

A STUDY ON EFFECTIVENESS OF BALANCE SCORECARD TECHNIQUE AT PANTALOONS RETAIL INDIA LIMITED, CHENNAI

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Abstract: Managing human resources in today's dynamic environment is becoming more and more complex as well as important. Recognition of people as a valuable resource in the organization has led to increase trends in employee maintenance, job security etc.

This project deals with "Effectiveness of balance scorecard technique carried out at Pantaloons Retail India Limited". This report measures the effectiveness of the performance appraisal method carried out in the company. The sample size consists of 50 respondents who are in the study considered as the major stakeholders with reference to the HR executive.

This report deals with a detailed company profile. It includes the company's history: its activities and operations etc. This section attempts to give detailed information about the company and the nature of its functioning.

This report also deals with the performance appraisal. There is a brief conceptual explanation to performance appraisal. In this report, there is a research study to evaluate the process of performance appraisal at Pantaloons Retail India Limited; this evaluation process is done by using percentage analysis method and chi-square analysis to analyze the data for interpretation, my findings, suggestions and conclusions.

Keywords: Balance scorecard, Performance Appraisal, Satisfaction

INTRODUCTION TO THE STUDY

Pantaloon Retail (India) Limited, is a large Indian retailer, part of the Future Group, and operates in multiple retail formats in both, value and lifestyle, segments of the Indian consumer market. In today's competitive and dynamic world, any organization in order to lead towards success needs to focus on the contemporary and innovative practise to become a "winning organization". The main parameter of such winning organization is the human element, which cannot be compromised upon. Thus HR is considered to be the long-term investment.

PERFORMANCE APPRAISAL

A performance appraisal (PA) or performance evaluation is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain

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pre-established criteria and organizational objectives. PA is often included in performance management systems. Performance management systems are employed “to manage and align all of an organization’s resources in order to achieve highest possible performance. Some applications of PA are performance improvement, promotions, termination, test validation, and more.

BALANCE SCORECARD

To evaluate the organisational and employee performance in Performance appraisal management processes, the conventional approach measures the performance only on a few parameters like the action processes, results achieved or the financial measures etc. The Balanced scorecard – an approach given by Kaplan and Norton provides a framework of various measures to ensure the complete and balanced view of the performance of the employees. The four Perspectives recommended by Kaplan and Norton for the managers to collect information are:

- The financial measures – The financial measures include the results like profits, increase in the market share, return on investments and other economic measures as a result of the actions taken.
- The customers’ measures - These measures help to get on customer satisfaction, the customer’s perspective about the organisation, customer loyalty, acquiring new customers. The data can be collected from the frequency and number of customer complaints, the time taken to deliver the products and services, improvement in quality etc.
- The internal business measures – These are the measures related to the organization’s internal processes which help to achieve the customer satisfaction. It includes the infrastructure, the long term and short term goals and objectives, organisational processes and procedures, systems and the human resources.
- The innovation and learning perspective - The innovation and learning measures cover the organisation’s ability to learn, innovate and improve. They can be judged by employee skills matrix, key competencies, value added and the revenue per employee.

Factors Influencing Performance Appraisal

- Performance
- Teamwork
- Assertiveness/Motivation
- Attendance and Punctuality
- Organizational skills
- Customers Services
- Biased Managers
- Appearance

OBJECTIVES OF THE STUDY

Primary Objective

To study the Effectiveness of Balance Scorecard Technique with reference to Pantaloons Retail India Limited, Chennai.

Secondary Objective

- To analyze the effectiveness of this technique by measuring three branches of the organization.
- To measure the level of knowledge of employee about balance scorecard technique.
- To submit suggestions to the organization.

Need for the Study

Provide feedback information about the level of achievement and behaviour of subordinate. This information helps to review the performance of the subordinate, rectifying performance deficiencies and to set new standards of work, if necessary. Provide information to diagnose deficiency in employee regarding skill, knowledge, determine training and development needs and to prescribe the means for employee growth provides information for correcting placement. Thus an analysis of performance appraisal method is carried to bring out the optimal method that satisfies the employee.

