

**IT & ITES EMPLOYEES' OPINION TOWARDS THE
PERSPECTIVES CONSIDERED IN BALANCED SCORECARD- A STUDY WITH SPECIAL REFERENCE TO
COIMBATORE DISTRICT**

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ABSTRACT

The balanced scorecard is used by industry, government and non-profit organizations all over the world to align business activities to the vision and strategy of the organization. It helps to improve internal and external communications and monitor organization performance against strategic goals. A broad range of business goals can be included in the scorecard and performance targets can be measured. The present study analyses the IT and ITES employees opinion towards the perspective considered in balanced score card which primarily ranked Financial perspective, Customers perspective, Shareholders' perspective and Internal business perspective, Learning and growth perspective, Environmental & social perspective, Employees' perspective, Competitive perspective and Suppliers' perspective.

Keywords: balance score card, information technology, Information technology enabled services, strategic planning

I. INTRODUCTION

The management by objectives (MBO) philosophy of Drucker (1955) and the Balanced Scorecard approach of Kaplan and Norton (1992) are based on 'strategic measurements,' 'goal congruence,' and 'Theory Y' of Mc- Gregor (1960) as a means to improve the firm performance (Hoffecker and Goldenberg, 1994; Newing, 1995; Dinesh and Palmer, 1998). The Balanced Scorecard is based on 'rational goal model' and incorporates 'human relations model.' It is a motivation tool also since employee compensation is linked with different key performance indicators. The difference between the two approaches is that while MBO is more 'open-ended,' the Balanced Scorecard is 'more explicit and focused' as it incorporates the perspectives of customers, shareholders, internal business processes, learning and growth (Dinesh and Palmer, 1998). In short, Balanced Scorecard represents a fundamental change in the underlying assumption about performance measurement and strikes a balance between short-term and long-term objectives, financial and non-financial measures, outcome and process measures, lagging and leading indicators and also between internal and external perspectives

II. METHODOLOGY

The study included 530 sample subjects surveyed in 106 IT & ITES companies. At the end of data collection, five interview schedules were found incomplete and these five schedules were deducted, thus the study consists of 525 respondents. The study covers both primary and secondary data. For the purpose of collection the primary data of well-structured interview schedule had been framed. The interview schedule covered information on: demographic, socioeconomic status and senior officials' perceptions on BSC practices, its dimensions, benefits, and problems faced its impact, success rate and senior officials level of satisfaction towards BSC implementation.

III. OBJECTIVE AND ANALYSIS

This article will be of at most useful for IT & ITES company's employees, experts and research scholars in understanding IT & ITES employees' opinion towards various perspectives considered in the balance score card. So the primary objective of the study is as follows:

1. To analyse the IT & ITES employees' opinion towards the Financial perspective, Customers perspective, Shareholders' perspective and Internal business perspective, Learning and growth perspective, Environmental & social perspective considered in balance scorecard.

IV. STATISTICAL TOOL USED

This research is primary in nature and the questionnaire is issued in person by the researcher . To analyse the opinion on dimensions of balance scorecard the major statistical techniques like Sum, mean and ranking technique is used and mean score is calculated .

V.IT & ITES Employees' Opinion on Dimensions of Balanced Scorecard

The Balanced Scorecard is a holistic model that can be used at various levels across the organization, service, team or group. It is used to manage strategy by linking objectives to initiatives, targets and measures across a range of corporate perspectives. These perspectives are determined by the organization using the model. This cross-section of the study deals with the IT & ITES employees' opinion on dimensions of balanced scorecard.

