# PERSPECTIVES CONSIDERED IN BALANCED SCORECARD- A STUDY WITH SPECIAL REFERENCE TO IT/ITES EMPLOYEES OF COIMBATORE DISTRICT

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*Abstract*
*The information technology (IT) and information technology enabled services (ITES) industry has been one of the key driving forces fuelling India's economic growth. IT is one of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern. The Information Technology Enabled Services (ITES) sector has not only changed the way the world looks at India but has also made significant contributions to the Indian economy. The balanced score card proposes that the organization should be viewed from four perspectives, with metrics developed, data collected and analyzed for each of them. These four perspectives are: Financial, Customer, Internal Business Processes and Learning and Growth. The present study analyses the IT and ITES employees opinion towards the perspective considered in balanced score card which primarily ranked shareholders perspective, Suppliers perspective, employees perspective, competitors perspective and environmental and social perspectives considered in the organisations.*

## 1.1 INTRODUCTION
The Balanced Scorecard translates Mission and Vision Statements into a comprehensive set of objectives and performance measures that can be quantified and appraised. These measures typically include Financial performance (revenues, earnings, return on capital, cash flow),Customer value performance (market share, customer satisfaction measures, customer loyalty), Internal business process performance (productivity rates, quality measures, timeliness),Innovation performance (percent of revenue from new products, employee suggestions, rate of improvement index) performance (morale, knowledge, turnover, use of best demonstrated practices) 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.

## 1.2 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 official's level of satisfaction towards BSC implementation.

## 1.3 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 shareholders perspective, Suppliers' perspective, employees perspective, competitors perspective and environmental and social perspectives considered in balance scorecard.

## 1.4 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.

**Table- 1, IT & ITES Employees' Opinion on Investors/ Shareholders Perspective Considered in Balanced Scorecards**

| Measures | Most important | Important | Moderate | Not Important | Not at all | | | |
|---|---|---|---|---|---|---|---|---|
| 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.

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 perceptive.

**Table – 2, IT & ITES Employees' Opinion on Suppliers 'Perspective Considered In Balanced Scorecards**

| Measures | Most important | Important | Moderate | Not Important | Not at all | Sum | Mean | Rank |
|---|---|---|---|---|---|---|---|---|
| Inbound logistics cost as a percentage of sales | 146 (27.81) | 214 (40.76) | 108 (20.57) | 27 (5.14) | 30 (5.71) | 1994 | 3.80 | 8 |
| Average payment period to suppliers | 146 (27.81) | 235 (44.76) | 103 (19.62) | 24 (4.57) | 17 (3.24) | 2044 | 3.89 | 7 |
| Supplier performance in terms of time and quality | 126 (24.00) | 235 (44.76) | 116 (22.10) | 23 (4.38) | 25 (4.76) | 1989 | 3.79 | 9 |
| Fill rate | 172 (32.76) | 230 (43.81) | 97 (18.48) | 20 (3.81) | 6 (1.14) | 2117 | 4.03 | 4 |
| Number of suppliers | 214 (40.76) | 243 (46.29) | 45 (8.57) | 10 (1.90) | 13 (2.48) | 2210 | 4.21 | 2 |
| Number of duplicated functions minimized | 245 (46.67) | 186 (35.43) | 84 (16.00) | 8 (1.52) | 2 (0.38) | 2239 | 4.26 | 1 |
| Number of product improvements with supplier partnerships | 212 (40.38) | 199 (37.90) | 88 (16.76) | 17 (3.24) | 9 (1.71) | 2163 | 4.12 | 3 |
| Supplier performance in terms of reduction in variance in time and quality | 187 (35.62) | 189 (36.00) | 95 (18.10) | 37 (7.05) | 17 (3.24) | 2067 | 3.94 | 5 |
| Inventory carried (in terms of number of days and amount) by the supplier | 183 (34.86) | 200 (38.10) | 85 (16.19) | 31 (5.90) | 26 (4.95) | 2058 | 3.92 | 6 |

*Source: Primary Data*

The above table illustrates the IT & ITES employees' opinion on suppliers' perspective considered in balanced scorecards. Majority of the IT &ITES employees' have opined that their organization endeavors to minimize number of duplicated functions; it is rated in first place with the mean score of 4.26. Similarly the sample populations' have stated that the number of suppliers, number of product improvements with supplier partnerships and fill rate are the prominent features considered by their organization. These variables are ranked in second, third and fourth position with the mean score of 4.21, 4.12 and 4.03, respectively. Subsequently the respondents' have said that their concern uses balance scorecards to record the supplier performance in terms of reduction in variance in time and quality, inventory carried by the supplier and average payment period to suppliers. These factors are placed in fifth, sixth and seventh place with the mean score of 3.94, 3.92 and 3.89. On the other hand, the employees' have said that their firms adopts balanced scorecards to analyse the inbound logistics cost as a percentage of sales and to find the supplier performance in terms of time and quality.

