

Research Article

Developing a Balanced Scorecard Framework for Small Food Service Enterprises: Empirical Reflections and Conceptual Insights for Strategic Performance

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Abstract: *The small food service sector operates in a dynamic and competitive environment that demands a strategic management framework balancing financial performance with customer satisfaction, operational efficiency, and organisational learning. This study develops a Balanced Scorecard (BSC) model customised for small food service enterprises, identifying key performance indicators across financial, customer, internal processes, and learning and growth perspectives. Employing a qualitative exploratory methodology grounded in an extensive literature review and empirical reflection, the research synthesises theoretical insights and practical realities unique to resource-constrained food businesses. The resultant framework offers a robust yet adaptable tool for strategic alignment, performance measurement, and continuous improvement, fostering sustainable competitive advantage in volatile markets.*

Keywords: *Balanced Scorecard; Small Food Service Enterprises; Strategic Performance Measurement; Organisational Learning; Customer Satisfaction; Operational Efficiency; Empirical Reflection; Qualitative Research.*

I. INTRODUCTION

Food service companies, particularly small businesses in this category, are operating in a highly competitive market with increasingly sophisticated consumers, and strategic management is an essential indicator of the viability and success of companies. These enterprises, local restaurants, cafés, bars and food trucks face a three-dimensional operational matrix of shifting customer tastes, constrained resources and technological disruption.

Today's patrons place a premium on quality of ingredients, healthier menu options, digital convenience and customized service based on personal preferences. This intricate, multi-layered environment requires small food service companies to balance fiscal soundness with continuous innovation and the delivery of great service in order to survive. The food and beverage industry continues to be a powerhouse in the economy, as reflected in increasing revenue streams despite saturation from competition (National Restaurant Association, 2017). At the same time, sustainability and responsible sourcing have also become significant aspects of consumer behaviour and practice that are shaping industry standards (Kotler & Keller, 2016). In addition, the proliferation of disruptive technologies like mobile ordering and big data analytics (Fernandes et al., 2020) also alters both tactical and strategic interests in the industry environment.

The Balanced Scorecard (BSC) was developed by Kaplan and Norton (1992) as an integrated system that deals not only with financial but also customer, internal process, organisational learning dimensions. This is because the BSC aids in. Translate Your Vision By linking your vision to operational priorities, the Balanced Scorecard helps managers translate a. balanced strategic management (Kaplan & Norton, 1996). While the BSC has been used to a large extent in large organisations, a subtle translation of it for SMEs, and more so within the food service industry, is relatively new as a research area due to the unique resource constraints that this sector possesses and its competitive nature (Jennings & Beaver, 1997; Castro, 2018).

The purpose of this study is to construct an S-D logic or BSC-based model more suited for small FSCs, based on the data and also theory, by using empirical revelation and discussion as well as conceptual debate in discovering sector-specific critical performance indicators that are theoretically justified and practically verifiable. The ultimate aim of which is to recommend a contextually congruent PM system, which supports strategic focus and operational improvement as well as the construction of sustainable competitive advantage in resource-scarce and dynamic market environments.

Subsequent sections will critically review the extant literature relating to BSC theory and application in food-related SMEs, describe the qualitative empirical methodology underpinning this study, present the proposed framework of



performance indicators, and offer detailed empirical reflections and conceptual discussion on their strategic implications and practical viability.

II. LITERATURE REVIEW

A) Foundations and Theoretical Perspectives

The Balanced Scorecard (BSC), first introduced by Kaplan and Norton in 1992, has provided a new dimension of performance measurement to replace traditional financial measurements with multi-dimensional perspectives for the creation of value over the long term that include non-financial factors (Kaplan & Norton, 1992; Kaplan & Norton, 1996). This method overcomes a limitation of accounting-based performance measures in capturing future value drivers in complex organizations (Ittner & Larcker, 2003). The balance scorecard (BSC) has four interconnected views of an organisation system that are financial, customer, internal business processes, and learning and growth; this provides a balanced representation of an organization, being depicted by the strategic intelligence achieved when its strategic vision is in a synchronization with operations at all four quadrants of the BSC (Niven, 2006; Kaplan & Norton, 2001).

At the core of this model is the combination of lagging (reflective of past performance) and leading indicators (predictors that have an impact on future performance) into a systemic loop that allows for causal feedback driving organisational learning and agility (Kaplan, 2010). Thus, BSC acts as a tool for both diagnosis and strategy, which assists in transferring abstract mission statements into operational measures and strategic actions to improve decision-making processes (Malina & Selto, 2001; Ferreira & Otley, 2009).

