Evaluating and Enhancing Performance of Corporate Strategy Through KPI-s and BSC

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Abstract. *In the context of increasing global competition, digital transformation, and stakeholder expectations, the ability of companies to effectively implement and evaluate corporate strategy becomes a critical factor for sustainable success. This article is investigated the role of performance measurement tools, specifically Key Performance Indicators and the Balanced Scorecard in enhancing strategic alignment, operational efficiency, and long-term value creation. The study is appliyd general scientific methods such as analysis, synthesis, induction, deduction, modeling, and systems thinking, as well as case study analysis, to provide understanding of how these tools function in practice. The authors examine the theoretical foundations and practical applications of Key Performance Indicators and the Balanced Scorecard, emphasizing their complementary roles in translating strategic goals into measurable outcomes. Key Performance Indicators are shown to offer targeted insights into specific performance areas, while the Balanced Scorecard provides a framework that integrates financial and non-financial dimensions, including customer satisfaction,* *internal processes, learning and growth. The article is highlighted the importance of aligning these tools with corporate values, stakeholder interests, and external challenges such as ESG requirements and digital disruption. A case study of Nestlé illustrates how the Balanced Scorecard can be adapted to support diverse strategic priorities, including growth, sustainability, and operational excellence. The analysis reveals both the strengths and limitations of multi-vector strategies, such as the risk of strategic drift, coordination complexity, and the need for local responsiveness. The study highlights that combining Key Performance Indicators with the Balanced Scorecard is an important strategic tool for managing complexity and ensuring ongoing improvement.*

Keywords: *corporate strategy, Nestlé case study, organizational effectiveness, performance measurement, strategic management.*

JEL Classification: *L21, M10, M14*

1 Introduction

Evaluating the effectiveness of a corporate strategy is an important part of the management process, as it allows you to understand whether the company is achieving its strategic goals. In today's conditions, when the business environment is constantly changing, organizations need not only to develop strategies, but also to have a clear idea of how to check their effectiveness. Without a systematic approach to assessing effectiveness, the strategy may remain only a formal document, not related to real actions and results.

To avoid this, companies use special tools that help measure the achievement of strategic goals. The most common among them are key performance indicators (KPIs) and the Balanced Scorecard system (BSC). These approaches allow to evaluate results from a financial point of view, and also take into account other important aspects of the company's activities, which provides a more complete picture of the implementation of the corporate strategy.

Statement of the task. The aim of this study is to explore the role of performance measurement tools, specifically KPIs and the BSC, in evaluating and enhancing the effectiveness of corporate strategy implementation.

Research methods. This study employs a combination of general scientific and applied analytical methods. The research integrates analysis, synthesis, comparison, induction, deduction, logical generalization and a systems approach to explore the strategic alignment between organizational goals and performance metrics. A case study method is applied to examine the strategic practices of Nestlé S.A., focusing on how the company utilizes KPIs and BSC to monitor and improve strategic outcomes.

2 Literature review

The growing complexity of corporate environments has intensified the need for effective tools to evaluate and enhance strategic performance. In this context, scholars have extensively explored the role of KPIs and the BSC as mechanisms for aligning strategic objectives with operational outcomes. One major research direction focuses on the theoretical foundations and evolution of these tools, with Kaplan and Norton (1996) and Biazzo and Garengo (2012) positioning the BSC as both a measurement and strategic management system. Another stream of literature emphasizes the practical implementation of KPIs and BSC, highlighting the importance of aligning indicators with organizational goals, culture, and industry specifics (Camilleri, 2024; Mtau & Rahul, 2024). Researchers have also investigated the application of these tools in innovative and sector-specific contexts, such as smart cities and service-based models (De Sanctis et al., 2022; Mourtzis et al., 2016), demonstrating their adaptability. Finally, recent studies have focused on KPI design for business model evaluation, reinforcing the need for context-sensitive and strategically aligned metrics (van de Ven et al., 2023). These research directions collectively form a robust theoretical basis for analyzing how performance measurement systems support corporate strategy execution.

