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Advancing human and social dimensions in balanced scorecards for GCC corporations: a nuanced approach

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ABSTRACT

In today's corporate world, where accountability extends beyond mere economic output to embrace social, environmental, and cultural contributions, it is imperative to reevaluate traditional performance measurement systems. This research emphasizes the critical need to embed human and social metrics into these systems. This need is particularly pronounced in the dynamic corporate world, where Environmental, Social, and Governance (ESG), Diversity, Equity, and Inclusion (DEI) criteria and sustainability imperatives are increasingly at the forefront. Rooted in Stakeholder Theory, this study contends that corporations must broaden their performance metrics. Such integration is essential to maintaining competitiveness, responsibility, and relevance in a culturally diverse and rapidly changing environment. Our empirical investigation involved 89 GCC firms and 201 senior executives, alongside 21 semi-structured interviews from the same pool of senior executives who had completed the survey. The findings highlight a significant gap between existing performance measurement frameworks and the demands of the contemporary business ethos, marked by the sociocultural nuances of the GCC. A notable trend among participants was the desire for more comprehensive metrics within the BSC that genuinely reflect a firm's societal impact. However, this ambition faces significant barriers, including resistance to change, training and development needs, data availability and quality, and the alignment of these metrics with overarching organizational strategy. These findings emphasize the complex yet crucial task of advancing the human and social dimensions in BSCs, presenting both opportunities and challenges for GCC corporations in their journey toward more inclusive and comprehensive performance measurement.

IMPACT STATEMENT

This research provides significant insights into the evolving nature of performance measurement systems by integrating human and social dimensions within the Balanced Scorecard (BSC) framework for corporations in the Gulf Cooperation Council (GCC) region. The study's findings highlight a critical gap in current performance metrics, which often overlook the importance of Environmental, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) considerations. By employing both quantitative and qualitative methods, this research underscores the necessity for GCC firms to broaden their performance evaluation criteria to remain competitive and socially responsible in a rapidly changing business landscape. The implications of this study are profound, offering actionable recommendations for organizations to enhance their strategic alignment and operational efficiency by incorporating broader, more inclusive metrics. This work contributes to the global discourse on sustainable business practices and provides a model for other regions aiming to integrate comprehensive performance measures into their strategic frameworks.

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SUBJECTS

Accounting; Management Accounting; Corporate Social Responsibility & Business Ethics

1. Introduction

In the evolving global business landscape, gauging an organization's performance based solely on financial metrics is increasingly perceived as a narrow viewpoint (Alduais, 2023). Habib & Mourad (2023) highlighted that companies excelling in Environmental, Social, and Governance (ESG) parameters not only create added value but

often outperform their peers over time. Carroll (2021) introduced the concept of ‘shared value’, indicating a synergy between societal impact, corporate success, and Diversity, Equity, and Inclusion (DEI) initiatives. By aligning business strategies with social responsibility, companies not only bolster their reputation and brand image but also attract and retain a diverse, innovative workforce (Firmansyah et al., 2023). This approach can lead to market expansion and innovation, while also improving risk management and increasing appeal to socially conscious investors (Yang et al., 2023). Moreover, focusing on shared value ensures long-term sustainability and aligns with regulatory trends that reward socially responsible practices (Nguyen et al., 2022). In essence, companies that integrate shared value into their core operations are likely to experience sustained growth and resilience in an increasingly socially-aware business environment (Nguyen et al., 2023). Dyllick & Muff (2016) accentuated the genuine notion of business sustainability and the need to expand beyond traditional financial measures while incorporating DEI considerations.

Modern organizations face a pressing ethical and strategic need to embed human, social, and DEI considerations into their performance evaluations. Kaplan and Norton’s study on the Balanced Scorecard (BSC) initially aimed to bridge intangible assets with standard financial metrics (Sarigül & Coşkun, 2021). Busch et al. (2023) observed that contemporary businesses often need to cater to a broader and diverse stakeholder base, suggesting that the perception of business value is multifaceted and inclusive. McGahan (2021) demonstrated that firms integrating wider stakeholder metrics, encompassing social, environmental, and DEI indicators, experienced sustained growth and resilience against market distress.

Moreover, current organizations are entangled in an intricate web of global challenges. Intense competition due to globalization demands economic efficiency, heightened social responsibility, and dedication to DEI (Ivascu et al., 2022). The digital age ensures transparency, making it challenging for organizations to mask unsavory practices, hence intensifying the reputational risks. Furthermore, the emerging millennial demographic, both as consumers and workforce, showcases an elevated sense of corporate social responsibility and appreciation for DEI (Habib & Mourad, 2023). These shifts underscore the urgent need to revisit performance metrics, both as a moral imperative and a strategic requisite.

Based on the above, this research critically evaluates the limitations of traditional performance measurement tools, such as the BSC, which often prioritize financial indicators over human, social, and DEI metrics. While the BSC, as conceptualized by Kaplan and Norton, was groundbreaking in its ability to link financial outcomes with intangible assets (Sarigül & Coşkun, 2021), the growing significance of ESG factors and DEI in shaping both organizational strategies and stakeholder perceptions cannot be ignored (Zheng et al., 2022). Freeman’s Stakeholder Theory (1984) posits that businesses should cater to a diverse array of stakeholders, not just shareholders. However, a marked disparity exists between this theory, prevailing performance assessment systems, and the acknowledgment of DEI. This paper endeavours to address these challenges, advocating for a more holistic and inclusive BSC approach, especially pertinent for Gulf Cooperation Council (GCC) corporations navigating a fluid sociocultural environment.

This research aims to evaluate and propose enhancements to the Balanced Scorecard (BSC) for GCC corporations by integrating human and social dimensions, reflecting contemporary trends in ESG, DEI, and sustainability. This study seeks to bridge the gap between existing performance measurement frameworks and the needs of modern businesses in the GCC, ensuring that performance metrics align with the evolving expectations of diverse stakeholders.

The remainder of this paper is structured into five distinct sections. Section II outlines the theoretical framework guiding this study and the development of the research hypotheses. Section III details the methodological approach, including the design and execution of both the survey and the interviews. In Section IV, the results obtained from the survey of senior executives in GCC firms are presented and analyzed. Section V presents and analyses the findings derived from the semi-structured interviews, offering an in-depth exploration of the themes surfaced in the survey. Finally, Section VI concludes the findings from both the survey and interviews. This section also discusses the broader implications of our research, acknowledges its limitations, and proposes directions for future studies in this area.

2. Theoretical framework and hypotheses development

Historically, businesses operated under the banner of shareholder primacy, focusing mainly on profit generation for shareholders. Figures like Freeman in the 1970s endorsed this view, positing that businesses have only one

responsibility: maximizing shareholder wealth (Xu, 2022). This approach faced criticism and prompted the emergence of Stakeholder Theory, led by Freeman in 1984. Freeman's groundbreaking view challenged the traditional standpoint, emphasizing that businesses operate within intricate networks involving not just shareholders but also employees, suppliers, customers, communities, and the environment. Achieving success involves managing and reconciling the varied interests and stakes of different entities. Moolman et al. (2023) highlight that the stakeholder theory emphasizes the need to generate value for all stakeholders, striking a balance between ethical practices and capitalist goals.

2.1. Stakeholder theory: relevance and significance in modern business

Today, with the intertwined global business climate, where DEI play a critical role, Stakeholder Theory has gained pronounced relevance. Companies are now scrutinized across vast digital platforms, magnifying their societal, environmental, ethical, and DEI practices. A misstep can rapidly escalate into significant reputation damage, boycotts, or legal implications (Freeman et al., 2021). Contemporary research and business leadership emphasize the importance of engaging with stakeholders (Yang et al., 2023). McGahan (2021) suggests that effective dialogue with stakeholders not only mitigates risks but also fosters innovation, trust, and loyalty, cementing the theory's pivotal role in modern business strategy.

Fundamentally, Stakeholder Theory demands the identification of all entities directly or indirectly impacted by a business's operations. Post identification, a prioritization process ensues, assessing and addressing the concerns raised by different stakeholders. Crucially, engagement with stakeholders is an ongoing dialogue, fostering collaboration and addressing emergent concerns (McGahan, 2021). For this research, which seeks to evaluate GCC companies, the principles of Stakeholder Theory provide a blueprint. They guide the incorporation of varied stakeholder perspectives in performance evaluation, ensuring that GCC firms remain globally competitive and regionally resonant.

2.2. Relevance to the research topic: GCC context

Stakeholder Theory introduced a radical shift in business perspective, advocating a broader view where businesses cater to diverse entities beyond just shareholders. With the emergence of ESG, sustainability, and DEI, emphases in business evaluations, the alignment of the BSC to Stakeholder Theory becomes paramount. The challenge lies in evolving these scorecards to capture nuanced interactions between stakeholders and their impact on organizational performance. This research contends that by anchoring in Stakeholder Theory, performance metrics can be better aligned with the diverse expectations and influences of stakeholders, particularly in the unique context of the GCC region.

The GCC region presents a unique context for examining the alignment of the BSC with Stakeholder Theory due to several factors:

1. **Economic Diversification:** GCC countries are actively diversifying their economies beyond oil, leading to a proliferation of new industries and businesses. This diversification brings a broader range of stakeholders into the corporate sphere, from international investors to local communities, requiring more comprehensive performance metrics (Haque et al., 2022).
2. **Socio-Cultural Dynamics:** The social and cultural fabric of the GCC, which emphasizes community welfare and social responsibility, aligns well with Stakeholder Theory. This creates a natural platform for businesses to extend their focus beyond shareholders to other stakeholder groups, necessitating a more inclusive approach in performance evaluation (Abdallah, 2008).
3. **Rapid Development and Innovation:** The GCC's rapid economic and technological growth presents unique challenges and opportunities for stakeholder engagement. The integration of advanced technologies in business processes, for instance, affects various stakeholders in different ways, calling for evolved performance metrics that capture these impacts (Akkas & Altiparmak, 2023).
4. **ESG and Sustainability Focus:** With a growing emphasis on ESG criteria and sustainability in the region, businesses are under increasing pressure to demonstrate their commitment to broader societal and environmental goals. The BSC needs to evolve to reflect these dimensions, making Stakeholder Theory an essential framework for this adaptation (Arayssi & Jizi, 2024).