TABLE: 1

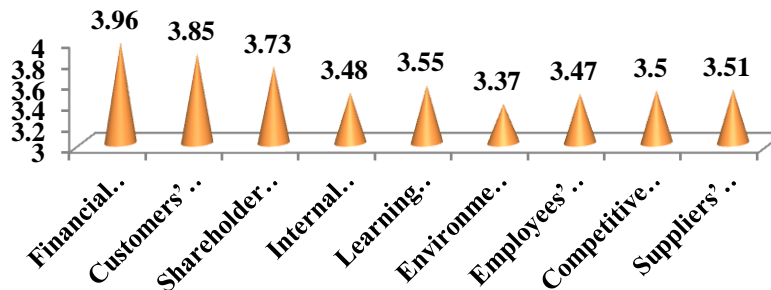
**IT & ITES EMPLOYEES' OPINION TOWARDS THE
PERSPECTIVES CONSIDERED IN BALANCED SCORECARD**

Perspectives	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
Financial perspective	136 (25.90)	272 (51.81)	93 (17.71)	8 (1.52)	16 (3.05)	2079	3.96	1
Customers' perspective	83 (15.81)	295 (56.19)	131 (24.95)	16 (3.05)	0 (0.00)	2020	3.85	2
Shareholders' perspective	89 (16.95)	238 (45.33)	168 (32.00)	26 (4.95)	4 (0.76)	1957	3.73	3
Internal business perspective	75 (14.29)	182 (34.67)	191 (36.38)	73 (13.90)	4 (0.76)	1826	3.48	7
Learning and growth perspective	83 (15.81)	241 (45.90)	110 (20.95)	64 (12.19)	27 (5.14)	1864	3.55	4
Environmental & social perspective	93 (17.71)	164 (31.24)	151 (28.76)	77 (14.67)	40 (7.62)	1768	3.37	9
Employees' perspective	57 (10.86)	242 (46.10)	134 (25.52)	75 (14.29)	17 (3.24)	1822	3.47	8
Competitive perspective	112 (21.33)	137 (26.10)	192 (36.57)	72 (13.71)	12 (2.29)	1840	3.50	6
Suppliers' perspective	77 (14.67)	210 (40.00)	164 (31.24)	52 (9.90)	22 (4.19)	1843	3.51	5

Source: Primary Data

The data presented in the above table infers that out of 525 respondents' surveyed, majority of the IT & ITES employees' in Coimbatore region have opined that their organization have designed balanced scorecards principally for reviewing its financial performances, it is ranked in first place with the mean score of 3.96, respectively. Subsequently the sample populations' have said that their firm considers the customers, shareholders and also about the learning and growth perspectives while preparing scorecards. These variables are ranked in second, third and fourth position with the mean score of 3.85, 3.73 and 3.55, respectively. Similarly the respondents' have opined that their organization always think on competitors, suppliers and on internal business perspective at the time of designing scorecards. These factors are placed in fifth, sixth and seventh rank with an average score of 3.51, 3.50 and 3.48. On the other hand, the employees' have said that their firm usually prepares balanced scorecards on the employees, environmental and social perspective. These subjects' are ranked in eighth and ninth position with the mean score of 3.47 and 3.37, respectively.

Thus, it has been clearly identified that majority of the IT & ITES employees' in Coimbatore region have opined that their organization have designed balanced scorecards, principally for reviewing its financial performances, it is ranked in first place with the mean score of 3.96, respectively

EXHIBIT: 1**IT & ITES EMPLOYEES' OPINION TOWARDS THE PERSPECTIVES CONSIDERED IN BALANCED SCORECARD**

The customer perspective aims at the identification of relevant customers and market segments that contribute to the financial goals. In terms of a market-based management of the company, this dimension makes it possible to get the internal processes, services and products into line with the necessities of current and future markets. The following table discusses on the BSC focused customer perspective objectives of sample IT firms.

