

## IMPACT OF BALANCE SCORE CARD ON IT & ITES EMPLOYEES' ON DIFFERENT AREAS (FINANCIAL NON-FINANCIAL ASPECT)

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***Abstract:** Balanced Scorecard (BSC) is a strategy management system that helps managers to translate organization strategy into operational objectives and implement it. Based on this concept the study aims to analyse the fundamental change, experienced by IT & ITES companies after implementation of BSC. The study found that 88.40 per cent of employees' experiences that the balanced scorecards are highly helpful for balancing short-term results. The statistical results of paired 't' test declared that there exists wide gap between important perspectives considered in Balanced Scorecard implementation and its success rate. It is strongly suggested to the small IT & ITES companies functioning in Coimbatore city to realise the fact the balanced scorecard is a step in the right direction for business owners to create a management structure that clarifies direction, communicates that direction, aligns everyone's work to support those goals and ultimately perform more efficiently and be more competitive.*

### INTRODUCTION

Balanced Scorecard is a strategy management system that helps managers to translate organization strategy into operational objectives and implement it. BSC framework looks at the strategy from different perspectives i.e., financial, customer, shareholders, internal business processes and learning and growth, employee, environmental & social, competitive and suppliers perspectives. Thus, it brings in the necessary clarity to strategy. Further implementation of BSC ensures that, strategy gets communicated to all the employees suitably to facilitate implementation by them. Measuring organisational performance through BSC reviews remain integral to BSC concept. This study aims to analyse the fundamental change experienced by the IT & ITES companies, currently functioning in term of organisation performances in Coimbatore city, after implementation of BSC.

### STATEMENT OF PROBLEM

The Balanced Scorecard sometimes arise question of conjecture and application. There are some reasons, why this happens. In the past, some researchers conducted

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on the actual implementation of the Balanced Scorecard but the thing is that some of them failed to find that the Balanced Scorecard (BSC) is a kind of performance measurement system which can give the managers the perfect tools, so that, there are some of the important things in the decision making process (Lopes, 1996). Then, the managers can be able to concentrate on the analyzing of the different kinds & sorts of business concerns and then applying those things as the solution to it (Vitale, 1994). The system of the Balanced Scorecard (BSC) raises the overall capability of the managers, so that, there may have some of the investigation part in different working processes simultaneously without the focus losing (Atkinson, 2000). For all of these positive aspects, the Balanced Scorecard became universal solution for the performance measurement.

### **AIM OF THE STUDY**

This study aims to analyse the fundamental change, experienced by the IT & ITES employees' of IT & ITES companies after implementation of BSC.

### **RESEARCH METHODOLOGY**

The research design of the study consists of two stages. First stage of the research is explanatory in nature. This forms part of desk research, where the reviews of available secondary literature for the study were collected. A descriptive research was carried out at the second stage. An empirical study was conducted among the IT& ITES companies located in Coimbatore district. Coimbatore popularly known as the Manchester of South India, situated in the western part of the state of Tamil Nadu. Coimbatore City is the district headquarters.

For the effective conduct of this study, the researcher applied multi-stage sampling techniques. In the first stage, the researcher adopted stratified random sampling techniques for classification and selection of IT & ITES companies. In the second stage, researcher adopted judgmental sampling techniques for collection of first-hand information from managers of various departments serving in the IT companies. In the first stage of the study the researchers has identified that there are 144 software and IT solution firms are operating in Coimbatore city with nearly 7000 people employed in various segments of IT filed. Sample firms that will be considered for the study is 106 IT firms. (i.e., 73.61 per cent of IT firms operating in Coimbatore city). 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.

### **RESULTS AND DISCUSSION**

Using this balanced scorecard (BSC), helps in the transforming an organizational goal and its strategic planning from the attractiveness but the thing is the passive

document into the „marching orders from the organization on the basis of daily (Hoffecker, 1994). The following table checks the viability of this concept.

