“RELEVANCE OF BALANCED SCORECARD FOR PERFORMANCE EVALUATION OF SELECTED INDIAN CORPORATE UNITS’’

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CERTIFICATE BY THE GUIDE

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CANDIDATE'S STATEMENT

I, the undersigned **Gohel Harshakumari Jagatsinh**, a Research student of Doctor of Philosophy, Department of Commerce and Business Administration **Saurashtra University**, here by declare that the research work embodied in this thesis is the outcome of my own endeavor and it was supervised by Dr. (Mrs.) D.C.Gohil, Head & Associate Professor, Department of Commerce, Saurashtra University, Rajkot.

I further declare that this thesis not in any form has been submitted to any other institution of higher learning for the award of any degree or diploma.

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PREFACE

One of the hall-mark of leading edge organization- be they public or private has been the successful application for performance evaluation to gain insight into, and make judgments about the organization and the effectiveness-efficiency of its programmes, processes and people. In other words, they use performance measurement for managing their organizations.

It is a common practice to evaluate a company's performance in terms of financial measures like profitability, ROI, EVA. However, survival of company does not depend on financial matter alone. The financial measures alone in performance measurement and control system are inadequate for strategic decision making. There has been growing criticism for financial measures in performance as they are historic in nature and lack futuristic outlook. Their relevance in the information age, when the companies are building internal assets and capabilities, is questioned. The situation might be worse when the firm is compelled to pursue short term goals at the cost of the long term objectives. Manager in practice have learnt the hard way that an unequalled focus on the financial health of the organization results in several irreparable adverse consequences. Managers of successful companies do recognize that the financial measures are after-the-events or lagging indicators of performance which depend on numerous events that would have occurred months or years before and over which they do not have control at present.

Thus, Non financial measures are equally important while measuring the performance of business units. Harvard's Robert Kaplan and David Norton developed an innovative and multi-dimensional corporate performance evaluation tool known as

Balanced Scorecard. The BSC is a useful approach for organizational measurement and improvement. The BSC is performance measurement system using a multi-dimensional scorecard to translate strategy into a balance of financial & non-financial performance measures. So many corporate firms are using the tool successfully through out world. While in India, the Balanced Scorecard is also getting popularity.

Reasons for selecting corporate units which are using the Balanced Scorecard in India is to find out the application and relevance of Balanced Scorecard with performance evaluation.

Researcher has therefore found out 44 companies which are using BSC, though it is not an exhaustive list. Researcher has tried to collect primary data by way of questionnaire from all the companies but as due to confidential matter response rate was less. And finally the researcher has received response from 8 companies. Here in this report the researcher has analyzed all the details containing application of the BSC in performance evaluation with special weitage to four perspective of the Balanced Scorecard.

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I would like to give my very special thanks to my Nanima who is my ideal person and has motivated me thought out my life, till today. I would like to express my deep sense of gratitude to my loving husband Mr. Yuvrajsinh Sarvaiya, without him this work was not possible. I also thank my mother in law and my parents for their indirect but powerful support in the fulfillment of this work.

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List of Abbreviations

BSC – Balanced Scorecard

KPI – Key Performance Indicators

CSF - Critical success Factors

ROI - Return on Investment

EVA - Economic value Added

SD - Standard Deviation

MC - Marginal Costing

ABC - Activity Based Costing

VA - Variance Analysis

RC - Responsibility centers

TP - Transfer Pricing

Ltd.- Limited

HR - Human Resource

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OVERVIEW OF THE BALANCED SCORECARD

Introduction

"People and their managers are working so hard to be sure that things are done right, but they hardly have time to decide if they are doing the right things."- Stephen R. Covey

With increased international competition and focus on stewardship for both profit and non-profit organizations, there is an increased need to understand and effectively evaluate the performance of the organization and the effectiveness of implementing strategies.

One of the hall-mark of leading edge organization- be they public or private, has been the successful application of performance evaluation to gain insight into, and make judgments about the organization and effectiveness-efficiency of its programmes, processes and people. However, leading organizations do not stop at the gathering and analysis of performance data, rather these organizations use performance measurement to drive improvement and successfully translate strategy into action. In other words, they use performance measurement for managing their organizations.

Every organization needs a way to measure its performance. Is it making progress and surpassing its goal or is it lagging behind others? Though challenging, accurately measuring an organization's performance is a competitive imperative. It is difficult for any organization to improve its operations if it does not know how to evaluate performance. An organization that neglects to accurately measure its performance can expect to pay the price in lost of opportunities and failed initiatives.

There is a great commotion across the corporate landscape these days as executives attempt to master the three rupees of current management wisdom i.e re-engineering, restructuring and renewal. With the entire hubbub, how do executives know that their change efforts are producing result? A number of companies are answering the question by rediscovering the criticality of measurement as an important management tool. “You simply can not manage anything you can not measure” says Richard Quinn, Vice President of quality at the sears merchandising group.

The key questions then, for managers on the firing line are; what are companies actually doing to measure results? Does measuring strategic performance make a difference? And is measurement being used to manage change? To answer these questions, Wm. Schiemann & Associates Inc. conducted a survey of a cross section of executives. The most significant conclusion from the research is that measurement plays a crucial role in translating business strategy into results. In fact, they found that organizations which are tops in their industry, stellar financial performers and adopt change leader, distinguish themselves by the following characteristics; having agreed upon measures that managers understand, balancing their measurement and communicating measures and progress to all employees.

There is a measurement renaissance afoot in corporate world. Industry leaders have discovered that measurement plays a critical role in translating business strategy into results. And those executives, who are enlightened to this way of thinking, surely will continue to reap bottom-line benefits for their organizations.

Further, in the dog-eat-dog world of competition, performance measurement is especially important. Also *"not all things are worth measuring all the time you have to determine what you want to measure and measure it properly"*- Arahonanian, President of Hovananian Enterprise, USA.

"Successful firms' measure and track performance" survey of 150 firms conducted by Robert Morris finds this. The survey referred to 'high performers' i.e. the firms whose sales grow more than 11%. The survey finds several core principles common among high-performing firms that they are more likely to integrate sales goal with their operation plan, more likely to evaluate capital projects based on the return on their investment and more likely to measure the results of individual product line. Mr. Morris said "if you can't measure it, you can't control it." Many companies could realize greater efficiencies and increase revenue by performance evaluation and linking performance to employee incentive plans.

In short, the performance evaluation is a critical component of the strategic planning process. Call it by any name the process is very vital, it has been always practiced by all the companies worldwide for a long time. The liberalization and globalization has brought substantial changes in the levels of competition, production system and management systems. As a part of this change, performance measurement and evaluation system has been revised fully.

Beyond the financial measurement

"What you measure is what you get". Senior executives understand that their organization's measurement system strongly

affects the behaviour of managers and employees. Before 1980s, organizations were using accounting as a basis for the planning and control of organization activity as well as the measurement of performance. The various uses of accounting as a basis for the measurement of past performance, the control of present performance and the planning of future performance bind the whole organization throughout time into unified whole. Thus, accounting, when used traditionally, considers solely the organization itself and the effects of that organization's action only upon itself, rather than recognizing any interaction between the organization and its environment. Accounting information inevitably has a role to play in the evaluation of performance but Govinderajan (1984) suggests that a strong fit between environment uncertainty and performance evaluation style is associated with higher business unit performance. As long as 1956 Ridgway considered the dysfunctional aspects of performance measurement and suggested that the use of quantitative measures of performance led to undesirable consequences for organizational performance.

Various investigations have been undertaken into the actual practice of organizations concerning performance measurement and evaluation. Thus, Fitzgerald, Johnston, Brignall, Silvesto and Voss (1991) considered service business and suggested that business unit needs to be measured in relation to the objectives identified in the planning process. Varieties of measures were used and were linked to the competitive environment, the service type, business strategy and the motivation and reward structures. Davis, Coates, Emmanueal and Stacey (1992) considered multinational companies and found that a variety of financial and non-financial measures were in use, linked to organizational culture but suggested that these measure could result in risk minimizing behaviour and short term decision making rather than optimal behaviour.

Consideration of the role of accounting in the control of business operations, therefore, can be seen to be concerned with both the appropriateness of the use of accounting for such control and on the appropriateness of particular techniques in the control process. Actual practices, however recognizes that accounting in isolation is insufficient for the control of business operations. So, now organization needs strategic management and Chakravarthy (1986) suggests that traditional measures of performance based upon profitability are inadequate for evaluating strategic performance. He argues that rather than using conventional financial based measures, use should be made of alternative measures and he suggests composite measures.

By the 1980s, many executives were convinced that traditional financial accounting measures like profit. ROI, earning per share etc. didn't let them manage effectively. It can give misleading signals for continuous improvement and innovation in today's competitive environment demands. There has been growing criticism for financial measures in performance as they are historic in nature and lack futuristic outlook. Their relevance in the information age, when the companies are building internal assets and capabilities, is questioned. The situation might be worse when the firm is compelled to pursue short term goals at the cost of the long term objectives. Manager in practice have learnt the hard way that an unequalled focus on the financial health of the organization results in several irreparable adverse consequences. Managers of successful companies do recognize that the financial measures are after-the-events or lagging indicators of performance which depend on numerous events that would have occurred months or years before and over which they do not have control at present.

The problem with financial measures is that they do not directly focus on the customer needs and satisfaction. Some decision may result in higher profits in short run but thy might impair the long term relationship with the customer which might cause a permanent damage to the company's reputation, competency and ultimately the market share. A company must know how it did in the past, how it is performing currently and how it will do in the future. Further, performance evaluation is multidimensional and continuous. A comprehensive performance measurement system requires the measurement of lagging, current and leading indicators.

In short, the financial measures alone in performance measurement and control are inadequate tool for strategic decision making. (Parker, 1979, Maciariello and Kirby, 1994). Chakravarthy (1986) found that classical financial measures failed to distinguish between excellent and non-excellent firms. Thus, the performance management system should have strategic focus and should include both financial and operating measures. Dale (1996) found that investment analyst who considered both financial and non-financial measures were more accurate in their earning forecast then those who considered only financial indicators.

Harvard's Robert Kaplan and David Norton, his consulting partner developed an innovative and multi-dimensional corporate performance scorecard known as the Balanced Scorecard. It provides a framework for selecting multiple key performance indicators that supplement traditional financial measures with non-financial measure of customer satisfaction, internal business process and learning-growth activities. It is a step towards linking short term operational control to the long term vision and strategy of the business. It compels the firm to align its performance measurement and control with both financial and non-financial indicators. It is not a management control device but it is more about communication than control. It is not substitute for a well defined strategy. It is a tool to implement strategy. In short, the Balanced Scorecard is a tool for composite measurement system.

Concept of the Balanced Scorecard

A new approach to strategic management was developed in the 1990s by Dr. Robert Kaplan of Harvard business school, together with David Norton of Renaissance solutions of Massachusetts. They named this system the 'Balanced Scorecard'. Recognizing some of the weaknesses and vagueness of previous management approaches, the Balanced Scorecard approach provides a clear prescription as to what companies should measure in order to balance the financial perspective.

The Balanced Scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the Balanced Scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise.

Kaplan and Norton describe the innovation of the Balanced Scorecard as follows;

"The Balanced Scorecard retains traditional financial measure. But financial measures tell the story of past events. An adequate story for industrial age companies for which investment 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, technologies and innovations".

So, they express importance of the Balanced Scorecard by highlighting the limitations of traditional measures. They also say

"The name Balanced Scorecard reflected the balanced between short and long term objective, between financial and non-financial measures, between legging and leading indicators and between external and internal performance perspectives" (Robert Kaplan & David Norton, the Balanced Scorecard, Boston MA, Harvard Business school press, 1996)

In the words of Earl Haden; "Balanced Scorecard is a structural approach for ensuring alignment of day to day business operation with the business strategies determined by the executive team. It helps management think through the areas of strategic importance by addressing financial, customer, business process and internal learning-growth" (Earl Hadden, Decision Support, July 13 1992, Volume-2 No.10)

This reflects that the Balanced Scorecard relates strategies and regular operations by addressing four different perspectives i.e. financial, customer, business processes and learning-growth.

"Balanced Scorecard is a frame work which translates a company's vision and strategy into a coherent set of performance measures. It helps business to evaluate how well they meet their strategic objectives. It typically has four to six components, each with a series of sub-measures. Each component highlights one aspect of the business. The BSC includes measures of performance that are lagging indicator, medium term indicators and leading indicators. – Harvard Business Review, Jan-Feb. 1991.

"The BSC is a useful approach for organizational measurement and improvement. The BSC is performance measurement system using a multi-dimensional scorecard to translate strategy into a balance of financial & non-financial performance measures"- The Robert Frances Group.

The general concept of the BSC is as under;

"The BSC provides an inter-connected model for measuring performance and revolves around for distinct perspectives-financial, customer, internal business and learning-growth. Each of these perspective is stated in terms of the company's objectives, performance measures , target and initiatives and all are harnessed to implement corporate vision-strategy." This explains four perspectives of the BSC to implement corporate strategy.

"The BSC is a conceptual framework for translating an organization's strategic objectives into a set of performance indicators distributed among four perspective- financial, customer, internal business process and learning-growth. Some indicators are maintained to measure an organization's progress towards achieving its vision, others indicators are maintained to measure the long term drivers of successes. Through the BSC an organization monitors both its current performance and its effect to improve processes, motivate-educate employees and enhance information systems- its ability to learn and improve".

'BSC is a valuation methodology that converts an organization's value driver-such as customer, service, financial performance, operational efficiency and innovation- to a series of defined metrics, record and analyze these matrices to help to determine if they are achieving strategic goals'. It explains that the BSC is a system to convert value drivers of the organization into metrics to evaluate strategic goal achievement.

'BSC is a concept which translates strategy into action. It starts from the company's vision-strategies from here critical success factors are defined. Measures are constructed that aid target setting and performance measurement in areas critical to strategies.'

'BSC is a performance measurement system derived from vision-strategy and reflecting most important aspects of the business. It supports strategic planning and implementation by federating the actions of all parts of an organization, around a common understanding of its goal and by facilitating the assessment and upgrade of strategy.'

'BSC is a new management concept which helps managers at all levels to monitor results to their key areas. It recommends broadening the scope of the measures including customer perspective, financial perspective, internal business perspective and learning-growth perspective. It monitors presents performance as well as tries to capture information about how well the organization is positioned to perform well in future.'

To summaries the above definition one can conclude that the BSC is a system of combining financial and non-financial measures of performance in one single scorecard. It includes performance measures for four perspectives; financial, customer, internal business process and learning-growth. It needs not to be restricted to four perspectives; more may be added. The social responsibility and environment are two possible options. The BSC focuses on the link between business process and decisions and results. It is considered as a device to guide strategy formulation, implementation and communication. It also helps in tracking the performance and evaluation. A number of companies in the USA and a few companies in India have implemented the BSC.

History of the BSC

- **First Balanced Scorecard**

The first Balanced Scorecard in the world was created and implemented by Analog Device, Inc. (ADI), USA (Schneiderman, 1999). It had developed as an offshoot of the company's strategic planning process (SPP) and its quality improvement initiatives. ADI's system was driven by strategic objectives which related to its stakeholders- customers, suppliers, employees, society, etc. The focus of the strategic objectives was to create a 'delight for the stakeholders.' The five year strategic plan provided the roadmap and the total management of quality was the main device to achieve the stakeholders delight.

