

THE BALANCED SCORECARD: PERFORMANCE IN INDIA AND CHANGE IN MANAGEMENT PERSPECTIVE

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ABSTRACT

The Purpose of this paper is to examine the significance of Balanced Scorecard Performance, investigating issues that organizations face in building and implementing Scorecard frameworks. Balanced Scorecard assists organizations to smooth out vision and technique with business exercises and measures genuine authoritative performance against present objectives. What's more this instrument is utilized to evaluate Financial Processes, Customer Relations, Internal Business Processes and Learning & Growth Characters of an Organization. The work likewise gains knowledge into the impacts of Balanced Scorecard and change on authoritative performance.

Functional Implications

The Balanced Scorecard is balanced in another measurement, not simply a Balance of Measures of fundamental spaces of the Business, yet in addition a Balance of objectives versus responsibility. On the off chance that individuals don't acknowledge responsibility for accomplishment of the Balanced Measures and objectives of the Balanced Scorecard, there is no Balanced Scorecard. Individuals of the association are the way in to the achievement of the Balanced Scorecard system.

Design/Methodology/Approach

The approach taken is the case study Methodology to portray this present reality instances of organizations that believe in the "Balanced Scorecard Performance framework" so different organizations can follow after accordingly. For the reason, a survey is created and reactions were gathered from organizations which were isolated based on open and private area and furthermore assembling and administration industry. Statistical tools, for example, t-test and Correlation were applied to accomplish the objectives.

Keywords: *Balanced Scorecard, Balanced, Performance, Organizations, Measures, Change.*

Introduction

As of now, we are going through the age of Technology and Information, where Corporate Sector contributes a significant part to the Performance of the public just as worldwide economy. Measuring and overseeing corporate performance is consistently a significant matter of need for the inner and outer clients of the corporate financial reports. Except if the performance is measured precisely, it can't be managed effectively. To be a decent corporate resident and gam upper hand, an organization needs to quantify and deal with its performance effectively. For this reason, Financial Perspectives have been being used since long. Yet, it can't be rejected that measurement of performance includes multidimensional methodologies and utilization of Financial Perspectives alone can't give a right picture since they have their own impediments. It is normal said that what can't be estimated effectively can't be overseen suitably. Likewise, there emerges the requirement for utilization of multidimensional methodologies for estimation and the board of corporate performance.

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Another approach to key corporate performance the executives was created in mid-1990 by Robert S. Kaplan and David P. Norton. They named this system as the 'Balanced Scorecard' (BSC). Recognising a portion of the shortcomings of the traditional measurement approaches, the *Balanced Scorecard* approach gives an unmistakable solution with respect to how the performance can be estimated by the organizations for endurance and development. The *Balanced Scorecard* is a measurement just as an administration system that empowers organizations to explain their vision and procedure and make an interpretation of them right into it. It gives criticism around both the Internal Business Processes and outer results to constantly work on essential performance and results. At the point when completely conveyed, the balanced scorecard changes key arranging from a scholastic exercise into the operational hub of an undertaking. Kaplan and Norton portray the innovation of the *Balanced Scorecard* in the accompanying words (Kaplan and Norton, 1992):

"The Balanced Scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation".

Kaplan and Norton developed an innovative and multi-dimensional corporate performance scorecard known as "**Balanced Scorecard**". It forces the firm to adjust its performance measurement and controls according to the Customers Perspective, Internal Business Processes, and Learning & Growth Perspectives and examine their effect on the financial pointers. There are contentions that *Balanced Scorecard* ought to be 'unbalanced' dependent on the system followed by the firm. The corporate experiences with the implementation of *Balanced Scorecard* suggest mixed results. Nonetheless, these models are bound distinctly to Europe and North America. Pundits of *Balance Scorecard* have contended on the ground of non-consideration of stakeholders Perspective, relaxed connection between the actions and Top-down evaluation Process.

Balanced Scorecard is one of the most used administration devices today. Its advancement sped up throughout the most recent 20 years and because of the huge and unstructured assemblage of information, having a thorough perspective on the present status of its development is fairly difficult. One method of accomplishing this is by observing the beat of its improvement as reflected in various overview reports and exploration contemplates covering the implementation and utilization of the *Balanced Scorecard* in various nations.