TABLE: 2
IT & ITES EMPLOYEES' OPINION ON CUSTOMERS' PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS

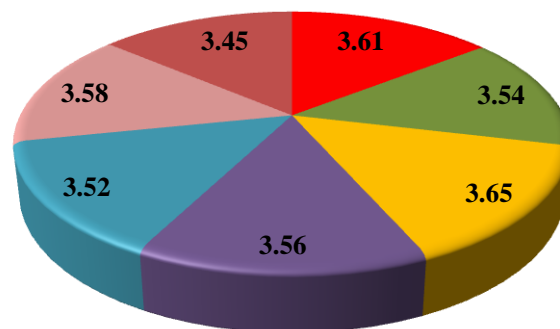
Perspectives	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
Customer satisfaction in terms of quality	98 (18.67)	231 (44.00)	120 (22.86)	47 (8.95)	29 (5.52)	1897	3.61	2
On-time delivery	79 (15.05)	241 (45.90)	121 (23.05)	51 (9.71)	33 (6.29)	1857	3.54	5
Customer satisfaction in terms of service	112 (21.33)	207 (39.43)	130 (24.76)	64 (12.19)	12 (2.29)	1918	3.65	1
Image, reputation, and brand	100 (19.05)	178 (33.90)	178 (33.90)	54 (10.29)	15 (2.86)	1869	3.56	4
Percentage of sales from new products(as a % of total sales)	87 (16.57)	227 (43.24)	115 (21.90)	63 (12.00)	33 (6.29)	1847	3.52	6
Responsive after-sales service	118 (22.48)	205 (39.05)	108 (20.57)	50 (9.52)	44 (8.38)	1878	3.58	3
Number of customer suggestions	84 (16.00)	198 (37.71)	148 (28.19)	61 (11.62)	34 (6.48)	1812	3.45	7

Source: Primary Data

From the above data analysis, it has been observed that, the respondents' have opined that their organization prioritizes on the customers satisfaction while offering any kind of services, it is ranked in first place with an average score of 3.65. Similarly the employees' have stated that their firm is very rational in quality, after-sales, presence, reputation, and brand of services provided to the customers. These variables are ranked in second, third and fourth position with the mean score of 3.61, 3.58 and 3.56. On the other hand, the sample populations' have said that their organization always concentrate on the product delivery, percentage of sales from new products and on the suggestions given by the customers. These factors are rated in fifth, sixth and seventh position with an average score of 3.54, 3.52 and 3.45, respectively.

Hence, it has been inferred that the respondents' have opined that their organization prioritizes on the customers satisfaction while offering any kind of services, it is ranked in first place with an average score of 3.65.

EXHIBIT: 2
IT & ITES EMPLOYEES' OPINION ON CUSTOMERS' PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS



- Customer satisfaction in terms of quality
- On-time delivery
- Customer satisfaction in terms of service
- Image, reputation, and brand
- Percentage of sales from new products (as a % of total sales)
- Responsive after-sales service
- Number of customer suggestions

Within the dimension of internal processes, firms should identify and structure efficiently the internal value-driving processes that are vital regarding the goals of customers and shareholders (e.g. innovation, production and after-sales. The following table discusses on the BSC focused internal process perspective objectives of sample IT firms.