In developing its five year strategic plan, ADI examined its internal and external perspectives. Where was the company going? Was it going where it was intended to go? What should the company do to reach where it intended to reach? The Strategic planning process was a massive effort taking about 18 months and involved several hundreds of business and product line mangers. To think a\through the SPP, the company created several cross-functional and functional teams and strategic planning councils, deployed strategy in both directions, top-down and bottom-up, and set five year measurable goals to achieve business success. Both the internal and external perspectives led the company to realize that the non-financial goals were driver of business success.

ADI's quest to develop measurable no-financial goals gave birth to the first balanced scorecard. Drawing from its strategy and strategic thinking, ADI developed the scorecard metrics; there was a clear link between the metrics and strategic objectives. Quite early ADI realized that the only way to achieve its strategic objectives was through the improvement of its key business processes. The quality improvement process (QPI) was the TMQ framework used for this purpose. Figure 1 shows the relationship between the basic elements of ADI's quality improvement strategy. Scheiderman(2004) summarizes the process as " the starting point was the corporate objective, created by the vision of the CEO and tempered through the top to bottom consensus process. This statement of purpose was articulated in the voices of our five stakeholder groups. The corporate QIP council, serving as the interface between the stakeholders and the rest of the organization, was given the job of defining initiatives and metrics that would assure stakeholder delight in Analog. We gave these initiatives names like Customer Service, Manufacturing Excellence, Innovation and HR Excellence and MIS Excellence. Many of our existing improvement efforts fit well into this framework. On time delivery and lead time reduction, for example, were the most leveraged elements of improved customer service. Cycle time reduction and product quality was the key driver for achieving manufacturing excellence. Time to market and automation were obvious enablers of innovation. The last two categories, HR and MIS excellence, lacked specific initiatives at that time, but were recognized as essential for the achievement of our corporate objective."

Through this rigorous process, starting from the corporate objectives and involving people at all levels, ADI developed its QIP objectives and five year non financial goals. The QIP goals of ADI were made public by its CEO, Ray Stata, through the publication of an article in Sloan Management Review (stata, 1989). According to Schneiderman "this article sent a strong message from Analog' CEO. To customer it offered proof that they were committed to improving their satisfaction and were confident enough to make that commitment public by publishing data that heretofore was considered highly proprietary in the semiconductor industry. To Analog's employees, it cemented their commitment to manger by fact and to use non-financial metrics as a major data source in that pursuit."

ADI recognized the need to deploy the high-level goals to the lower level of the organization where the actual improvement would occur. Once again it followed a rigorous process of determining goals at the lower level of organization.

- **Emergence and Popularity of the BSC**

The emergence and popularity of the BSC is attributed to Robert Kaplan (Harvard Business School) and David Norton (IT consultant) who published a number of articles between 1992 to 1996 (Kaplan and Norton, 1992, 1993, 1996a, 1996b, 1996c).

The Nolan Norton Institute, the research arm of KPMG, sponsored a one year multicompany study, 'measuring performance in the organization of the future'. It showed that traditional measures were becoming obsolete and reliance on summary financial performance measures were hindering organizations for future growth. David Norton, CEO of Nolan Norton, served as study leader and Robert Kaplan as an academic consultant. They studied representatives from dozen companies throughout 1990 to develop a new performance measurement tool.

They examined case studies of performance measurement system; one of them was Analog Device case. The case showed how ADI ws using a newly developed 'Corporate Scorecard' that contained, in addition to traditional financial measures, performance measures relating to customer delivery time, quality and cycle time of manufacturing process. Art Schneiderman, the vice president of quality improvement and productivity at ADI came to one meeting to share his experience with scorecard. A variety of new ideas were presented in the meeting with multi-dimensional scorecard. The group discussion led to an expansion of the scorecard to what they labeled a "BALANCED SCORECARD", organized around four distinct perspectives- financial, customer, internal and innovation-learning. The name reflected balanced between short-long term objectives, between financial-non-financial measures, between lagging-leading indicators, and between external-internal performance perspectives. Several participants experimented with building prototype Balanced Scorecards at pilot sited in their companies. They reported back to the study group on the acceptance, the barriers and the opportunities of the BSC. The conclusion of the study, in December 1990, documented the feasibility and the benefits from such a BSC system.

They summarized the findings of the study group in an article, "The Balanced Scorecard- Measures to drive performance" Harvard Business Review (January-February 1992). They were contacted by several senior executives to help them implement BSC in their organization. These efforts led to next round of development.

Two executives, Norman Chambers (Rock Water) and Larry Brady (FMC Corporation) stand out as effective in extending the application of the scorecard. They saw the scorecard as more than a measurement system. They wanted to use the new measurement system to communicate and align their organizations to new strategies. Their work with Chamber and Bardy highlighted the importance of tying the measures in the BSC to an organization's strategy. They described the importance of choosing measurement based on strategic success in a second HBR article, "Putting the Balanced Scorecard to work," published in September-October 1993.

By mid 1993, Norton was CEO of a new organization, Renaissance Solution, Inc (RSI), which was strategic consulting, using BSC to translate and implement strategy. An alliance between RSI and Gemini Consulting group opened up opportunities for integrating the scorecard into major transformation programmes. They developed 20-25 measures across four perspectives. The experiences revealed that innovating CEOs used the BSC not only to clarify-communicate strategy but also to manage it. Infect BSC evolved from an improved measurement system to management system. In addition to initial group of companies Rockwater and FMC, they observed BSC in other firms namely Metro Bank, National insurance, Kenyon Stores, and Pioneer Petroleum. These firms were using BSC for important management processes like individual and team goal setting, compensation, resource allocation, budgeting, planning, strategic feedback-learning. They summarized these development in 3rd article "Using the Balanced Scorecard as a strategic management system", HBR January-February 1996. And finally the rapid evolution of the BSC into a strategic management led them to write complete information of BSC in terms of Book, 'The

Balanced Scorecard'. Still developments are going on and both the experts are giving outcome in terms of series of articles and books to help the corporate world for the implementation of the BSC.

Importance of the BSC

Harvard's Robert Kaplan and his consulting Partner David Norton, developed the BSC to broaden the focus of mangers from traditional and rigid financial measures to as more diverse set of measures including non-financial one. Its appeal is so strong that some estimate 50% of fortunes 1000 firms are using BSC in some form or another. BSC literature is replete with testimonials from satisfied users and consultants, suggesting importance of the BSC.

Think of the BSC as the dials and indicators in an airplane cockpit. Pilots need detailed information about many aspects of the flight. Reliance on one instrument can be fatal. Similarly, the complexity of managing an organization today requires that managers should be able to view performance in several areas and the BSC hints the same. The BSC minimizes information overload by limiting the number of measures used. Several companies have already adopted the BSC. Their early experience using the BSC has demonstrated that it meets several managerial needs. The BSC composites many disparate elements of a company. The popularity of scorecard reflects a general growth of interest in performance measurement tools. The BSC is more than a tactical or an operational measurement system. Innovative companies are using the scorecards as a strategic management system, to manage their strategy over their long run. They are using the measurement focus of the scorecard to accomplish critical management processes;

1. **Clarify, translate and communicate vision and strategy**

The scorecard process starts with the senior executive management team working together to translate its business unit's strategy into specific strategic objectives. BSC clarifies and translates the organization's vision and strategies into operational terms. According to Kaplan and Norton, the implementation and rollout of a BSC can communicate and clarify to employees' key strategic objectives and their critical drivers. Research shows that effective communication of strategy can have positive impact on the success of strategy implementation. A recent survey of Institute of Management Accountants on performance management indicates that the scorecard can be an effective strategy communication and clarification tool. Compared to non-scorecard users, survey respondents from companies using BSC, rates their performance measurement system considerably as a mean of communicating strategy. Consistent with this research, a case study of a fortune 500 companies report that the scorecard was an effective measure of communicating its strategy. Thus, BSC clarify vision statement, translate strategy into meaningful and operational terms and communicate up to shop floor level. Adoption of BSC creates impact on manager's understanding of strategic objectives and goals. Generally firms fail not due to wrong strategy but due to lack of understanding and communication of strategy. Thus, BSC proves as an important tool to clarify and communicate strategy.

2. **Link strategic objectives and measures**

To achieve success in strategy implementation it is essential to relate strategic objectives with performance measures. This will result in effective strategy implementation and up to the mark performance. BSC translates strategy into operational terms-objective and link performance measures with strategic objectives. It shapes performance measures; financial and non-financial, in such a way which meet operational objective and there by meet strategic goal. Kaplan and Norton say ‘ a critical components of establishing linkages between strategic objectives and the scorecard performance measures is the identification of the cause-effect relations between outcomes lag indicators and critical lead indicators of those outcomes.’ A successful scorecard implementation maintains co-relation between outcomes on lead and lag performance measurement. A case study of fortune 500 companies indicates that managers believe in the cause-effect relations, included in their scorecard, have lead to improved efficiency and profitability. Further inclusion of non-financial performance measures, which clarify lead-lag indicators relations between other key measures, can have beneficial effects on managerial decision making.

3. Plan, set targets and align initiatives

The Balanced Scorecard has its greatest impact when it is deployed to drive organizational change. Senior executives should establish targets for the scorecard measures, three to five years out, which, if achieved, will transform the company. The targets should represent a discontinuity in business unit performance. The success of planning, target setting and aligning performance measures to strategic initiatives often depends on whether the managerial performance evaluation system directs managerial attention to these areas. The frequently used quote *“what gets measured get managed”* need to be amended to *“what gets measured and used in evaluation get managed”*. Both the theoretical and empirical research has established that measures not attended in performance evaluation are unlikely to receive serious managerial consideration. Kaplan and Norton advice, which is consistent with theory, is that manager's performance compensation should be based on the scorecard. Implementation of this advice has led to tow main approaches, a subjective evaluation approach with no explicit weight on any category of measure and a formula driven evaluation approach with explicit weights on each other. The BSC enables employees to understand strategy and link strategic objectives to their day to day operation and also link performance to compensation.

The BSC enables executives to achieve ambitious financial objectives by identifying stretch targets for their customer, internal business process and learning-growth objectives. These stretch targets can come form several sources. Once targets for customer, internal-business-process and learning-growth measures are established, managers can align their strategic quality response time and reengineering initiatives for achieving the breakthrough objective. Thus, the BSC provides the front-end justification as well as focus and integration for continuous improvement, reengineering and transformation programmes. The BSC also enables an organization to integrate its strategic planning with its annual budgeting process. At the time when a business establishes 3-5 year stretch targets for the strategic measures, managers also forecast milestones for each measure during the nest fiscal year how far along they expect to be during the 12 months of year of one of the plan. These short term milestones provide specific targets for assessing progress in the near term along the business unit's long term strategic trajectory.

4. **Enhance strategic feedback and learning**

The provision of feed-back as to whether the strategic objectives are being accomplished is one of the most important benefits of the BSC. By monitoring whether performance on the critical lead measures is having expected consequences on key lag measures, managers are able to evaluate that whether strategic objectives are achievable. The final management process embeds the BSC in a strategic learning framework. It is considered as the most innovative and most important aspect of the entire scorecard management process. This process provides the capacity for organizational learning at the executive level. Managers in organizations today do not have a procedure to receive feedback about their strategy and to test the hypothesis on which the strategy is based. The BSC enables them to monitor and adjust the implementation of their strategy, and, if necessary, to make fundamental changes in the strategy itself. By having near term milestones established for financial, as well as other BSC measures, monthly and quarterly management review can still examine financial results. More important, however, they can also examine closely whether the business unit is achieving its targets for customers, for internal processes and innovation, and for employees, systems and procedures. Management reviews and updates shift form reviewing the past to learning about the future. Manger discuss not only how past results have been achieved but also whether their expectations for the future remain on track. The BSC provides real time review as operational part of the BSC is result tracing device. Organizations create simple information system linked to the BSC for built in review and feed-back in real time. The data are continuously transferred from reporting system to the online BSC. An employee can easily access to see the results and managers can take actions when warranted. The process of learning starts with the clarification of a shared vision that the entire organization wants to achieve and ends with continuous feed back and learning.

Thus, the BSC fills the void that exists in most management system-the lack of a systematic process to implement and obtain feedback about strategy. Management processes built around the scorecard enables the organization to become aligned and focused on implementing the long term strategy. Used in this way, the BSC becomes the foundation for managing information age organization. These all are the important reasons why an organization requires the BSC.

Four pillars of the BSC- the perspectives

The traditional financial view of performance measurement as a vehicle to control performance is immature. They fail to link current actions with long-term strategy. But the BSC is said to take a long term, strategic view and considers all financial as well as non-financial actions and variables that are necessary for the sustainability and excellence of an organization. It provides a finer blending of financial and non-financial measures of performance. It considers financial performance measures as a result of the non-financial variables-the leading variables. The BSC allows management to look at business from four important perspectives;

i. How do customers see the firm?

ii. What must they excel at?

iii. Can they continue to improve and create value?

iv. How do they look to shareholders?

1. Financial Perspective

Building a BSC should encourage business units to link their objectives to corporate strategy. The financial objectives serve as the focus for the objectives and measure in all other perspectives. Every measure selected should be a part of a link of cause and effect relationships that culminate in improving financial performance. The scorecard should tell the story of strategy, starting with long run financial objectives and then linking them to the sequence of actions that must be taken with financial process, customers, internal processes and finally employees and systems to deliver the desired long run economic performance. For most organizations, the financial themes of increasing revenues, improving cost and productivity, enhancing asset utilization, and reducing risk can provide the necessary linkages across all four perspectives.

The financial objectives represent the long term goal of the organization, which is to provide superior returns on the capital invested in the unit. Many corporations use identical financial objectives for all their divisions and business units. Executives, before developing the financial perspective for their BSC, should determine appropriate financial metrics for their strategy. Financial objectives differ considerably at each stage of business life cycle; growth, sustenance and harvest.

Growth businesses are at the early stages of their life cycle. Business operates with negative or low returns. Products have significant growth potential so firm invests more. The overall financial objectives for the goreht firm are the percentage growth rates in revenues, sales growth rates in targeted market, customer group and regions.

A vast majority of business units will be in the sustain stage where they earn excellent returns on investment. They have financial objectives like return on investment, return on capital employed and economic value added. The business unit in the harvest stage wants to recover the investment. The overall financial objectives for harvest stage are the operating cash flow and reduction in working capital.

There are three financial themes that drive the business strategy;

(A) Revenue growth and mix –

The most common revenue growth measure would be sales growth rates and market share for targeted regions, markets and customers.

New products – A common measure for this objective is the percentage of revenue from new products and services introduced with a specified period. This measure has been extensively used by innovative companies.

New applications – Businesses may find it easier to grow revenues by taking existing products and findings new applications for them. If a new product application is an objective, the percentage of sales in new applications would be useful measure.

New customers and markets – Taking excising products and services to new customers and markets also can be a desirable route for revenue growth. Many industries have excellent information on the size of the total market and of relative market share by participants. Increasing a unit's share of targeted market segment is a frequently used metric.

New relationships – Some companies have attempted to realize synergies from their different strategic business units by having them cooperate to develop new products. The objective can be translated into the amount of revenue generated from cooperative relationships across multiple SBUs.