Regardless of the advancement of many structures and procedures for measuring elusive resources like scholarly capital and information, a question arises whether the internal measurement of elusive resources for the executive's objects is related with better. Researches also highlight the role of *Balanced Scorecard* in the effective administration of progress. An examination featured the fruitful implementation of BSC to rejuvenate the workforce and scholastic divisions. It has been educated Balance Scorecard Strategic Management System helped PSE and G, America's biggest consolidated electric and flammable gas Company, set new degrees of greatness in unwavering quality, wellbeing, innovation, and generally speaking performance.

This Paper targets finding a relation between *Balanced Scorecard* and change the board. It likewise means to represent the capacity of Balanced Scorecard in the effective administration of progress and coming about compelling performance. To accomplish this objective, literature related to Balanced Scorecard and change is investigated. Studies introducing the effective work of Balance Scorecard for important change the board are additionally assessed. In the light of literature review, Hypotheses were detailed trailed by Research Design and Analysis.

Review of Literature

Gadanne, 2000, the concept of the *Balanced Scorecard* was first presented in the early 1990s. By 2000 some surveys indicated that a majority of firms in the United States, and Scandinavia used scorecards, or at least intended to do so soon. Others, like Bain's management tools survey, indicated a slight drop in usage to 36 per cent, but with a high average satisfaction with the tool. The number of software packages for scorecard on the market was growing and exceeds 100 today. In only ten years, the idea of the BSC has certainly made its mark.

Reading (2003), has prepared a '*Dynamic system for improving Performance and competitive advantage*'. He has assembled traditional financial tools and many other techniques of marketing. Under the topic market/product/service, he also addressed customer relationship

management. The work pointed out the rationality behind building up a leadership team for reasoning and implementation of strategic business planning. His work also guided us for financial data collection from primary and secondary sources. However, the recent developments in financial tools are not considered in his work, neither the other perspectives of BSC have given importance.

Dara and Ji (2012); analysed the marketing strategy, the performance of Chinese software industry between 2005-2012, and the challenges it faced in terms of language barriers, emphasis of government on the hardware sector, lack of intellectual property rights protection, etc. The study found and recommended that china instead of following India in the export software market should focus more on domestic market in software services and take a balanced approach in the long run so as to gain more from the software industry.

Madhani (2008); examined the competitive position of the Indian software industry and argued that in view of emerging competition from IT savvy countries, increasing raw wages along with appreciating rupee, etc.,- India needs to develop a parallel product oriented industry along with the service oriented industry & climb the value chain. Only nations which can predict the future and initiate changes to prepare themselves for the challenges ahead can survive in an era of competition and globalization.

Frigo, M. L. and Krumwiede, K. R. (2000), "The *Balanced Scorecard* Strategic Finance", this article had discussed on issue of the *Balanced Scorecard* strategic finance. The study suggested that the *Balanced Scorecard (BSC) or Scorecard* based assessment helps to resolve many issues because it is in need of the organization to involve in various beneficial activities which defines the primary advantages of the scorecard based assessment technique. Both academicians and corporate focuses more on performance improvement with the help of performance measurement techniques and frameworks to deliver strategic performance and this is considered as one of the growing area in the field of management literature.

James, W and Hoque, Z. (2000), in their study titled "Linking Balanced Scorecard Measures to Size and Market Factors: Impact on Organizational Performance, Journal of Management Accounting Research", the study was conducted to analyse how the usage of scorecard based assessment techniques will improve organizational performance. The finding of the research established the relationship among scorecard based assessment technique and financial and non-financial measures.