5. **Political and Regulatory Environment:** The GCC's political landscape and evolving regulatory frameworks around corporate governance and social responsibility further underscore the importance of aligning business strategies with stakeholder interests (Kariuki, 2023). This alignment ensures compliance and fosters a positive business environment.
6. **International Business Relations:** As GCC countries continue to attract foreign investment and expand their global footprint, understanding and managing the expectations of a diverse international stakeholder base become crucial (Fernandez et al., 2023). This necessitates a more sophisticated and adaptable approach to measuring organizational performance.

In sum, the GCC region's unique economic, socio-cultural, and regulatory landscape makes it an ideal context for exploring how performance metrics, guided by Stakeholder Theory, can be tailored to meet the diverse expectations and influences of stakeholders. This research contends that such alignment is not only crucial for organizational success in the GCC but also serves as a model for other regions with similar dynamics.

2.3. Key principles and their application to the research

1. **Stakeholder Identification:** All entities with direct or indirect influences on or impacted by, a business are crucial. For this research, this principle helps in recognizing the diverse stakeholders inherent in the GCC context (Agarwal et al., 2022).
2. **Prioritization and Salience:** Not all stakeholders hold equal influence. Determining which stakeholders are more influential or impactful is crucial. Khurram et al. (2019) introduced stakeholder salience, which weighs a stakeholder's significance based on power, legitimacy, and urgency. This model is visually represented in Table 1. The intersections of these attributes determine the prominence and attention a stakeholder warrants. This principle becomes especially pertinent for this research, guiding the prioritization process for the GCC business context and providing a visual framework to ensure that stakeholders are effectively considered and addressed.
3. **Dynamic Engagement:** Continuous dialogue and responsiveness to evolving stakeholder concerns are central tenets of Stakeholder Theory. For the GCC context, performance metrics must be adaptable to the rapidly changing socio-economic landscape (Madsen & Stenheim, 2015).

Stakeholder Theory aims to integrate stakeholder interests into a company's central strategy, fostering shared value creation (Freeman et al., 2020). As this research seeks to redefine BSCs for GCC firms, the aim is to ensure these scorecards reflect and align with the broad spectrum of stakeholder interests, embedding them strategically to foster holistic growth and sustainable success.

2.4. Evolution of performance metrics

Historically, the paramount objective of businesses was profit maximization (Alduais, 2023). It was not until the latter half of the 20th century that thought leaders began to challenge this paradigm. Drucker (1974) highlighted that organizations, being social entities, have a broader scope of responsibilities than mere profit-making. Following suit, Deming (1982) introduced Total Quality Management, emphasizing qualitative aspects like process quality and customer satisfaction. Kaplan & Norton (1992) then advanced this shift with the introduction of the BSC advocating for a holistic view of organizational health. The BSC underscored the importance of non-financial indicators, establishing connections between facets

Table 1. Stakeholder salience framework.

Class of Stakeholder		Attribute(s)	Level of Salience
Definitive Stakeholders	Definitive	Power, legitimacy, and urgency	High
Expectant Stakeholders	Dependent	Legitimacy and urgency	Moderate
	Dangerous	Power and urgency	Moderate
	Dominant	Power and legitimacy	Moderate
Latent Stakeholders	Demanding	Urgency	Low
	Discretionary	Legitimacy	Low
	Dormant	Power	Low

Adapted from Mitchell et al. (1997).

like customer satisfaction and the overall health of an organization. Carroll (2021) noted that adept integration of these non-financial markers, including DEI metrics, leads to enhanced operational efficiency and subsequent financial performance. In recent years, the emphasis on sustainability and DEI has been paramount. Companies adhering to the 'Triple Bottom Line' approach recognize their wider societal impacts and the importance of creating inclusive and equitable work environments, fostering sustainable growth (Xu, 2022). Furthermore, Freeman's (1984) conception of corporate responsibility signaled a strategic shift towards stakeholder-centric business models that also account for diverse stakeholder voices. Evidence suggests that firms emphasizing stakeholder inclusivity and prioritizing DEI garner increased market trust and loyalty, enhancing their overall reputation and financial performance (McGahan, 2021).

As the 20th century drew to a close, there was a profound rethinking of businesses' societal roles. Freeman's Stakeholder Theory (1984) proposed that organizations have obligations extending beyond shareholders to encompass a wider array of stakeholders, including diverse groups and marginalized communities. This transformative perspective underscored the interconnectedness of businesses with their surrounding ecosystems, suggesting the importance of DEI. Moreover, the turn of the millennium saw the rise of ESG considerations in business operations. Concepts like Elkington's 'Triple Bottom Line' and Porter and Kramer's 'Shared Value' emerged, emphasizing a multi-dimensional evaluation of corporate success that also recognized the value of DEI in shaping positive outcomes (Xu, 2022).

What set the BSC apart was its comprehensive structure (Sarigül & Coşkun, 2021). Instead of solely focusing on financial outcomes, Kaplan and Norton introduced four integrated perspectives to evaluate an organization's performance: Financial, Customer, Internal Processes, and Learning and Growth (Al-Hosaini & Sofian, 2015).

- The **Financial Perspective** retained conventional fiscal indicators, such as profitability and shareholder value.
- The **Customer Perspective** emphasized elements like customer satisfaction, retention, and gaining market share in specific segments.
- The **Internal Processes Perspective** allowed organizations to introspectively assess their operations and efficiency.
- Lastly, the **Learning and Growth Perspective** targeted the organization's adaptability, emphasizing employee development, organizational culture, and knowledge management.

By amalgamating these four perspectives, the BSC presented a more holistic picture of an organization's health and potential for sustainable success.

The BSC rapidly evolved from merely a performance measurement tool into a strategic management system. Its design inherently aligned with an organization's vision and strategy. Utilizing the BSC, companies could seamlessly transform their overarching visions into tangible objectives, benchmarks, targets, and initiatives across the four fundamental perspectives. This shift was profound. It signaled a transition from a focus on immediate financial outcomes to a broader view that emphasized long-term strategic objectives. For instance, rather than concentrating solely on short-term profits, organizations began to understand that investments aimed at enhancing customer satisfaction and streamlining internal processes would, over time, yield more robust financial returns. In essence, the BSC bridged the gap between strategy formulation and execution, making organizational goals actionable and tangible.

Table 2. Adoption rates of BSC in different countries/regions.

Country/ Region	Adoption rate (%)
Worldwide	66
Nordic countries	27
Germany, Austria, and Switzerland	30
Norway	26
Sweden	38
Jordan	25
India	45
UK	57
USA	35

Adapted from Madsen & Stenheim (2015).

The BSC's appeal was not restricted to a particular sector or geographic region; its influence was genuinely global (see Table 2). Both public institutions and private firms across continents - from North America to Europe and Asia - embraced and adapted the BSC framework (Madsen & Stenheim, 2015). One of the BSC's hallmarks was its versatility. While the core perspectives remained consistent, the specific metrics within each could be tailored to address an organization's unique context, goals, and challenges (Tawse & Tabesh, 2023). Over time, diverse adaptations emerged. For instance, in response to growing global sustainability concerns, some organizations integrated an additional 'Sustainability' or 'Environmental' dimension. Simultaneously, businesses in the service sector often emphasized metrics focused on employee satisfaction and engagement.

2.5. The need for the evolution of the BSC

The attached chart delineates the trajectory of BSC research from its inception in 1992 (see Figure 1). In the initial two decades following its introduction, the BSC witnessed a flurry of scholarly engagement. However, a discernible decline in BSC-centric studies became evident post-2012, potentially tied to the gradual withdrawal of its primary proponents (Kumar et al., 2023).

Interestingly, 2023 has marked a revival, possibly spurred by the global emphasis on sustainable development in the post-COVID-19 landscape. This renewed interest underscores the pressing need to revitalize and adapt the BSC, especially concerning the integration of ESG and DEI metrics (Tawse & Tabesh, 2023). As traditional fervor around BSC research wanes, it becomes imperative to innovate and mold the BSC to ensure its continued relevance and applicability in the evolving business environment.

The foundational strength of the BSC has cemented its position as a premier tool, even three decades post its inception (Tawse & Tabesh, 2023). Yet, the business landscape has dramatically shifted. With the onset of digital revolutions, heightened societal expectations, and the mounting significance of ESG criteria, the imperative to evolve performance measurement frameworks like the BSC is palpable (Kumar et al., 2023). While its four core perspectives remain invaluable, there is an undeniable push to integrate present-day challenges, encompassing human and social facets. This drive underscores the necessity for a refined BSC—one that is equipped to address the evolving hurdles and prospects of today's business world, particularly in areas like the GCC. Here, the delicate interplay of tradition and modernity necessitates a recalibrated approach to ensure sustained relevance and responsibility.