New product and service mix – Business may choose to increase revenues by shifting their product and service mix. For ex. toward low cost strategy or towards premium price strategy and tracked the success of this strategy with a measure of revenue growth from these mix.

New pricing strategy – Some companies have discovered that price of products can be increased for niche products or for demanding customer prices on products and services.

(B) Cost Reduction/ Productivity Improvement

In addition to establishing objectives for revenue growth, a business may wish to improve its cost and productivity performance.

Increase Revenue Productivity – It focuses on revenue enhancement- say revenue per employee-to encourage shifts to higher value added products and to enhance capabilities of organizations resources.

Reduce unit cost – In sustain stage businesses aim to reduce the unit cost of performing work. For the firm producing homogeneous output, reducing cost per unit can suffice.

Improve Channel mix – As especially promising method for reducing cost is to shift customer and suppliers from high cost manually processes channel to low cost electronic channel.

Reduce Operating expenses – Many organizations are now actively trying to lower their selling, general and administrative expenses. It can be measured by tracking their percentage to total expenses.

(C) Asset utilization/ Investment Strategy

Companies may also wish to identify the specific drivers they will use to increase asset intensity.

Cash to Cash Cycle – One measure of the efficiency of the working capital is the cash-to-cash cycle, measured as the sum of days cost of sales of inventory, days sales in account receivable, less days purchases in account payables.

Improve asset utilization – It focuses on capital investment procedures, both to improve productivity from capital investment projects and accelerate the capital investment process to maximize early cash returns.

2. Customer Perspective

Recent management philosophy has shown increasing realization of the importance of customer focus and customer satisfaction in any business. Each organization must know; how do our customers see us? How should we appear to them? The customer perspective of BSC requires an organization to know how it should create value for its customer, if it is to succeed.

In the customer perspective of the BSC, companies identify the customer and market segments in which they have chosen to compete. These segments represent the sources that will deliver the revenue component of the company's financial objectives. In fact these are leading indicators, which enables companies to align their core customer outcome measures- satisfaction, loyalty, retention, acquisition, and profitability – to targeted customers. It also enables them to identify and measure, explicitly, the value propositions they will deliver to targeted customers. The value propositions represent the drivers, lead indicators, for the core customer outcome measures. In the past, the companies could concentrate on their internal capabilities, emphasizing product performance and innovation. But companies that did not understand their customer's needs eventually found that competitors could make inroads by offering products or services better aligned to their customer's preferences. Thus, the companies are shifting their focus extremely to customers. Clearly, if business units are to achieve long run superior financial performance, they must create and deliver products that are valued by customers.

Beyond aspiring to satisfying and delighting customers, business unit mangers must, in the customer perspective of the BSC translate their mission and strategy statements into specific market and customer based objectives. They must identify the market segments as well as the value propositions that will be delivered to targeted segments becomes the key to developing objectives and measures for the customer perspective. Thus this perspective translates an organization's mission and strategy into specific objectives about targeted customers.

Core measures:

The core measurement group of customer outcomes is generic across all kinds of the organizations. The core measurement group includes measures of;

Market Share –

Measuring market share is straightforward once the targeted customer group has been specified. It reflects the proportion of business in a given market that a business unit sells. The second market share measure is the account share of the customer. The overall market share measure based on business with these companies could be affected by the total amount of business these companies offer in a given period. That is, the share of business with these targeted customers could decrease because the customers are giving less business to all their suppliers.

Customer Retention –

A desirable way for maintaining or increasing market share in targeted customer segments is to start by retaining existing customer in those segments. Companies that can readily identify all of their customers, can readily measure customer retention from period to period. Beyond this many companies want to measure loyalty of existing customers.

Customer Acquisition –

The customer acquisition measure tracks, in absolute or relative terms, the rate at which a business unit attracts or wins new customers or business. It could be measured by either the number of new customers or the total sales to new customers in these segments. Ratio of cost and revenue of new customer acquired can also be measured.

Customer Satisfaction –

This measure provides feedback on how well the company is doing. The importance of customer satisfaction probably can not be overemphasized. Further just scoring adequately on customer satisfaction is not sufficient for achieving high degree of loyalty, retention and profitability. Only when customer rates their buying experience as completely or extremely satisfied can a company count on their repeat purchasing behavior.

Customer Profitability –

Succeeding in the first four core measures, does not guarantee that a company has profitable customer. Since, customer satisfaction and high market share are only a means to achieving higher financial returns, companies probably wish to measure profitability of this business. Activity based costing system permit companies to measure individual profitability. A financial measure like customer profitability helps to keep customer focused organization from becoming customer obsessed.

Measuring customer Value prepositions

It represents the attributes that create loyalty and satisfaction in targeted customer segments. It varies across the industries and countries, but the followings are the common attributes.

Product and service attributes – these encompass the functionality of the product/service, its price, and its quality. Few Customers may prefer low price at the cost of quality, on the other hand few may prefer quality and unique feather at even high rates, depending upon the type of customers.

i) **Time** – It has become major competitive weapon in today's competition. Being able to respond rapidly and reliably to a customer's request is often the critical skill for obtaining and retaining valuable customer's business. Customers may be concerned with the reliability of lead time than with just obtaining the shortest lead times. Lead time is important both for existing product as well as for new products. A short lead time for introducing new product can add value to the customers.

ii) **Quality** – It was a critical competitive dimension during 1980s and remains important till this day. Quality is now no more competitive advantage but it has become hygiene factor. Customers take for granted that their suppliers will execute according to product specification. It can be measured in terms of incidence of defects, returns by customers, warranty claims, field service request and also performance along time dimension.

iii) **Price** – One can be assured that whether a business unit is following a low-cost or a differential strategy, customer will always be concerned with the price they pay for the product. It is a major influence on the purchasing decision.

iv) **Customer relationship** – It includes the delivery of the product/service to the customer, including the response and delivery time dimension, and how customer feels about purchasing from the company. It also encompasses long term commitment and qualification of supplier so that incoming items are delivered directly to the customers.

v) Image and reputation – It reflects the intangible factors that attract a customer to a company. Some companies are able, through advertising and delivered quality of product and service, to generate customer loyalty well beyond the tangible aspects of the product and service. Consumer preference for certain brands of shoes, clothing, soft drinks connote the power of image and reputation for the targeted customer segments.

3. Internal –Business- process perspective

For the internal business process perspective, managers identify the processes that are critical for achieving customer and financial objectives. Companies typically develop their objectives and measures for this perspective after formulating objectives and measures for the financial and customer perspectives. This sequence enables companies to focus their internal business process metrics on those processes that will deliver the objective established for customers and shareholders.

This is the most critical perspective for the success of an organization. It includes internal processes which ensure highest quality of product and services. Are our business processes excellent? What are the areas that need improvement? The manager should ensure their businesses, based on internal processes are running well and that the firm's products and services are meeting the customer's requirement and creating value for them. Most organizations' existing performance measurement system focus on improving operating processes, while the BSC recommend that managers must define a complete internal process value chain that starts with the innovation process, proceeds through the operations process and ends with post sale service. The process of deriving objectives and measures for the internal business process perspective represents one of the sharpest distinctions between the BSC and traditional performance measurement system. The traditional system was using financial results as primary method for evaluation in terms of quality, yield, throughput, and cycle time. For most of the companies today, having multiple measurements for cross functional and integrated business processes represents a significant improvement over their existing performance measurement system.

Unlike traditional system, in the BSC the objectives and measures are derived from explicit strategies to meet shareholders and targeted customer expectations. Each business has a unique set of processes for creating value for customers and producing financial results. A generic value chain model provides a pattern that companies can customize in preparing the internal business process perspective. This business processes are; Innovation, operation and post-sale service.

Innovation –

The BSC does not treat research and development as a support process, but it considers that innovation is a critical internal process. For many companies, even it is more important than excellence in the day-to-day operating processes that was a traditional focus. Innovation is more important for the companies having long design and development cycle. In innovation process the business units first identify and nurture new markets, new customers and the emerging and latent needs of existing customers. Then, continuing in this long wave of value creation and growth, companies design and develop new products and services that enables them to reach the new markets and customers and to satisfy customers' newly identified needs. The operational process, in contrast, represents the short wave of value creation, in which companies deliver existing products to existing customers.

The innovation process consists of two components. In the first, managers undertake market research to identify the size of the market, the nature of customer preferences and price points for the targeted products. It also includes imagining entirely new opportunities and markets for the product that firm could supply. The second step is actual product design and development.

The operational process –

It represents the short wave of value creation in organization. It starts with receipt of a customer order and finishes with delivery of the product to the customer. This process stresses efficient, consistent and timely deliver of existing products to existing customers. Existing operations tend to be repetitive so that scientific management techniques can be readily applied to control and improve customer order receipt and processing and vendor, production, and delivery processes. Traditionally, these operational processes have been monitored by financial measures such as standard costs, budgets and variance to measure quality, time and cost. The influence, in recent years, of the total quality management and time based competition practices has lead to supplement the traditional const and financial measurement of quality and cycle time.

Post-sale service –

The final stage in the process is post-sale service which includes warranty-repair activities, treatment of defects and returns, and the processing of payments, such as credit card administration. Companies attempting to meet their targeted customer's expectation for superior post sale service can measure their performance by applying some of the same time, quality, and cost metrics, descried for operating processes, to their post sale service processes. Thus, cycle times-from customer request to ultimate resolution of the problem-can measure the speed of response to failures. Cost metrics can evaluate the efficiency- the cost of resources used. And first pass yield can measure what percentage of customer requests are handled with a single service call, rather than requiring multiple calls to resolve the problem.

4. Learning and Growth Perspective

The fourth and final perspective on the BSC develops objectives and measures to drive organizational learning and growth. The objectives established in the financial, customer, and internal-business-process perspectives identify where the organization must excel to achieve breakthrough performance. The objectives in the learning and growth perspective provide the infrastructure to enable ambitious objectives in the other three perspectives to be achieved. Objectives in the learning and growth perspective are the drivers for achieving excellent outcomes in the first three scorecard perspectives.

Intense global competition requires that companies make continual improvements to their existing products and processes and have the ability to introduce entirely new products with expanded capabilities to penetrate new markets and increase revenues and margins. Learning and Growth perspective is a critical one which focuses on innovation, creativity, competence and capabilities. Are we innovative and creative enough to continuously create value for our customers? It also focuses on people- their attitude, culture, knowledge, development etc. and their ability to learn and grow for managing and sustaining change and improvement. Are our employees capable of sustaining continuous change and improvement?

The BSC stresses the importance of investing for the future, and not just in traditional areas for investment, such as new equipment and new product research and development. Equipment and R&D investments are certainly important but they are unlikely to be sufficient by themselves. Organizations must also invest in their infrastructure – people, systems, and procedures – if they are to achieve ambitious long term financial growth objectives. There are three principal categories for the learning and growth perspective.

Employee Capabilities –

In current environment of rapid technological changes, employees need to continuously learn. For an organization just to maintain its existing relative performance, it must continually improve. This shift requires major reskilling of employees so that their minds and creative abilities can be mobilized for achieving organizational objectives. The three core employee measurements are;

1. **Employee Satisfaction** – it recognizes that employee morale and overall job satisfaction are now considered highly important by most organizations. Satisfied employees are a precondition for increasing productivity, responsiveness, quality, and customer service. Companies typically measure employee satisfaction with an annual survey, a rolling survey in which a specified percentage of randomly chosen employees is surveyed each month.
2. **Employee Retention** – it captures an objective to retain those employees in whom the organization has long term interest. Long term- loyal employees carry the values of the organization, knowledge of organization processes, and sensitivity to the needs of customers.

3. **Employee Productivity** – it is an outcome measure of the aggregate impact from enhancing employee skills and morale, innovation, improving internal processes, and satisfying customers. The goal is to relate the output produced by employees to the number of employees used to produce that output.

Information System Capabilities –

Employee skills and motivation are necessary to achieve targets for customer and internal process objectives. But to be effective in the information age, they need excellent information – on customer, on internal processes and of the financial consequences of their decisions. Front-line employees need accurate and timely information about each customer's total relationship with the organization, and feedback on products produced or delivered. Only by having such feedback can employees be expected to sustain improvement programme where they systematically eliminate defects and drive excess cost, time, and waste out of the production system. Strategic information coverage ratio is a tool to assess the current availability of information relative to anticipated needs.

Motivation, Empowerment and Alignment –

Even skilled employees, provided with superb access to information, will not contribute to organizational success if they are not motivated to act in the best interests of an organization. Thus the third of the enablers for the learning and growth objectives focuses on the organizational climate for employee motivation and initiative. The measures for these enablers are;

1. **Measure of suggestions made and implemented** – one of the simple way to measure the outcome of having motivated employees is the number of suggestions per employees. This measure captures ongoing participation of employees in improving the organization's performance.
2. **Measure of improvement** – the tangible outcome from successfully implemented employee suggestions does not have to be restricted to expense saving. Organizations can also look for improvements, say in quality, time. Or performance, for specific internal and customer processes.
3. **Measure of individual and organizational alignment** – it focuses on whether departments and individuals have their goals aligned with the company objectives articulated in the BSC.
4. **Measurement of team performance** – now organizations are turning to teams to accomplish important business processes-product development, customer service and internal operations. So organization requires measures to motivate and monitor the success of team building and team performance.

The process of the BSC – Building the Balanced Scorecard

Constructing an organization's first Balanced Scorecard can be accomplished by a systematic process that builds consensus and clarity about how to translate a unit's mission and strategy into operational objectives and measures. The followings are the main steps to build the BSC in any organization.

1. Select the appropriate organizational unit –

Senior executive team should define the business unit for which a top-level scorecard is appropriate. The initial scorecard process works best in a strategic business unit, ideally one that conducts activities across an entire value chain; innovation, operation, marketing, selling, and service. It would have its own products, customers, marketing, distribution channels and its own financial summery.

2. Identify SBU/Corporate Linkages –

Once the SBU has been defined and selected, the team should learn about the relationship of the SBU to other SBUs and to the divisional and corporate organization. Interviews should be conducted with key senior divisional and corporate executives to learn about financial objectives, corporate themes and linkages to other SBUs. This will help to optimize the whole organization along with the SBU.

3. Conduct first round of interview –

The back ground material on the BSC as well as internal documents on the company's and SBU's vision, mission and strategy should be supplied to senior mangers. Then after the leader should conducts interview of each senior manager to obtain their input on the company's strategic objectives and tentative proposals for the BSC. The objective of these interviews is to introduce the concept of the BSC to senior managers, to respond to questions of the mangers and to get their initial input about the strategy and its translation into objectives and measures.

4**. Synthesis session –**

After interviews the team should highlight issues and develop a tentative list of objectives and measures that will provide the basis for the first meeting of the top-management team. The output of the synthesis session should be a listing and ranking of objectives in the four perspectives. They should attempt to determine whether the tentative list of prioritized objectives represents the business unit's strategy and whether the objectives across the four perspectives appear to be linked in cause-effect relationships.