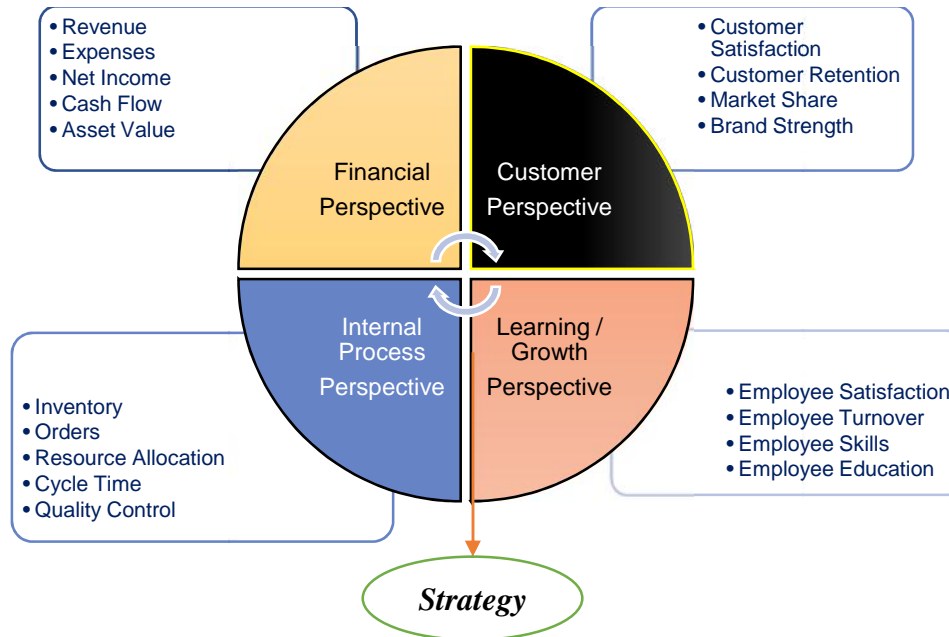
Chaudron, D. (2003), in their study titled "The *Balanced scorecard*& Performance Improvement: Available" this paper say, the Scorecard based assessment technique is a way of analysing overall organization, individual business unit or departmental performance and it supports to balance both the long term and short term actions of the organization . Scorecard based assessment technique is also used to balance HRD, operations, financial, customer and internal measures of the organisation. The author opined that the successful implementation of the scorecard based assessment techniques depend on the how the performance metrics are fixed, how the implementation is taking place and finally how well they are adopted by all.

Defining the Balance Scorecard (BSC)

The *Balanced Scorecard*, first proposed in the *January- February 1992* issue of HBR ("*The Balanced Scorecard- Measures that Drive Performance*"), provides executives with a comprehensive framework that translates a company's strategic objectives into a coherent set of performance measures. During a year-long research venture with 12 companies at the leading edge of performance measurement, *Kaplan and Norton* devised a "*Balanced Scorecard*"- a set of measures that provide top managers a fast but comprehensive view of the business. It has been understood that as the business landscape changed from agricultural to industrial to informational; performance measures must adapt as well.

The information age is characterized by the conversion of intangible (employee skills, customer satisfaction, and information technology) rather than intangible assets (property, plant, and inventory) into competitive advantage. *Balance Scorecard* includes financial measures that tell the effects of actions already taken. And it complements the financial measures with operational measures on *Customer Satisfaction, Internal Processes, and the organization's innovation* and enhancement activities- operational measures that are the drivers of future Financial Performance.

Figure 1



Source: Balance Scorecard

The Four Perspectives of Balance Scorecard are as under:

- Financial Perspective,
- Customer Perspective,
- Internal Business Process Perspective and
- Learning and Growth Perspective.

Financial Perspective

It represents the long- term goal of the organizations-to give predominant returns dependent on the capital invested in the unit. Financial Measures, has been the conventional method of analysing organizational success and includes such components as benefit, deals development, and income per deals visit. Albeit the Balance Scorecard focuses on the need to fuse extra measures to decide achievement, the requirement for Financial Measures is as yet a very solid component to decide achievement.

Financial Perspective is to succeed financially how should we appear to our shareholders?

- **Measures**
 - Return on Capital.
 - Improved Shareholder Value, and
 - Asset Utilization.

Customer Perspective

Choosing Measures for the *Customer Perspective* of the *Balance Scorecard* depends on the type of customers desired and the value that the organization provides to them. The determination of the Customer Perspective is to focus on the target customers. This will allow organizations to create plans consistent with the type of customers they want to attract.

Customer Perspective is to achieve our vision how should we appear to our customers?