Nevertheless, the topic remains highly relevant, as many organizations continue to struggle with effectively translating strategic goals into measurable outcomes. This study addresses that gap by exploring how KPIs and the BSC can be practically applied to enhance strategic execution and organizational performance.

3 Results

KPIs are one of the most important tools for assessing the implementation of corporate strategy. They allow quantitatively measuring progress in achieving strategic goals and provide feedback to management (Mtau, Rahul, 2024). KPIs can cover various aspects of a company’s activities – financial results, customer satisfaction, internal process efficiency, innovation, personnel development, etc.

As highlighted by Mtau and Rahul (Mtau, Rahul, 2024), KPIs serve as a strategic compass, aligning operational activities with long-term objectives. Their study emphasizes that the effectiveness of KPIs depends on their alignment with organizational context, including culture, industry dynamics, and technological maturity. This alignment ensures that KPIs not only measure performance but also drive strategic behaviour across all levels of the organization

It is important that the selected indicators are clearly linked to the company's strategic priorities (van de Ven, Lara Machado, Athanasopoulou, 2023). For example, if the strategy is aimed at market expansion, it is advisable to use KPIs such as market share, number of new customers, or level of brand awareness. If the main goal is to increase operational efficiency, it is worth paying attention to indicators of productivity, costs or time of process execution.

Helmold (Helmold, 2022) also emphasizes that strategic management should cover the entire value chain of the company, and KPIs should be integrated into the system of continuous improvement (PDCA cycle). This allows not only to track progress, but also to quickly adapt the strategy to changes in the external environment

KPIs should comply with the SMART concept, which means that each indicator should be specific, measurable, achievable, relevant and time-bound (Fig. 1). This means that strategic indicators cannot be abstract or general, they should clearly describe what exactly needs to be achieved, how it will be measured, whether it is realistic, how important it is for the company's strategic goals, and in what timeframe the result is expected. This approach allows KPIs to be made not just a monitoring tool, but an effective management tool that helps focus the organization's efforts on achieving specific strategic results (Camilleri, 2024).

According to a systematic review by De Sanctis et al. (De Sanctis, Iovino, Rossi, Wimmer, 2022), the SMART framework significantly enhances the clarity and usability of KPIs, especially in complex environments. Their findings suggest that SMART-based KPIs improve stakeholder engagement and decision-making by offering transparent, adaptable, and goal-oriented metrics.

Adherence to these principles allows you to avoid vague or overly general goals that are difficult to control. SMART indicators contribute to a better understanding of progress, increase the effectiveness of management decisions and help to respond to changes in a timely manner.

The importance of KPIs in strategic management is constantly growing, which is due to their ability to provide an objective assessment of performance and support the implementation of the organization's long-term goals. The scientific literature identifies several key functions of KPIs in the context of corporate strategy (Mourtzis, Fotia, Vlachou, 2016):

– information support for strategic growth, in particular, KPIs provide reliable data that serve as the basis for the development and implementation of growth strategies, allowing management to make informed decisions based on actual performance results;

– assessment of the compliance of actions with strategic goals, as they allow you to check how well the implemented measures correspond to the strategic plan, and also serve as a tool for shaping the desired behaviour of employees focused on achieving the organization's goals;

– increasing operational efficiency and profitability, as the use of KPIs contributes to the optimization of internal processes, increased labour productivity and increased financial results, which is critical for ensuring the competitiveness of the company.

Although KPIs are an important tool for measuring the achievement of individual strategic goals, they do not always provide a complete picture of the implementation of the corporate strategy. KPIs are often focused on individual aspects of activity, such as finance or operational efficiency, and may not take into account the relationships between different areas of the company's development.