5. Executive workshop –

First round – Primary workshop is arranged to facilitate a group debate on the mission, objectives and strategy statements. The leader can show listing of objectives during the interviews, views of customers- shareholders etc. Each candidate will prepare four to five objectives. After introduction and discussion of objectives of all the candidate, the group votes on top three to four candidates. For the highest rank objectives, the group will prepare primary measures. At the end of the session the team will identify three to four objectives for each perspective and list of potential measures.

6. Subgroup meetings –

The leader should organize several subgroup meetings to discuss on; i. refining the wordings of the objectives, ii. Identifying the measures, iii. Identify the sources of necessary information, iv. Identifying key linkages among the measures. The final output of these meetings should be list of objectives, descriptions of measures, method to quantify measures and graphical model to link various objectives and measures of all four perspectives.

7. Executive Workshop –

Second round – it involves the senior management team, their direct subordinates and a large number of middle mangers, who debates on vision, strategy, tentative objectives and measures. The output of subgroup meeting is presented here, which will help to understand entire scorecard. Participant can comment and discuss on the same. The objective of the workshop is to communicate the scorecard intentions to all the employees and to encourage participants to formulate targets to be achieved by the next 3 to 5 years

8. Develop the implementation plan –

A newly formed team, often made up of the leaders of each subgroup formalizes the stretch targets and develops an implementation plan for the scorecard. As a result of this process, an entirely new executive information system that links top-level business units metrics down through ship floor level and site specific operational measures could be developed.

9. Executive workshop –

Third round – the senior executive team meets for a third time to reach final consensus on the vision, objectives, and measurements developed in the first two workshops and to validate the stretch targets proposed by the implementation team. It includes primary action programme to achieve the targets. It ends up by aligning the unit's various change initiatives to the scorecard objectives, measures and targets as well as by deciding programme of communicating BSC and developing information system to support the scorecard.

10. Finalize the implementation plan –

For a BSC to create value, it must be integrated into the organization's management system. Management should begin the use of the BSC within 60 days.

Principles of BSC

Organization across the world, multinational and local, large firms and smaller ones, implemented the BSC, embedded it in their management system and achieved breakthrough performance within two years. Kaplan and Norton studied their success especially in Mobile, Cigna property, Chase Bank, Brown and Root engineering etc. They learnt successful organization had not put strategy at the center of their management process. Their continuing research reveals a set of five principles for successful implementation of the BSC.

1. Mobilize change through executive leadership -

The single, most important condition for success of the BSC is the ownership and active involvement of the executive team. Strategy requires change from every part of organization. If those at the top are not energetic leaders of the process, change will not take and the opportunity will be missed. A BSC programme starts by recognizing that it is not a “metrics” project. It is a change project.

A strategy focused organization mobilizes change when executives launch and manage strategy driven process with visible energy and committed ownership. The typical executive champions need a strategic change by establishing a sense of urgency, creating a guiding coalition and a developing vision and strategy to guide behaviour.

Thus, initially executive leaders must mobilize the organization, creating momentum to get the process launched. Once mobilized, leadership focus shifts to governance to install the new performance model. Finally, and gradually over time, a new management system evolves, a strategic management system that institutionalizes the new cultural values and process into a new system for managing. Convergence to the new management system can take two to three years. In short, change management through executive leadership is a basic principle for the successful implementation of the BSC.

2. Translate strategy into operational terms

A strategy focused organization translates strategy into action when it organizes a 'strategy map' frame work of cause and effect between its strategic objectives then operationalises these objectives with measures. The BSC provides a discipline that helps executive teams better understand and articulate their strategies. With the use of strategy map which is the 'architecture' of the BSC, one can operationalise strategy.

The BSC provides a framework for organizing strategic objectives into four perspectives;

1. Financial- the strategy for growth, profitability and risk viewed from the perspective of the shareholders.
2. Customer – the strategy for creating value and differentiation from the perspective of the customer
3. Internal business processes – the strategic priorities for various business processes that create customer and shareholder satisfaction
4. Learning and Growth – the priorities to create a climate that supports organizational change, innovation and growth.

By translating strategy into the logical architecture of a strategy map and scorecard, the organization creates a common understandable point of reference for all its units and employees. Once the strategy map is defined and agreed to by the executive team, the design of a scorecard with measures and targets is a straight forward process. The strategy map approach highlights that scorecards should not just be collection of financial and non-financial measures, organized into four perspectives. Rather it should reflect the strategy of the organization. Thus, next important principle is to translate strategy into action by converting them into operational objectives and goals.

3. Align the organization to strategy

The BSC is a powerful tool to describe a business unit's strategy. But an organization consists of numerous sectors, business units and specialized departments, each with its own operation and often its own strategy. For synergy to occur across these units should be coordinated in some manner. The scorecard should be used to define the strategic linkages that integrate the performance of multiple organizations. Organization achieves strategic alignment when the whole of the organization exceeds the sum of its parts. This synergy occurs when all the parts of the organization focus on strategic themes and priorities as defined by their strategy map and corresponding BSC for the corporate, business units and support units.

Thus, organizations aren't just single entities; they are made up of many different parts. And the art of designing organizations is to do that in a way that create the synergies. The BSC has to be able to define the linkages that executives are trying to create among the parts of the organization. Every successful programme should found a way to link the organization through the BSC. After preparation of corporate scorecard, it should be handed off to the lines of business. Each SBU should look at this corporate scorecard for guidance. And it becomes a template. They can build their own strategy and scorecard, but it has to be consistent with the architecture of the higher level of scorecard. Once the SBUs build their scorecard, they then should dialogue with higher level of organization about the scorecard, strategy and linkages. And this is a powerful learning for the higher level. Once SBU scorecards have been built, the support units can now build their scorecard and describe how they link with their strategies to accomplish the objectives of SBUs.

4. Motivate to make strategy everyone's everyday job

The CEOs and senior leadership teams of adopting organizations should understand that they could not implement the new strategy by themselves. They require contributions, actions and ideas from everyone in the organization, requiring that employees understand the strategy and conduct their day-to-day business in a ways that contribute to the success of that strategy.

The organization should motivate their people to execute strategy when they use the BSC as a communication tool for educating every single associate. People should have set personal work objectives which align with the organization's BSC, and should be rewarded with compensation and recognition- for both individual and team accomplishment.

In the industrial economy, strategy was executed in the top-down fashion. Those in the top figured out what needed to be done and communicated bottom. Bottom people didn't need to understand the strategy; they just needed to do what they were told. F.W.Taylor says 'simple job for simple people'. But in a knowledge economy this is not true. Those at the top have to formulate the strategy, but then they have to educate the workforce about what the strategy is. There are three main complements to make strategy everybody's job. First, the whole organization must be educated, i .e. there should be top to bottom communication about the strategy. Every one should have clear understanding of strategy. There should be complete spectrum of communication technique. Second, every person in the organization should be exposed to the entire strategy in such a way that they can contribute in the process. Third, piece of this process is the incentive and reward process. When we tie strategy to their compensation, people pay attention. In short, by this way strategy should be liquid.

5. Govern to make strategy a continual process

Organization should adapt their management system so that both strategy and tactics are managed as a 'double-loop' process on a continual basis. They can accomplish this by linking strategy to the budgeting process to the management meetings and to the learning process. Once an organization starts on a course of action, it has to be able to monitor how it is doing. And make corrections, if they are necessary. 85% of organizations do not have a way of monitoring strategy. Successful organization link budgeting and strategy together. They use t scorecard as a screen to evaluate potential investment and initiatives. Just as the scorecard attempts to protect long term objectives from short term sub optimization, i.e. the budgeting process should separate long term strategic investment from short term operational investment. It means protecting long term initiatives from the pressures to deliver short term financial performance.

The second ingredient is making strategy a continual process- is also a simple step, i.e. introduction of management meeting to review strategy. Generally 85% of organizations do not meet to talk about strategy. The BSC creates an agenda to guide a monthly or quarterly management meeting to focus on strategy. The process is superficially similar to the typical monthly operating reviews except that, instead of reviewing only financial performance managers now review performance and take corrective actions for all the measures on the scorecard.

The third element is creating a feedback system and an analytical system that gives real data on which to make decision. There is a powerful information system that is being built around BSC. Many firms create an open reporting environment in which performance results are made available to everyone in organization.

Finally, a process for learning and adapting strategy evolves. The BSC represents hypotheses about the strategy; at the time of foundation it is the best estimate of the actions expected to make long term financial success.

The BSC enables the organization to introduce new governance and review process; one forced on strategy, not tactics. It emphasizes learning, team problem solving and coaching. Review meeting look into future and explore changes. Thus, by these principles, the BSC can be simple framework and tool that allows strategy to be clearly articulated.

Pre-requisites for a successful scorecard

There are several reasons for high burn-out rate among scorecard companies. One important reason is over-enthusiasm to measure anything and everything. Other pitfalls that can sidetrack a BSC programme includes a lack of commitment from senior management, treating it as a one-time event and failure to let scorecard responsibilities ‘cascade down’ to all employees. Success depends on whether company knows why they are opting for BSC. After clear vision, they require systematic implementation of BSC. The following are the pre-requisites for proper implementation of the BSC.

1. Top management commitment and support

The essential pre-condition for the successful implementation of the BSC is, support and commitment from top management. CEOs and senior management must be committed to the BSC to drive it down through the organization. It is necessary that the top management fully understand the concept and the process of the BSC. They should be educated through seminars and workshops. The role of CEO is much more critical in the success of the BSC. They should take keen interest and lead role in introducing and implementing the BSC. A number of organizations started the BSC by first creating it for the top management and the CEO and then cascading it down to other levels of the organization. Without dedication and support from top management, the BSC will be visionless. In short, at each and every step of implementing the BSC, support and co operation from the top management is must.

2. Determine the critical success factors

This is most critical aspect of the BSC implementation. For a number of companies in India, that are just coming out of the protected environment and have started facing competition, it is not very difficult to realize that the driving force for survival is customer satisfaction. Hence, the critical success factors are superior quality, low cycle time, high customer response, after sales service, employee competition etc. But for those organizations which have already reached high levels of customer satisfaction superior quality and other measures, the area of improvements are not very obvious. The challenge is to identify the most fundamental critical success factors (CSFs). The problem is compounded because of the requirement s of multiple stakeholders including government and society. The BSC will have to consider the requirements of all stakeholders, which at times create conflict. The BSC can not be limited to four perspectives; the new one can be added as per requirement. The social responsibility, environment etc. can be new perspectives. The entire organization must be involved in identifying CSFs. The organization must assign priorities to the stakeholder's requirements and rate in term of their impact. Thus, as per need and circumstances of the organization, CSFs should be decided precisely.

3. Translate CSFs into measurable objectives (metrics)

Clear and precise BSC, requires proper CSFs as well as translation of CSfs into metrics. The identified objectives will not lead the organization anywhere else unless the CSFs are converted into good measures or metrics. There are several measures of financial variables and over the years they have been refined. For example, the economic value added is a useful aggregated financial measure which links with value creation for shareholders. It is a real challenge to develop metrics for non-financial measures as a number of them could be unique to an organization for which no standards exist. The BSC is a device to link performance measures to strategy and performance outcomes. These measures should be precise and consistent for achieving the desired objective. They should be based on objective facts and information, verifiable and accessible. There should not be possibility of these measures being manipulated. The target of measure should be challenging but achievable. It is also important that a number of measures may be kept to a level which can be easily managed. Thus, CSFs should be converted in performance measures precisely.

4. Link performance measures to reward

The success of any performance management system depends on its link to rewards and motivation to human being. A reward system that is easily understood and is prompt in rewarding employees is essential. Performance measures should be linked to reward system in such a way so that it motivates employees at all levels and influence them to achieve the given performance targets. The BSC should be understood from top to bottom. The people at bottom level should be dedicated for the implementation of the BSC. And for this purpose, employees should be motivated through reward system. Thus, performance measures should be linked properly with reward system for effective performance.

5. Use of tracking system

Planning does not have value until supported by proper control system. In the same way, the performance metrics and targets have no value if they are not tracked quickly. The BSC establishes a system of feed-back and learning. But for real time review the organization requires to set proper feed-back system, so that errors can be tracked quickly and corrected on time. The organization should follow frequent and regular reporting system. Many organizations which have implemented the BSC successfully, believe in daily or twice in day reporting. The employees must know where they are? Where they should be? And the managers must know where they need corrective actions? Thus, for the successful implementation of the BSC, the firm requires good tracking system.

6. Create and links the BSC at all levels of the organization

An organization will better serve its purpose of providing delight to all its stakeholders if it develops scorecard at corporate, divisional and even at the individual levels. There should be a link between these scorecards. The divisional scorecards should follow from the corporate scorecard and the individual scorecard from the divisional scorecards. The achievement of the targets of the scorecard at a lower level must ensure that targets of higher scorecards are met. The scorecard measures, particularly relating to strategic objectives, must be disaggregated so that every one understands them and are able to relate to their actions to strategy. Thus, from top to bottom and from corporate to SBU scorecard to divisional scorecard, co-ordination is essential. In short, all the levels of organization must be linked properly.

7. Communication

The BSC is a communication device – a device to communicate strategy and its components to all levels of organization. It provides a common language. But this does not happen automatically. An organization should develop an effective organizational communication system to make all employees understand the common language of the BSC. The BSC should be exposed to all the employees. Employees must be clear about the strategy, goal, their target, achievements and gap. For this, an effective and precise communication system should be established in the organization. There should be two-way communication i.e. from top to bottom as well as from bottom to top. Ideas of employees should be given a chain of communication.

8. Link strategic planning, BSC and Budgeting process

There should be a co-relation among strategic planning, Balanced Scorecard and Budgeting process. The strategic planning process should be linked to BSC. And in the same way the BSC should be linked to Budgeting process. The strategic initiatives to meet the targets require funds. The BSC should be linked to the budgeting process and set priorities to allocate resources to strategic initiatives. Thus, dreams of the strategic planning must be formed in physical form in the BSC as well as the data of the BSC must be linked to figures- budgets properly.

9. Change Management

The BSC requires a culture shift in the organization, which requires change management in the organization, David Norton said that to execute strategy is to execute change at all levels of an organization. Seems self even, but overlooking this truth is one of the important causes of a failed transformation effort. Best practice is organization should give equal weight to the soft issues of leadership, culture and team work and undergoing three phases of change management; mobilization of change, design and roll out and sustainable execution.

10. Implementation in Phased manner

The BSC is not a tale of a day or a month. It requires change in the whole measurement and management system. So, implementation of the BSC should be in a phased manger. Many firms first implement it to the top level and gradually spread in the whole organization. Experience suggests that if the number of measures traced is increased over a period of time, it is easier for employees to adapt. It reduces the time spent on the initial phase and speed up implementation.

Benefits of the BSC

There are several pluses to having a scorecard. But the most fundamental reason for its use is the shift in the source of value. In the old economy, companies added value primarily by investing in tangible assets, plant, machinery, sales offices and technology. Kaplan estimates that till 20 years ago, nearly two third of the market value of a company came from the tangible assets it owned. Today an analysis of the S & P 500 companies in the US show that 85% comes from intangible assets. If value whether seen from the point of view of the customers or markets- has shifted to intangibles, companies need to understand the underlying factors that deliver better customer and shareholder value. Kaplan says that service companies have adopted the BSC more eagerly because in their case values is delivered to the customer at a point for away from the top-management. The BSC scores precisely because it does not look at strategy from an undimentional perspective. The following are the major benefit of BSC.

