has a static budgeting methods and not adapt to the changing environment issues.And only focus on the results of the implementation of the budget process and the lack of budget and ignore the results of the evaluation mechanism and many other issues.This article will introduce ideological principles of the Balanced Scorecard university budget management, both focus on financial indicators and customer satisfaction study, university internal business processes, learning and growth of employees of non-financial indicators, making college more comprehensive in budget management.

Keywords- *Balanced Scorecard; universities; budget management*

I. THE PROBLEMS IN UNIVERSITY BUDGET MANAGEMENT

Budget management plays a decisive role in the financial management of the university, which is the core work of university financial management. In recent years, increasingly diversified sources of university funding, university funding amount are growing, however, extravagance and waste, duplication when the use of funds anomaly have occurred. This has a direct contact with the university budget management. Currently, the university budget management have following problems:

A. *The maladaptive between Static budgeting and changes in the environment*

Currently, the way of the budget system in university is commonly used for the annual zero-based budgeting approach, although this approach can improve employees' input - output consciousness. However, due to the annual budget, the budget reflects the financial balance of the year, does not have a comprehensive, long-term and forward-looking, are often unable to effectively docking with the university to develop a long-term goal, is not conducive to long-term strategic goals of colleges and universities. Moreover, the preparation of the budget for the university rather than a static budget flexible budget, changing the face of the complexity of the lack of contingency measures in the financial environment, financial management is relatively free. For example, a university that year tariff budget of 100 million, but because this year the college dormitory

installation of air conditioning, electricity surged to \$ 1.5 million, however due to budgetary arrangements have been unable to increase the tariff charged only from school motorized expenses paid, which makes the electricity costs university project does not accurately reflect the actual situation of complete financial statements, there are some drawbacks.

B. *Budget execution only focus on results, but they ignore the process*

The core of the development budget is not a budget management, but the implementation of the budget. In the actual work of the universities, the financial sector to develop a detailed annual budget, but due to the lack of regulatory measures and incentive mechanisms, the use of university funds relative chaos, often far beyond the use of budget funds, making the annual budget into a dead letter. Some departments concerned whether the budget year just finished, there is no surplus funds, indifferent as to why there is no balance, the extent of the use of the funds in line with the time of application never considered. This responsibility is unknown, monitoring the implementation of the budget is not conducive to college adverse financial goals.

C. *Lack of budgetary outcome evaluation mechanism.*

The current university's budget management focus on annual budget preparation and execution, there is no clear responsibility for the responsible person of the specific strategies and the development of relations between the school, for the budget implementation of the results lack the necessary performance appraisal, the use of funds specific situation is nobody knows for sure. Why funding overruns, whether it should be punished; why produce balance, whether it should be rewarded,these nobody cares. This only exacerbated the phenomenon of irrational use of funds, it is difficult to mobilize the staff's enthusiasm and initiative , it is difficult to play the role of incentives and constraints of the budget.

II. THE BASIC CONTENT OF THE BALANCED SCORECARD

BSC (Balanced Score Card, BSC) is a Harvard professor Robert Kaplan, president of global strategy and the revival of David Norton in the 1990s founded. After 20 years of development, the theory and practice of the deepening of the Balanced Scorecard, now not only become an important tool for performance management, the Group also developed into an important strategic management tool.

Balanced Scorecard originated in performance management problem. Prior to the performance appraisal often only consists of a single financial indicators. With the ever-changing market environment, people are finding a competitive advantage not only reflected in the financial position of the enterprise, but more reflected on the financial statements can not be measured on many intangibles, such as customer satisfaction, quality of staff and capacity, internal business processes. Balanced Scorecard theory is against changes in these factors and developed it to get rid of the original only consider the limitations of financial indicators, from a financial enterprise, customer, internal business processes and learning and growth, and four complete interrelated aspects to rethink the strategic management process enterprise. Balanced Scorecard design concept reflects the balance of financial and non-financial measures between the various balance balance balance between external and internal long-term goals and short-term goals, outcomes and process balance, so that the performance evaluation tends perfect organization conducive to long-term development.