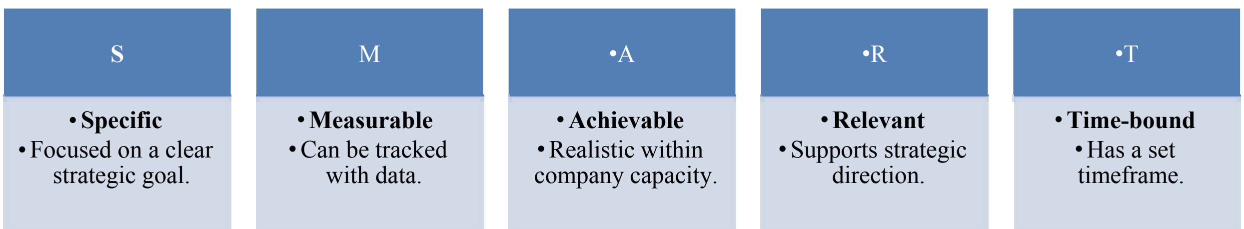

Figure 1 SMART KPIs for corporate strategy

That is why, for a more comprehensive approach to assessing strategic effectiveness, the BSC system, developed by Robert Kaplan and David Norton (Kaplan, Norton, 1996) in the 1990s, is used. It combines KPIs into a structured model that covers not only financial results, but also customer orientation, internal processes and personnel development. Thus, the BSC allows not only to measure individual results, but also to assess how coherently and effectively the strategy as a whole is being implemented. Accordingly, the classical BSC structure has the following form (Table 1).

The financial perspective focuses on how the company creates value for its shareholders and investors. The main focus is on profitability indicators, revenue growth and cost control. These financial results is key to assessing the overall success of the strategy, as they demonstrate the organization's ability to use resources efficiently and ensure sustainable development. Within the Balanced Scorecard, the financial perspective often acts as the ultimate goal to which other directions lead.

The customer perspective reflects the company's ability to meet the needs and expectations of its customers. It includes indicators such as satisfaction levels, customer loyalty and market share. Successful implementation of corporate strategy is impossible without understanding how customers perceive the company's products or services. This perspective helps to assess how effectively the organization creates value for external consumers, which affects financial results.

The internal business process perspective focuses on how effectively the organization performs its key operations. It includes indicators related to quality, productivity, innovation and process optimization. This perspective allows you to identify the strengths and weaknesses of the company's internal operations, which is critical to achieving strategic goals. It also provides a basis for improving customer experience and financial results.

The learning and development perspective focuses on the long-term growth and adaptability of the organization. It covers the development of personnel, knowledge management and the implementation of innovation. This perspective is the foundation for sustainable strategic success, because without continuous improvement and learning, the company will not be able to effectively respond to changes in the external environment. It supports all other perspectives by providing the necessary resources and competencies for their implementation.

Thus, the Balanced Scorecard not only structures strategic objectives according to four classical perspectives but also allows companies to achieve balanced development by aligning financial, customer, process and intellectual resources. As indicated in the study of Endrianto (Endrianto, 2016), an effective strategy should cover four key strategic orientations: shareholder value, customer capital, effective processes and intellectual capital.

According to the study of Biazzo & Garengo (Biazzo, Garengo, 2012), the BSC acts as a "strategic dashboard", providing managers with a holistic view of organizational effectiveness and allowing timely adjustment of actions in accordance with changes in the external environment. In turn, Kumar et al. (Kumar, Lim, Sureka, Jabbour, Bamel, 2024) emphasize that the BSC has evolved from a control tool to a strategic management tool that considers the sustainability, digitalization and complexity of the modern business environment.

Therefore, the effectiveness of KPIs systems and the Balanced Scorecard depends not only on the selection of relevant indicators, but also on their integration into the broader strategic and organizational context. When properly aligned, these tools serve not only as instruments of measurement, but also as mechanisms for strategic communication, motivation, and continuous improvement.

To illustrate the practical application of these principles, the case of Nestlé S.A. is examined. As one of the world's leading food and beverage corporations, Nestlé offers a compelling example of how a global company can successfully implement a multi-level performance management system based on KPIs and the Balanced Scorecard.