Scope of the Study

It provides employees with a better understanding of their roles and responsibilities; increase confidence through recognizing strengths while identifying training needs to improve weaknesses; improve working relationships and communication between supervisors and subordinates; increase commitment to organizational goals; assist in personnel decisions such as promotions or allocating rewards and allow time for self-reflection, self-appraisal and personal goal setting. This study will also facilitate the steps to be taken by Pantaloons Retail India Limited, to enhance the balance scorecard technique in future.

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be termed as a science of studying how research is done systematically.

RESEARCH DESIGN: The research design that has been adopted for the study is descriptive. The methodology involved in this design is mostly qualitative in nature. Descriptive research was under taken because the researcher sought to describe the behaviour of variables and also to infer cause effect relationships.

RESEARCH INSTRUMENT: *Structured Questionnaire*

POPULATION SIZE: The total population size is 14000 employees, so the sample size was chosen due to various restrictions like time, cost and internal problems.

PROPOSED SAMPLING METHOD

SAMPLING METHOD - Non-Probability Sampling method

SAMPLING DESIGN: Convenience Sampling

Convenience sampling is used because any person who deals with the researcher were without any restriction and this sampling method is taken to avoid some factors like time, cost etc.

SAMPLE SIZE

- The sample size of the survey is 50 employees.
- Sample size taken from the employees of Pantaloons Retail India Limited is 50. The sample is taken from various employees under different sections under supervisory position.

SAMPLE UNIT

The sampling unit here is the employees who do not hold a supervisory position.

DATA COLLECTION

DATA COLLECTION METHOD: Structure or directive interview

DATA COLLECTION TOOL: Interview schedule

SOURCE OF DATA

PRIMARY DATA: The researcher has collected primary data through structured questionnaire and in the process interacted with the selected respondents of Pantaloons Retail India Limited and elicited the necessary data.

SECONDARY DATA: Secondary data is the data which has already been collected for some earlier research work and which have already been processed. Secondary data for the study has been compiled from company profile, industry profile, commercial sources and related websites.

RESEARCH TOOLS

STATISTICAL TOOLS FOR ANALYSIS

To analyze and interpret collected data, the following statistical tools were used.

- Percentage Method
- Chi-Square Analysis

STATISTICAL TOOLS USED FOR THE STUDY ARE

1. Percentage Method

$$\text{Percentage} = \frac{\text{No. of Respondents}}{\text{Total No. of Respondents}} \times 100$$

2. Chi Square Method:

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

Where; O_i = Observed Frequency

E_i = Expected Frequency

$$\text{Degrees of Freedom} = [(r-1)(c-1)]$$

DATA ANALYSIS AND INTERPRETATION

Percentage Method

Table 1
Table showing influence of the method towards employees in this Organization

<i>Influence</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Extremely unfavourable	3	6.0
Unfavourable	33	66.0
Neutral	10	20.0
Favourable	4	8.0
Extremely favourable	0	0.0
Total	50	100.00

INFERENCE: It is identified that around 66% of the respondents have stated that the method is unfavourable in influencing them and 20% of the respondents have stated that the method is average in influencing them.

Table 2
Table showing Effect of the appraisal model in the Organization

<i>Effect of Model</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Simple	10	20.0
Complicated	4	8.0
Objective	33	66.0
Subjective	1	2.0
Efficient	2	4.0
Total	50	100.0

INFERENCE: It is identified from the above chart that the Performance appraisal system in this organization is objective. 66% of the respondents have agreed that it is objective.

Table 3
Table showing Opinion as Proper Assessment regarding appraisal system

<i>Proper Assessment</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Yes	47	94.0
No.	3	6.0
Total	50	100.0

INFERENCE: It is identified from above that 94% of the respondents have agreed that proper assessment is made for the contribution of employees in the organization.

Table 4
Table showing Satisfaction level with the current appraisal system

<i>Satisfaction Level</i>	<i>No. of Respondents</i>	<i>Percentage</i>
very low	1	2.0
Low	2	4.0
Average	42	84.0
High	5	10.0
Very high	0	0.0
Total	50	100.0

INFERENCE: From the above chart it is clear that 84% of the respondents are averagely satisfied with the current appraisal system and 10% of the respondents are highly satisfied.

Table 5
Table showing Comfort level with the Appraiser

<i>Comfort Level</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Yes	48	96.0
No	2	4.0
Total	50	100.0

INFERENCE: It is identified from above that 96% of the employees are comfortable in discussing any difference of opinion about the performance rating with the appraiser.