Thus, it has been clearly identified that majority of the IT & ITES employees' have opined that their organization endeavors to minimize number of duplicated functions; it is rated in first place with the mean score of 4.26.

Human resources being an underlying strategic factor of success, Kaplan and Norton suggest a perspective for learning and development that tries to depict all staff- and organizational- related aspects that are important regarding organizational reengineering processes. The senior authorities' perception on employee perspective objectives of sample IT firms is discussed in the following table.

**Table - 3, IT & ITES Employees' Opinion on Employees 'perspective Considered In Balanced Scorecards**

| Measures | Most Important | Important | Moderate | Not Important | Not at all | Sum | Mean | Rank |
|---|---|---|---|---|---|---|---|---|
| Sales per employee | 143 (27.24) | 210 (40.00) | 118 (22.48) | 33 (6.29) | 21 (4.00) | 1996 | 3.80 | 4 |
| Employee cost as a percentage of sales | 165 (31.43) | 204 (38.86) | 112 (21.33) | 25 (4.76) | 19 (3.62) | 2046 | 3.90 | 2 |
| Attrition rate | 186 (35.43) | 223 (42.48) | 82 (15.62) | 8 (1.52) | 26 (4.95) | 2110 | 4.02 | 1 |
| Value added per employee | 156 (29.71) | 223 (42.48) | 105 (20.00) | 16 (3.05) | 25 (4.76) | 2044 | 3.89 | 3 |

*Source: Primary Data*

The above table indicates that, majority of the IT & ITES employees' have said that their company pays more attention to control the attrition rate of the workers, it is ranked in first place with an average score of 4.02. Batches of sample populations' have opined that their organization gives importance to attributes such as employee cost as a percentage of sales, value added per employee and sales per employee while giving scores. These factors are ranked in second, third and fourth rank with the mean score of 3.90, 3.89 and 3.80, respectively.

Hence, it has been concluded that majority of the IT & ITES employees' have said that their company pays more attention to control the attrition rate of the workers, it is ranked in first place with an average score of 4.02

India was known for exporting low technology oriented products of low quality. Now, to compete in the global market, IT/ITES companies have adopted high quality standards. This in turn affects other sectors too. In the process, not just India's IT product is becoming a quality brand. But, overall Made in India is getting quality brand recognition. Listing of Indian IT/ITES companies in various global stock exchanges, which requires abiding by strict global accounting norms, has helped build a strong image of companies and sector outside India. Indian IT/ITES industry is taking a key role in different acquisitions and mergers of overseas companies. In this juncture, a timey implantation of effective BCS will benefit the small and marginal business entrepreneurs of IT & ITES sector in releasing their strength and to wave out their weakness. Based on the above discussion, the following table draws an introspective analysis on the employees' perceptive towards the competitiveness of balanced score card strategies on their organisations.

**Table - 3, IT & ITES Employees' Opinion on Competitive Perspective Considered in Balanced Scorecards**

| Measures | Most Important | Important | Moderate | Not Important | Not at all | Sum | Mean | Rank |
|---|---|---|---|---|---|---|---|---|
| Market share | 84 (16.00) | 66 (12.57) | 132 (25.14) | 173 (32.95) | 70 (13.33) | 1496 | 2.85 | 4 |
| Company cost vis-à-vis industry average | 58 (11.05) | 128 (24.38) | 164 (31.24) | 145 (27.62) | 30 (5.71) | 1614 | 3.07 | 3 |
| New product development | 97 (18.48) | 109 (20.76) | 157 (29.90) | 117 (22.29) | 45 (8.57) | 1671 | 3.18 | 2 |
| Number of brands vis-à-vis total brands in the market | 171 (32.57) | 124 (23.62) | 102 (19.43) | 102 (19.43) | 26 (4.95) | 1887 | 3.59 | 1 |
| Availability/development of raw material substitutes | 70 (13.33) | 61 (11.62) | 147 (28.00) | 172 (32.76) | 75 (14.29) | 1454 | 2.77 | 5 |