TABLE: 3
IT & ITES EMPLOYEES' OPINION ON INTERNAL
BUSINESS PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS

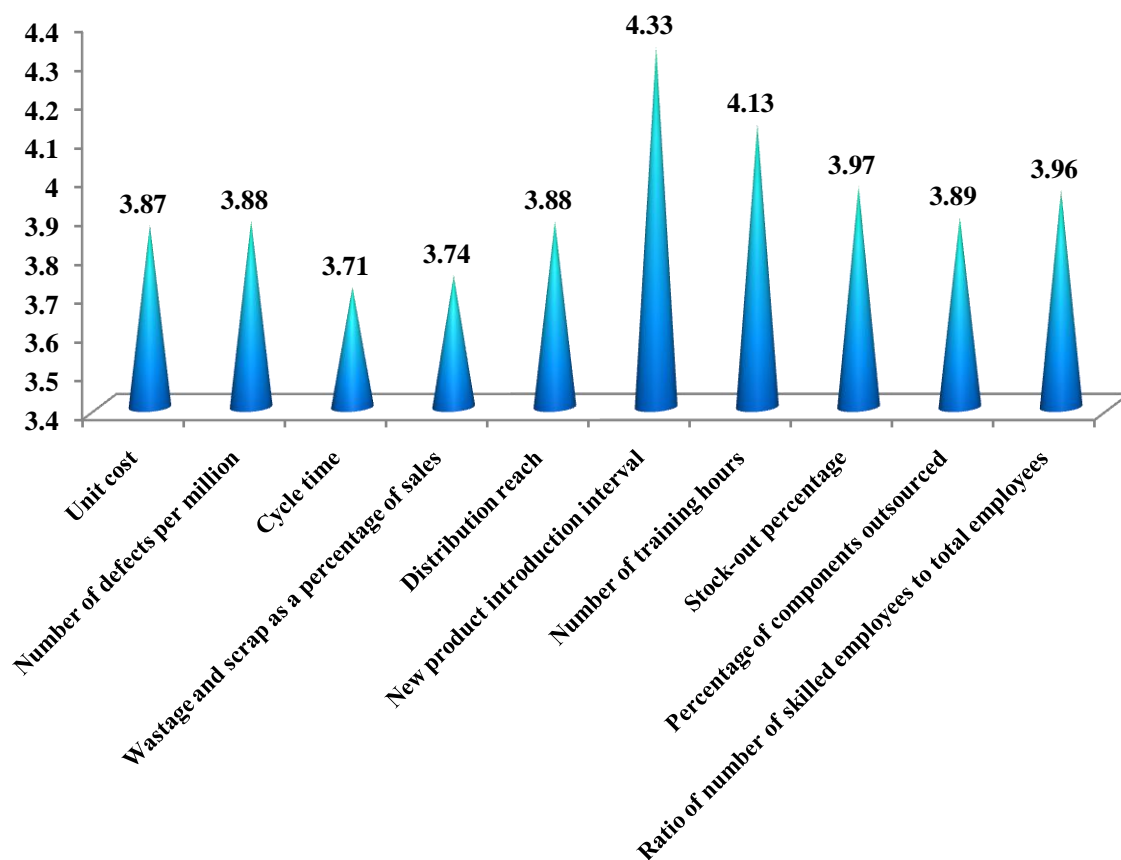
Perspectives	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
Unit cost	141 (26.86)	227 (43.24)	113 (21.52)	35 (6.67)	9 (1.71)	2031	3.87	8
Number of defects per million	142 (27.05)	228 (43.43)	122 (23.24)	18 (3.43)	15 (2.86)	2039	3.88	6
Cycle time	95 (18.10)	258 (49.14)	115 (21.90)	37 (7.05)	20 (3.81)	1946	3.71	10
Wastage and scrap as a percentage of sales	128 (24.38)	216 (41.14)	119 (22.67)	40 (7.62)	22 (4.19)	1963	3.74	9
Distribution reach	140 (26.67)	223 (42.48)	133 (25.33)	17 (3.24)	12 (2.29)	2037	3.88	6
New product introduction interval	234 (44.57)	236 (44.95)	51 (9.71)	1 (0.19)	3 (0.57)	2272	4.33	1
Number of training hours	177 (33.71)	251 (47.81)	86 (16.38)	10 (1.90)	1 (0.19)	2168	4.13	2
Stock-out percentage	174 (33.14)	207 (39.43)	111 (21.14)	20 (3.81)	13 (2.48)	2084	3.97	3
Percentage of components outsourced	190 (36.19)	173 (32.95)	99 (18.86)	39 (7.43)	24 (4.57)	2041	3.89	5
Ratio of number of skilled employees to total employees	183 (34.86)	211 (40.19)	89 (16.95)	9 (1.71)	33 (6.29)	2077	3.96	4

Source: Primary Data

It has been inferred that most of the employees' have opined that their firm always plan the time interval for launching new products while preparing internal business scorecards, it is ranked in first place with the mean score of 4.33. Similarly the respondents' have said that their organization always concentrate on the number of training hours, stock-out percentage, ratio of number of skilled employees to total employees and percentage of components outsourced in the business. These factors are ranked in second, third, fourth and fifth with an average score of 4.13, 3.97, 3.96 and 3.89. Followed by, the sample subjects' have stated that they focus on the distribution reach

and number of defects in terms of internal business perspective, it is ranked in sixth position with the mean score of 3.88. From the discussion of the above data, it has been inferred that most of the IT & ITES employees' in Coimbatore region have opined that their firm always plan the time interval for launching new products while preparing internal business scorecards, it is ranked in first place with the mean score of 4.33.