1. Clarify the vision throughout the organization –

The BSC is not a tool of control; rather it is a tool of communication. The BSC clarifies the vision of the organization throughout the all levels of the organization. Unlike the traditional measurement system, here each and every member of the organization is clear about the vision, strategy and objectives of the organization. Thus, BSC helps to link organization in a specific way.

2. Filter initiatives –

Companies take different initiatives to improve their performance. With the scorecard, the utility of each initiative can be judged from its contribution to the achievement of strategic targets. And by this way companies can filter initiatives and can use specific initiatives for the best performance.

3. Make strategy every body's job –

The scorecard is a communication tool. It enables management to explain the strategy to employees at all levels, showing what is measured and encouraging the free flow of relevant information. This helps to align the personal objectives of individual and their compensation to the organization's objective. Thus, BSC circulates strategy from top to bottom and make strategy everybody's job. In short employees at all levels are linked with and involved in strategy.

4. Facilitate organizational learning –

The BSC enables double-loop learning. On one hand, since the BSC links existing strategy to the objectives, it can test its workability and incorporate the feedback into strategy. But as strategic objectives and targets are also linked to initiatives and programmes at operational level, the result of these initiatives can offer clues to emerging strategies once again. In short, by present and futuristic view, the BSC guides the organization and improves organizational learning process.

5. Drive the capital and resource allocation process –

The BSC links strategic planning and budgeting process. As per strategic planning the BSC, determines priorities for all the areas. And then after it is linked to the budgeting process. Thus, allocation of resources will be in the line of strategic planning. Thus, due to planned resource allocation process, the efficiency may go up. In short, the BSC guides and drives capital and other resource allocation.

6. Integrate the strategic management process across the organization –

The BSC makes strategy everybody's job. That means it connects and links whole organization including all the levels, divisions and department in the process of strategic management. All the divisions, top management, middle management and shop floor level is clear about the vision, strategy, objectives and measures of the organization.

7. Focus teams and individual on strategic priorities –

The BSC moves from top to bottom. The corporate BSC is transferred to SBU-BSC and SBU-BSC is transferred to divisional BSC. Further divisional BSC is translated into team goals, objectives and measures and in the same way individual receive specific objectives, targets and measurement. Thus, the BSC gives focus from corporate to an individual.

Conclusion

Information age companies will succeed by investing in and managing their intellectual assets. Functional specialization must be integrated into customer-based business processes. Mass production and service delivery of standard of products and services must be replaced by flexible, responsive and high quality deliver of innovative products and services that can be individualized to targeted customer segments. Innovations and improvement of products, services, and processes will be generated by reskilled employees, superior information technology, and aligned organizational procedures.

As organization invest in acquiring these new capabilities, their success cannot be motivated or measured in the short run by the traditional financial accounting model. It measures events of the past, not the investments in the capabilities that provide value for the future.

The BSC is a new frame work for integrating measures derived from strategy. While retaining financial measures of past performance, the BSC introduces the drivers of future financial performance. The drivers, encompassing customer, internal-business-process, and learning and growth perspectives, are derived from an explicit and rigorous translation of the organization's strategy into tangible objectives and measures.

The BSC, however, is more than a new measurement system. Innovative companies use the scorecard as the central, organizing framework for their management processes. The real power of the BSC occurs when it is transformed from a measurement system to a management system. As more companies work with the BSC, they can see how it can be used to clarify strategy and communicate strategy, to align organization with strategy, to link strategic objectives to long term targets and budgets, to perform periodic strategic review and to obtain feedback to learn about and improve strategy.

The BSC is very popular in foreign companies and has proved excellent result in so many companies. Even in India now business units have initiated the use of the BSC. So many giants of Indian corporate have tasted the success with the help of BSC. To name them, Tata Motors, Godrej, Infosys, Mahindra & Mahindra, ICICI Bank, Tata Chemicals, RPG group, and so on. So many foreign as well as Indian software companies are proving software to implement the BSC in any organization. At the same time so many consulting groups are providing service to ease successful implementation of the BSC. Thus, it can be concluded that BSC is a tool by which business units can keep pace with the environment and it has surely a bright future for overseas as well as Indian companies.

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CHAPTER - 2
RESEARCH METHODOLOGY

"If we knew what we were doing it wouldn't be research." -
Albert Einstein

The word research is derived from the Latin word; meaning to know. Research activity primarily involves the discovery of knowledge that was not previously known or understood, or the development of a new organization or structure of known material that provides a new understanding about the subject matter. Research is an organized and systematic way of finding answers to questions.

As per wikipedia 'Research is an active, diligent and systematic process of inquiry in order to discover, interpret or revise facts, events, behaviours, or theories, or to make practical applications with the help of such facts, laws or theories. The term "research" is also used to describe the collection of information about a particular subject.'

Redman and May define research as "systematized efforts to gain new knowledge" According to **Clifford Woody** "A Research comprises defining and redefining problems, formulating hypothesis or suggested solutions, collecting, organising and evaluating data, making deductions and reaching conclusions and at least carefully testing the conclusions to determine whether they fit the formulating hypothesis."

In short research means a systematic investigation into, and study of materials, sources etc in order to establish facts and reach new conclusions. It is a systematic and a replicable process which identifies and defines problems, within specified boundaries. It employs well designed method to collect the data and analyses the results. It disseminates the findings to contribute to generalizeable knowledge.

The five characteristics of research presented below are:

1. systematic problem solving which identifies variables and tests relationships between them
2. logical, so procedures can be duplicated or understood by others
3. empirical, so decisions are based on data collected
4. reductive, so it investigates a small sample which can be generalized to a larger population
5. replicable, so others may test the findings by repeating it

"After all, the ultimate goal of all research is not objectivity, but truth." - Helene Deutsch

Methodology can properly refer to the theoretical analysis of the methods appropriate to a field of study or to the body of methods and principles particular to a branch of knowledge. Research methodology provides theoretical foundation for research by defining the expected methods for the research study.

Research is most often driven by the need to find solutions to problems. This is best done in an orderly fashion with the focus on building a strong foundation to a theoretical framework upon which subsequent work can be built. So clear and focused research methodology is the root of any research process. This includes following steps:

- Define and delimit the problem
- Formulate the hypothesis
- Gather Data
- Analyze and interpret findings

So, to elaborate on the scientific method:

Define and delimit the problem: Must bring clarity to your idea to the point where you can succinctly articulate the problem/question and anyone could from your statement plot the analytical path if a question to be handled quantitatively or could bring to bear on the problem a qualitative approach that would yield ‘data’ to probe the problem.

Formulate the hypothesis: In both verbal and statistical (when appropriate) form a statement regarding expectations can and should be made.

Gather Data: Within the boundaries of a protocol designed to produce valid, reliable, and objective data, information should be gathered that will shed light on the problem and yield insights sufficient to the hypothesis formulated.

Analyze and interpret findings: Using the most streamlined and effective analytical procedures appropriately analyze data collected and interpret results.

2.2 PROBLEM IDENTIFICATION

Researcher has framed following problem for this work. **"RELEVANCE OF BALANCED SCORECARD FOR PERFORMANCE EVALUATION OF SELECTED INDIAN CORPORATE UNITS"**

2.3 OBJECTIVES OF THE STUDY :-

- To document the customer perspective
- To document the financial perspective
- To document the internal business process perspective
- To document the learning and growth perspective
- To measure the impact of |Balanced Scorecard on performance of the company as a whole

2.4 SURVEY OF THE EXISTING LITERATURE:-

For this study researcher has reviewed various books, journals and other publication to get the proper understanding. As the subject is recent the researcher has also received abundance information on net, and reviewed so many articles and presentations.

The famous book of the father of the Balanced Scorecard – Robert Kaplan and David Norton; The Balanced Scorecard-Translating strategy into actions, has given the primary details of the concept. It has presented various steps to implement the Balanced Scorecard in any organization. The book is divided into tow parts i.e. measuring business strategies and managing business strategies. The former portion is concerned with measurement of business strategies by considering customer, financial, internal business processes and learning-growth perspectives. While the later portion is concerned with various techniques to align organization with strategies by creating strategy map and continuous evaluation.

In the time when implementation of strategy is the key for survival and success, the book "The strategy focused organization" by Robert Kaplan and David Norton, has stressed for strategy implementation and has given four steps to create strategy focused organization from top to bottom. First step is to translate strategies to operational terms so that people can understand it easily. The second step is to align the organization to create balance, which is related to alignment of management and its policies with strategies. Making strategy everyone's job is the third step which is concerned with distribution of specific objectives from top to bottom. While the last step is making strategy a continual process, i.e. maintenance of strategy as regular process.

A book written by Paul Niven namely "Balanced Scorecard Step by step- maximizing performance and maintaining results guides readers through the processes required for a successful Balanced Scorecard project. In addition he shows how to become a strategy-focused organization by embedding the Balanced Scorecard into critical organizational processes.

Journal article by Robert S. Kaplan, David P. Norton; Accounting Horizons, Vol. 15, 2001, highlights on transforming the Balanced Scorecard from performance measurement to strategic management. It says that the limitations of managing solely with financial measures, however, have been known for decades. What is different now? It analyses reasons for the adoption of Balanced Scorecard concept by manufacturing and service companies, nonprofit organizations, and government entities around the world since its introduction in 1992.

A research articles presented by Manoj Anand and B.S.Sahay on Balanced scorecard in Indian companies has given a very good base to the researcher. The article has presented primary research on Indian companies using balanced scorecard and given various information on objectives, perspectives, key performance indicators, problems and impact of BSC on performance of the companies.

An article by Pradeep Pandya on Keeping score on strategy has highlighted a number of examples of the companies implementing the balanced scorecard in India including TCS, RRG group, Goodlass Nerolac, Tata motors etc. It has also presented four layers analysis of the balanced scorecard as well as benefits and pre-requisites of the concept.

A famous article by Robert Kaplan and David Norton on "Having trouble with your strategy? Then map it." Suggests that the key to execute strategy is to have people in organization understand it- including the crucial but perplexing processes by which intangible assets will be converted in tangible outcomes. And strategy maps can help chart this difficult terrain. It guides towards how to prepare strategy maps from top to bottom by covering all the four perspectives.

An article on "Balanced scorecard- myth and reality" written by I.M.Pandey gives in-depth information about the concept starting from its actual evolution to practical problems faced by the organization. It provides detailed analysis on all four perspectives of the balanced scorecard and suggests how to build successful BSC. It has covered the examples of Tata steel and Philips to analyze the advantages of the concept and also includes numerous suggestions for successful implementation of the BSC.

2.5 SCOPE OF THE STUDY:

The scope of the study is limited. All units implementing Balanced Scorecard can be the census for the study. As still in India companies implementing Balanced Scorecard are less and can be countable, the researcher has covered all most all the companies which are implementing Balanced Scorecard. The researcher has referred many journals, magazines, books, company's web-sites and various search engines to find out the Balanced Scorecard user companies. The researcher has tried her level best to find out all most all the companies, and contacted 43 companies to get data for the given research problem.

2.6 HYPOTHESIS:-

An explanation that accounts for a set of facts and that can be tested by further investigation. The researcher has framed following hypothesis for the research study.

1. There would be no independent judgment among the respondents for ranking the performance measurement and control techniques
2. There would be no significant difference in financial perspective, customer perspective, internal business process perspective and learning and growth perspective of BSC system in application criteria of sampled units.

2.7 RESEARCH METHODOLOGY:-

As it is an empirical study on the emerging tool i.e. Balanced Scorecard, so researcher has followed scientific approach to design the research methodology for investigation.

Types of Data –

For this study researcher has basically used primary data to collect data from corporate firms. While for analysis of case studies the researcher has used secondary data as a source of information i.e Articles and cases from various journals and magazines and other publications.

Sample Design –

In this research population can be considered as the total number of Indian corporate firms implementing the Balanced Scorecard So, the researcher has found out all possible number of Indian companies implementing balanced scorecard, by referring articles, journal and search engines. So, it can not be absolute. The followings are the companies implementing BSC.

List of companies

1. Goderj
2. Mahindra and Mahindra
3. Tata chemicals
4. TCS
5. Tata steel
6. Tata motors
7. Birla cellulose
8. Essar oil ltd

9. Essar steel ltd
10. L & T cement
11. Suzlon energy
12. Pantaloon
13. ICICI bank
14. ICICI mutual funds
15. Mastek
16. HPCL
17. Timex
18. Titan
19. Trend ltd
20. Nerolac paints
21. BPL
22. RPG group
23. Infosys
24. Pifer
25. Nissan
26. Raymond
27. STQC
28. Bilcare
29. Batlibol
30. VIP
31. Zandu
32. Herfy
33. WAM
34. Iqara
35. Trident group
36. Genesis public relation
37. Arabian automobiles co

38.Lawkim pvt ltd

39.Geomatric software solution

40.Brihans natural products

41.Union coop.

42.Damas jewellery

43.Reliance industries

44.Philips india

The researcher has tried to collect data from all the companies. But as Balanced Scorecard is Strategic tool, companies are very rigid to give information on the same. So, the response rate was only 20%. Thus the researcher has received positive reply from 8 companies namely:

1. Tata chemicals ltd.
2. Essar Energy ltd
3. Essar steel ltd.
4. Birla Cellulose ltd.
5. Suzlon energy ltd.
6. L & T cement
7. ICICI Bank
8. ICICI Prudential mutual fund

***Methods of Data Collection* –**

The Researcher has collected data from the given samples by way of questionnaire. This questionnaire contains aspects of implementation of Balanced Scorecard, Key performance indicators in each perspective, value addition by the tool as well as limiting factors for the implementation of the tool. The questionnaire contains various types of questions, especially multiple choice questions and few descriptive questions. Before applying this method, the researcher done pilot testing of the questionnaire with the help few persons from HR Department of ICICI Bank

Execution of the project work –

The researcher has sent questionnaire by post as well as by email to all the companies for the first time in January 2006. Further reminders have been sent to all of them in hard copy as well as soft copy in April 2006 as well as July 2006. But as the Balanced Scorecard is strategic tool the response was very low as well as negative. After 3 reminders and continuous conversation with the HR managers, the researcher has received questionnaire from 8 companies, as given above.

Analysis of Data -

After data collection the researcher has prepared various tables to summarize the information of the questionnaire. Most of the tables were for listing out scoring of various statements as well as ranking of the given object. After tabulation the summarized data has been analyzed by statistical formulas as per the nature of question. For ex. In case of questions regarding ranking the object the researcher has used Kendal's test to know the relativity among the respondents view.

On the other hand the questions containing agreement scoring are analyzed with the help of scaling technique to find out average agreement scoring.

2.8 SIGNIFICANCE OF THE STUDY:

This study is important for the two major aspects. Firstly, it can give understanding of practical approach or implementation overview of the balanced scorecard. Secondly, it also gives comparative overview of implementation of Balanced Scorecard as a tool of performance evaluation and strategic implementation in various Indian companies. It is dynamic study in nature. So the significance of the study is very high. Further, some observations may be useful to academicians, industry people and policy maker.

2.9 LIMITATIONS OF THE STUDY:

1. As researcher has collected data from 10 companies, it may not represent the implementation of BSC by Indian corporate firms.
2. Researcher has evaluated few parameters but it may be more than that for further research.

