

# IT/ITES Employees Opinion on Adopting Balanced Scorecard: A Study with Special Reference to Coimbatore District

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**Abstract - Information Technology (IT) is defined as the design, development, implementation and management of computer-based information systems, particularly software applications and computer hardware. Today, it has grown to cover most aspects of computing and technology. The Information Technology-Enabled Services (ITES) industry provides services that are delivered over telecom or data network to a range of external business areas service like: Customer Interaction Services, Business Process Outsourcing, Insurance claims Processing, Medical Transcription, Legal Database, Digital Content, Online Education, Data Digitization, HR (Human Resource) services and Website Services. The present study analyses about the IT & ITES Employees' Opinion on Implementation of Balanced Scorecard in their organisation.**

## I. INTRODUCTION

The Information technology industry in India gained a brand identity as a knowledge economy due to its IT and ITES sector. The IT-ITES industry has two major components: IT Services and Business Process Outsourcing (BPO). The growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2per cent in 1998 to 7.5per cent in 2012. According to NASSCOM (The National Association of Software and Services Companies), the IT-BPO sector in India aggregated revenues of US\$100 billion in 2012, where export and domestic revenue stood at US\$69.1 billion and US\$31.7 billion respectively, growing by over 9per cent. The major cities that account for about nearly 90per cent of this sectors exports are Bangalore, Hyderabad, Chennai, Delhi, and Mumbai. Bangalore is considered to be the Silicon Valley of India because it is the leading IT exporter. Export dominate the IT-ITES industry, and constitute about 77per cent of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4per cent in 1998 to about 25per cent in 2012. India software revenue totaled US\$4.765 billion in 2013, a 10 per cent increase from 2012 revenue of US \$4.334 billion. The Indian IT industry would add incremental revenues of US \$13-14 billion in 2014-15. The present study focuses on IT/ITES employees opinion on implementing Balanced Scorecard in their organisation.

## 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. REVIEW OF LITERATURE

Fu-Hsiang Chen et al (2011)<sup>51</sup> used a balanced scorecard approach to establish a performance evaluation and relationship model for hot spring hotels based on a hybrid MCDM model combining DEMATEL and ANP. This effective performance evaluation model developed by applying the hybrid MCDM enables business managers to understand the appropriate actions and achieve a competitive advantage.

Pankaj Chaudhary's (2013) research paper attempted to study Balanced Scorecard(BSC) as a performance measurement system, implementation of Balanced Scorecard(BSC) in an organization and to gauge the awareness and perceptions about balanced scorecard. The studies found that majority of the respondents were not aware of Balance Scorecard whether the employees belong to executives' class or non-executives class. Although know that the organization has instituted the balance score card, it was found that majority of the employees agree that Balanced Scorecard (BSC) targets are more effective. Most of the employees are having positive attitude towards Balanced Scorecard (BSC) implementation.

Mohamed A. K. Basuony's (2014) article had highlighted that fact that during the last two decades, the use of the Balanced Scorecard (BSC) has been widely spread in all sectors such as manufacturing and services; small and large firms; public and private sector. The idea of this paper was to investigate the contribution made by the Balanced Scorecard in both large firms and SMEs. This research

paper critiqued the Balanced Scorecard from different points of view such as generations of the Balanced Scorecard (BSC), performance measures used, benefits of using Balanced Scorecard (BSC), scope of Balanced Scorecard (BSC), the design of Balanced Scorecard (BSC) and strategy deployment.

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to investigate the contribution made by the Balanced Scorecard in both large firms and SMEs.

#### IV. 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 the implementation of balance score card. So the primary objective of the study is as follows:

1. To analyse the IT & ITES employees' opinion about the implementation of balance score card in their oraganisation.

#### V. 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 percentage, sum, mean and ranking technique is used and mean score is calculated.

#### VI. DATA ANALYSIS

TABLE I IT & ITES EMPLOYEES' OPINION ON BALANCED SCORECARD IMPLEMENTATION

Sl. No.	Balanced scorecard	No of Respondents	Percentage
1	Not considered	0	0.00
2	Implemented and abandoned	149	28.38
3	Considering	162	30.86
4	Implementing now	42	8.00
5	Used	164	31.24
6	Used Extensively	8	1.52
	Total	525	100

Source: Primary Data

The above illustrates the IT & ITES employees' opinion on balanced scorecard implementation. It has been inferred that out of 525 respondents' surveyed, 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. Similarly, 30.86 per cent of employees' have said that their organization is planning to implement balanced scorecard system in future. Batch of 27.43 per cent of sample subjects' have stated that their organization do not adopt Balanced scorecard system. Followed by, 8 per cent of respondents' have said that their company is doing preparations to implement balanced scorecard system and 1.52 per cent of employees' have opined that their organization is extensively using balanced scorecards in order to review its performances. Whereas 28.38 per cent of sample subjects' have said that their organization had used Balanced scorecard in the past and have abandoned currently due to some problems such as shortfall in expected performance, unexpected moves by competitors, shifts in technology, new customer demand triggers a change etc.

Hence, it has been concluded 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.

The data presented in the table II infers that, 38.67 per cent of respondents' have said that their organization is maintaining balanced scorecards for entering its financial information. Followed by, 37.90 per cent of IT & ITES employees' in Coimbatore region has said that their firm has adopted Balanced scorecard to record the customer details and 9.14 per cent of employees' have said that their company has implemented Balanced scorecard to develop their innovate thinking & learning skills. Subsequently, 6.48 per cent of sample subjects' have stated that they are using scorecards for internal business process and 4.38 per cent of them are using Balanced scorecards to mention the community of individual employee. Further the remaining 3.43 per cent of employees' have opined that their organization is using balanced scorecards to observe the work environment.

