

A Study on Balanced Scorecard – A Tool to Analyze the Performance of a Management Institutes

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Abstract

Balance scorecard is an important dimension to analyze the performance of any organization. The various dimensions of balanced scorecard are Financial Performance Dimension, Customer Satisfaction, Learning and growth (Knowledge and innovation) an Internal Business Operations (efficiency) and Vision and Strategy of the organization. Gradually the financial perspective is increasing its demand in organizations. It is generally not used by the management institutes for analyzing or justifying productivity and salary increment of the faculties. Similarly the emphasis of it should be done in Management institutes as the need emphasis is usually absent in the management institutes. This will help to get the details of high performers and low performers in the various B schools. Hence it is almost similar to the appraisal system.

This study present a random sample of 34 management faculty comprises of 17 men professors and 17 women professors who were interviewed using a survey questionnaire. The major financial measures comprises of cost cutting, increasing revenue, fair allocation of funds, and giving incentives to employees. The study recommends models which will help the management institutes to put the financial perspective on the top of all other dimensions so that it can lead to the satisfaction of the management.

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Index Terms: *Balanced Scorecard, Management Institutes, Performance Management System.*

I. INTRODUCTION

Many of the head of the establishment are moving towards new models, theories and perspectives which will help them to rise from their existing position to desired positions. One of the important model for strategizing performance measurement was been developed by Robert Kaplan and David Norton named as Balanced scorecard, commonly used by manufacturing and service based companies. Balance scorecard, a tool of performance management system is an utmost important for each and every organization and institution in order to grow and develop and become dominant into the market by acquiring major market share. In respect to that it is a powerful strategy and a performance management tool which leads to drastic changes in the organization. It usually

transforms the organization's mission and vision into actual operational actions and strategic planning. The various parts of the Balanced scorecard starting from vision and the strategy along with four other perspectives namely the financial perspective, the customer perspective, learning and growth and last the Internal business processes

The absence of any performance measuring tools and lack of models leads to the demand of balanced scorecard to be executed in the management institute. Few of the key areas like customers and learning and growth have been given emphasis by the management but areas like financial perspective is completely ignored. There is a misconception that most of the performance measuring tools implementation is limited arising from income generating commercial establishments. However

balanced scorecard is a strong model which comprises of number of critical areas. Apart being objective and based on quantitative analysis used by various developed countries, it has high acceptability rate in the corporate world.

II. OBJECTIVES

1. To understand the balance scorecard model
2. Application of the model in management institutes
3. Differences in the perceptions of male and female respondents

Problem statement of the study

Measures the extent to which management institutes accept the balance scorecard as a means to appraise the employees at the workplace.

Hypothesis

H₀1: There is a significant difference in perception between male and female respondents' perceptions on the financial measures of the balanced scorecard impacting the overall performance of the institute.

III. LITERATURE REVIEW

The literature review discussion reveals that why the financial perspective of the balance scorecard is important in the performance management systems of management institutes. As there is very high competition in different institutes there is gradual increase in the importance of models and techniques. In year 1996 Robert Kaplan and David Norton after vigorous research resulted into a model named as balance scorecard which is a simple framework to measure the performance based on strategic non-financial measures. Traditional financial matrix give directors and Management a balanced view of understanding the overall performance of the organization or Institute. The model comprises of mainly the financial measures and the other three which are respectively customer, internal process and learning and growth as forces for future financial outcomes. Balance scorecard has

been credited as the 6th most popularly used performance management tool across the world which is having highest satisfaction rating among the employees of different organizations but it also has weaknesses of not able to put financials at the proper place hence it has been recommended the model should be used for accounting the sincere efforts and rewards of all employees in the organization.

A very important perspective is how the financial influences the other three elements like customers is a very important variable which affects the financial performance as it leads to increase or decrease of revenue and reduces cost in the management institute. As a result the efforts from management as well as the employees is how to maintain the customer perspective leading to loyalty which may help to improve the financial perspective of the institute. Internal business processes also affect the financial perspective of the management institute such as value addition, waste reduction, innovative ideas generation and execution, increasing the efficiency, quality enhancement and proper utilization of time and speed in operation process.

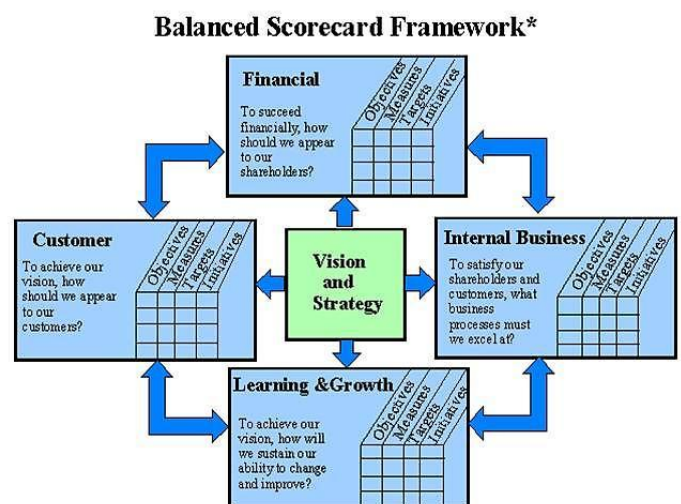


Figure:-1Balanced Scorecard Framework

Source: Harvard Business Review (Jan- Feb 1996) Page 76.