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CHAPTER - 3

SAMPLE PROFILE

The performance improvement process is a critical component of the strategic planning process. Call it by any name, the process is very vital, and it has always been practised by many companies worldwide for a long time. This process is recently dubbed as the balanced scorecard. The world is changing with trade barriers disappearing and competition becoming fiercer than ever. Research by various institutions reveals that only one in ten companies that formulate strategy are able to effectively implement it. Robert S Kaplan says that to succeed, the firm has to change the way it operates. Measure performance, think strategy and use the Balanced Scorecard to stir up organization.

The Balanced Scorecard tries to tell people what the organization is aiming to accomplish, to allow people to do their jobs differently, to help the organization accomplish goals. The firm has to free up some of the command-and-control structure to allow people to be more innovative to help the organization accomplish this strategy otherwise one will not get the benefits of the balanced scorecard.

When John Thompson, the then president of IBM Canada, after a round of golf declared that he needed a scorecard just like the one he used during his golf game to measure the performance of his business, Norton didn't let it pass. He went to work and emerged with the concept of the Balanced Scorecard along with Robert S Kaplan (Marvin Bower Professor of Leadership Development at Harvard Business School). With their third book together on the way, the duos have successfully created business history with the concept.

The balanced scorecard had great successes at small organizations with as few as 25-30 people because it freed up entrepreneurial energy even in a small group, it even got the senior management aligned. This process is very healthy in bringing people together to accomplish the strategy. The question isn't who is right but what is right.

There are different layers of acceptance in countries. The concept is going fine in South America, Europe, South Africa, Australia and New Zealand. The Balanced Scorecard is becoming increasingly popular in Japan. The Japanese are superb in operations but they don't think strategically. The Nordic countries around Scandinavia love the Balanced Scorecard. It has swept through Denmark, Norway, Sweden, and Finland. Somehow its holistic approach seems to match very well. They have a stakeholder perspective of employees, communities and the Balanced Scorecard provides a context. France, because they don't want to take advice from people who don't talk French. They think they invented it fifty years ago but it is actually just a bunch of KPIs (key performance indicators).

The biggest changes – evolution – come from working with innovative organizations, from seeing their implementation. Country or nationality has not been an issue yet, though it may become. Asia, because of the financial crisis of 1997, had a setback in new management techniques.

It went back to survival mode and many of these countries had to scale down. Now they are rejoining the world economy. They are now looking at new management approaches that will once again make them competitive.

There are so many companies in India which are implementing the balanced scorecard as a tool of performance measurement and strategy implementation. The researcher has tried to list out most of the companies which are using the balanced scorecard. The followings are the name of companies;

List of companies

1. Goderj
2. Mahindra and Mahindra
3. Tata chemicals
4. TCS
5. Tata steel
6. Tata motors
7. Birla cellulose
8. Essar oil ltd
9. Essar steel ltd
10. L & T cement
11. Suzlon energy
12. Pantaloon
13. ICICI bank
14. ICICI mutual funds
15. Mastek
16. HPCL
17. Timex
18. Titan
19. Trend ltd
20. Nerolac paints
21. BPL

22. RPG group
23. Infosys
24. Pifer
25. Nissan
26. Raymond
27. STQC
28. Bilcare
29. Batlibol
30. VIP
31. Zandu
32. Herfy
33. WAM
34. BSNL
35. Trident group
36. Genesis public relation
37. Arabian automobiles co
38. Lawkim pvt ltd
39. Geomatric software solution
40. Brihans natural products
41. Union coop.
42. Damas jewellery
43. Reliance industries
44. Philips India

The researcher has tried to get data from all the companies by sending questionnaire to all of them with 3 reminders including soft as well as hard copy. But unfortunately the respondents received data only from the following 8 companies.

1. Tata chemicals ltd.

2. Essar oil ltd
3. Essar steel ltd.
4. Birla Cellulose ltd.
5. Suzlon energy ltd.
6. L & T engineering ltd.
7. ICICI Bank ltd
8. ICICI Prudential mutual fund

The following is the information about the all sample units, divided into two parts; general and specific.

General information

This includes the information about the respondents and basic information of the firm like names and addresses.

Table- 3.1

Sr. No.	Name of the company	Name of the respondent	Designation	Address	Experience of respondent with BSC
1.	Birla Cellulose ltd.	Mr. Gajanan Mehta	Sr. Manager, (HR)	**Regional office-** 506/507 Sidcup Tower, Near Marble Arch, Race Cource Circle, Vadodara - 390 007. **Head Office-** Grasim Ind. Ltd. Century Bhawan, 3rd Floor,	**NG**

				Dr.A.B.Road,Worli Mumbai - 400 030	
2.	Essar steel ltd.	Mr. Tejindra Gil	Asst. Manager (HR)	**Plant** - 27th KM, Surat Hazira Road, Hazira - 394 270, District - Surat. **Head office –** Essar House 11 Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400 034.	**Since 2001**
3.	Essar Oil ltd.	Mr. Nilesh Marvania	Deputy Manager (Electricals)	**Plant** – Vadinar Refinery project site, Head Post Office, Post Box No. 24, Khambhalia 361305 Dist. Jamnagar **Head office –** Essar House 11 Keshavrao Khadye Marg, Mahalaxmi, Mumbai - 400 034.	**Since 2002**
4.	ICICI Bank	Mr. Ashish	HR	**Regional office-**	**Since 2005**

	ltd.	Mishra	Manager, Ahmedabad	ICICI Bank ltd. Nr.Parimal Garden, Ahmedabad **Head office –** ICICI Bank Limited ICICI Bank Phone Banking Centre P. O. Box No. 20 Banjara Hills P. O. Hyderabad 500 034	
5.	ICICI Prudential Mutual Funds	Mr. Ravindra Mehru	Manager, (Mutual Funds, Surat)	**Regional office -** HG-30, Block - B, International Trade Centre, Majura Gate, Surat-395002 **Corporate office -** 8th Floor, Peninsula Tower, Peninsula Corporate Park, Off Senapati Bapat Marg, Lower Parel, Mumbai 400013.	**Since 2005**
6.	L & T Engineering ltd.	Mr. Sameer Shah	Deputy manager (HR)	**Regional office -** 1009, Sakar II, 10th Floor, Near Ellis	**Since 2003**

				Bridge Ashram Road, P.O.Box No.11016 Ahmedabad – 380 006. **Head office-** L&T House, Ballard Estate , Mumbai – 400 001	
7.	Suzlon energy Ltd.	Mr. Kirat Pandya	Asst. Manager	**Regional office-** "Suzlon", 5, Shirmali society, Navarangpura, Ahmedabad. **Coporate office-** 5th floor, Godrej Millennium, 9 Karagaon park road, Puna-411 011	**Since 2005**
8.	Tata Chemicals ltd.	Mr. P. P. Manoj	Sr. Manager (Electrical), Mithapur	**Mithapur plant** Mithapur 361 345, Okhamandal, Gujarat. **Corporate office -**	**Since 2000**

				Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001.	

The above table shows the information of names of the respondents, their designation, their company's name and addresses and the year from which they are dealing with the balanced scorecard. The researcher has received information from the regional office with due permission from head office of the each firm. The respondents are those persons who have clear idea and understanding about the implementation of the balanced scorecard. The respondent from Tata Chemicals ltd. has maximum experience of the BSC as he is dealing the tool since 2000. While respondents from ICICI Bank, ICICI Prudential Mutual Fund and Suzlon energy ltd. have less experience of the BSC as they are dealing it since 2005. Most of the respondents are from HR department, though few are from technical department but had enough knowledge about the implementation of the BSC.

Detailed profile of the sampled units

The researcher has given detail profile of the sampled unit, including general over view, history, product profile, board of directors, financial details and information about performance evaluation and balanced scorecard, which are given below.

1. Birla cellulose ltd.

Overview

The Aditya Birla Group is among India's largest business houses. Operating in the country for over five decades and globally for nearly thirty years, its revenues today are in excess of US $ 5.6 billion, with net earnings of US $ 500 million, a US $ 6 billion asset base, and a market cap of US $ 5 billion and 700,000 shareholders.

Its 40 state-of-the-art manufacturing units and sectored services, anchored by 72,000 employees, criss-cross 16 countries including Thailand, Indonesia, Malaysia, Philippines, Egypt, Canada, USA and UK.

A premium conglomerate, the Aditya Birla Group is a dominant player in all of the sectors in which it operates, such as aluminium, viscose staple fibre, copper, cement, viscose filament yarn, branded apparel, chemicals, carbon black, fertilizers, sponge iron, insulators, power, telecom, financial services and more recently, insurance. It is the world's largest producer of viscose staple fibre, amongst the world's largest producer of white cement, the largest single location refiner of palm oil, the third largest producer of insulators, the fifth largest producer of carbon black, amongst the lowest cost producers of aluminium globally and the largest fully integrated aluminium producer in India.

In India the group is the single largest producer of viscose filament yarn, grey cement (at a single location), white cement and rayon grade pulp, the only producer of linen and a leader in the ready-to-wear branded apparel. Grasim, Hindalco, Indian Rayon, Indo Gulf and Indal from its stables - rank among India's top 50 most respected and admired corporations.

The Group also has a significant presence in the Financial services, Power and Telecommunication sectors - with strategic joint ventures with giants such as - Sun Life (Canada), Powergen plc (UK), AT&T (USA), the Tata Group and BPL Communications Ltd. respectively. In the software sector, the Group is represented through PSI Data Systems marking its entry into software development, system integration and software maintenance services.

On the social front: a value-based, caring corporate citizen, the Aditya Birla Group inherently believes in the trusteeship concept of management. Part of the Group's profits is ploughed back into meaningful welfare-driven initiatives that make a qualitative difference to the lives of marginalised people. Carried out under the aegis of the Aditya Birla Centre for Community Initiative and Rural Development, it is spearheaded by Smt. Rajashree Birla.

Birla Cellulose Limited is a world leader in viscose staple fibre, flag ship of Aditya Birla group. The company has commenced its operations in 1954. Its operations are fully integrated operations from pulp to garments. Their vision is to be world leader in man made cellulosic fibre.

History

- World leader in Viscose staple fibre
- Flagship of Aditya Birla Group

- Commenced operation in 1954
- Fully integrated operations in Viscose from pulp to garment.
- Their Vision - *To be the World Leader in Man - Made Cellulosic Fibre.*

Management Team

The Aditya Birla Management Corporation Limited is the Group's apex decision making body and provides strategic direction to Group companies. Its Board of Directors comprises:

Mr. Kumar Mangalam Birla, Chairman,

Mr. S. Aga,

Mr. D. Bhattacharya,

Mr. S. K. Jain,

Dr. S. Misra

Mr. S. Misra

Mr. S. K. Mitra

Dr. B. K. Singh

Mr. K. K. Maheshwari

Mr. Vikram Rao

Value chain

The company has redefined its customers by including besides spinners the entire value chain consisting of weavers, processors, merchants, designers, garment manufacturers and consumers.

Fiber

Spinners--------------yarn merchants

Weavers------------cloth merchants

Processors----------whole sellers, fashion designer

Garment------------whole sellers, retailers, End user (customers)

Product detail- 'VISCOSE'

Comfort is a fibre called Birla Viscose. A man-made fibre that's 100% natural-based, Soft and absorbent, it goes into everything from fabrics to shirts, trousers, diapers, sanitary napkins, tissues, knitwear, towels, and bed linen and wherever life demands a smooth cares. Birla viscose has moisture regain which is nearly twice that of cotton. Birla Viscose dissipates static by nature, is soft to feel and very comfortable on the skin. It offers distinct advantages to the value chain at each stage.

Birla viscose also possesses an exhaustive range of over 5,000 pre-dyed shades under Spun shades which carries the Oekotex Standard -100 certification. Specialty Birla Viscose includes anti-bacterial, chlorine free, micro denier and hollow flat super absorbent fibres.

- **Home textile-** Birla Viscose brightens home with its range in woven-Towels, Bed Linen, Kitchen Linen, Furnishing and unique Non-Woven products forming a part of everyday life.

- **Suiting shirting** –Viscose due to its blend friendliness has once again emerged as solution as it can be used in blends with different fibres to creating new age fabrics. The popular blends today in bottom weight application with viscose are Viscose / Polyester, Polyester / Viscose / Lycra, Grasisorb / Polyester, Cotton / viscose, Viscose / Wool, nylon etc.

- **Knit ware –** Within apparels, knitwear has become extremely popular owing to higher degree of comfort it tends to provide to the skin. More so, the revolution in knitted garments also owes it to the constantly improving technology, which adds to the various styles and designs. Key attributes, which help knitted garments, provide higher comfort are softness and absorbency.
- **Uniforms** – Grasim in collaboration with market leaders has initiated a total solution by short-listing sixteen of the most delectable and vibrant colours that cover 85% of the uniform needs. This means that adjacent wearers need not look different! Uniforms made from spun shades are designed to endure harsh environments, yet retain uniformity and comfort.
- **Non woven –** Birla Viscose based non-woven with its aesthetic appeal and Eco-friendliness has created a niche in home textiles. Table Mats, Coasters and Hand Tissues have a high utility and are easily disposable. Birla Viscose Cleaning Wipes are functionally superior and have redefined cleanliness in homes due to their high absorbency ensuring instant drying. Birla Viscose based non-woven are molded to numerous utility applications like Bath Mats, Facial Wipes, Table Linen, Kitchen Linen and even Bed Linen which offer unique functional value and aesthetic appeal.

Performance measurement and implementation of the Balanced Scorecard by the unit

The company has initiated the implementation of the Balanced Scorecard in 2004 to add value in performance measurement system of the company. It took almost 2 years to start the tool at full fledge level through out the organisation, i.e. from top level to the shop floor level. The company is using all important perspectives including customer perspective, financial perspective, internal business perspective and learning and growth perspective.

As for the successful implementation of the Balanced Scorecard regular and systematic reporting is essential, the firm has established a system of monthly reporting schedule, where the expected performance is compared with the actual and balancing act has been done regularly by way of feedback. The company has received a number of benefits due to use of this scientific performance measurement system, but at the same time few hurdles have also been faced by the management. Still company wants to continue the use of the Balanced Scorecard in future.

2. Essar steel Ltd.

Overview

Essar Steel Holdings Limited is a global producer of steel with a footprint covering India, Canada, USA, Middle East and Asia. It is a fully integrated flat carbon steel manufacturer--from iron ore to ready-to-market products. Its products find wide acceptance in highly discerning consumer sectors, such as automotive, white goods, construction, engineering and shipbuilding. It is India's largest exporter of flat steel products.

Essar Steel is a versatile manufacturer, capable of producing highly customized products. Catering to quality-conscious niches, they compete against top-of-the-league international steel producers. For example, they are one of the few manufacturers globally who can make API grade steel with low sulphur. They cater to a wide variety of product segments including roofing, automobiles, oil and gas, shipbuilding, fabrication and white goods. Domestically, they have emerged as leaders in product development, quality and service. To maintain and enhance their leading position, our R&D team is constantly developing new grades and applications

No wonder Essar steel is India's largest exporter of flat products, selling almost one-third of their production to the highly demanding US and European markets, and to the growing markets of South East Asia and the Middle East. A number of major client companies have approved company's steel for their use, including Caterpillar, Hyundai, Swaraj Mazda, the Konkan Railway and Maruti Suzuki. Essar Steel is among the 25 percentile of lowest cost producers world-wide and has acquired extensive quality accreditations. Their lean team gives us one of the highest productivities and lowest manpower costs among steel plants internationally.