Moreover, Figure 2 depicts the progression of central themes in BSC research from 1992 to 2023. Between 1992 and 2001, the emphasis was on 'Performance management', which evolved into 'Strategic performance management' in later years, and 'Knowledge management' and 'Strategic planning', which influenced and transitioned into various themes in subsequent periods. The decade from 2002 to 2011 introduced 'Customer orientation', which persisted into the following decade, and 'Financial and human resource management', which branched into topics like 'Corporate governance' and 'Financial reporting'. The latter influenced 'Integrated reporting' in the 2012–2023 period. This most recent period also showcased the rise of 'Sustainability balanced scorecard' and 'Sustainable development', emphasizing the increasing importance of sustainability in business. 'Systems thinking' emerged, signifying a holistic

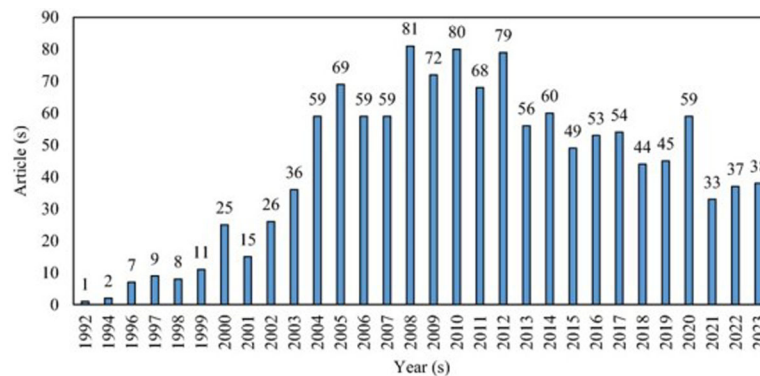


Figure 1. Publication trend of BSC research.
Adopted from Kumar et al. (2023).

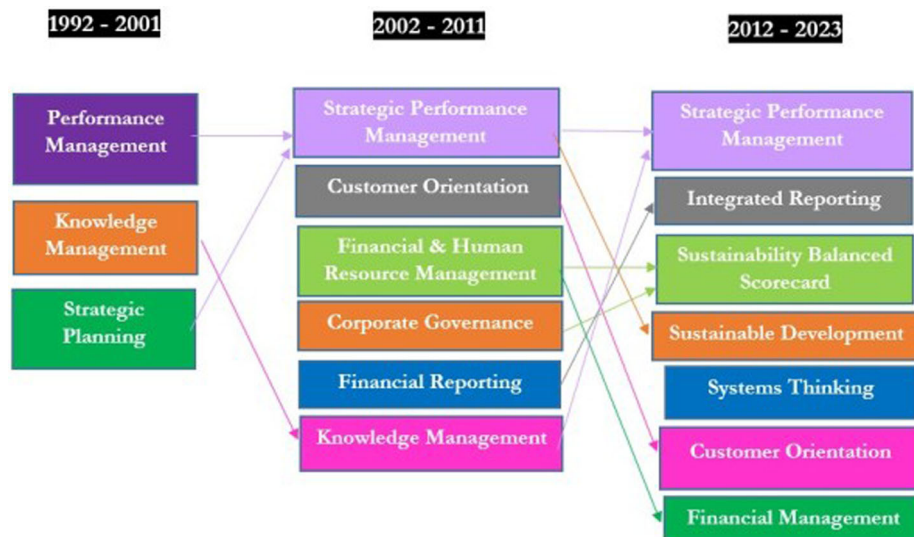


Figure 2. Major themes in BSC research 1992–2023.
Adopted from Kumar et al. (2023).

business approach, while ‘Financial management’ refined the earlier theme of ‘Financial and human resource management’. Collectively, the image underscores the evolving and adaptive nature of BSC research themes over a span of three decades, reflecting shifts in business perspectives and societal demands.

Based on the above, it is clear that the BSC is not merely a diagnostic tool but a strategy aligner. It bridges an organization’s overarching strategic goals with actionable metrics, marrying vision to reality. For instance, if a company’s overarching ambition is market leadership, the BSC’s ‘Customer’ perspective could crystallize this into tangible metrics, such as market share or customer satisfaction rates. Such a leadership aspiration would naturally align with the ‘Learning and Growth’ and ‘Internal Processes’ indicators, prompting investments in pioneering products or staff training initiatives. The BSC’s aptitude in seamlessly tying top-tier strategies to on-the-ground operations is instrumental in navigating the uncertainties of the current business milieu, enabling enterprises to remain agile and mission-aligned.

In the present digital age, businesses grapple with unprecedented challenges and opportunities. From accessing global markets to confronting intensified competition and catering to ever-evolving customer preferences, the landscape is in constant flux (Kumar et al., 2023). The added focus on sustainability, ethical governance, and responsible practices only amplifies the intricacy. The BSC, with its panoramic approach, stands out as an indispensable compass in this convoluted journey (Mio et al., 2022). It harmoniously balances the quartet of financial targets, customer-centric objective, operational efficiency, and future preparedness. This ensures that organizations are not just reactive but proactively poised, maintaining a delicate equilibrium between immediate achievements and long-haul resilience.

While the Strategic BSC (SBSC) can be seen as a progressive extension of the classic BSC, it elevates the framework by aligning specific performance metrics more directly with overarching organizational strategies. The SBSC delineates a strategic, illustrative, and adaptable approach to capturing and enhancing stakeholder expectations. This is achieved by emphasizing cause-and-effect relationships, embedding strategy maps, and championing flexibility when gauging and elevating organizational efficacy.

In today’s business context, there is a distinct move towards stakeholder capitalism, emphasizing businesses’ accountability not just to shareholders but also to a broader range of stakeholders, including communities, employees, and the environment (Schwab, 2020). This is where the BSC becomes crucial. The BSC inherently caters to diverse stakeholder interests, covering customers, employees, and larger institutional dynamics. It naturally integrates DEI considerations, addressing the rising demands for businesses to demonstrate social responsibility, environmental stewardship, and financial robustness. For organizations keen on incorporating ESG standards in their evaluation systems, the BSC provides a

structured blueprint, ensuring alignment with global standards, societal needs, and holistic performance assessment.

2.6. Limitations of the traditional BSC in addressing human/social issues

The BSC has been renowned for its multifaceted approach to organizational performance. However, it has often been critiqued for its predominant retrospective stance. While the BSC adeptly amalgamates diverse business facets, it typically zeroes in on metrics emblematic of past endeavours or extant situations (Mio et al., 2022). In a rapidly evolving global business landscape marked by emergent demands like ESG, DEI considerations and sustainability, an anticipatory, future-focused perspective becomes indispensable (Ivascu et al., 2022). The BSC's historic orientation may inadvertently hamper companies from adopting forward-thinking strategies, especially in preempting environmental risks, societal evolutions, and evolving stakeholder expectations.

Traditionally, the BSC gives primacy to the 'Customer' perspective, emphasizing satisfaction and relationship building (Rašić-Jelavić & Pajdaković-Vulić, 2021). However, the contemporary business environment necessitates an understanding of a broader spectrum of stakeholders. The burgeoning ethos of stakeholder capitalism underscores the importance of myriad entities, spanning local communities, Non-Governmental Organizations (NGOs), environmental advocates, to global oversight bodies and even future generations (Freeman et al., 2021). The conventional BSC's potential oversight of this expansive stakeholder panorama could inadvertently lead businesses to marginalize pivotal relationships, crucial in today's context where reputation and credibility hinge heavily on diverse stakeholder interactions.

Moreover, while the BSC adeptly intertwines financial parameters with growth, customer-centricity, and internal processes, it does not provide pronounced emphasis on sustainability and ethical considerations. As ESG and DEI norms become increasingly non-negotiable in global business parlance (Zheng et al., 2022), companies are expected to transcend mere financial and operational excellence. They are evaluated on their environmental stewardship, ethical conduct, and societal contributions (Medne & Lapina, 2019). Absent a robust metric for sustainability and ethics, the classic BSC might render organizations exposed to these pressing modern challenges.

Furthermore, while the universality of the BSC is often lauded, this one-size-fits-all approach can be a double-edged sword, especially when navigating nuanced cultural, societal, and regional dimensions intrinsic to human and social matters (Sri Werastuti, 2020). For instance, in regions like the GCC, where time-honored traditions meld with rapid modernization, deploying a generic BSC may result in critical misalignments (Keefe, 2019). Thus, while the BSC should maintain its global standards, it also necessitates the flexibility to cater to region-specific nuances and challenges.

In conclusion, while the BSC introduced a transformative framework combining financial and non-financial performance metrics, its relevance in the modern business landscape is not without challenges:

- **Absence of ESG and DEI Metrics:** The traditional BSC's incorporation of ESG and DEI metrics is implicit at best, making it insufficient in today's ESG/DEI-centric business environment (Nguyen et al., 2022).
- **Narrow 'Customer' Perspective:** This perspective, primarily emphasizing satisfaction and retention, misses out on broader societal impacts, especially concerning social responsibility (Freeman et al., 2021).
- **Limited Stakeholder Engagement:** The original BSC model fell short in recognizing the significance of extensive stakeholder engagement, encompassing entities like environmental organizations and local communities (Firmansyah et al., 2023).
- **Static Design:** The BSC's rigidity, as highlighted by Kumar et al. (2023), sometimes made it ill-suited to address emerging societal challenges such as climate change and inclusivity.

Considering the aforementioned, it is argued that the traditional BSC, while groundbreaking in its time, requires recalibration to align with the nuanced demands of the modern era, particularly with global companies facing escalating societal expectations and sustainable operational mandates (Khalaf et al., 2023).

2.7. Research gaps and hypotheses development

Drawing from the above discussion, it is evident that the BSC has evolved in response to the varying demands of the modern business landscape. As organizations grapple with the complexities of stakeholder capitalism, ESG imperatives, and DEI initiatives, the BSC's ability to provide a holistic performance assessment is both an opportunity and a challenge. This interconnectedness of the BSC with the current corporate milieu raises critical questions about its relevance, adaptability, and comprehensiveness. By examining the discourse thus far, specific gaps in the extant literature are identified that necessitate a more nuanced exploration.