*Source: Primary Data*

The data presented in the above table indicates that, the respondents' have opined that their company always competes to hold its position in the market, it is ranked in first place with the mean score of 3.59. Followed by, the employees' have stated that their firm gives importance to new product development, company cost over industry average, market share and on the availability/ development of raw material substitutes in terms of competitive perspective. These variables are ranked in second, third, fourth and fifth rank with the mean score of 3.18, 3.07, 2.85 and 2.77, correspondingly.

From the discussion of the above data, it has been inferred that the respondents' have opined that their company always competes to hold its position in the market, it is ranked in first place with the mean score of 3.59.

Literature on strategic change and business management claims that the correct implementation of the BSC causes a significant change in the employees' behavior and attitudes toward the firm's strategic objectives. The following table discusses employees' perception on this issue.

**Table - 4, IT & ITES Employees' Opinion on Environmental & Social Perspective Considered in Balanced Scorecards**

| Measures | Most Important | Important | Moderate | Not Important | Not at all | Sum | Mean | Rank |
|---|---|---|---|---|---|---|---|---|
| Efficiency in material and energy use | 118 (22.48) | 84 (16.00) | 144 (27.43) | 130 (24.76) | 49 (9.33) | 1667 | 3.18 | 4 |
| Water/Air quality monitoring | 71 (13.52) | 144 (27.43) | 168 (32.00) | 110 (20.95) | 32 (6.10) | 1687 | 3.21 | 3 |
| Number of environmental incidents/accidents | 97 (18.48) | 115 (21.90) | 181 (34.48) | 93 (17.71) | 39 (7.43) | 1713 | 3.26 | 2 |
| Eco-performance of products | 141 (26.86) | 130 (24.76) | 145 (27.62) | 75 (14.29) | 34 (6.48) | 1844 | 3.51 | 1 |
| Green procurement | 68 (12.95) | 99 (18.86) | 143 (27.24) | 150 (28.57) | 65 (12.38) | 1530 | 2.91 | 5 |
| Investment in environment protection | 46 (8.76) | 71 (13.52) | 148 (28.19) | 166 (31.62) | 94 (17.90) | 1384 | 2.64 | 9 |
| Waste produced per quantity of finished product | 55 (10.48) | 92 (17.52) | 176 (33.52) | 153 (29.14) | 49 (9.33) | 1526 | 2.91 | 5 |
| Specific pollutant quantities, e.g.,Nox, Sox, CO, Pb, CFCs | 39 (7.43) | 90 (17.14) | 171 (32.57) | 167 (31.81) | 58 (11.05) | 1460 | 2.78 | 7 |
| Percentage of waste recycled | 49 (9.33) | 89 (16.95) | 108 (20.57) | 207 (39.43) | 72 (13.71) | 1411 | 2.69 | 8 |

*Source: Primary Data*

The above table discusses about the IT & ITES employees' opinion on environmental & social perspective considered in balanced scorecards. Majority of the employees' have opined that their organization tests the Eco-performance of products in order to prevent the environment, it is ranked in first place with the mean score of 3.51. Similarly the respondents' have said that they consider aspects like number of environmental incidents/accidents, water/air quality monitoring, efficiency in material and energy use, green procurement and wastage quantity to prevent the environment. These variables are ranked in second, third, fourth and fifth rank with the mean score of 3.26, 3.21, 3.18 and 2.98, accordingly. On the other hand, the sample employees' have said that their organization takes initiatives to control the specific pollutant quantities, e.g., Nox, Sox, CO, Pb, CFCs and observes percentage of waste recycled & investment in environment protection. These variables are ranked in seventh, eighth and ninth position with an average score of 2.78, 2.69 and 2.64, respectively.

Thus, it has been clearly identified that majority of the employees' have opined that their organization tests the Eco-performance of products in order to prevent the environment, it is ranked in first place with the mean score of 3.51.

## 1.5 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 shareholders perspective, Suppliers perspective, employee's perspective, competitors perspective and environmental and social perspectives considered in the organization.

## 1.6 REFERENCES
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