Although the BSC has been founded and extensively supported theoretically, as well as applied in various industries (Bourne et al., 2000), academic criticism persists, notably, concerning the establishment of causality between the perspectives and deep operationalization of KPIs, specifically in diverse organisational contexts (Ittner & Larcker, 2003; Neely et al., 2005). Its widespread adoption, however, is due in large part to its sound and flexible framework, which can be adapted to context variations without losing sight of the strategic priorities (Kaplan & Norton, 2001).

According to recent studies, the future success of BSC is highly dependent on the integration with dynamic capabilities and a knowledge management framework to maintain a competitive advantage in a turbulent environment (Teece, 2007; Eisenhardt & Martin, 2000). In this context, the learning and growth perspectives seem to be relatively more important, considering the significance of human capital, organisational culture and innovation for sustainable performance (Fatima & Malik, 2020).

B) BSC Application in SMEs and the Food Service Industry

Small and medium-sized enterprises (SMEs) have distinct managerial and operational limitations, particularly in the food service industry, requiring tweaking of traditional BSC architectures in their specific environments (Jennings & Beaver, 1997; Ferreira & Otley, 2009). Contrary to big enterprises, SMEs generally face financial and human resource constraints, which dictate the need for precise, simple KPIs that are strategically aligned but possible for systematic monitoring and analysis (Machado et al., 2013).

The complexity is intensified in the food service industry because of dynamic consumer preferences, the central role of quality service and the need for continuous innovation in menu offerings and operational processes (Kong et al., 2019). Consumer health awareness and the rise of digital ordering platforms add further strategic constraints to resource-starved organisations (Fernandes et al. 2020).

Several empirical studies in the domain of hospitality and the food industry have developed and specified a set of refined KPIs used within BSC approaches as effective to reflect actual operations. Customer-centric metrics, for example, loyalty programme enrolment and satisfaction indices, expose the dynamics of customer engagement and brand loyalty, the underlying components of revenue support (Lestari et al., 2024). Operational efficiency indicators -comprising order accuracy, speed of service, reduction in waste and frequency of menu innovation- are fundamental contributors to financial performance as well as environmental sustainability, key differentiators in the current market (Duman & Yucel, 2018).

Indicators of learning and growth reflect the capacity of the workforce and innovation potential, where volumes of employee training, retention rates and the number of process improvement ideas implemented as proxies are indicators for adaptability and competitive readiness of an organisation (Fatima & Malik, 2020). Moreover, sustainability indices (i.e., energy and water consumption, ethical sourcing) are being incorporated more and more into the BSC applications, and they contribute towards aligning corporate behaviour with continuing changes of stakeholders' expectations and regulatory environment (Duman et al., 2018).

Technological uptake has also improved the accuracy and timeliness of performance measurement, enabling real-time monitoring and advanced predictive analytics. Indeed, this crossover allows small food and beverage service operations to put in place BSC-like models at a level of agility that was not possible before (Fernandes et al., 2020).

Despite these advances, investigation has revealed enduring challenges and obstacles to successful adoption of the BSC in SMEs, such as poor managerial skills, poor quality data and the problem of sustainability over time without senior management commitment and support (Jennings & Beaver 1997; Ferreira & Otley 2009). Kaplan (2010) promotes incremental development and situational-based customization as a way to link theoretical power and operationalization efficiency.

Thus, upon the whole, based on existing literature, a balanced and contextually applicable BSC framework should be established for small food service companies, which includes: financial feasibility, customer satisfaction, operational efficiency (process), human capital, since workforce success depends on people sustainability. This framework is expected to support strategic decision making, improve organisational performance flexibility and enable the achievement of sustainable competitive advantage in a dynamic and unclear food service industry.

III. METHODOLOGY

This research is framed in the qualitative empirical paradigm, which privileges context-sensitive study and interpretive analysis over mathematised quantification. The emphasis on empirical thought and conceptual debate steers the method towards the process of iterative dialogue between researcher and evidence, to enable traction for further articulation in response to nuanced understandings pertinent to small food service organisations.

The research utilised an extensive systematic literature review as the main data collection method, including peer-reviewed journal articles, theses and reports related to Balanced Scorecard (BSC) implementation in small and medium enterprises (SMEs), with particular focus on the food service industry. The authors utilized academic search engines such as Scopus, Web of Science and Google Scholar for this purpose with specific keywords including “Balanced Scorecard”, “small business”, “food service” and “performance measurement”.