Table 1 The four classical perspectives of the BSC (Kaplan, Norton, 1996)

Perspective	Key Question	Focus Area
Financial	How do we satisfy shareholders?	Profitability, revenue growth, cost control
Customer	How do we satisfy the customer?	Customer satisfaction, loyalty, market share
Internal Business Process	Are our internal processes effective for achieving success?	Operational efficiency, quality, innovation
Learning and Growth	How will we sustain our ability to change and improve?	Employee development, knowledge, adaptability

The use of the BSC in the food industry is due to the need for a comprehensive approach to assessing the effectiveness of companies operating in a dynamic and multifactorial environment. This tool allows not only to track financial results, but also to integrate non-financial aspects that are critical for the industry, in particular product quality, consumer satisfaction, process innovation, environmental responsibility and social impact. Taking into account such indicators is especially important for companies that seek to meet modern requirements for sustainable development, comply with international food safety standards and maintain consumer trust.

According to research by Kaplan & Norton (Kaplan, Norton, 1996), as well as later works such as Hansen & Schaltegger (Hansen, Schaltegger, 2016), the implementation of the BSC in companies focused on sustainable development contributes to the integration of environmental and social indicators into the traditional performance management system. This allows for strategic decision-making based on multidimensional analysis, which is relevant for companies in the food sector that seek to combine economic efficiency with social responsibility.

The example of Nestlé shows how the company's key strategic objectives – in particular in the areas of financial efficiency, sustainable development, innovation, product quality and human capital development – can be logically structured according to the four classic BSC perspectives. Such adaptation allows not only to systematize strategic priorities, but also to demonstrate the possibilities of integrating financial and non-financial indicators into a single monitoring system. This, in turn, creates a basis for the formation of benchmarks that can be used by other food industry companies to increase transparency, consistency of management decisions and compliance with modern requirements of sustainable development.

Accordingly, an indicative BSC for Nestlé presents at Table 2.

The example of Nestlé shows the implementation of several types of corporate strategies that complement each other and form a holistic strategic management model. First of all, Nestlé actively implements a growth strategy, which is manifested in the desire to organically expand its market presence, invest in innovative products and strengthen its positions in key categories. This allows the company not only to remain competitive, but also to form new market niches, in particular in the field of functional and medical nutrition.

In parallel, a diversification strategy is observed, which consists in expanding the range and going beyond traditional segments. Nestlé actively invests in new areas, which allows it to reduce dependence on individual markets and ensure resilience to external shocks. At the same time, the company implements a sustainable development strategy, integrating environmental, social and management aspects into all levels of its activities. Examples include commitments to supply without deforestation, the introduction of regenerative agriculture and support for youth and gender equality.

Nestlé's operational strategy is based on efficiency gains, process standardization and digitalization, implemented through the Nestlé Continuous Excellence program. This allows the company to reduce costs, increase productivity and quickly adapt to changes. Finally, a global strategy with local adaptation (glocalization) provides a balance between centralized management and taking into account the specifics of local markets, which is critical for a company with a presence in more than 180 countries.

However, the implementation of such a multi-vector strategy is accompanied by a number of potential risks. First, excessive complexity of the strategic model can complicate coordination between divisions and reduce flexibility in decision-

Table 2 Balanced Scorecard Model for Nestlé (Nestlé, 2024)

Perspective	Strategic Objective	KPIs	Target Value
Financial	Improve efficiency and profitability	Cost savings, organic growth, operating profit	CHF 2.5 billion in savings by 2027; 2.2% organic growth (2024)
Customer	Meet consumer needs and promote social impact	Number of fortified product servings, customer satisfaction index	132 billion fortified servings delivered in 2024
Internal Processes	Ensure environmental sustainability and innovation in operations	Share of deforestation-free sourcing, regenerative agriculture implementation	93.5% deforestation-free sourcing; 21.3% regenerative sourcing
Learning & Growth	Develop human capital and promote inclusivity	Share of women in management, youth empowerment programs	47.4% women in management; 10.2 million youth supported since 2017

making. Second, a high level of dependence on non-financial indicators without a clear link to financial results can lead to an imbalance of priorities. Third, the global scale of operations creates risks of losing local sensitivity, which can negatively affect consumer expectations and brand reputation in individual markets. Taking these risks into account is a prerequisite for ensuring effective strategic monitoring and long-term sustainability of the company.