2.8. Research gaps

1. **Holistic Inclusion of Human/Social Metrics:** The BSC, while robust, might still fall short in encapsulating the growing prominence of human and social metrics, given their profound impact on contemporary business practices.
2. **Resonance of BSC with ESG Directives:** The modern business ecosystem is deeply influenced by ESG standards. Yet, there are questions regarding the traditional BSC's alignment with these rapidly evolving benchmarks.
3. **Harmonizing with Broader Stakeholder Expectations:** The foundational BSC, despite its inherent versatility, may need further enhancements to truly align with the multifarious expectations of today's diverse stakeholder landscape.

Building upon the identified research gaps, it becomes pivotal to hypothesize how the adaptation and integration of these nuanced elements into the BSC can potentially impact organizational outcomes. The hypotheses, therefore, seek to elucidate the ramifications of these integrations, offering a direction for empirical exploration. The overarching objective is to discern if a reimagined BSC that echoes the complexities of the present-day business environment can effectively enhance stakeholder value and organizational performance.

2.9. Hypotheses development

Drawing inspiration from the Stakeholder Theory, which underscores the significance of addressing diverse stakeholder interests, businesses are encouraged to adapt to evolving societal nuances. With this theoretical backdrop, the following hypothesis emerges:

- **H1:** Enriching the BSC by integrating human and social elements is anticipated to foster stakeholder satisfaction, thereby magnifying the overall value of an organization.

Moreover, anchored in the prevailing corporate ethos, which emphasizes not just ESG principles but also a robust commitment to DEI, organizations that uphold these values—spanning sustainability, ethical guidelines, and inclusive strategies—are poised to hold a distinct edge, earning greater respect and trust among a diverse array of stakeholders, from investors to consumers. The purposeful integration of ESG and DEI metrics within the BSC framework seeks to direct businesses in discerning, monitoring, and championing these vital standards, thus fostering a favorable stakeholder perception and enhancing long-term organizational resilience. With this context in mind, the following hypothesis is put forth:

- **H2:** Organizations that adeptly incorporate ESG, DEI, and sustainability metrics into their BSC are projected to achieve superior financial results and secure increased trust from stakeholders.

Building upon the increasing global emphasis on societal responsibility, sustainable practices, transparent governance, and the integration of DEI within corporate frameworks, organizations are pressed to ensure their strategies and performance metrics encapsulate these multifaceted priorities. Reflecting this, and given the pressing need for more inclusive and responsible corporate frameworks, the following hypothesis is proposed:

- **H3:** In the evolving corporate landscape, a modernized BSC that deeply integrates contemporary societal, human-centric, and DEI components will more authentically represent the aspirations of an expansive stakeholder spectrum.

3. Methodology and research methods

This study was conducted following the approval of the Qatar University Internal Review Board (QU-IRB), ensuring compliance with national and international ethical guidelines for research involving human participants. The research protocols and procedures were thoroughly reviewed and granted ethical clearance under the approval number QU-IRB 1467-E/23. Furthermore, in accordance with ethical standards for research involving human participants, informed consent was obtained from all individual participants involved in this study. The consent was presented on the front page of both the survey and the interview schedule. It was written, clearly outlining the purpose of the research, the procedures to be undertaken, and the participants' rights. This included assurances of confidentiality and the freedom for participants to withdraw from the study at any point without any adverse consequences.

3.1. Data overview

The research methodology capitalizes on a two-stage design. This primary phase was dedicated to the formulation of a survey, where primary data was gathered. The second stage enriches the study with qualitative insights. Undertaking post-hoc analysis, 21 semi-structured interviews were conducted with industry professionals boasting an impressive tenure exceeding 15 years. This discourse aimed to extract nuanced insights elucidating the intricacies of BSC indicators. Moreover, these interviews served a dual purpose, paving the way for forward-looking research. Based on the discursive findings, an evolved BSC framework is proposed to equip firms in navigating the transformative business environment, particularly in the realms of human and social dimensions. The data that support the findings of this study are available from the corresponding author upon reasonable request. The data are not publicly available due to privacy and ethical restrictions. For a comprehensive overview, the [Appendix](#) furnishes the questionnaire and interview schedule.

Given the dual nature of our research—understanding both the prevalence and depth of performance metrics adoption in GCC firms—triangulation emerges as the optimal stance blending the positivist paradigm with interpretivism. By employing both quantitative (positivist) and qualitative (interpretivist) methods, the triangulation approach allows us to paint a comprehensive picture of the research landscape as follows.

- The 'What':* The positivist dimension of our research, rooted in empirical testing and objective data collection, addresses the question of 'what'—the extent to which BSC metrics are utilized in GCC firms, and how they might be updated to better encompass human/social dimensions.
- The 'How' and 'Why':* The interpretivist facet enquires deeper, leveraging qualitative data to explore 'how' and 'why' these metrics are adopted, resisted, or modified, gleaned insights from the lived experiences and perceptions of practitioners in the field.

Given our triangulated approach, a mixed-methods design emerges as the most appropriate. This design ensures that while large-scale patterns are mapped through quantitative surveys, rich, detailed insights are also captured via qualitative interviews.

- Quantitative Survey:* Targeting senior-level managers across 89 selected GCC firms with 201 respondents, this instrument gauges perceptions surrounding current performance metrics. Closed-ended questions promote data uniformity, enhancing the precision of subsequent statistical analyses.
- Qualitative Semi-structured Interviews:* We conducted 21 semi-structured interviews with high-ranking managers boasting 15+ years of experience. This approach, allowing flexibility and depth, extracts nuanced insights on the intricacies of revising performance metrics within GCC's distinct corporate milieu.

A purposive sampling method was used for the quantitative survey, targeting respondents familiar with performance metrics in the GCC's corporate landscape. For the qualitative component, criterion-based sampling ensured interviewees met specific experience and knowledge benchmarks.

Survey data underwent descriptive and inferential statistical analysis to identify relationships and patterns. Interview transcripts, on the other hand, underwent thematic analysis, discerning recurrent themes and patterns.

As previously discussed, the selection of the GCC as the research context for this study is grounded in its distinctive economic and corporate dynamics, which offer a unique environment for investigating the integration of ESG, DEI, and stakeholder expectations into performance metrics. By focusing on the GCC, this study aims to contribute to a deeper understanding of how traditional performance metrics like the BSC can evolve to reflect the unique economic, cultural, and corporate realities of the region. It also seeks to provide insights that are relevant both within and beyond the GCC, contributing to the global discourse on effective performance measurement in an era of rapid change and increasing stakeholder demands

3.2. Survey overview

The empirical foundation of this research is grounded in a carefully curated sample, chosen to reflect the diverse and dynamic nature of the GCC business environment. To achieve a comprehensive understanding of the integration of ESG and DEI in performance measurement systems, the sample selection for our survey was designed with specific criteria in mind.

3.2.1. Selection criteria

Our primary criterion was to involve senior executives from a variety of industries within the GCC region, ensuring a broad representation of the corporate landscape. The selection was narrowed down to firms that have been operational for at least five years, as longevity in the market often correlates with more established business practices and performance measurement systems. Additionally, firms were selected based on their size, with a focus on medium to large enterprises, as these entities are more likely to have formalized performance measurement systems in place.

3.2.2. Diversity and representation

In alignment with the research's emphasis on DEI, efforts were made to include a diverse group of respondents. We aimed for diversity in terms of nationality, gender, and role within the organization to enrich the data with varied perspectives and experiences. This approach aligns with Stakeholder Theory by encompassing a wide range of viewpoints, mirroring the multifaceted nature of the stakeholders in these organizations.

3.2.3. Survey distribution and collection

In the development of our survey instrument, we meticulously based our approach on an extensive review of existing literature in the field. This literature review served as a foundational guide, ensuring that our survey questions were both relevant and comprehensive in addressing the key aspects of corporate performance metrics, particularly in relation to ESG, sustainability, and DEI practices. To further refine the survey instrument, we conducted a pilot study involving three academics renowned in our research area and three expert professionals from the industry. Their invaluable feedback was instrumental in fine-tuning our questions, leading to the generation of the final survey instrument. This rigorous process ensured that our survey was not only grounded in theoretical knowledge but also resonated with current industry practices and insights. In early March 2023, we initiated the distribution of our survey to senior executives from 89 firms across key sectors of the GCC economy, including finance, oil and gas, technology, retail, and manufacturing. The survey targeted a diverse group of 520 executives, specifically chosen for their high-ranking positions such as CEOs, CFOs, Chief Strategy Officers, Senior Vice Presidents, Directors of Operations, Heads of Sustainability, and Senior Managers of Human Resources and Corporate Governance. Each of these executives boasts a minimum of ten years of professional experience, lending credibility and depth to their responses.

Over a period of five months, we engaged in a rigorous follow-up process, sending out several reminders to ensure a high level of participation. This persistent approach paid off, as we achieved a response rate of 40%, with 208 executives completing the questionnaire. After a careful review for completeness and quality, 7 responses were disqualified, resulting in a total of 201 complete and valid questionnaires for analysis.

The extended distribution period and consistent follow-up were instrumental in achieving this good response rate while preserving the quality of the responses. The data collected from these high-level professionals provides a comprehensive perspective on the current use and potential evolution of BSCs in the GCC corporate landscape.

The survey instrument was distributed electronically, allowing for a broad reach across the GCC region. The questions were structured to elicit detailed information about current performance measurement practices, with a specific focus on the incorporation of ESG, sustainability, and DEI criteria. Participants were assured of confidentiality and anonymity to encourage candid responses.

The resultant sample and data collection method provided a robust platform to explore the evolving landscape of corporate performance metrics in the GCC, particularly in relation to human and social dimensions and the integration of ESG, sustainability, and DEI practices.