Since 1993, Robert Kaplan and David Norton introduced the balanced scorecard to business after a strategic management system, BSC officially entered a period from theoretical research to promote the application period. According to statistics, in 1997, about 41% of the Fortune 500 companies use the balanced scorecard, when in 2003, about 73 percent of the Fortune 500 companies are using or will use the Balanced Scorecard. Not only is the business, non-profit institutions such as the government also have to try to implement the Balanced Scorecard. The U.S. federal government, state governments the United States, the Swedish government, the Australian government are actively trying to promote the balanced scorecard, have achieved good results. People are slowly trying to introduce the Balanced Scorecard university library, logistics management and other departments in the hospital.

III. BALANCED SCORECARD IN COLLEGE BUDGET MANAGEMENT

A. *BSC and universities budget management combined*

BSC possess decompose strategic objectives and fully consider the advantages of performance indicators Introduction into the university's budget management, budget management can improve the traditional drawbacks. The following describes the four dimensions of the Balanced Scorecard in the University budget management applications.

The first dimension is the financial dimension. Although universities are not profit institutions, but universities can not make ends meet and maintain financial soundness, to ensure efficient use of funds is the university college budget management must examine indicators. The second dimension is the customer dimension. College students are the most important customer, then customer satisfaction translates into student satisfaction. In addition, the employment rate of students, student CET pass rate, the level of overall quality of students is also a university budget

management should examine indicators. The third dimension is the dimension of the internal processes universities. We need to know within the school budget approval system to open and transparent; understand the school's internal financial system, implemented before, during, comprehensive supervision afterwards; understand the control of budget execution, examined in detail the difference between income and expenditure. The fourth dimension is a dimension of learning and growth, on the one hand to examine whether the financial staff training on a regular basis, to master financial literacy, updating financial philosophy, on the other hand, the implementation of financial personnel employed titles cadre selection system, broaden the staff room to grow.

B. *Analysis for the advantages of Balanced Scorecard in the university budget management*

First, the BSC of college and university budget management can fully reflect the strategic objectives and long-term plans to take full account of universities, and the budget management is no longer just the preparation of annual zero-based budgeting, preparing for some major projects can be long-term 3-5 years budget. The Balanced Scorecard applied to universities in budget management mode, and strive to achieve docking strategy and budget, adjust the budget, to achieve dynamic management and achieve long-term goals and short-term goals of unity. In addition, the Balanced Scorecard to College budget management, increase customer satisfaction, internal processes, and learning and growth dimension and other dimensions of the three non-financial dimensions that range from internal budget management school to school for more information regarding the external , study more comprehensive, more open vision.

Secondly, BSC budget management mode attention and timely budget execution process traced. BSC budget management mode to make budget management has changed the traditional budget management mode results-oriented features, the implementation of process control, the whole process of budget preparation and execution of a comprehensive monitoring, real-time feedback. In addition, the four dimensions of the Balanced Scorecard implicated each other, reinforce each other. To implement the development strategy of the school, so students must provide satisfactory products; to win the trust of students, improve internal business processes need to be improved; to improve internal business processes, human resources is a key factor, so you must learn to strengthen staff training. Any problems can hand power to find the problem by logic and timely correction to achieve a comprehensive budget management.

Again, the BSC to College budget management, you can establish an incentive and reward mechanisms. Since the Balanced Scorecard emphasis on internal management and control processes, the execution of real-time monitoring of the entire budget, you can effectively examine individual performance. BSC through performance appraisal, personal performance and personal effectiveness unify longer appears "saving nobody Award, nobody wasted penalty" phenomenon. No performance appraisal management can

only be a mere formality, only the performance appraisal no incentive and restraint mechanisms of management is a mere formality. The Balanced Scorecard applied to the university budget management, build management mechanism and incentive constraints of both, according to the evaluation results of cash rewards and punishments, give full play to the role of the budget in the university financial management.

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