EXHIBIT: 3
IT & ITES EMPLOYEES' OPINION ON INTERNAL
BUSINESS PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS



Employees' perception on training and organizational attitudes related to both employee and organizational improvement is discussed in the following table.

TABLE: 4
IT & ITES EMPLOYEES' OPINION ON INNOVATION & GROWTH
PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS

Measures	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
Market share	177 (33.71)	192 (36.57)	109 (20.76)	11 (2.10)	36 (6.86)	2038	3.88	1
Growth in market share	101 (19.24)	192 (36.57)	134 (25.52)	90 (17.14)	8 (1.52)	1863	3.55	2
Percentage of sales from new products	39 (7.43)	239 (45.52)	207 (39.43)	23 (4.38)	17 (3.24)	1835	3.50	4
Percentage of sales from new customers	78 (14.86)	210 (40.00)	146 (27.81)	67 (12.76)	24 (4.57)	1826	3.48	5
Raw material substitutes	68 (12.95)	183 (34.86)	149 (28.38)	112 (21.33)	13 (2.48)	1756	3.34	8
Number of employee suggestions	101 (19.24)	183 (34.86)	143 (27.24)	85 (16.19)	13 (2.48)	1849	3.52	3
Vendor development	70 (13.33)	202 (38.48)	175 (33.33)	46 (8.76)	32 (6.10)	1807	3.44	7
Reduction in cycle time	104 (19.81)	170 (32.38)	145 (27.62)	86 (16.38)	20 (3.81)	1827	3.48	5
Growth rate in knowledge assets	17 (3.24)	217 (41.33)	206 (39.24)	45 (8.57)	40 (7.62)	1701	3.24	9