Last but not the least, learning and the growth element also affects the financial perspective as the

capacity of the employees, the strong information system of human resource and the various organizational alignment towards the support of the goals of organization and its accomplishment also depends on financial perspectives. Employees training, welfare benefits, employee engagement and advancement, talent pool, promotional policies, activity of employees growth, launching of new products into new markets is completely based on financial dimension of the organization. Hence more the stronger the organization is in financial perspective who in turn will lead to all other stronger dimensions of Balanced scorecard. Therefore functions like increasing revenues, improving cost and productivity, asset utilization, risk reduction and others provide an internal link to all the four major dimensions Hence a balance Court card system or a model should leads to the equal support and promotional development to all the four dimensions but the financial perspective needs to be given more importance and should be managed efficiently.

For the better management of other dimensions of balanced scorecard the financial perspective tries to achieve the indicators of performance commonly called as key performance areas (KPA's) and goals which are challenging, leading to the satisfaction of all the stakeholders. The more important in the balanced scorecard is the other three perspectives that is customer/students, learning and growth of employees through various FDP programs and internal operation process should be interlinked to give a high performance results.

IV. RESEARCH METHODOLOGY

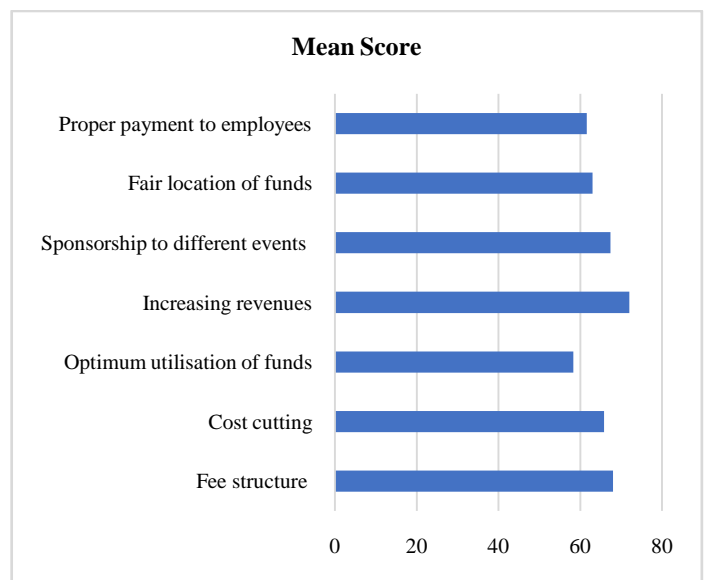
The study has a sample size of 34 respondents received after sending the questionnaire to 50 employees (faculties) of management institutes across Mumbai and suburbs. Out of which there are 17 females and 17 male faculties from different positions like Assistant Professor, Associate Professors and Professors of

different management institutes running courses of MMS and post graduate diplomas. The questionnaire was based on five point Likert scales survey and SPSS 24 was used for statistical analysis. Statistical Techniques were like Anova test and T test to test the hypothesis. The KMO sampling adequacy value is around 0.78. The reliability scale of Cronbach Alpha is 0.62 was acceptable.

Findings and Discussion of results

This section provides the details of analysis of statistical data the general mean performance on financial dimensions of the balanced scorecard of a management institute financial measures are as follows.

Table 1 Comparison of Mean Scores



The above table shows that maximum of the respondents agree on Increasing revenues and fee structure but institution has less emphasis for not utilizing the funds properly and salary payment to employees.

1. Null Hypothesis: - There is a significant difference in perception between male and female respondents perceptions on the financial measures of the balanced scorecard impacting the overall performance of the instituted

Table 2A study on Comparison of Gender

	Respondent	Number	Mean	Difference in Mean	sd	t value	Sig value (2 tail)	Result
Financial Variables (t Test)	Female	17	62.1	26.44	12	2.17	0.046	NH Rejected
	Male	17	68.21					

According to this table the difference of mean score of Financial Variable dimension is 8.28 and p value is 0.0460 which is less than 0.05. Therefore null hypothesis is rejected and alternate hypothesis is retained. Hence there is no significant difference between both genders on opinion about the financial dimensions impact on overall performance of the institution.

V. CONCLUSION

Balanced Scorecard is a tool which can help the establishments to reach their goals by monitoring the performances in different aspects of dimensions. Financial element has the highest importance as it is the base of all the other elements whether it is customer, learning and development or internal processes as all have the base of financial ground. Hence to be stronger on all these fronts the management institute should work specially on keeping the financial perspective balanced.

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