- **Measures**
 - Product/Service Attributes,
 - Customer Relationships, and
 - Image and Reputation.

The Internal Business Process Perspective

It involves the methodology that an association should create and dominate to be successful. Numerous organizations will focus on such components as request preparing, conveyance, assembling, and item advancement as specific illustrations. The point of convergence of this Perspective is identified with the Customer Perspective on the grounds that to keep customers fulfilled, an association should focus in on the segments of the association essential to them. In the event that target customers are disappointed when conveyance is late, an association should focus on the internal process of fostering a more effective conveyance system or refining the system at present utilized.

Internal Business Processes is to satisfy our shareholders and customers, at what Business Processes must we excel?

- **Measures**
 - Develop Products and Services,
 - Deliver Products and Services, and
 - Post-Sales Services.

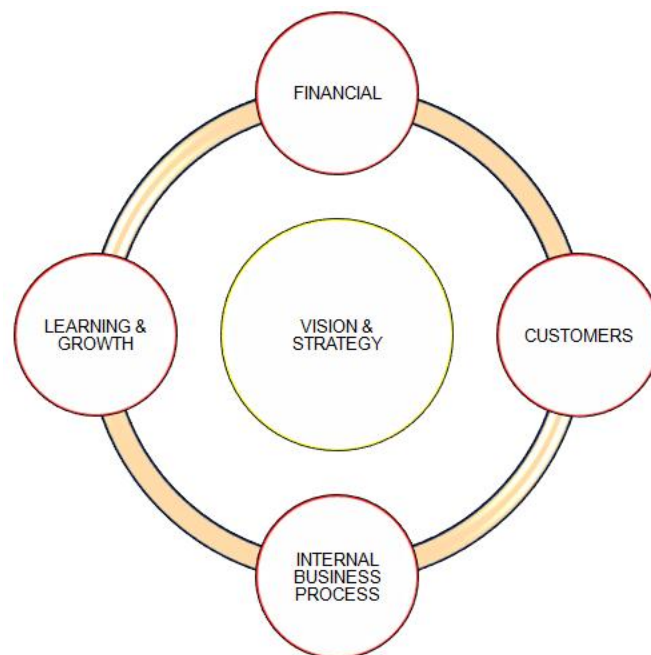
Learning and Growth Perspective

This Perspective is the backbone to a successful Scorecard, because it includes representative abilities and data systems. Learning and Growth can incorporate such issues as representative fulfillment, arrangement of worker abilities with occupations, number of worker ideas executed, and long periods of worker preparing. Contingent upon the real worker abilities and wanted representative abilities, a few organizations change sets of responsibilities, move workers to different divisions, and implement incentive programs designed to motivate employees to provide suggestions, receive education or training, and/or gain tenure through continued employment.

Learning and Growth Perspective is to achieve our vision, how will we sustain our ability to change and improve?

- **Measures**
 - Employee Capabilities,
 - Information System Capabilities,
 - Motivation, and
 - Empowerment and Alignment.

Figure 2



Basic Design of a Balanced Scorecard Performance System

- **Balance Scorecard & Change**

The *Balanced Scorecard* concept is much more than a collection of performance indicators in four perspectives. Today, *the Balanced Scorecard* allows organisations to translate their strategy into a set of interrelated objectives and performance indicators.

A few experimental examinations discover that non-financial measures, for example, customer satisfaction are positively related to financial indicators such as stock costs and incomes. Contrasting financial performances of two arrangements of banking parts of a similar foundation prior and then afterward one set has carried out a BSC, it was tracked down that the financial performances of the branches that implemented the *Balanced Scorecard* system improved while the financial performance of the control set of branches didn't change.

How *Balanced Scorecard* Strategic Management System helped PSE and G, America's biggest consolidated electric and gaseous petrol Company, set new degrees of greatness in dependability, security, innovation, and generally performance. Because of utilizing BSC, the organization decreased customer complaints by 40%, depicted fruitful tasks, got individuals all through the association focused in on exercises to deliver better results, and changed PSE and G's way of life into one that underscore greatness, responsibility, and ceaseless improvement.