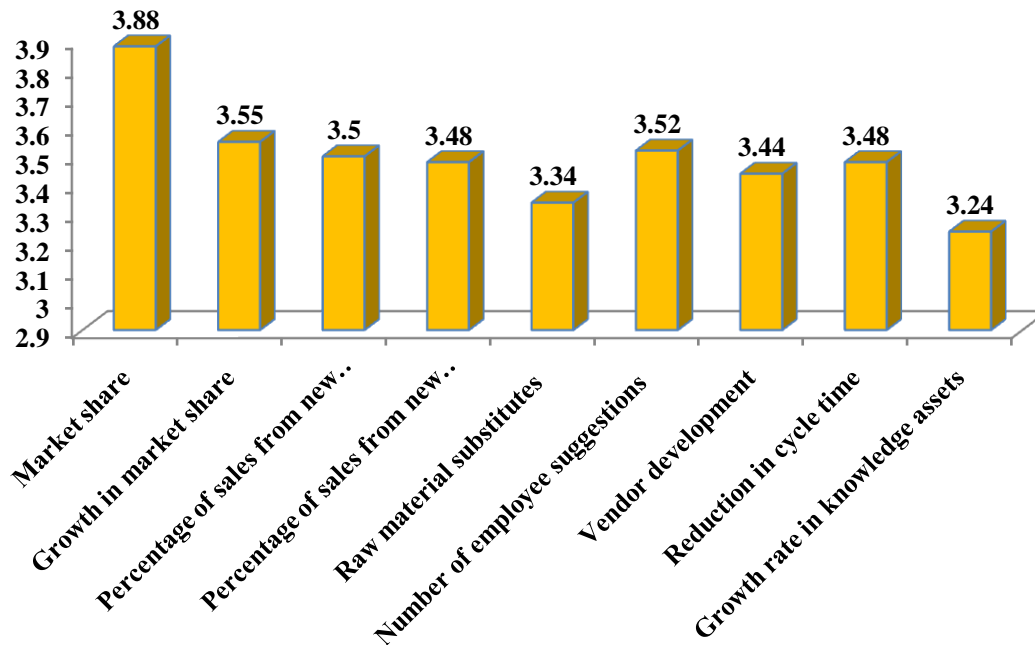
Source: Primary Data

From the above table, it has been inferred that, the IT & ITES employees' in Coimbatore have opined that their company gives more priority to market shares in terms of innovation and growth perspective, it is ranked in first place with an average score of 3.88. Batches of sample subjects' have said that aspects like growth in market share, percentage of sales from new products & customers, reduction in cycle time and innovative ideas of the employee are considered as key performance indicators of innovation and growth perspective. These variables are ranked in second, third and fourth position with the mean score of 3.55, 3.52, 3.50 and 3.48, respectively. Similarly the respondents' have stated that their firm emphasize on vendor development, raw material substitutes and growth rate in knowledge assets. These factors are placed in seventh, eighth and ninth rank with an average score of 3.44, 3.34 and 3.24.

Thus, it has been concluded that, the IT & ITES employees' in Coimbatore have opined that their company gives more priority to market shares in terms of innovation and growth perspective, it is ranked in first place with an average score of 3.88.

EXHIBIT: 4

**IT & ITES EMPLOYEES' OPINION ON INNOVATION & GROWTH
PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS**



In the predominant financial perspective objectives similar to traditional systems of management and accounting are included to depict the financial performance of the company. In contrast to traditional management instruments, the BSC concept stresses the importance of so-called value drivers for future profitability. The following table discusses on the BSC focused financial perspective objectives of sample IT firms.

TABLE: 5
IT & ITES EMPLOYEES' OPINION ON FINANCIAL PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS

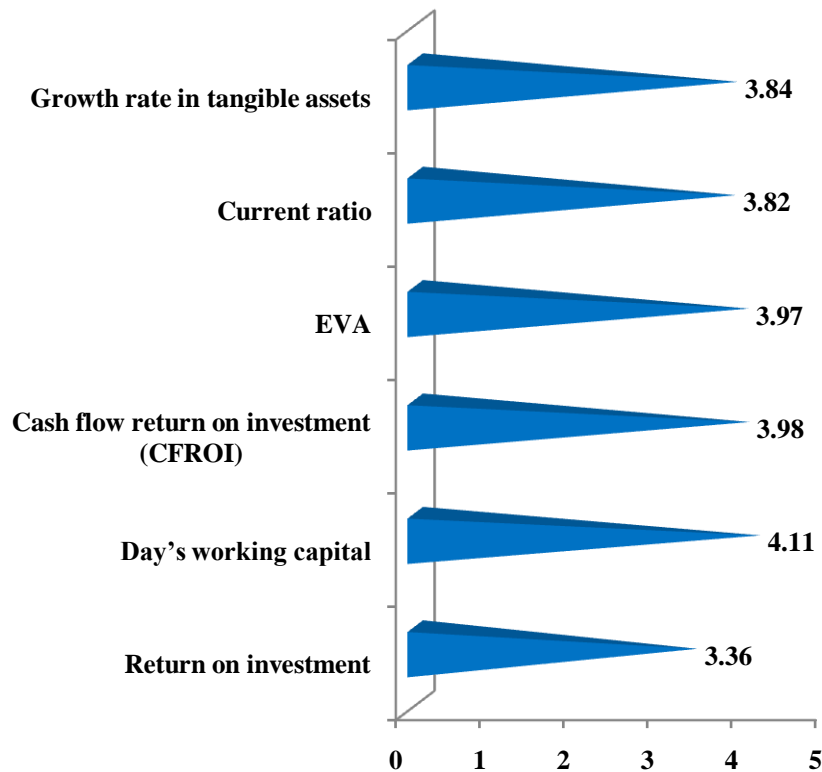
Measures	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
Return on investment	66 (12.57)	191 (36.38)	156 (29.71)	91 (17.33)	21 (4.00)	1765	3.36	6
Day's working capital	188 (35.81)	228 (43.43)	90 (17.14)	15 (2.86)	4 (0.76)	2156	4.11	1
Cash flow return on investment (CFROI)	168 (32.00)	230 (43.81)	92 (17.52)	19 (3.62)	16 (3.05)	2090	3.98	2
EVA	166 (31.62)	233 (44.38)	86 (16.38)	23 (4.38)	17 (3.24)	2083	3.97	3
Current ratio	137 (26.10)	229 (43.62)	115 (21.90)	16 (3.05)	28 (5.33)	2006	3.82	5
Growth rate in tangible assets	151 (28.76)	215 (40.95)	110 (20.95)	23 (4.38)	26 (4.95)	2017	3.84	4