3.2.4. Survey questionnaire

As outlined above, the primary objective of the survey was to gauge the perceptions and practices surrounding current performance metrics, particularly in the context of integrating broader societal metrics into the BSC framework. The survey was structured into several sections, each designed to elicit specific information and insights:

1. **Demographic Information:** This section gathered background data on the respondents, including their roles, experience, and the industry sectors of their organizations, to contextualize their responses.
2. **Current BSC Usage:** Questions here focused on how organizations currently employ BSCs, examining the extent to which human and social metrics are incorporated into these systems.
3. **Integration of ESG and DEI Metrics:** This segment examines the specifics of how ESG directives and DEI initiatives are measured and reflected within the BSC.
4. **Stakeholder Expectations:** The survey sought to understand how stakeholder expectations have evolved and how well they are mirrored in the current BSC framework.
5. **Hypotheses Testing:** Questions in this section were directly linked to our research hypotheses, aiming to assess the perceived impact of integrating human and social elements into BSCs on organizational value, financial performance, and stakeholder trust.
6. **Future Projections and Preferences:** Finally, respondents were asked to share their views on potential improvements to the BSC and perceived barriers to updating this tool.

The survey employed a mix of quantitative and qualitative methodologies, utilizing Likert scales, multiple-choice questions, and open-ended responses to obtain a comprehensive perspective. A total of 201 senior-level managers participated in the survey, providing a rich dataset for analysis. The survey data was supplemented by 21 semi-structured interviews with seasoned managers from various firms, offering deeper insights and qualitative data to complement the survey findings.

3.3. Interview schedule overview

Following the comprehensive survey that formed the empirical foundation of this research, we embarked on a series of semi-structured interviews to enrich and deepen our understanding of the integration of human and social dimensions in performance measurement systems within the GCC business environment. These interviews were designed to complement the survey data, providing a more nuanced and detailed exploration of the themes that emerged.

3.3.1. Interview participant selection

Building on the survey's approach, the interview participants were carefully chosen from the same pool of senior executives who had completed the survey. This selection ensured continuity and depth, as these individuals had already engaged with the core topics of the research. The participants represented a diverse array of industries, mirroring the multifaceted nature of the GCC corporate landscape. The focus was on those who had provided particularly insightful responses in the survey or who held roles directly relevant to the strategic implementation of performance measurement systems.

3.3.2. Diversity and in-depth exploration

In line with the research's commitment to DEI, the interviewees were selected to represent a wide range of nationalities, genders, and roles within their organizations. This diversity was crucial for gathering a spectrum of perspectives and experiences, thereby enriching the qualitative data. The interviews allowed for an in-depth exploration of individual viewpoints, experiences, and insights, offering a more personalized understanding of the integration of human and social metrics into performance measurement systems.

3.3.3. Interview process and timeline

The interviews were conducted over a two-month period, following the collection and initial analysis of the survey data. This timing allowed the research team to develop a semi-structured interview schedule that was informed by the survey results, ensuring that the interviews were targeted and relevant. The questions were framed to resonate with the research hypotheses while also allowing for open-ended responses that could reveal new dimensions and insights. Each interview lasted approximately 45–60 minutes and was conducted virtually, respecting the time constraints of the busy executives. The semi-structured format provided flexibility, allowing the conversation to flow naturally while ensuring that all key topics were covered. Some of the interviews were recorded with the consent of the participants, and the data were subsequently transcribed and analyzed to identify patterns, themes, and insights that would contribute to the research findings.

Through these interviews, the research aimed to capture a deeper, more nuanced understanding of the practical applications, challenges, and implications of evolving performance measurement systems in the GCC region, particularly in the context of incorporating broader human and societal metrics.

3.3.4. Interview schedule

This schedule was designed to investigate, in more details, the insights gathered from the survey and to explore the nuanced perspectives of senior executives in the GCC region. The intent of these interviews was to engage in a more personalized and in-depth discussion with the participants, focusing on their experiences, perceptions, and strategic considerations regarding the integration of ESG, DEI, and broader societal metrics into their organizations' BSC frameworks. The interview schedule was informed by the preliminary findings of the survey, ensuring that the questions were both relevant and geared towards filling the gaps identified in the earlier phase of the research.

The semi-structured nature of the interviews allowed for flexibility in the conversation, enabling participants to elaborate on their responses and for the interviewer to probe further into specific areas of interest. This approach was anticipated to yield rich, qualitative data, providing a deeper understanding of the complex dynamics at play in modernizing performance measurement systems within the GCC corporate environment.

The interview schedule was structured into several sections, each designed to elicit specific information and insights:

1. Experiences with BSC Integration:
 - Can you describe your organization's journey in integrating human and social metrics into the BSC?
2. Challenges and Barriers:
 - What challenges have your organization faced in this integration process, particularly regarding organizational culture, stakeholder alignment, and technological infrastructure?
3. Stakeholder Engagement and Satisfaction (H1):

- How has the inclusion of human and social elements in the BSC impacted stakeholder satisfaction and engagement in your experience?
- 4. Financial and Trust Impacts (H2):
 - Have you observed any changes in financial performance or stakeholder trust as a result of incorporating human and social metrics into the BSC?
- 5. Representation of Stakeholder Aspirations (H3):
 - In your view, does the modernized BSC accurately represent the aspirations and expectations of a broad spectrum of stakeholders?
- 6. Leadership and Strategic Alignment:
 - How has leadership within your organization approached the challenge of aligning the BSC with evolving strategic objectives?
- 7. Future Directions and Adaptations:
 - Looking forward, what adaptations do you anticipate will be necessary for the BSC to remain relevant and effective in the evolving corporate landscape?
- 8. Personal Insights and Reflections:
 - Based on your experiences, what insights can you share about the evolving role of performance measurement systems in capturing the full scope of organizational value?

These questions aimed to foster a comprehensive understanding of the current practices and future potential of the BSC in the GCC, highlighting areas for further research and development in the field of corporate performance measurement.

4. Survey findings

4.1. Demographics

Table 3 presents a profile of participating companies and respondents. The respondents were 147 (73%) male and 54 (27%) female from the 89 selected companies. All have at least 10 years of experience in the field. The breakdown of their roles is as follows: 30 (15%) CEOs, 35 (17%) CFOs, 35 (17%) Chief Senior Accountants, 25 (12%) Chief Strategy Officers, 20 (10%) Senior Vice Presidents, 27 (13%) Directors of Operations, 18 (9%) Heads of Sustainability, 23 (11%) Senior HR Managers, and 23 (11%) Senior Corporate Governance Managers.

In terms of location, Kingdom of Saudi Arabia (KSA) companies account for 34 (38%) of the total, followed by United Arab Emirates (UAE) companies (21 or 24%), Qatari companies (17 or 19%), Kuwaiti companies (11 or 12%), and lastly Bahraini companies (6 or 7%). Moreover, the manufacturing industry (22 or 25%) is the most business sector to which the respondents belonged, followed by the Retail industry (20 or 22%), the Oil and Gas industry (18 or 20.5%), the Finance industry (16 or 18%), whereas the Technology industry was the least (13 or 14.5%).

Table 3. Profile of participating companies and respondents.

Organizational Characteristics	No	%	Respondent Characteristics	No	%
A. Sector			Position		
Finance	16	18	CEO	8	4
Oil and Gas	18	20.5	CFO	11	6
Technology	13	14.5	Senior Vice President	6	3
Retail	20	22	Chief Strategy Officer	16	8
Manufacturing	22	25	Director of Operations	44	22
Total	89	100	Head of Sustainability	15	7
			Senior HR Manager	46	23
			Senior CG Manager	18	9
			Senior Chief Accountant	37	18
Location			Total	201	100
KSA	34	38			
UAE	21	24	Gender		
Qatar	17	19	Female	54	27
Kuwait	11	12	Male	147	73
Bahrain	6	7			
Total	89	100	Total	201	100

Table 4. Descriptive statistics (N = 201).

	Strongly agree/Agree	Neutral	Disagree/Strongly Disagree
A. Current Use and Perception of BSC			
Utilization	60%	–	40%
Capturing	30%	20%	50%
Updating in general	70%	–	30%
Updating to reflect human/social	30%	20%	50%
B. ESG Directives and DEI Integration			
Incorporating	55%	20%	25%
Measurement	35%	20%	45%
Enhancement	65%	20%	15%
C. Stakeholder Expectations			
Changed	80%	–	20%
Alignment	45%	20%	35%
D. Hypotheses-Based Questions			
Stakeholder Engagement and Satisfaction	85%	–	15%
Financial and Trust Impacts	60%	20%	20%
Stakeholders Aspirations	75%	–	25%
E. Future Projections and Preferences			
Need for non-financial metrics	80%	10%	10%
Better measurement of performance	70%	20%	10%
Barriers:			
Organizational Culture and Mindset	60%	20%	20%
Leadership Support	45%	25%	30%
Lack of expertise	55%	20%	25%
Training and Development Needs	70%	15%	15%
Financial Constraints	45%	25%	30%
Data Availability and Quality	75%	20%	5%
Resistance to change	70%	10%	20%
Inadequate technological infrastructure	35%	20%	45%
Complexity and Integration Issues	55%	20%	25%
Alignment with Strategy	70%	20%	10%

4.2. Descriptive statistics

Survey data were subjected to descriptive statistical analysis to identify relationships and patterns. This included calculating means, standard deviations, and frequencies for responses related to the hypotheses. In this section, we present the descriptive statistics derived from the findings of our survey, which sought to understand the current use, perception, and potential evolution of the BSC in GCC corporations (see Table 4).