TABLE II IT &amp; ITES EMPLOYEES' OPINION ON TYPE OF PERSPECTIVES INCLUDED IN THE BALANCED SCORECARD

Sl. No.	Perspectives	No. of Respondents	Percentage
1	Financial	203	38.67
2	Internal Business Process	34	6.48
3	Community	23	4.38
4	Innovation & Learning	48	9.14
5	Customer	199	37.90
6	Environment	18	3.43
	Total	525	100

Source: Primary Data

From the above table it has been inferred that 38.67 per cent of respondents' have said that their organization is maintaining balanced scorecards for entering its financial information.

TABLE III IT &amp; ITES EMPLOYEES' OPINION ON NUMBER OF PERSPECTIVES INCLUDED IN THE BALANCED SCORECARD

Sl. No.	Number of Perspectives	No. of Respondents	Percentage
1	Two perspectives	140	26.67
2	Three perspectives	156	29.71
3	Four perspectives	82	15.62
4	Five perspectives	89	16.95
5	Six perspectives	58	11.05
	Total	525	100

Source: Primary Data

From the above data analysis it has been inferred that, 29.71 per cent of IT & ITES employees' in Coimbatore region have said that the balanced scorecard of their firm comprises of three major perspectives. Similarly 26.67 per cent of employees' have said that their organization has included minimum of two perspectives in the Balanced scorecard and 16.95 per cent of respondents' have opined that Balanced scorecard of their firm involves five perspectives. Followed by, 15.62 per cent of respondents' have opined that their organization have included four perspectives in the Balanced scorecard. And, the remaining 11.05 per cent of sample employees' have said that their company has included six major perspectives in the balanced scorecard.

Hence, it has been concluded that 29.71 per cent of IT & ITES employees' in Coimbatore region have said that the balanced scorecard of their firm comprises of three major perspectives.

The Balanced Scorecard (BSC) can be understood as a management system, which is structured according to the logic of the cybernetic management circle ("plan-do-check-act"). Kaplan and Norton had mentioned that companies are lacking sophisticated tools for the management of intangible or qualitative assets (e.g. customer satisfaction, processes quality, infrastructures, know-how). Intangible assets, however, seem vital in order to stay competitive in

the future. So, the Balanced Scorecard provides 'enablers' that focus on the achievement of strategic goals in the future (leading indicators) as well as results (lagging indicators) to depict the effectiveness and efficiency of measures in the past. Strategies can be usually interpreted as a set of hypotheses of causes and effects. So within a BSC the relevant goals and corresponding indicators are linked to each other revealing this structure of causal relationships. Such relationships are both relevant within each perspective and also between them. The following Table: 8 and 9 provided an elaborate discussion on the Finance, HR, Marketing, Customer Relations and other administration executives' perception on the purposes served by the BSC in their organisation.

The table IV discusses about the IT & ITES employees' opinion on purpose of adopting balanced scorecard in their organization. Majority of the employees' in IT & ITES firms have opined that their organization is maintaining balanced scorecards to improve the business processes, it is ranked in first place with the mean score of 6.75. Similarly the respondents' have said that their company is using balanced scorecard system to evaluate managerial performance, to manage operational processes, to evaluate organizational performance and to indicate that the company is ISO certified. These variables are ranked in second, third, fourth and fifth place with the mean score of 6.02, 6.01, 5.45 and 5.42, respectively. Further it has been

found that the employees' of IT & ITES companies opine that their organization is adopting balanced scorecard system to notify the decisions & plans, to provide better understanding on cause-effect relationship, to reward the employees and also to obey the legal formalities. These factors are rated in sixth, seventh, eighth and ninth place with an average score of 5.33, 5.32, 5.22 and 4.93.

Subsequently, it has been observed that the sample employees' have said that their organization has implemented balanced scorecard to supervise managers' productivity and to communicate the new strategy of the firm to all the employees. These factors are rated in tenth and eleventh place with the mean score of 3.79 and 3.64, accordingly.

TABLE IV IT &amp; ITES EMPLOYEES' OPINION ON PURPOSE OF ADOPTING BALANCED SCORECARD

Factors	Sum	Mean	Rank
Evaluate organizational performance	2862	5.45	4
Comply with legal requirements	2588	4.93	9
Evaluate managerial performance	3161	6.02	2
Encourage improvement of business processes	3546	6.75	1
Provide better understanding on cause-effect relationship	2795	5.32	7
Communicate strategy	1911	3.64	11
Supervise managers' productivity	1989	3.79	10
Reward employees	2739	5.22	8
Manage operations processes	3157	6.01	3
Inform decision making	2796	5.33	6
Is the company ISO certified	2843	5.42	5

Source: Primary Data

From the above table, it has been observed that majority of the employees' in IT & ITES firms have opined that their organization is maintaining balanced scorecards to improve the business processes, it is ranked in first place with the mean score of 6.75.

## VII. CONCLUSION

Measurement systems can create value only when they are carefully matched with the firm's unique competitive strategy and operational goals. Performance measures should be related to the strategic goals and measures that are organizationally significant and drive business performance, be relevant to the objectives and accountabilities of the individuals concerned, focus on measurable outputs, accomplishments and behaviours that are clearly defined and for which evidence can be made available. There must be indication of data that will be made available for measurement which must be verifiable, precise, available and comprehensive, that is, covering all aspects of performance. Effective performance is measured not merely by delivery of results (however outstanding) in one area but by delivering satisfactory performance across all measures. The present study clearly analysed the opinion of IT/ITES employees of Coimbatore region about the implementation of BSC in their organisation.

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