From the elaborate data discussion, it has been observed that, 30.10 per cent of the IT & ITES employees' in Coimbatore region, has said that their organization is operating for the past 3 years or less than that. Similarly, 41.90 per cent of IT & ITES employees' have opined that their organization is a Company/ Association with two or more shareholders and 25.33 per cent of respondents' have opined that, around 50-149 employees are working in their concern. It has been inferred that, 53.90 per cent of IT & ITES employees' have said that, their company makes a turnover of ' .1 million, per year. Further, it has been observed that 31.24 per cent of IT & ITES employees' have opined that, their organization has adopted balanced scorecard system in order to visualize and improve its performance.

**Table 1**  
**Impact of Balance Score Card on it & Ites Employees' On Different Areas**  
**(Financial Non-financial Aspect)**

<i>Areas</i>	<i>Sum</i>	<i>Mean</i>	<i>Rank</i>
Cost Reduction Opportunities	1844	3.51	2
Profits After Tax (PAT)	1530	2.91	3
On-Time Delivery	1384	2.64	12
Responsive Service	1526	2.91	3
Number of Defects	1460	2.78	7
Free Cash Flows To Firm (FCFF)	1411	2.69	11
Day's Working Capital	1505	2.87	6
Wastage and Scrap	1457	2.78	7
Logistics Cost	1448	2.76	9
Attrition Rate	1527	2.91	3
Cycle Time	1425	2.71	10
Fill Rate	1920	3.66	1

*Source: Primary Data*

From the above data analysis, it has been observed that, majority of the employees' have agreed that balanced scorecards are highly useful to maintain the fill rate of the workers, it is ranked in first place with the mean score of 3.66. Subsequently it has been observed that the employees' in IT fields believe that balanced scorecards have effective impact on cost reduction opportunities, increasing Profits after tax (PAT), controlling of Attrition rate and enables them to provide responsive service to the customers. These variables are ranked in second and third place with the mean score of 3.51 and 2.91, respectively. Followed by, the respondents' have said that the balanced scorecards supports them to reduce the tenure of days working capital, reduces the number of defects, wastage and scrap of documents. These factors are ranked in sixth and seventh place with the mean score of 2.87 and 2.78. Further, it has been found that the respondents' feel

that usage of balanced scorecards reduces the logistics cost & cycle time, enables them to provide on-time delivery and gives free cash flows to firm (FCFF). These subjects' are ranked in ninth, tenth, eleventh and twelfth place with the mean score of 2.76, 2.71, 2.69 and 2.64, respectively.

## FINDINGS AND SUGGESTIONS

From the detailed data analysis, it has been inferred that 88.40 per cent of employees' have opined that the balanced scorecards are highly helpful for balancing short-term results. The seniors and managers of sample IT & ITES companies must realise the fact the balanced score card is a tactical measurement system. Innovative companies are using the scorecard as a strategic management system to manage their strategy to accomplish their long run goals. Thus, they are suggested to apply BSC perceptively for achieving long-term goals instead of using for short-term business problems resolving.

Similarly, the statistical results of paired 't' test declared that there exists wide gap between important perspectives considered in Balanced Scorecard implementation and its success rate, thus it Small IT & ITES companies functioning in Coimbatore city must develop a balanced scorecard focusing on key activities they can perform effectively to achieve success. Further, it is suggested that the sample of IT & ITES companies must aim to frame as very flexible and adaptable BCS. As, the key success and popularity of the BSC lie in its flexibility and adaptability.

## CONCLUSION

The balanced scorecard is often most effective when used as part of a major organisational or culture-change process. Although scorecard projects can be launched from different organisational units, the most important criterion for success is that the initiating unit has a senior executive whose leadership and management style emphasizes: communication, participation, employee initiative and involvement. It is strongly suggested to the small IT & ITES companies functioning in Coimbatore city to realise the fact the balanced scorecard is a step in the right direction for business owners to create a management structure that clarifies direction, communicates that direction, aligns everyone's work to support those goals and ultimately perform more efficiently and be more competitive.

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