- **Performance Appraisal**

Performance Appraisal is a process by which one can assess experimentally and fundamentally the monetary information of an organization. One can call attention to critical realities and shortcomings through the use of the procedures of financial analysis. In the interest of good health, a doctor encourages each person to have a periodical clinical registration. Additionally, in the interest of good working results, each worry ought to have a periodical evaluation of its monetary outcomes.

Performance Appraisal is both indicative and preventive in nature. On account of a generally awful or breaking down circumstance, it uncovers the regions where to make improvements whereas in the case of good condition, it shows the best approach to additional improvement. Hence much can be found out about an organization from a cautious performance examination of its financial data as per V.L. Gole, The evaluation or investigation of fiscal summaries highlight the huge realities and relationship concerning administrative performance, corporate proficiency, monetary strength and shortcoming and credit-value that would have in any case been covered in a labyrinth of subtleties.

- **Objectives of Performance Appraisal**

The Objective of *Performance Appraisal* is to provide information about the financial position, Performance and changes in financial position of an enterprise that is useful to an extensive range of users in making decisions. According to federal Accounting Standards Board (FASB) the following are the objectives of Performance Appraisal:-

- It is helpful to those making investment and credit decisions.
- It is helpful in measuring the upcoming cash flows of the enterprise.
- It identifies the economics resources (assets), the claims to those resources (assets), the claims to those resources (liabilities) and the changes in those resources and claims.

- **Performance Measurement**

Performance Measurement is a Fundamental Building Block of Total Quality Management (TQM) and a Total Quality Organization. Historically, organizations have consistently Measured Performance here and there through the Financial Performance, be this accomplishment by benefit or disappointment through liquidation. In any case, conventional Performance Measures, in light of cost bookkeeping data, give little to help organizations on their quality excursion since they don't map process performance and enhancements seen by the customer.

In a successful total quality organization, performance will be estimated by the upgrades seen by the customer just as by the outcomes conveyed to different partners. Performance Measurement is generally used to survey how well a person or thing has done against set targets or companions. Every portfolio is overseen contrary to rules and boundaries that have been set up before the portfolio is dispatched. Numerous portfolios additionally have benchmarks set up against which they will be estimated, normally essentially month to month. While the portfolio supervisory

crew settles on exchanging choices inside the rules of every portfolio, how well the group has executed these choices is resolved through the portfolio's return and performance against its benchmark or companion bunch.

However, the term *Performance Measurement* has been used since the late 1970s, there has not been a universal definition for the term. The Government Accountability Office (GAO), 1980, defined *Performance Measurement* as "an assessment of an organization's performance, including the measures of:

- Productivity, which quantifies the outputs and inputs of an organization and expresses the two as a ratio. Generally, the ratio is expressed as output to input.
- Effectiveness, which determines the relationship of an organization's, outputs to what an organization is intended to accomplish Quality which examines an output or the process by which an output is produced. Quality is indicated by attributes such as accuracy (or error rate), thoroughness and complexity.

The conventional perspective on Business Performance Measurement as a vehicle to control performance is juvenile. The utilization of Performance Measures as methods for control prompted dealing with the Measures instead of Performance by individuals whose Performance is measured. The circumstance may deteriorate when the firm is constrained to seek after transient objectives at the expense of the association's drawn out destinations. The bookkeeping Measures of Performance caught just the historical backdrop of a firm. In this manner, the Performance Management systems ought to have key concentration and ought to incorporate both financial and working measures. The speculation examiners who considered both financial and non-financial measures were more precise in their profit estimates than the individuals who thought about just financial pointers.

• **Change and Organizational Performance**

Large numbers of the organizations contending in the quick changing business environment are in a consistent quest for a vigorous procedure to assist with enduring the new worldwide monetary request, making accomplishing further developed performance constantly basic. The connection between change mediations and authoritative learning is inspected. It tries to recognize the components that influence authoritative learning and its influences on organizational effectiveness.

Objective of the Study

- To study the concepts of Balanced Scorecard and Change.
- To measure and analysis the performance of power distribution companies with the assistance of Balance Scorecard.
- To recognise the responsible factors which affecting the performance of the industry.
- To measure the relationship between BSC, change and administrative performance.