Board of Directors

The following is the successful team of BOD handling one of the giant Indian steel industries.

Shri. Shashi Ruia Chairman

Shri. Ravi Ruia	Vice chairman
Shri. Prashant Ruia	Director
Shri. Rewatn Ruia	Director
Mr. S.V. Venkatesha	Director
Mr. J. Mehra	Director
Mr.V.G.Raghavan	Direcor
Mr. Vikram Amin	Director (Sale)
Mr. Robin Banerjee	Director (Finance)
Mr. K.V.Krushnamurthy	Director
Mr. Sanjeev Shriya	Director
Dr. G. Goswami	ICICI Bank

Financial details

The following detail shows financial efficiency of the unit.

Table 3.2

(Rs. in crores)

Year ended	2005	2006
Sales and other income	6537.81	7058.59
Profit before Finance cost	1936.75	1689.11
Less: Finance cost	422.67	550.73
Profit before Depreciation and Tax	1266.44	1386.02
Less: Depreciation	482.10	394.29
Profit before Taxation	784.32	991.73
Less: Provision for tax	195.87	160.70
Profit after Tax	588.47	831.03

(Source- Annual report of Essar Steel ltd. for the year 2005-06)

The above table high lights the growth of Essar Steel ltd. as sales as well as profit figures shows upward trend in year 2006 compared to 2005.

Operational and Performance Details

HR Coil production for the year ended March 31, 2006 grew by 10.8% to 2.58 million tonnes. The Company introduced Cold Rolled Close Annealed products (CRCA) and Extra Deep Drawing (EDD) grade in a record time of five months after completion of successful trials. The development and successful introduction of dual phase steel has put their Company in the list of select few producers of this grade internationally. This grade finds growing application in the highly demanding automotive and auto component sectors.

Total sales value for the year registered a growth of 8% at Rs.7058.59 crore as against Rs.6537.81 crore in 2004-05. Sales volumes at 2,479,802 tonnes showed an increase of 9.45% over 2,265,599 tonnes in the corresponding period of the previous year. The Company's domestic sales volume at 1,788,120 tonnes registered an increase of 21.02% over 1,477,555 tonnes sold in the previous year. The strong domestic demand saw the Company's sales to domestic markets grow at the cost of export volumes which showed a reduction of 12.22% at 691,682 tonnes from a level of 788,044 tonnes in the previous year.

The Company's focus on increasing its share in high value, specialty segments resulted in the share of such products going up to 48% of total sales as compared to 37% in the previous year. The Company received letters of appreciation from major auto and white goods manufacturers regarding the successful trial and introduction of CRCA and EDD grades of steel. The "Sona" brand of products for the construction segment performed extremely well in the year under review with sales volumes going up from 30,000 tonnes to 57,000 tonnes. Your Company's exports constitute approximately 27.89% of overall revenues and continue to be well balanced across several markets in Europe, Middle East, NAFTA countries, Africa, Australia and South East Asia. Your Company received the top national and regional exporter's trophy from the Engineering Export Promotion Council. The Company's multi pronged strategy on focusing on speciality products and offering a diverse range in the value added segment in Cold Rolled as well as Hot Rolled products has yielded excellent results. The Company received its largest ever single order of USD 186 million for the supply of API grade steel to Iran. This product is a winner in the Middle East markets due to their requirements of high quality and speciality grades for the transportation of crude and finished petroleum products. Essar Steel was the only Indian Steel company to successfully contest anti dumping action in the United States of America.

Product details

Essar Steel products are world-class, meeting the highest international standards. The company's extensive marketing network and after sales service ensure high levels of customer satisfaction. The products are as under,

- Iron Ore Pellets
- Hot Briquette Sponge iron (HBI)
- Hot Rolled Products
- Cold Rolled Products
- Galvanized Products

Performance measurement and implementation of the Balanced Scorecard of the unit

The Company continues to nurture talent by systematic training programs aimed at knowledge enhancement, improvement of skills, leadership and team building. The Essar Learning Centre and the Manufacturing Excellence program have imparted on-job and academic training at different levels in the organization. The company conducted an employee satisfaction survey and the Human Resources team will address issues arising out of the findings. The Company's employee strength was 2732 and it is a matter of satisfaction that productivity per employee at Essar Steel is among the highest in this industry.

Further Essar Steel has systematic performance management system. The company was initiator in the implementation of the Balanced Scorecard. In 1999 the company started the use of new tool for performance measurement i.e. the Balanced Scorecard. The company takes time of 2 to 3 years to establish the system through out the organization. In the initial year they implemented the system at top level only but now they are running full fledge system for performance measurement at all the levels. They are using all four perspectives of the Balanced Scorecard. The company has quarterly reporting system. With the help of systematic and regular reporting, the company establishes accurate system of feed back, which in turn maximize performance and productivity of the employees. The company started the use of balanced scorecard in earlier stage, and now excelling all possible benefits of the tool. Further the firm wants to continue the use of the Balanced Scorecard in future also.

3. Essar Oil Limited

Overview of the Essar Group

The Essar group was founded over three decades ago by the Ruia family and is headed by Chairman Shashi Ruia and Vice-Chairman Ravi Ruia. The Ruia family has been in business and trading since the 1800s, when the family first moved to Mumbai from Rajasthan in Western India. In 1956, Nand Kishore Ruia, the group founder, moved south to Chennai to begin independent business activities. In 1969, following the untimely demise of Nand Kishore Ruia, his sons Shashi and Ravi Ruia took over the group. Along with a team of seasoned professionals, the Ruias have built the perfect platform for Essar's accelerating growth. With a strong foundation at India's industrial core and in the sunrise services sector, Essar has stayed firmly in the forefront of new opportunities. An early start has made us a key player in India's exploding telecom market. Similarly, we set up India's first independent power plant and its first new generation private steel plant.

For decades, they have quietly touched the lives of millions of people with the steel to build cars, the oil to fuel factories, the power to light up thousands of lives and the pipelines to bring drinking water to remote villages. Today, they have come closer by connecting customers with their cellular phone services and talking to thousands of people through their call centers, a countrywide chain of fuel outlets and marketing steel at the retail level.

Essar is one of India's largest corporate houses with leadership positions in the high-growth infrastructure sectors of Steel, Energy, Power, Communications, Shipping & Logistics, and

Construction. It employs 20,000 people in 50 locations worldwide. The Group's revenue guidance for the year ending March 2007 is over USD 4 billion. All the group's investments have been consolidated under Essar Global Ltd., along with its six sectoral holding companies: Essar Steel Holdings Limited, Essar Energy Holdings Limited, Essar Power Holdings Limited, Essar Communications Holdings Limited, Essar Shipping & Logistics Limited and Essar Constructions.

Essar oil ltd.

Essar Oil Ltd. (EOL) is emerging as a leading integrated oil and gas company spanning the entire value chain, from deep within the earth all the way to the end-consumer. We have exploration and production (E&P) rights in some of India's most valuable oil and gas blocks. EOL is building a state-of-the-art refinery and a countrywide network of modern retail fuel outlets.

They were one of the first private companies to bid for exploration blocks in 1993. It won two onshore blocks in Rajasthan and one in the Mumbai offshore region, where they have completed the first phase and are moving into test drilling. They were then awarded a block each in the Cambay basin (Gujarat) and Cachar (Assam). They believe that they have lowered the risks and increased the rewards of exploration by carefully selecting the blocks with maximum potential.

Their CBM (Coal Bed Methane) division pioneered a project in Mehsana, Gujarat, and using innovative technology to establish the presence of methane gas. Although the US is the lone country to exploit CBM commercially, EOL has already drilled three wells and is producing the gas experimentally, the only Indian company to do so. EOL has also won a CBM block in Raniganj, West Bengal.

They were among the first to enter the refining sector when it was opened to private participation. Our US$ 2.14 bn (Rs.99billion) refinery at Vadinar, Gujarat, which has achieved full financial closure, is two-thirds complete and will be commissioned in 24 months.. With a capacity of 10.5 MTPA (that can rise to 12 MTPA after de-bottlenecking), this world-class refinery complex will focus on producing middle distillates like aviation turbine fuel, kerosene oil and high-speed diesel, which form over 60% of India's demand. They will also produce LPG and transport fuels including petrol conforming to Euro III and Euro IV product quality standards for the domestic and export markets.

High automation, the latest technology and an ideal location on India's West Coast will give them significant competitive advantages. They have permission to import crude oil freely in VLCCs, which offers considerable cost savings especially since they are one of the closest refineries to the Middle East, the main supply source for crude oil. With an eye on future value building, they have also created the infrastructure to double their refining capacity at a third of the cost and in half the time of a Greenfield project.

Essar Oil Limited (EOL) is one of the few private companies permitted to market petroleum products in India. To serve retail customers under the brand 'Essar Oil', EOL is building a modern, large countrywide distribution network of Retail Outlets. EOL is designing them as outlets offering value-added amenities and services that customers look for in individual markets. Looking beyond the saturated larger urban markets, they are reaching out to consumers deep in India's heartland. EOL is also the first private oil company to import high-speed diesel. They are marketing this at competitive rates to bulk industrial consumers. In addition to petrol, diesel and lubricants, they will market a full range of fuels including naphtha, kerosene and fuel oil after the refinery is complete.

Board of Directors

The following is the successful team of BOD handling operations of giant of oil industry.

Shri. Shashi Ruia	Chairman
Shri. Ravi Ruia	Vice chairman
Shri. Prashant Ruia	Director
Shri. Anshuman Ruia	Director
Mr. Awadhesh Sinha	Managing Director and CEO
Mr. Hari L. Mundra	Director (Finance)
Mr. Dilip J. Thakkar	Whole time Director
Mr. Venkateshubramaniam	Director
Mr. G. Goswami	IDBI, Nominee
Mr. N.S. Kanan	ICICI Bank, Nominee
Mr. Sanjeev Ghai	IFCI Ltd, Nominee
Mr. V.K.Sinha	LIC of India, Nominee

Divisions

Essar oil ltd. is divided in three divisions to provide the value chain namely,

- Exploration and production
- Refinery
- Marketing

The Company belongs to the oil and gas industry. It is an existing Company engaged in exploration and production of oil and gas and marketing of petroleum products and is setting up an oil refinery at Vadinar, Dist. Jamnagar, Gujarat, with a capacity of processing 10.5 million metric tons per annum crude oil (Refinery project). The Refinery project is under implementation and has not yet commenced commercial production. The work at the Refinery project was affected due to a severe cyclone in June 1998, causing delay in project implementation and consequent delay in restart of the project. A debt restructuring package was approved by the Empowered Group of the Corporate Debt Restructuring (CDR) Cell of lenders. Additional funds were raised by issue of Foreign Currency Convertible Bonds (FCCBs) aggregating to US$ 207 million (which have since been converted into Global Depository Shares) and the lenders have disbursed additional funds. The Company restarted project construction activities in January, 2005. The financial performance of the Company in the past five years was as under;

Table – 3.3

(Rs. In crore)

Financial Year	**2000-2001**	**2001-2002**	**2002-2003**	**2004-2005**	**2005-2006**
Turn over	167.94	292.64	173.25	1045.12	636.63
Net profit	13.91	44.47	22.19	16.82	(112.39)
Profit & Loss account	10.43	25.16	20.64	9.86	(93.68)

(Source – Annual report of the company for the year 2005-06)

Financial Highlights

Company earned total income of Rs. 699.22 crore in the twelve months ended 31st March, 2006 as against Rs. 1146.58 crore in the fifteen months ended 31st March, 2005. The under– recoveries in the marketing of transport fuels on account of Government policy forced the Company to drastically curtail its sales during the year, resulting in the steep decline in total income. The loss after tax of Rs. 93.68 crore during the year under review was also for the same reason and was considered necessary to establish and maintain marketing infrastructure within domestic market until such time the refinery is fully commissioned and the Government allows oil marketing companies to adjust retail prices of fuels to match international price movements of crude.

Performance measurement and implementation of the Balanced Scorecard of the unit

The Company strives to create a Human Resource team that is committed to participating in the growth and development of the organization, while deriving job enrichment and satisfaction for themselves. The employee strength as of July 31, 2006, is over 1300 which is more than double the number employed at the same time last year. The Company concentrated on hiring talent from various engineering and management institutes, as well as induction of experienced professionals from related industries. The Company has developed a structured system for identifying training and developmental needs of the organization and has created learning forums to foster collective learning and team work. The Company has set up an in-house training centre called the Essar Learning Centre to impart training in Knowledge and skills.

A part from systematic training and development the company gives equal importance to performance evaluation of the employees. The company used various performance measurement techniques including standard costing, marginal costing, activity based costing and transfer pricing. But it was 2005 when Essar Oil ltd. has started the use of the Balanced Scorecard. The company has taken the time of 2 year to establish the system of the Balanced Scorecard through out the organisation. Still the company says as its operation is in inception stage it will take few more years to grab the tool of the Balanced Scorecard.

The ideal implementation of the Balanced Scorecard requires very systematic and organised reporting. Essar Oil limited has organised quarterly reporting system. The firm is very optimistic for the use and benefits of the tool. Due the benefits of the tool the company has decided to continue with the Balanced Scorecard in future.

4. ICICI Bank

Overview

ICICI Bank is India's second-largest bank with total assets of Rs. 3,446.58 billion (US$ 79 billion) at March 31, 2007 and profit after tax of Rs. 31.10 billion for fiscal 2007. ICICI Bank is the most valuable bank in India in terms of market capitalization and is ranked third amongst all the companies listed on the Indian stock exchanges in terms of free float market capitalization. The Bank has a network of about 950 branches and 3,300 ATMs in India and presence in 17 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai International Finance Centre and representative offices in the United States, United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia.

ICICI Bank's equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

History

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI become the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. After consideration of various corporate structuring alternatives in the context of the emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of ICICI and ICICI Bank formed the view that the merger of ICICI with ICICI Bank would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group's universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity's access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank shareholders through a large capital base and scale of operations, seamless access to ICICI's strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries. In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. The merger was approved by shareholders of ICICI and ICICI Bank in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity.

Board of Directors

The followings are the member of BOD leading India's largest private Bank which has changed the picture of banking sector in India.