4.3. Current use and perception of BSC

Approximately 60% of the surveyed organizations reported that they are currently utilizing a BSC for performance measurement, indicating a significant adoption rate of this tool within the region. However, only 30% of the respondents believe that their existing BSCs effectively capture and reflect human and social metrics, suggesting a potential gap in the integration of these crucial dimensions. Additionally, while the majority of these organizations, about 70%, update their BSCs on an annual basis, it is noteworthy that only 30% of these updates incorporate changes related to strategic objectives in human and social dimensions. This highlights a disconnect between the frequency of BSC updates and the extent to which these updates are aligned with evolving human and social goals within the organizations.

4.4. ESG directives and DEI integration

In examining the integration of ESG directives and DEI measures within the BSC framework in GCC corporations, our survey revealed several key insights. Around 55% of the organizations have begun to embed ESG standards into their BSCs, indicating a growing awareness and adoption of these critical sustainability measures. However, when it comes to the effectiveness of DEI initiatives within the performance metrics, the scenario appears to be in its nascent stages – only 35% of the respondents consider these measures to be effective. Interestingly, a significant proportion of organizations, 65%, are proactively working towards enhancing their BSCs to better integrate ESG and DEI metrics. This

demonstrates a clear recognition of the importance of these aspects and a commitment to evolving their performance measurement systems to be more inclusive and representative of broader societal and environmental goals.

4.5. Stakeholder expectations

The survey results pertaining to stakeholder expectations highlighted a significant shift in perceptions and organizational responses. A vast majority of the respondents, approximately 80%, acknowledged that in the last five years, there has been a substantial change in stakeholder expectations regarding the incorporation of human and social metrics. This finding underscores a growing emphasis on the social and human aspects of corporate performance. Despite this recognized shift in expectations, only 45% of the respondents feel that their current BSC aligns well with these evolving stakeholder demands. This discrepancy points to a potential gap between the rapid evolution of stakeholder expectations and the slower pace at which organizations are adapting their performance measurement tools, such as the BSC, to reflect these changes.

4.6. Hypotheses-based questions

The survey also explored hypotheses-based questions to understand perceptions regarding the integration of broader metrics into the BSC. An overwhelming 85% of respondents concurred with the hypothesis that enriching the BSC with human and social elements is likely to enhance stakeholder satisfaction and add significant value to an organization. This indicates a strong belief in the merits of a holistic approach to performance measurement. Additionally, about 60% of participants noted an improvement in their organization's financial performance after integrating ESG, DEI, and sustainability metrics into their BSC, suggesting a tangible financial benefit from incorporating these broader metrics. Furthermore, 75% agreed that a modernized BSC, integrating societal, human-centric, and DEI components, would more accurately reflect the aspirations of a broader range of stakeholders, signaling a trend towards more inclusive and representative performance measurement practices.

4.7. Future projections and preferences

In exploring future projections and preferences regarding the BSC, our survey indicated that a majority of respondents (80%) see a pressing need for more advanced tools within the BSC framework. These tools are necessary to measure non-financial metrics, including employee wellbeing, social impact, and sustainability initiatives. Additionally, about 70% of respondents believe that a revised BSC incorporating these elements would more accurately represent their organization's performance.

Our survey also sought to identify barriers to updating the BSC in organizations. The responses revealed a range of challenges, with varying degrees of agreement among the participants. A significant 75% pointed to the availability and quality of data, especially for non-financial metrics, as a major obstacle in updating the BSC. Resistance to change, an often-encountered organizational hurdle, was identified by 70% of participants as a critical barrier. This percentage was matched by concerns over training and development needs, with an equal 70% viewing them as essential for successful BSC updates. The necessity for strategic alignment of an updated BSC was highlighted by another 70%, emphasizing the importance of congruence with organizational strategy.

Organizational culture and mindset were identified by 60% as key barriers, affecting the willingness and capability to adopt new BSC practices. Over half of the respondents (55%) cited complexity and integration issues associated with incorporating new elements into the BSC as significant challenges. Similarly, 55% reported a lack of expertise in developing and implementing updated BSCs as a substantial obstacle. Leadership support and financial constraints were each identified by about 45% of respondents as key hurdles in the BSC update process. Lastly, inadequate technological infrastructure was seen as a barrier by 35% of the participants, albeit the least cited, yet still an important consideration in the BSC evolution.

Table 5. Inferential statistics (N = 201).

Metric	Correlation with Financial Performance (r)	Correlation with Stakeholder Satisfaction (r)	Variance Explained in Financial Performance (R^2)	Variance Explained in Stakeholder Satisfaction (R^2)	F-statistic for Financial Performance	F-statistic for Stakeholder Satisfaction
Integration of ESG and DEI metrics	0.42	0.55				
Inclusion of human and social metrics in the BSC			0.29	0.36	28.04	37.62

4.7.1. Inferential statistical techniques

To test the hypotheses, inferential statistical techniques including correlation analysis and regression analysis were employed. These analyses examined the relationships between the integration of broader metrics (human, social, ESG, DEI) and organizational performance indicators (financial performance, stakeholder satisfaction). In this section, we present the inferential statistics derived from the findings of our survey, which sought to understand the current use, perception, and potential evolution of the BSC in GCC corporations (see Table 5).

4.8. Results

Correlation Analysis: The integration of ESG and DEI metrics showed significant positive correlations with improved financial performance ($r=0.42$, $p<0.01$) and enhanced stakeholder satisfaction ($r=0.55$, $p<0.01$). This suggests that organizations incorporating these metrics tend to perform better financially and have higher levels of stakeholder trust.

Regression Analysis: Regression models indicated that the inclusion of human and social metrics in the BSC explained 36% of the variance in stakeholder satisfaction ($R^2 = 0.36$, $F(3, 197) = 37.62$, $p<0.001$) and 29% of the variance in financial performance ($R^2 = 0.29$, $F(3, 197) = 28.04$, $p<0.001$). These findings support the hypotheses that integrating broader metrics into the BSC positively impacts organizational outcomes.

Overall, the findings above indicate that while BSCs are commonly used in GCC corporations, there is notable potential for their enhancement, particularly in terms of incorporating human, social, ESG, and DEI metrics. The data reflects a growing awareness and readiness among senior managers to adapt the BSC to better suit the requirements of the modern business environment and stakeholder expectations.

Furthermore, these insights underscore the multifaceted nature of the challenges faced in updating the BSC. They highlight the need for a comprehensive approach that addresses cultural, strategic, technological, and educational aspects to successfully integrate new dimensions into the BSC framework.

5. Interview findings

Based on the findings derived from the survey outlined above, we proceeded to conduct semi-structured interviews with senior managers. This approach was adopted to enrich the data and provide deeper insights into the practical applications and perspectives surrounding the BSC in the GCC.

The semi-structured interviews with senior managers provided rich insights into the evolving nature of BSC in the GCC, particularly in the context of Stakeholder Theory and the study's hypotheses. The discussions revealed how organizations are navigating the integration of broader societal metrics into their BSC frameworks, reflecting a commitment to a more holistic approach to performance measurement.

5.1. Integration of ESG and DEI metrics

Recognizing the growing significance of ESG and DEI metrics in evaluating organizational performance, the interviewees were asked to share their insights on the optimal method of incorporating these

metrics into the BSC framework. Specifically, they were queried on whether they perceive these metrics should be integrated within the BSC's existing four perspectives – Financial, Customer, Internal Business Processes, and Learning and Growth – thereby emphasizing their integral role in all aspects of business operations. Alternatively, the interviewees were asked to consider if it might be more effective to introduce ESG and DEI as distinct new perspectives within the BSC, thus highlighting their unique significance and ensuring a dedicated focus on these areas in the organization's strategic planning.

The perspectives shared by interviewees on incorporating ESG and DEI metrics into the BSC echoed a common theme: such integration represents not merely an addition but a transformative journey. One CFO pointed out, 'Incorporating such metrics (ESG and DEI) into our BSC was not just an addition; it was a paradigm shift'. This sentiment aligns closely with the concepts discussed earlier regarding the strategic placement of these metrics within the BSC. It reflects a profound alignment with Stakeholder Theory, which emphasizes the importance of integrating diverse stakeholder interests into corporate strategies. This paradigm shift signifies a deepening understanding of the BSC, viewing it not just as a tool for performance measurement but as a strategic framework that embraces a wider spectrum of stakeholder values and objectives.

It is significant to note that the CFO's description of integrating ESG and DEI metrics as a transformative journey indicates a pivotal shift in organizational focus. This shift extends beyond traditional financial and customer-centric measures, encapsulating broader, more ethically and socially oriented priorities. Such a transition aligns seamlessly with the global movement towards sustainable and equitable business operations, underscoring the imperative need to incorporate these additional dimensions into the BSC framework.

The approach to integrating ESG and DEI metrics within the existing framework of the BSC is endorsed by a Chief Strategy Officer. In their organization, these metrics have been embedded into the traditional BSC perspectives, reflecting a commitment to aligning with contemporary business priorities. Under the Financial Perspective, for example, sustainability initiatives are directly linked to financial performance, emphasizing long-term benefits from energy-efficient and sustainable practices. The Customer Perspective also incorporates measures of customer satisfaction and engagement, reflecting the company's dedication to sustainability and DEI values.

Alternatively, a Director of Operations presents a strategy of adding new dimensions to the BSC specifically to address ESG and DEI metrics. This approach entails introducing specific ESG and DEI perspectives, creating distinct areas within the BSC for these important metrics. The organization has developed a clear focus on environmental impact, social responsibility, and governance practices under the ESG perspective, tracking metrics such as carbon footprint and social impact assessments. Similarly, a DEI perspective has been created to rigorously assess and promote diversity, equity, and inclusion within the company. This method aligns with the organization's objective of emphasizing ESG and DEI as core components of their strategic agenda, ensuring these elements receive the attention and resources they merit.