Table 6
Table showing Rating of Performance Appraisal System by Employees

<i>Rating</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Extremely low	0	0.0
Low	9	18.0
Average	15	30.0
High	24	48.0
extremely high	2	4.0
Total	50	100.0

INFERENCE: From above it is clear that 30% of the respondents give an average rating for the performance appraisal system and 48% of the employees give high rating for the system.

Table 7
Table showing Importance of Performance Appraisal System by Employees

<i>Importance</i>	<i>No. of Respondents</i>	<i>Percentage</i>
not important	2	4.0
less important	5	10.0
important	33	66.0
very important	10	20.0
Most important	0	0.0
Total	50	100.0

INFERENCE: It is identified from above that 66% of the respondents feel that performance appraisal system is important for an organization and 20% feel it is very much important for the organization.

CHI SQUARE TESTS

Table 8

Table showing Comparison between Satisfaction level in organization and atmosphere to share one another burden

Null Hypothesis: There is no significant relationship between satisfaction level and atmosphere to share one another burden

Alternative Hypothesis: There is significant relationship between satisfaction level and atmosphere to share one another burden

Satisfaction level * share burden Cross tabulation

Count		<i>Share burden</i>		<i>Total</i>
		<i>yes</i>	<i>no</i>	
Satisfaction level	very low	0	1	1
	Low	0	2	2
	Average	33	9	42
	High	5	0	5
Total		38	12	50

Chi-Square Tests

	<i>Value</i>	<i>Degrees of freedom</i>	<i>Calculated value</i>
Pearson Chi-Square	11.231 ^a	3	.011
Likelihood Ratio	11.463	3	.009
Linear-by-Linear Association	8.797	1	.003
N of Valid Cases	50		

INFERENCE: (tabulated value = 0.05)

Since the calculated value is less than tabulated value ($0.011 < 0.05$), therefore null hypothesis is rejected and alternative hypothesis is accepted. There is significant relationship between satisfaction level and atmosphere to share one another burden.

Table 9: Table showing Comparison between Satisfaction levels and setting meaningful goals

Null Hypothesis: There is no significant relationship between satisfaction level and setting meaningful goals

Alternative Hypothesis: There is significant relationship between satisfaction level and setting meaningful goals.

Satisfaction level * meaningful goals Cross tabulation				
		Meaningful goals		Total
		yes	No	
Satisfaction level	very low	1	0	1
	low	0	2	2
	average	36	6	42
	high	4	1	5
Total		41	9	50

Chi-Square Tests			
	Value	Degrees of freedom	Calculated value
Pearson Chi-Square	9.737 ^a	3	.021
Likelihood Ratio	7.686	3	.053
Linear-by-Linear Association	.842	1	.359
N of Valid Cases	50		

INFERENCE: (tabulated value = 0.05)

Since the calculated value is less than tabulated value ($0.02 < 0.05$), therefore null hypothesis is rejected and alternative hypothesis is accepted. There is significant relationship between satisfaction level and setting meaningful goals.

Table 10: Table showing Comparison between Satisfaction level in organization and motivating technique

Null Hypothesis: There is no significant relationship between satisfaction level and motivating technique

Alternative Hypothesis: There is significant relationship between satisfaction level and motivating technique

Satisfaction level * motivating technique Cross tabulation

		<i>Motivating technique</i>					
		<i>strongly agree</i>	<i>agree</i>	<i>neutral</i>	<i>disagree</i>	<i>strongly disagree</i>	<i>Total</i>
Satisfaction level	very low	0	0	0	1	0	1
	Low	0	0	1	0	1	2
	average	17	10	8	7	0	42
	High	1	3	1	0	0	5
Total		18	13	10	8	1	50

Chi-Square Tests

	<i>Value</i>	<i>Degrees of freedom</i>	<i>Calculated value</i>
Pearson Chi-Square	36.008 ^a	9	.000
Likelihood Ratio	25.055	9	.003
Linear-by-Linear Association	.016	1	.898
N of Valid Cases	50		

INFERENCE: (tabulated value = 0.05)

Since the calculated value is less than tabulated value ($0.00 < 0.05$), therefore null hypothesis is rejected and alternative hypothesis is accepted. There is significant relationship between satisfaction levels and motivating technique