Hypothesis of the Study

- H₁:** The negative development is recorded by nominated power sector companies in terms of their performance.
- H₂:** There is significant difference on mean scores of Balanced Scorecard vis-à-vis developed and service industry.
- H₃:** There is significant relationship between BSC and Administrative Performance.
- H₄:** There is significant relationship between Change and Administrative Performance.

Research Methodology

• **Primary & Secondary Data**

The Present Study "*The Balanced Scorecard: Performance in India and Change in Management Perspective*" has been based both on primary and secondary data. The primary data has been collected through questionnaire and personal interviews with the workplace of the selected companies. The secondary data has been collected through published annual reports of the selected companies, newspaper, magazines and from the websites. The data thus collected has been tabulated, classified and grouped for the purpose of interpretation, analysing, finding and conclusions.

Perspectives of Performance Scorecard (Data Analysis)**Table 1: Objectives of Performance Measurement and Control System**

Objectives (N = 53)	Imp. %	Aggr -egate	M. S	S.S	Mean Score	
					Non-BSC	BSC User
Balancing profit, growth, and control	65.20	3.52	3.46	3.37	3.45	3.61
Balancing short-term results against long-term capabilities & growth opportunities	46.10	2.77	2.44	4.00***	2.45	3.17
Balancing performance expectations of different stakeholders	36.50	2.60	2.49	3.00	2.21	3.09*
Balancing opportunities and mgt. attention	34.60	2.46	2.49	2.36	2.28	2.70
Balancing the motives of human behaviour	20.90	2.13	2.20	1.91	1.97	2.35

* Significant at 10% level.

*** Significant at 1% level.

Note:**Imp. % = Most Important/ Important %,****M.S = Manufacturing Sector****S.S = Service Sector,****Non- BSC = Non- BSC User.****Table 1: Perspectives Considered in Balanced Scorecard**

Perspectives (N = 24)	Imp. %	Aggr -egate	M. S	S.S	Mean Score	
					Non-ABCM	ABCM User
Financial perspective	87.50	2.29	4.19	4.50	4.40	4.26
Customers' perspective	66.60	3.67	3.58	3.88	3.60	3.68
Shareholders' perspective	62.50	3.72	3.38	2.75	4.60	2.79***
Internal business perspective	54.20	3.25	3.06	3.63	3.20	3.26
Learning and growth perspective	54.20	3.04	3.00	3.13	3.60	2.89
Environmental and social perspective	41.70	2.33	2.88	1.25*	3.80	1.95***
Employees' perspective	41.60	2.63	2.38	3.13	4.40	2.16***
Competitive perspective	29.20	2.13	2.00	2.38	4.00	1.63
Suppliers' perspective	15.00	1.83	1.88	1.75	3.80	1.32***

* Significant at 10% level.

*** Significant at 1% level.

Note:**Imp. % = Most Important/ Important %,****M.S = Manufacturing Sector****S.S = Service Sector,****Non- ABCM = Non- ABCM User.****Need and Importance of Proposed Study**

It has been seen after review of literature that Balanced Scorecard is utilized to revive organizations. This apparatus has likewise end up being a powerful device bringing about better performing organizations. Notwithstanding, there has been no observational examination so far to show the connection between Balanced Scorecard and change, and their joint effect on authoritative performance. Hence, it was felt that there is need to investigate the connection between Balanced Scorecard and change and what these mean for performance of any organization.

Conclusion

By now, the *Balanced Scorecard's* universal appeal as an organisation approach is well recognised. BSC provides a visual framework that integrates the organization's strategic objectives across these four perspectives. Change is more likely to occur when a strong reason for it happens. Any change effort offers both short and long-term impact on organizational performance. The results of the

study show that Indian organizations have incorporated the dimensions of *BSC* as a *Performance Measurement* tools and use it to generate change and recover performance. There is not much change in the use of *BSC* between public and private sector as well as service and manufacturing organizations. Results also suggest that private and public sector organizations differ on the measurement of technological change while service and industrial organizations differ on Financial Perspective. *BSC*, change and performance are highly correlated to each other thus authenticating the argument that performance is affected by *BSC* and change.

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