Furthermore, the interviews illuminated key challenges in expanding the BSC, particularly in embedding non-financial metrics that reflect the evolving business landscape. A notable point raised by a Senior HR Manager was the prevalent mindset that confines the BSC to financial metrics, underscoring the need for a broader perspective quoting: 'changing the mindset that BSC is only about financial metrics'. Addressing this, integrating metrics related to Corporate Social Responsibility (CSR) initiatives becomes crucial. These could include measures evaluating the impact and reach of CSR projects and the level of employee involvement in these initiatives. Equally important are Diversity and Inclusivity metrics, which might encompass the diversity ratios within the workforce and inclusivity index scores, offering insights into the effectiveness of diversity policies and their impact on organizational culture and decision-making. Additionally, Environmental Impact metrics are essential in today's context. These could cover a range of indicators like the organization's carbon footprint, energy efficiency improvements, and waste reduction percentages. Such metrics not only enrich the BSC but also align it with contemporary standards of corporate responsibility, inclusivity, and environmental stewardship, offering a more comprehensive view of an organization's societal and ecological impact.

Based on the challenges acknowledged in embedding non-financial metrics, as highlighted by the Senior HR Manager, it becomes evident that there is a notable gap in the traditional BSC framework.

To effectively bridge this gap, it is essential to formally introduce ESG and DEI as distinct and essential perspectives within the BSC. This conclusion emerges as a direct response to the identified need for a more comprehensive and inclusive approach in performance measurement. Similarly, technological challenges were noted by another executive: 'Our tech infrastructure was not ready for such a leap'. These challenges underscore the complexity of transitioning the BSC to a more inclusive model in line with Stakeholder Theory as it becomes clear that there are significant complexities involved in evolving the BSC to a more inclusive and comprehensive model.

5.2. Stakeholder engagement and satisfaction (H1)

While the integration of human and social elements into the BSC aligns with our first hypothesis (H1) and Stakeholder Theory, as pointed out by the CEO and echoed by several interviewees, this integration presents a significant challenge. 'By reflecting societal concerns in our BSC, we have seen increased engagement from both customers and employees', the CEO observed. However, the complexity in measuring these qualitative aspects poses a significant hurdle. Unlike financial metrics, human and social elements require a more nuanced approach.

To address this, developing qualitative metrics that capture the essence of these elements is crucial. A mixed-methods analysis, combining quantitative data with qualitative insights, can offer a fuller picture. Regular stakeholder feedback can provide ongoing insights into the impact of these initiatives. Storytelling can be a powerful tool to convey the real-world implications of human and social elements, making their impact more tangible. Metrics should be dynamic and adaptable, reflecting the evolving nature of these elements. Finally, strong leadership support and comprehensive training are essential to embed these metrics effectively within the BSC framework. These recommendations aim to create a more nuanced and comprehensive approach to measuring and incorporating these vital, yet intangible, aspects of corporate performance into the BSC.

5.3. Financial and trust impacts (H2)

The interviews also revealed a significant correlation between the integration of human and social metrics and positive financial outcomes, as well as enhanced stakeholder trust. This was exemplified by a CFO's statement, 'Integrating ESG metrics has surprisingly boosted our financial standing'. This observation aligns seamlessly with the second hypothesis (H2), which posits that the skillful incorporation of broader metrics, such as ESG and human and social elements, can lead to improved financial performance and heightened stakeholder trust. This connection underscores the principles of Stakeholder Theory, suggesting that a more holistic and nuanced approach to performance measurement, which includes both qualitative and quantitative assessments, can yield tangible financial benefits while simultaneously enhancing the organization's reputation and stakeholder relationships. This finding advocates for the incorporation of mixed-methods analysis and regular stakeholder feedback, as part of the nuanced approach, to more effectively capture the diverse impacts of these broader metrics on the organization's overall performance.

5.4. Representation of stakeholder aspirations (H3)

Considering the nuanced approach to integrating human and social metrics into the BSC, the reflection on stakeholder aspirations becomes even more relevant. A Chief Strategy Officer noted, 'Our updated BSC mirrors the current stakeholder spectrum much more authentically'. This statement is in line with the third hypothesis (H3) and highlights the effectiveness of a modernized BSC that incorporates broader metrics. The observation illustrates that by including qualitative and quantitative measures of ESG, DEI, and other non-financial metrics, the BSC increasingly aligns with the diverse aspirations of stakeholders, a fundamental aspect of Stakeholder Theory. This alignment is further enhanced by the recommended approaches, such as regular stakeholder feedback and mixed-methods analysis, ensuring that the BSC not only reflects but also dynamically adapts to the evolving expectations and values of a wide range of

stakeholders. This approach enriches the BSC, making it a more authentic and representative tool for gauging organizational performance in line with contemporary business and societal norms.

5.5. Leadership and strategic alignment

The interviews gave emphasis to the pivotal role of leadership in the evolution of the BSC, especially in light of the proposed nuanced approach for integrating human and social metrics. A CEO's comment, 'It took strong leadership to realign our BSC with our evolving strategic objectives', highlights the indispensable role of visionary leadership in this transformation. This leadership is not only about aligning the BSC with Stakeholder Theory principles and strategic objectives but also about embracing and implementing the recommended approaches, such as developing qualitative metrics, adopting mixed-methods analysis, and ensuring dynamic adaptation of the BSC to reflect stakeholder feedback. Such leadership is crucial in navigating the complexities of incorporating broader, often qualitative metrics into the BSC framework. This emphasizes the need for leaders who can recognize the value of these metrics, champion the necessary changes, and guide their organizations through the process of integrating these broader perspectives into their strategic planning and performance measurement systems. This form of visionary leadership is key to successfully effecting transformative changes in the BSC, ensuring it remains a relevant and effective tool in today's rapidly evolving business landscape.

5.6. Future directions and adaptations

Reflecting on the insights from the interviews and the proposed nuanced approach to the BSC, the forward-looking perspective of respondents becomes particularly pertinent. They anticipated not just routine updates, but significant ongoing adaptations to the BSC, especially in integrating advanced technological solutions and responding to evolving societal trends. As echoed by a Senior Manager, 'The BSC will continue to evolve, just as our business does'. This perspective recognizes the dynamic nature of the business landscape and underscores the necessity for the BSC to be adaptable and responsive.

In this context, the continual evolution of the BSC involves embracing the integration of qualitative metrics, like those related to ESG and DEI, and employing advanced technologies for effective data collection and analysis. This adaptation also means staying attuned to societal trends and stakeholder feedback, ensuring that the BSC remains a relevant and comprehensive tool for performance measurement. The anticipated adaptations reflect an understanding that the BSC must evolve beyond traditional financial metrics to include a broader spectrum of indicators that capture the multifaceted nature of modern business operations. This approach is crucial for maintaining the relevance and effectiveness of the BSC in a rapidly changing business environment, where traditional models may no longer suffice to accurately represent organizational performance.

5.7. Personal insights and reflections

In light of the detailed discussions and the emerging nuanced approach to the BSC, the personal reflections of a Senior Executive take on added significance. The executive remarked, 'The BSC is no longer just a tool; it is a philosophy', capturing the essence of the shift towards a more inclusive and representative method in performance measurement. This profound statement underscores the transformation of the BSC from a conventional tactical instrument into a strategic philosophy deeply aligned with the broader objectives of Stakeholder Theory.

This philosophical shift is evident in the way the BSC is being adapted to include not just traditional financial metrics, but also broader, qualitative metrics that reflect the complexities of modern businesses and their diverse stakeholders. The integration of ESG, DEI, and other non-financial aspects, as recommended in our nuanced approach, reinforces this evolution. The BSC, in this new form, becomes a reflection of an organization's commitment to a holistic understanding of performance, incorporating aspects like societal impact, employee well-being, and environmental stewardship. This more comprehensive approach resonates with the principles of Stakeholder Theory. The transformation of the BSC

into a philosophy signifies a paradigm shift in how organizations view and measure their success, moving towards a more sustainable, equitable, and socially responsible business model.

The findings from this study underscore the critical importance of integrating broader metrics such as human and social dimensions, ESG, and DEI into the Balanced Scorecard (BSC). This integration aligns with the growing body of literature emphasizing the need for performance measurement systems to evolve in response to contemporary business challenges. Kaplan & Norton initially conceptualized the BSC to bridge intangible assets with standard financial metrics, highlighting its versatility. The results extend this framework by demonstrating the tangible benefits of including broader societal metrics, which corroborates the arguments presented by Freeman's Stakeholder Theory (1984) regarding the necessity of catering to a diverse array of stakeholders.

Furthermore, the quantitative analysis revealed significant correlations between the integration of ESG and DEI metrics and improved financial performance and stakeholder satisfaction. These findings support the work of Dyllick & Muff (2016), who advocated for business sustainability beyond traditional financial measures, and Carroll (2021), who introduced the concept of 'shared value' between societal impact and corporate success. By aligning business strategies with social responsibility, companies not only bolster their reputation but also attract and retain a diverse, innovative workforce (Firmansyah et al., 2023; Yang et al., 2023).

Moreover, the qualitative insights from our interviews highlight the complexities and strategic considerations involved in integrating these broader metrics into the BSC. This aligns with the perspectives of McGahan (2021), who demonstrated that firms integrating wider stakeholder metrics experienced sustained growth and resilience. The positive impact on stakeholder engagement and satisfaction observed in our study suggests a paradigm shift towards more inclusive and representative performance measurement practices, as advocated by contemporary researchers such as Nguyen et al. (2022).