Based on the analysis of Nestlé's strategic approach and the identified types of corporate strategies, a number of recommendations can be formulated for other food companies seeking to improve the effectiveness of strategic management and ensure long-term sustainability.

First, it is advisable to implement a comprehensive model of strategies that combines growth, diversification, operational efficiency and sustainable development. Such an approach allows not only to strengthen market positions, but also to reduce risks associated with fluctuations in demand, changes in the regulatory environment or global crises. Companies should focus on innovative products and new market segments, which will help diversify sources of income and increase competitiveness.

Second, it is important to integrate environmental and social aspects into strategic planning, in particular through the implementation of ESG principles, the development of sustainable supply chains and support for local communities. This not only meets the modern expectations of consumers and investors but also forms a positive brand image.

Third, companies should ensure flexibility and adaptability in implementing global strategies, taking into account local market characteristics. This involves decentralizing management decisions, adapting products to cultural and consumer differences, and developing local partnerships.

In 2024, Nestlé implemented a number of strategic initiatives aimed at increasing efficiency and adapting to the market environment. The company announced a cost-cutting initiative of USD 2.8 billion, which included a 9% increase in advertising spending by the end of the following year and the optimization of expenses to support new investments (Nestlé To Boost Marketing). These strategic steps were designed to adjust to declining consumer demand caused by inflation and economic challenges.

Nestlé's strategy focuses on innovation in nutrition and health, adapting to consumer demand, and improving operational efficiency. Despite the decline in organic growth to 2.2% (the lowest level in 25 years) (Solid 2024 performance), Nestlé continues to invest in innovation and efficiency, contributing to the stability of its financial performance.

Thus, the strategy outlines the company's long-term goals, such as increasing market share, improving profitability, leading in innovation, or ensuring sustainable development. KPIs transform these goals into specific measurable indicators that allow the company to: (1) assess how current actions are moving it closer to strategic objectives; (2) identify deviations from the plan and adjust operational processes; (3) motivate employees by focusing their efforts on priority tasks. For example, Nestlé's strategic goal of organic sales growth in 2024–2025 is expressed in the KPIs "organic sales growth ≥3%", which enables the company to measure the effectiveness of its marketing and operational initiatives.

The BSC expands the logic of KPIs by combining them into four interrelated perspectives. In this way, KPIs become structured elements of the BSC, allowing the company to: (1) monitor strategy implementation comprehensively, not only through financial indicators; (2) ensure alignment between different areas of activity; (3) identify weaknesses in strategy execution and adjust them in time.

3 Conclusions

Evaluating the effectiveness of corporate strategy is a key stage of strategic management, which allows you to identify the level of achievement of set goals and timely adjust the company's actions. One of the most common tools for measuring performance are KPIs and the BSC.

The analysis of Nestlé's strategic approach revealed the possibilities of adapting its practices to the BSC model, which, in turn, made it possible to systematize the company's strategic goals according to four classic perspectives: financial, customer, internal processes and learning and development. The analysis also identified the types of corporate strategies implemented by Nestlé, in particular growth, diversification, sustainable development, operational efficiency and glocalization strategies. At the same time, potential risks associated with the implementation of a multi-vector strategy were identified, including the complexity of coordination, the risk of imbalanced priorities and the loss of local sensitivity. Based on the results obtained, recommendations were formulated for other companies in the industry on the implementation of the BSC, the integration of ESG approaches, the development of human capital and ensuring strategic flexibility. In general, Nestlé's experience demonstrates how the combination of strategic integrity, innovation and social responsibility can ensure effective management in the conditions of global competition.

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