Source: Primary Data

The data presented in the above table indicates that, majority of the employees' in IT & ITES companies have opined that their organization always emphasize on the days working capital as a key performance indicator i.e., number of days it will take for a company to convert its working capital into revenue. This factor has been ranked in first place with the mean score of 4.11. Similarly the respondents' believe that Cash Flow Return on Investment (CFROI), Economic Value Added (EVA) and growth rate in tangible assets are the ratios that indicate the financial performances of the concern. These variables are ranked in second, third and fourth position with an average score of 3.98, 3.97 and 3.84. On the other hand, the sample populations' have said that their organization concentrates on the current ratio/liquidity ratio and on return on investment while reviewing the financial performances. These factors are ranked in fifth and sixth place with an average score of 3.82 and 3.36, correspondingly.

The above table indicates that majority of the employees' in IT & ITES companies have opined that their organization always emphasize on the days working capital as a key performance indicator it is ranked in first place with the mean score of 4.11.

EXHIBIT: 5
IT & ITES EMPLOYEES' OPINION ON FINANCIAL PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS



Indian companies are expanding their service offerings, enabling customers to deepen their offshore engagements and shifting from low-end business processes to higher ones. They are also enhancing their global service delivery capabilities through a combination of Greenfield initiatives, cross-border mergers and acquisitions, as well as partnerships and alliances with local players. This has helped them execute end-to-end delivery of new services. Based on this discussion the following table description is made that focuses the strategic vision of IT & ITES firms in management of their investors.

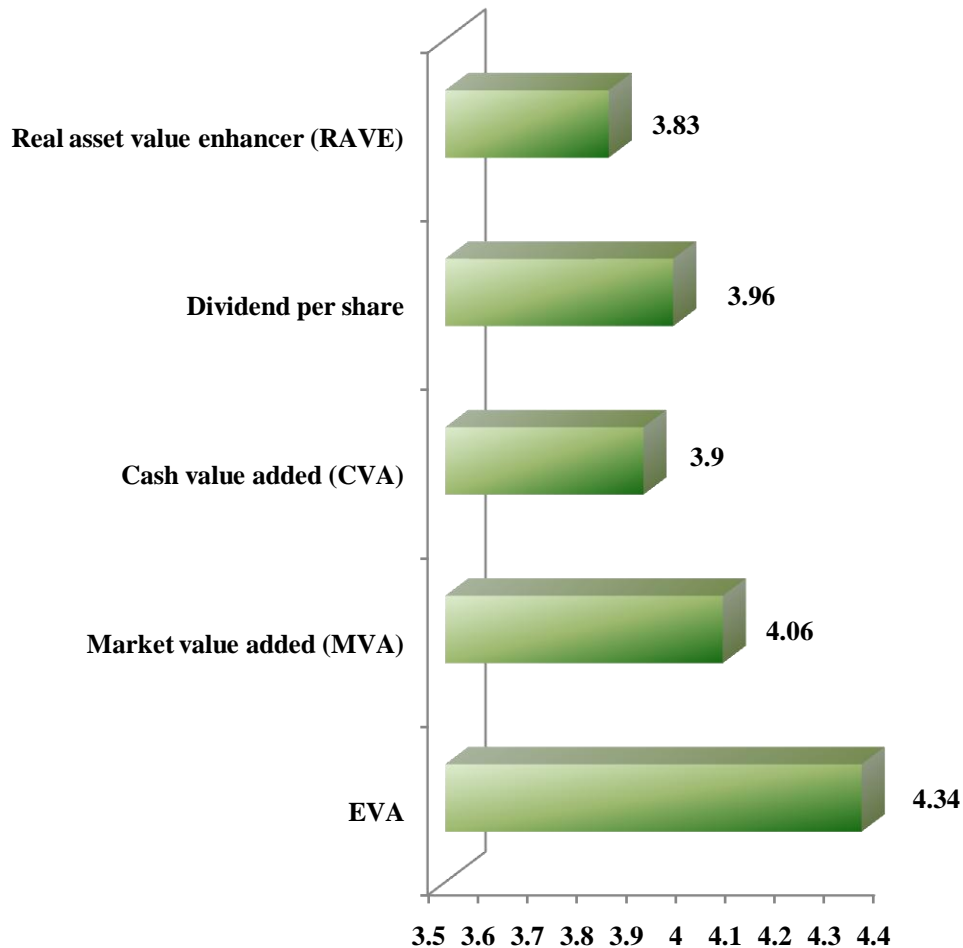
TABLE: 6
IT & ITES EMPLOYEES' OPINION ON INVESTORS/ SHAREHOLDERS PERSPECTIVE CONSIDERED IN
BALANCED SCORECARDS