Based on dialectic logic, synthesis analysis was performed by thematic and conceptual analysis to discuss critically around myriad theoretical views and empirical findings. As a result, strategically relevant key performance indicators (KPIs) were determined, which were competitive in the operational environments of small food service organisations.

The process of the selection of indicators was carried out scrupulously using a multi-criteria analysis with validity, relevance and feasibility as criteria so that body composition measurement is in line with methodology and practice. Throughout the study, it is recognized that qualitative research is interpretative and findings are situated, while validity was supported by cross-checking with mutual confirmation between participants or methodical objectivity.

This approach aligns with best practices in qualitative empirical research, valuing depth over breadth and seeking to generate transferable insights rather than statistical generalisations. It complements the interpretative narrative presented in the results section, supporting the dual objectives of empirical reflection and conceptual synthesis.

IV. EMPIRICAL REFLECTIONS AND CONCEPTUAL DISCUSSION

The proposed BSC model for small foodservice companies includes the classical four perspectives (financial, customer, internal business processes and learning and growth) adjusted to be relevant to the specific issues of small food service companies' strategic operations. The subsequent provides an analysis of each perspective, and a critical review of the empirical material and logical problems encountered in the literature and thesis.

A) Financial Perspective

The model's perspective on performance focuses heavily on the financial part of operations, as monthly revenue is the most significant marker of economic profitability and operational longevity. It is a quantitative measure that offers quick insights regarding the state of a business's convenience cash and how comfortable it is to meet its short-term liabilities. More than just revenue, ancillary indicators such as cumulated margin ratios, cost efficiency indices and returns on investments monetized in promotional activities greatly assist a subtle consideration of the financial performance (Kaplan & Norton, 1992; Fernandes et al., 2020).

The importance of financial strength as a base that all the other strategies must stand on is emphasized with empirical evidence. However, the reliance on short-term financial metrics is limiting, especially in turbulent consumer markets where month-to-month sales are impacted by seasonality or competing promotions. Rolling budgets and cost control systems are proposed by the literature as means to automatically reduce exposure to volatility (Ferreira & Otley, 2009). In addition, small

foodservice businesses, which are frequently cash-starved, have to weigh their investment decisions in innovation/service improvement against the pressing needs of finances today (Jennings & Beaver, 1997).

The model's financial bias is to come as managerially relevant, current and 'actionable' accounting information but suggest contemplation of investment in future business sustainability. Importantly, Fernandes and co-authors (2020) highlight that digital tools supporting fine-grained data collection and analysis have given small firms greater visibility of future financial positions, as well as helping them in planning efficient growth strategies.

B) Customer Perspective

Customer loyalty is a cornerstone of continued revenue in the abundant and competitive, as well as trend-shifting, food service industry. This perspective is thereby operationalised in the model by constructs such as the number of customers enrolled in loyalty programs - a clear and measurable volume-oriented aspect of share-of-customer/retaining potential. The subjective but highly valuable qualitative indicators, such as customer satisfaction data and complaint resolution rates, further enhance the understanding of service quality and consumer experience (Lestari et al, 2024).

A strong relationship between enhanced customer satisfaction and higher financial metrics is repeatedly exposed by studies (Fernandes et al., 2020; Fatima & Malik, 2020). This association emphasizes the need for progressive product offerings – customised menus mirroring dietary fats, culturally relevant cuisines and targeted commercial campaigns – as lures to attract and secure customer loyalty. The Food Marketing Institute (2021) emphasizes that differentiating experiences is driving customer retention, and therefore, customer engagement tactics codified in BSC approaches act as a critical competitive tool.

But Commercial Telemetry needs to tread carefully in its focus on customer metrics. Too heavy a focus on loyalty programme membership numbers may disguise silent dissatisfaction or overlook nascent demand. Today, one can think of real-time social media sentiment analysis and feedback loops as additional devices that produce further fine-tuning of their customer insight output, which has been opened up by modern researchers (Kong et al., 2019).

C) Internal Process Perspective

The small food service sector requires operational excellence in order to drive both service quality and unit cost effectiveness, as customer satisfaction and profitability are influenced directly by levels of process variation. In this context, the 'number of new menu items introduced' measure represents the firm's ability to generate and respond to changes in consumer demands (diet trends, for example) and cater for increased health-conscious consumers (i.e. dynamic internal process orientation: Duman & Yucel, 2018).

The operational effectiveness is also measured by food prep time, order accuracy and wastage of products. Such process metrics provide actionable information for resource optimisation and sustainability, which are essential in a context of normative as well as regulatory pressures to minimise environmental footprints (Duman et al., 2018). For example, waste reduction not only saves on costs but also promotes the brand image in the mind of an environmentally aware consumer.