Table 11: Table showing Comparison between Satisfaction level in organization and developing skills

Null Hypothesis: There is no significant relationship between satisfaction level and developing skills

Alternative Hypothesis: There is significant relationship between satisfaction level and developing skills

Satisfaction level * skills developed Cross tabulation

		<i>Skills developed</i>					
		<i>strongly agree</i>	<i>agree</i>	<i>neutral</i>	<i>disagree</i>	<i>strongly disagree</i>	<i>Total</i>
Satisfaction level	very low	0	0	1	0	0	1
	low	0	0	0	1	1	2
	average	8	10	23	1	0	42
	high	3	1	1	0	0	5
Total		11	11	25	2	1	50

Chi-Square Tests			
	Value	Degrees of freedom	Calculated value
Pearson Chi-Square	42.526 ^a	12	.000
Likelihood Ratio	19.294	12	.082
Linear-by-Linear Association	8.963	1	.003
N of Valid Cases	50		

INFERENCE: (tabulated value = 0.05) Since the calculated value is less than tabulated value ($0.00 < 0.05$), therefore null hypothesis is rejected and alternative hypothesis is accepted. There is significant relationship between satisfaction levels and developing skills

Table 12: Table showing Comparison between Satisfaction level in organization and matching expectations

Null Hypothesis: There is no significant relationship between satisfaction level and matching expectations

Alternative Hypothesis: There is significant relationship between satisfaction level and matching expectations

Satisfaction level * match expectations Cross tabulation							
		Match expectations					Total
		never	rarely	sometimes	often	Every time	
Satisfaction level	very low	1	0	0	0	0	1
	low	1	1	0	0	0	2
	average	0	0	35	6	1	42
	high	1	0	3	1	0	5
Total		3	1	38	7	1	50

Chi-Square Tests			
	Value	Degrees of freedom	Calculated value
Pearson Chi-Square	52.820 ^a	12	.000
Likelihood Ratio	25.047	12	.015
Linear-by-Linear Association	6.627	1	.010
N of Valid Cases	50		

INFERENCE: (tabulated value = 0.05)

Since the calculated value is less than tabulated value ($0.00 < 0.05$), therefore null hypothesis is rejected and alternative hypothesis is accepted. There is significant relationship between satisfaction levels and matching the employee's expectations.

FINDINGS

- 50% of the employees are working in the organizations for more than three years

- 94% of the respondents have agreed that proper assessment is made for the contribution of employees in the organization
- 84% of the respondents are averagely satisfied with the current appraisal system and 10% of the respondents are highly satisfied.
- 96% of the employees are comfortable in discussing any difference of opinion about the performance rating with the appraiser
- 30% of the respondents give an average rating for the performance appraisal system
- 48% of the employees give high rating for the system
- 66% of the respondents feel that performance appraisal system is important for an organization and 20% feel it is very much important for the organization.
- 20% of the respondents have stated that the balance scorecard method is average in influencing them.
- 66% of the respondents have agreed that the performance appraisal system is objective
- Employees satisfaction level has been increased becauseo
 - It provides an atmosphere to share one another burdeno
 - It helps in setting meaningful goals for the employeeso
 - It has been a motivating technique for the employeeso
 - It has in developing leadership skills for the employees and also provides them a participative environmento
 - It matches the employee's expectations.

SUGGESTIONS

Employee's satisfaction level is average and also increasing therefore the organization must forecast to increase their satisfaction level in order to increase their productivity of their company. Employees convey that it has been a motivating technique but it does not help to change their behaviour, so the organization must take steps to influence them so that the environment which the organization provides for the employees makes them to work with interest. The current appraisal system of balance scorecard technique is effective and the organization must continue with this progress and make it more efficient.

CONCLUSION

A performance appraisal is a very important tool used to influence employees. A formal performance review is important as it gives an opportunity to get an overall view of performance and staff development. It encourages systematic and regular planning for the future. Good performance reviews therefore don't just summarize the past, they help to determine future performance. Performance appraisal system is important not only to ensure that an organization achieves its objectives, but also to make sure that the employees qualify the organizational requirements on regular basis. It implies a valuable prospect to focus on

employment activities and goals to recognize and correct existing problems and to facilitate better future performance.

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