In summary, the insights gleaned from the interviews offer a comprehensive understanding of the challenges and necessary adaptations for updating the BSC in the GCC region, particularly in the context of incorporating a more nuanced approach. These findings highlight the strategic considerations involved in integrating broader metrics like ESG and DEI, aligning with the evolving demands of contemporary corporate practice. The interviews affirm the relevance and applicability of Stakeholder Theory in this context, underscoring the importance of considering a diverse array of stakeholder interests. They also validate the study's hypotheses, which advocate for a more holistic and inclusive approach to performance measurement. This shift towards a stakeholder-centric perspective in the BSC reflects a growing recognition of the need for a comprehensive framework that goes beyond traditional financial metrics to encompass ESG aspects, as well as DEI. The transformation of the BSC, as seen through these interviews, mirrors the broader trend in business towards more socially responsible, sustainable, and inclusive practices, marking a significant evolution in how organizations assess and articulate their performance and success.

6. Conclusions

In the realm of contemporary corporate accountability, the imperative to extend beyond mere economic output to embrace social, environmental, and cultural contributions has never been more pronounced. This research, centered on the dynamic corporate landscape of the GCC, explores the critical need to embed human and social metrics, alongside ESG and DEI criteria, into BSCs. Grounded in Stakeholder Theory, which advocates for a broadened responsibility of businesses towards all stakeholders, the study contends that the integration of these metrics is essential for maintaining competitiveness and relevance in a rapidly evolving environment.

The empirical investigation, encompassing 89 GCC firms and engaging with 201 senior executives, coupled with 21 semi-structured interviews, uncovered significant insights. The findings highlight that the integration of new metrics into the BSC is often transformative, reshaping the core of corporate performance measurement. This shift aligns corporate strategies with global trends in sustainability and ethical practices, reflecting a strategic reorientation towards inclusivity. The positive impact on stakeholder engagement and satisfaction observed through these new metrics indicates a paradigm shift in corporate ethos towards stakeholder-centric approaches.

Empirical data from our study support existing theories such as Freeman's Stakeholder Theory (1984), which emphasizes the importance of addressing diverse stakeholder interests. The integration of ESG and DEI metrics not only aligns with ethical standards but also contributes to improved financial performance and trust among stakeholders. This finding supports the work of Dyllick & Muff (2016), who advocated for business sustainability beyond traditional financial measures, and Carroll's (2021) concept of 'shared value', indicating a synergy between societal impact and corporate success.

Moreover, the results extend the existing theoretical frameworks by demonstrating the tangible benefits of including broader societal metrics in the BSC. The significant correlations between these metrics and organizational performance indicators (e.g. financial performance, stakeholder satisfaction) underscore the practical implications of our findings for GCC corporations. The study illustrates how integrating these broader metrics can enhance both financial outcomes and stakeholder trust, thereby validating the strategic importance of adopting a more holistic performance measurement approach.

This study concludes that a nuanced approach to the BSC is essential for contemporary businesses. The traditional four-perspective model of the BSC is evolving to include new perspectives that capture the complexities of modern business environments. Incorporating qualitative metrics and adapting to dynamic stakeholder expectations are critical components of this approach. This evolution represents a strategic shift from viewing the BSC as merely a performance measurement tool to embracing it as a comprehensive, stakeholder-focused philosophy.

The implications of these findings are profound for both theory and practice. For practitioners, the expanded BSC model offers a more holistic view of organizational performance, aligning with the growing emphasis on sustainability and social responsibility. Academically, these findings contribute to the literature on performance measurement and Stakeholder Theory, illustrating the practical application and benefits of integrating broader societal concerns into corporate strategy.

However, the research is not without limitations. Its focus on the GCC region suggests that the findings may not be universally applicable, and the reliance on senior executives' perspectives might not fully capture the views of other organizational members. Additionally, the reliance on self-reported data in surveys and interviews may introduce biases in the responses. These limitations open avenues for future research, such as comparative studies across different regions or industries, longitudinal analyses of the long-term impacts of these integrations, and explorations of the role of technology in facilitating the incorporation and analysis of new metrics in BSCs. Future research should also aim to explore the implementation of the proposed nuanced BSC approach in diverse geographical and industry contexts to validate its applicability and effectiveness. Moreover, quantitative studies could be designed to measure the direct impact of integrating ESG and DEI metrics on corporate performance. Investigating the role of technology in facilitating the adaptation of the BSC to include these broader metrics could also provide valuable insights.

In conclusion, this study emphasizes the evolving nature of BSCs in the GCC. As they increasingly incorporate broader societal metrics, there emerges a more holistic and inclusive approach to performance measurement, resonating with Stakeholder Theory and contemporary business imperatives. While the path is riddled with challenges, it also offers opportunities for corporations to redefine success in a culturally diverse and changing environment.

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Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request. The data are not publicly available due to privacy and ethical restrictions.

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Appendix

Survey Questionnaire: Advancing Human and Social Dimensions in Balanced Scorecards for GCC Corporations: A Nuanced Approach

Subject: Invitation to Participate in Research Study on Enhancing Balanced Scorecards

Dear Esteemed Senior Manager,

We are embarking on an insightful journey to explore the evolving landscape of corporate performance metrics, and your expertise is invaluable to this endeavor. This research study, titled '**Advancing Human and Social**

Dimensions in Balanced Scorecards for GCC Corporations: A Nuanced Approach, seeks to uncover the potential and real-world applications of integrating broader societal metrics into the Balanced Scorecard (BSC) framework.

The aim is to bridge the gap between traditional performance measurement systems and the modern-day emphasis on Environmental, Social, and Governance (ESG) standards, Diversity, Equity, and Inclusion (DEI) initiatives, and sustainability practices. Your unique perspective as a senior-level manager within the GCC region is crucial to understanding the current utilization of BSCs and the potential for their advancement.

We invite you to participate in a survey designed to capture your experiences, perceptions, and suggestions regarding the integration of human and social dimensions into the BSC. Your responses will provide a pivotal contribution to the study, offering a comprehensive outlook on how senior managers perceive the role and effectiveness of BSCs in today's rapidly transforming business environment.

The survey consists of several sections, each focused on different aspects of BSC application and potential enhancements. It should take approximately 15–20 minutes to complete. Please rest assured that all your responses will be kept confidential and will be used solely for the purposes of academic research.

Your participation is voluntary, and you may withdraw at any time without penalty. Should you have any questions or require further information about the study, please do not hesitate to contact us.

We greatly appreciate your time and insights, which are integral to advancing the field of management accounting and performance measurement.

Thank you for considering this request. We look forward to your valuable participation.

Below is a brief glossary of key terms used in the survey:

Balanced Scorecard (BSC): A strategic planning and management system used by organizations to align business activities with the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals.

Environmental, Social, and Governance (ESG): A set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.

Diversity, Equity, and Inclusion (DEI):

- **Diversity:** The presence of differences within a given setting. In the workplace, this can refer to race, gender, ethnicity, age, language, educational background, and so on.
- **Equity:** The process of ensuring that processes and programs are impartial, fair, and provide equal possible outcomes for every individual.
- **Inclusion:** The practice of ensuring that people feel a sense of belonging in the workplace.

Stakeholders: Individuals or groups that have an interest in the decisions made by a company and can be affected by its operations. Examples include employees, customers, suppliers, shareholders, and the community.

Financial Performance: Refers to the degree to which financial objectives being or were accomplished and is usually an aspect of the overall business performance.

Human Metrics: Quantitative and qualitative measures that focus on employees and other human aspects within an organization, such as employee satisfaction, development, diversity, and labour practices.

Social Metrics: Measures that reflect the social dimensions of an organization, like community engagement, social impact, and corporate social responsibility.

These terms are vital to understanding the context and purpose of the survey questions and responses. Please feel free to refer to this glossary as you complete the survey.

The questions addressed below are designed to elicit both quantitative data through Likert scales and multiple-choice questions, and qualitative insights through open-ended questions. The combination will help to assess current practices and perceptions while also gathering rich narrative data that can lead to a deeper understanding of the nuances within each organization.

Section 1: Demographics and Background Information

1. Your position/title within the organization.
2. Number of years in a senior management role.
3. Industry sector of your organization.
4. Size of your organization (e.g. number of employees).

Section 2: Current Use and Perception of Balanced Scorecard

5. Does your organization currently utilize a Balanced Scorecard (BSC) for performance measurement?
6. To what extent do you believe the traditional BSC reflects the current business landscape's human and social metrics? (Likert scale)
7. How frequently is your organization's BSC updated to reflect changes in strategic objectives, particularly those related to human and social dimensions?

Section 3: ESG Directives and DEI Integration

8. Describe the degree of integration of ESG standards within your organization's BSC. (Open-ended)
9. How does your organization measure DEI initiatives within its performance metrics? (Multiple choice)
10. Rate the effectiveness of these measurements on a scale from 1 (Not Effective) to 5 (Highly Effective).

Section 4: Stakeholder Expectations

11. In what ways has stakeholder expectation changed in the past five years regarding human and social metrics? (Open-ended)
12. How well does your current BSC align with these evolving stakeholder expectations? (Likert scale)

Section 5: Hypotheses-Based Questions

13. To what extent do you agree that incorporating human and social elements into the BSC would improve stakeholder satisfaction and organizational value? (Likert scale)
14. Has the inclusion of ESG, DEI, and sustainability metrics into your BSC led to improved financial performance? (Yes/No)
15. Describe any observed changes in stakeholder trust following adjustments to the BSC that integrate societal and DEI components. (Open-ended)

Section 6: Future Projections and Preferences

16. What changes would you like to see in your BSC to better reflect human and social dimensions? (Open-ended)
17. Do you believe a revised BSC including these elements would be a true representation of your organization's performance? (Yes/No)
18. What barriers, if any, does your organization face in updating the BSC to include these metrics? (Open-ended)