The use of technology as an enabler and measure becomes apparent. The use of digital tools for ordering online and managing the inventory is instrumental in tracking performance, service standardization and has a great influence on process efficiency and customer satisfaction (Fernandes et al., 2020). However, investment in this area demands both financial and managerial resources, which firms at the lower end of the scale have to prioritise strategically between short-term operational performance gains and long-run technology adoption (Jennings & Beaver, 1997).

D) Learning and Growth Perspective

The learning and growth perspective of the model emphasises human capital and organisational culture as sine qua non for ongoing adaptation to innovation through a fast-changing market. The number of employee-implemented ideas as a proxy for workforce engagement and the internalisation of an innovative mindset reflects both structured and unstructured aspects (Fatima & Malik, 2020).

Other simple indicators such as hours of training per employee, turnover rates and involvement in leadership development together determine the organisation's investment in intangible assets. They both are instrumental: increasing the capability to act and maintaining a favourable organizational environment for innovation and resilience. Imai's (1986) and Goldhar's (2004) research on organisational learning, as well as that of Senge [1990], Teece [2007], all reinforce the fact that systemic learning contributes to sustainable competitive advantage by instilling agility and quality as codes of conduct into organisational DNA.

However, to unlock the full value of this viewpoint requires addressing challenges: constrained resources in training budgets, high staff turnover and the challenge of 'quantifying' intangible benefits properly. An approach that balances

quantitative and qualitative metrics , including staff feedback and participation, is recommended to establish a deeper understanding (Kaplan, 2010).

E) Integrated Narrative and Critical Synthesis

Together, these measures constitute a full BSC scheme specially adapted to the small food service industry and help managers measure, monitor and control strategic goals effectively. This interrelationship: improved menu variety results in higher levels of customer satisfaction, and subsequently stronger financial performance (or profitability), reflects the system dynamics that the BSC aims to represent.

Importantly, it also goes beyond conventional one-dimensional financial KPIs to deliver a holistic and balanced representation of business health that reflects the complexity and competitiveness of the industry. This balanced base of evidence allows for adaptive management, supporting strategic agility in the volatile marketplace and changing customer demands (Kaplan & Norton, 2001).

Nevertheless, there are implementation issues, especially in terms of the collection and management of data infrastructure within small firms, the ability for managers to understand complex measures, and assurance at an organisational level that the system will continue to be used. Hence, factors such as capacity building, technological integration programs and phased introduction may be important contributors to the success of a project (Ferreira & Otley, 2009; Jennings & Beaver, 1997).

It is therefore critical to strike a balance between comprehensiveness and operational utility. Over-complication risks disengagement, and over-simplification will miss out important drivers of the organization's performance. So this BSC proposal campaigns for an optimal set of indicators, fine-tuned to sector-specificities, leading to actionable conclusions without unnecessary resource consumption.

V. CONCLUSION

It is an upgraded (BSC) model which could serve as a strong multidimensional framework for small food service-based companies to overcome operational complexities and resource limitations. Building on financial, customer, internal process and learning and growth perspectives, the model extends beyond the traditional financial measures, providing a rich framework about how to align organizational objectives with feasible performance measures.

Importantly, the research shows that although the BSC is a rich language for building up a framework of performance management tools, its successful use in small food service contexts depends on addressing these well-identified difficulties. These lines of reasoning include limited managerial skills, data availability and quality problems, and a lack of necessary infrastructure characteristic of small businesses. If they are not accompanied by active capacity-building and a gradual process of incorporating tools, the result could be underuse or uncritical use and hence a watering-down of the framework's potential.

Furthermore, the dynamism in this industry—typified by changing customer tastes, competitive challenges and regulatory requirements on BSC at all levels—requires that frameworks of BSC be flexible and situation-specific. This dynamic relationship between customer loyalty, menu innovation, operational excellence and employee engagement highlights the complexity of performance drivers in this setting.

This study highlights the need for a personalised, common-sense BSC model which strikes the right balance between comprehensive and pragmatic use, which can be used by small food service businesses in order to develop sustained competitive advantage via an improved understanding of strategic thinking and operational responsibilities.

Future research is needed to examine longitudinal and empirical tests of the proposed model within small food service settings with diversity, and incorporate predictive analytics and mechanisms to solicit stakeholder input for further refining performance measures, as well as increasing implementation effectiveness. These efforts will be important to developing academic knowledge and managerial practice in this important economic sector.

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