Measures	Most Important	Important	Moderate	Not Important	Not at all	Sum	Mean	Rank
EVA	226 (43.05)	251 (47.81)	46 (8.76)	2 (0.38)	0 (0.00)	2276	4.34	1
Market value added (MVA)	139 (26.48)	293 (55.81)	83 (15.81)	8 (1.52)	2 (0.38)	2134	4.06	2
Cash value added (CVA)	134 (25.52)	229 (43.62)	141 (26.86)	17 (3.24)	4 (0.76)	2047	3.90	4
Dividend per share	159 (30.29)	218 (41.52)	120 (22.86)	23 (4.38)	5 (0.95)	2078	3.96	3
Real asset value enhancer (RAVE)	150 (28.57)	200 (38.10)	131 (24.95)	23 (4.38)	21 (4.00)	2010	3.83	5

Source: Primary Data

From the above empirical data analysis, it has been observed that, most of the employees' have opined that their organization considers Economic Value Added (EVA) as the key factor of investor/shareholders perspective, as it is a measure of shareholder value and an estimate of the true economic profit of an enterprise. This factor has been ranked in first place with an average score of 4.34. Followed by, the respondents' have said that the ratios such as Market Value Added (MVA), Dividend Per Share, Market Value Added (MVA) And Real Asset Value Enhancer (RAVE) are considered important as part of shareholders/investors perspective. These variables are ranked in second, third, fourth and fifth position with the mean score of 4.06, 3.96, 3.90 and 3.83, accordingly.

Hence, it has been inferred that most of the employees' have opined that their organization considers Economic Value Added (EVA) as the key factor of investor/shareholders perspective it is ranked in first place with an average score of 4.34.

EXHIBIT: 6**IT & ITES EMPLOYEES' OPINION ON INVESTORS/ SHAREHOLDERS PERSPECTIVE CONSIDERED IN BALANCED SCORECARDS**

The Indian IT and ITES industry has continued to perform its role as the most consistent growth driver for the economy. Service, software exports and BPO remain the mainstay of the sector. Over the last five years, the IT and ITES industry has grown at a remarkable pace. A majority of the Fortune 500 and Global 2000 corporations are sourcing IT and ITES from India and it is the premier destination for the global sourcing of IT and ITES accounting for 55 per cent of the global market in offshore IT services and garnering 35 per cent of the ITES/BPO market. In this case the management of supplier base becomes strategically important, the following table BSC values from suppliers perspective.

V. CONCLUSION

The present study analysed the IT and ITES employees opinion towards the perspective considered in balanced score card in Coimbatore region and it primarily included Financial perspective, Customers perspective, Shareholders' perspective and Internal business perspective, Learning and growth perspective, Environmental & social perspective, Employees' perspective, Competitive perspective and Suppliers' perspective. The results revealed that Financial perspective takes first rank, Customers perspective holds second rank and Shareholders perspective stands third. So the firms must consider these facts before implementing balance scorecard.

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