Mr. N. Vaghul, Chairman

Mr. Sridar Iyengar,

Mr. Sridar Iyengar

Mr. Anupam Puri Mr. Vinod Rai

Mr. M.K. Sharma

Prof. Marti G. Subrahmanyam

Mr. T.S. Vijayan

Mr. V. Prem Watsa

Mr. K.V. Kamath, Managing Director & CEO,

Ms. Chanda Kochhar, Deputy Managing Director

Dr. Nachiket Mor, Deputy Managing Director

Ms. Madhabi Puri-Buch, Executive Director

Mr. V. Vaidyanathan, Executive Director

Products and Services

- Deposits -The Bank provides various kinds of deposits like saving account, Life plus citizen services, Young stars deposits, Fix deposits, Recurring deposits, Easy receive account etc.
- Loans - Increasing competition leads the bank for the provision of large variety of loans services in all most all the areas like Home loans, Personal loans, Car loans, Loan Against Property, Two Wheeler, Commercial Vehicle , Loans against Securities , Loan Against Gold, Farm Equipment, Construction Equipment , Office Equipment, Medical Equipment, Rural Educational Institute Finance, Retail Assets, Consumer Durable Loans, Farmer Finance , Rural Housing Finance , Retail Warehouse, Receipt Based Finance etc.
- Cards - It facilitates customer with different card facilities including Credit card, debit card, travel card, and prepaid card.
- Investment and Insurance - The bank provides opportunities for investment by way of ICICI Bank Tax Saving Bonds, Government of India Bonds , Investment in Mutual Funds, Initial Public Offers by Corporate, Investment in "Pure Gold", Foreign Exchange Services , Senior Citizens Savings Scheme, 2004 etc.
- NRI account - The bank provides special NRI services by providing facilities of Money transfer, Bank account, investment services, property solutions, insurance, and loans.
- Corporate banking - The bank add value for the corporate and business world by facilitating Transaction banking, Treasury banking, investment banking, Capital markets, Custodial

Services, International banking, Rural and agri banking, Structured Finance, Technology Finance etc

- Other Services - To keep pace with the changing time the bank provides various new services like Mobile banking, Phone banking, internet banking, ATM etc .

Financial highlights for the financial year 2007

22% increase in profit after tax to Rs. 31.10 billion in FY2007 from Rs. 25.40 billion in FY2006

41% increase in net interest income to Rs. 66.36 billion in FY2007 from Rs. 47.09 billion in FY2006

45% increase in fee income to Rs. 50.12 billion in FY2007 from Rs. 34.47 billion in FY2006

Profit before general provisions and tax increased 40% to Rs. 13.69 billion in Q4-2007 from Rs. 9.75 billion in Q4-2006.

4.4% increase in profit after tax to Rs. 8.25 billion in Q4-2007 from Rs. 7.90 billion in Q4- 2006

34% growth in loan portfolio from Rs.1, 461.63 bn to Rs. 1,958.66 bn

95% growth in loan portfolio of international branches from Rs. 125.24 bn to Rs. 244.10 bn

39% growth in retail portfolio from Rs. 921.98 bn to Rs. 1,276.89 bn

37% growth in rural & agricultural portfolio from Rs. 146.87 bn to Rs. 201.79 bn

Deposit growth of 40% from Rs. 1,650.83 bn to Rs. 2,305.10 bn

(Source- Annual report of the company for the year 2006-07)

Thus, the above data highlights the growth and development of the bank in terms of financial achievements.

Performance measurement and implementation of the Balanced Scorecard of the unit

It was 2002 when ICICI Bank has started the use of the Balanced Scorecard. They take almost 2 years to implement the tool at full fledge level through out the organisation. The bank follows quarterly reporting system to get feed back about the actual work and balancing it with the expected “The Balanced Scorecard can platform for sustained future growth & value creation” -said by Smt. Chanda Kochar, Executive Director, ICICI Bank Ltd. in one seminar organised by IBA- Cedar consulting on December 17, 2004 in Mumbai. She has highlighted the following steps of the BSC implementation.

Stage 1

- Expansion of financial perspective; growth, market share, profitability & credit costs
- Concept of customer service levels as an area of performance evaluation
- Focus on building a process perspective in the organization
- Reskilling of existing employees and speed to job of new recruits

Stage 2

- Further detailing and development of process & customer initiatives
- Specific measures of performance introduced
- Focused measures for achieving financial goals

Stage 3

- Learning & Development perspective

o Building leadership pool

o Reduction of scorecard templates from 750 to 230 in two years. To be further reduced to 150

- Scorecards for new geographies outside India

The bank has received the following benefits due to implementation of the Balanced Scorecard,

- Rapid business growth
- Strategic consistency despite scale and diversity
- Systematic and objective performance evaluation

Key Learning by the implementation of the BSC are as under **;**

- Performance measures should be output based rather than input based
- Scorecard need not be balanced for individuals, but for business units
- Need for scorecard templates

Thus, ICICI bank has received vital benefits from the BSC. The Bank is also very optimistic for the future use of the tool in their organisation.

5. ICICI Prudential Mutual Fund

Overview

ICICI Prudential Asset Management Company enjoys the strong parentage of Prudential plc, one of UK's largest players in the *insurance & fund* management sectors and ICICI Bank, a well-known and trusted name in financial services in India. *ICICI Prudential Asset Management Company,* in a span of just over eight years, has forged a position of pre-eminence in the Indian Mutual

Fund industry as one of the largest asset management companies in the country with assets under management of Rs. 37,906.24 crores (as of March 31, 2007). The Company manages a comprehensive range of schemes to meet the varying investment needs of its investors spread across 68 cities in the country.

Key Indicators	At inception - May 1998	on June 30, 2007
Assets under Management	Rs. 160 crores	Rs. 43,653 crores
Number of Funds Manage	2	35

Sponsors of the unit-

Prudential

Established in London in 1848, Prudential plc, through its businesses in the UK, US and Asia, provides retail financial services products and services to more than 21 million customers, policyholders and unit holders worldwide with over US$400 (as of 31st December, 2005) billion in funds under management. Prudential employs some 23,000 staff worldwide.

In Asia, Prudential has life insurance and funds management operations across twelve countries - China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand and Vietnam. Prudential has championed customer-centric products and services for over 80 years, supported by an extensive network of over 145,000 staff and agents across the region.

ICICI Bank

ICICI Bank is India's second-largest bank with total assets of about Rs. 2,513.89 bn (US$ 56.3 bn) at March 31, 2006 and profit after tax of Rs. 25.40 bn (US$ 569 mn) for the year ended

March 31, 2006 (Rs. 20.05 bn (US$ 449 mn) for the year ended March 31, 2005). ICICI Bank has a network of about 614 branches and extension counters and over 2,200 ATMs. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. ICICI Bank set up its international banking group in fiscal 2002 to cater to the cross border needs of clients and leverage on its domestic banking strengths to offer products internationally. ICICI Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in Singapore, Bahrain, Hong Kong, Sri Lanka and Dubai International Finance Centre and representative offices in the United States, United Arab Emirates, China, South Africa and Bangladesh. Their UK subsidiary has established a branch in Belgium. ICICI Bank is the most valuable bank in India in terms of market capitalization.

Board of Director

The following is the list of BOD of both the body;

Mr. K.V.Kamath, Chairman

Mr. Barry Stove

Ms. Kalpna Morparia

Mr. K.S.Mehta

Mr. Nilesh shah

Mr. B.R.Gupta

Dr. Swati piramal

Mr. Vikram Trivedi

Mr. Vijay Thacker

Fund facts

ICICI Prudential Mutual Fund, understand reality and therefore to meet the investment needs of different kinds of investors they offer a range of solutions that enable them to create a portfolio of the tenor, return and risk that they desire.

On the debt market side, from simple parking solutions for efficient utilization of each rupee for each day, to long term interest rate view-based products, our range spans varying time horizons and incomes. Their debt products are managed to minimize liquidity & credit risks and also manage interest rate risks. They come with periodic dividend and growth options to enable the customer to choose their income streams in a manner most efficient for customer's needs. On the equity market side, their equity funds offer a choice of size, sectors, themes and styles to enable participation in the broad market and its segments.

Product profile

The chart given below shows the plots schemes offered by ICICI Prudential Mutual Fund on a risk-return scale that helps to analyze zero-in on the relevant schemes that match risk taking ability and the desired returns of the investors.

It shows the name of the major mutual funds as per their risk and return. And the general rule is those products having higher return have to face higher risk. As per risk and return it is grouped into four different plots.

(Source – www.pruiciciamc.com)

Performance measurement and implementation of the Balanced Scorecard of the unit

It was 2002 when ICICI Bank has started the use of the Balanced Scorecard and at the same time the tool has been implemented in ICICI Prudential Mutual Funds too. The company has taken the time of 1 year to get adjusted with the new tool of performance measurement and implemented fully in the organisation after the end of 1st year. The main perspectives that the company uses are customer perspective, financial perspective, internal business perspective, learning & growth perspective, competition perspective and shareholders perspective.

Systematic reporting and continuous feed back is considered as a pre-requisite for the successful implementation of the Balanced Scorecard. Here in ICICI Prudential Mutual Funds quarterly reporting system has been established. The firm is very optimistic for the use and benefits of the tool. Still it is in trial and error process in the implementation of the Balanced Scorecard and will add value with experience. Due to this reason the company wants to continue the implementation of the tool in future and wants to receive all possible advantages of the tool.

6. Larsen & Toubro engineering

Overview

Larsen & Toubro Limited (L&T) is India's largest engineering and construction conglomerate with additional interests in electricals, electronics and IT. A strong customer-focus approach and constant quest for top-class quality have enabled L&T to attain and sustain leadership position over 6 decades. L&T enjoys a premiere brand image in India and its international presence is on the rise, with a global spread of over 30 offices and joint ventures with world leaders.

EPC project business constitutes a critical part of the L&T's engineering core. L&T has integrated its strengths in basic and detailed engineering, process technology, project management, procurement, fabrication and erection, construction and commissioning, to offer single point responsibility under stringent delivery schedules. Strategic alliances with world leaders enable L&T to access technical know-how and execute process intensive, large scale turnkey projects to maintain its leadership position.

L&T's international presence is on the rise, with a global spread of over 30 offices and joint ventures with world leaders. Its large technology base and pool of experienced personnel enable it to offer integrated services in world markets. L&T enjoys a brand image in India and several countries offshore. With factories and offices located all over the country and abroad, L&T operations are supplemented by a comprehensive distribution network and nationwide ramifications for customer service and delight.

L & T Engineering Construction and Contracts Division

ECC - the Engineering Construction & Contracts Division of L&T - is India's largest construction organization. Many of the country's prized landmarks - its exquisite buildings, tallest structures, largest industrial projects, longest flyovers, highest viaducts - have been built by ECC. Leading-edge capabilities of ECC cover every discipline of construction: civil, mechanical, electrical and instrumentation engineering.

History

Larsen & Toubro Limited is the biggest legacy of two Danish Engineers, who built a world-class organization that is professionally managed and a leader in India's engineering and construction industry. It was the business of cement that brought the young Mr.Henning Holck-Larsen and Mr.S.K. Toubro into India. They arrived on Indian shores as representatives of the Danish engineering firm F L Smidth & Co in connection with the merger of cement companies that later grouped into the Associated Cement Companies. Together, Mr. Holck-Larsen and Mr. Toubro, founded the partnership firm of L&T in 1938, which was converted into a limited company on February 7, 1946. Today, this has metamorphosed into one of India's biggest success stories. The company has grown from humble origins to a large conglomerate spanning engineering and construction. ECC was conceived as Engineering Construction Corporation Limited in April 1944 and was incorporated as wholly owned subsidiary of Larsen & Toubro Limited. L&T's founders Mr. Holck - Larsen and Mr. Toubro laid the foundation for ECC. It has today emerged as India's leading construction organization.

Board of Directors

The followings are the leaders of the giant organisation;

A.M.Naik , Chairman and Managing Director

J.P.Nayak

K. Venkataramana

V.K.Magapu

M.V.Kotval

K.V.Rangswami

R.N.Mukhija

Product profile

Larsen & Toubro Limited (L&T) ranked 54 among global contractors and 62 among international contractors as per the survey conducted by ENR (August 2006). ECC – the Engineering Construction & Contracts Division is India's largest construction organization. Many of the country's prized landmarks – its exquisite buildings, tallest structures, largest industrial projects, longest flyovers, highest viaducts, longest pipelines and several benchmark projects – have been built by ECC. ECC's leading-edge capabilities cover every discipline of construction: civil, mechanical, electrical and instrumentation.

Services spectrum

1. Pre-engineering, feasibility studies and detailed project reports.
2. Engineering, design and consultancy services
3. Complete civil and structural construction services for all types of buildings, industrial and infrastructure projects.
4. Complete mechanical system engineering including fabrication and erection of structural steel works; manufacture, supply, erection, testing and commissioning of plant and equipment; heavy lift erection; high-pressure piping; fire-fighting; HVAC and LP/ utility piping networks.
5. Electrical system design, project electrification, automation and control system including instrumentation for all types of industrial and telecom projects.
6. Design, manufacture, supply and installation of EHV switchyards, transmission lines

Specialized projects

1. Building and factories
2. transportation infrastructure
3. Hydrocarbon and power
4. industrial projects
5. power transmission and distribution
6. Hydel and nuclear power

It has various development projects of roads, airports, bridges, hydro electric power, parks, trade- exhibition centers, water supply projects, ports and residential-commercial projects.

Performance measurement and implementation of the Balanced Scorecard of the unit

L&T's employment policies and systems radiate from a single principle – *‘we believe in people. People are our most valued asset - our core strength’.*

They have, therefore, created a climate which is distinctive in industry. Employees gain a level of freedom which provides security, satisfaction and, most importantly, a sense of professional fulfillment. At L&T, learning is a continuous process. Their Human Resources Development Department offers training programmes for employees’ right through their career. A good blend of skill development, behavioural and core programmes provide stimulus for growth and career development. The compensation package offered by L&T compares favorably with respective industries in which we operate. L&T's accelerated growth opens up an array of employment opportunities for professionals at various levels. They seek achievers with an excellent track record.

Larsen & Toubro Limited, Electrical and Electronics Division (L&T-EBG) is the first company in India to announce the successful 'Go-live' of their mySAP Strategic Enterprise Management (mySAP SEM) implementation. This initiative is a significant step towards strengthening the company's business intelligence and value-based management.

Business Information Warehouse (mySAP BW) too has gone live together with mySAP-SEM. mySAP BW serves as the cornerstone of business performance management and analytical application. It is working for corporate performance monitoring (CPM) and strategic management through key performance indicators (KPIs), business planning, etc. This implementation would not only enable the strategic plans to percolate down the line through deployment of 'Balanced Scorecard' (BSC) but also help the management to monitor the performance at all levels through the 'Management Cockpit'. The 'Management Cockpit' has four walls with each wall focusing on different business perspectives. A wall has up to six 'Logical View' elements with each View consisting up to six Frames. A Frame serves to visualise individual KPIs using various types of graphics.

The 'Balanced Scorecard' comprises Objectives, Measures and Initiatives organised in four perspectives, viz: Financial, Customer, Internal Business Process and Learning & Growth perspective as per 'Kaplan & Norton Model'. Both these solutions are web enabled to provide key information to top management.

"With the 'Management Cockpit', key performance indicators (KPIs) would be easily presented and better analyzed. The performance monitoring methodology at L&T-EBG consists of an optimal blend of 'Balanced Scorecard'. The firm has implemented the Balanced Scorecard in 2003 and took almost 1 year to implement the tool at all levels of the organisation. As reporting is a keen part of the Balanced Scorecard, the firm has established monthly reporting system. Where variations in the performance of all employees is found out and rectified. As company has explored all possible benefits of the Balanced Scorecard, they are willing to continue the system in future too.

7. Suzlon energy limited

Overview

Suzlon Energy Limited traces its roots back to 1995, when the company took its first step on the renewable energy stage with its incorporation. Suzlon began its journey to the forefront of the wind energy industry with a small but significant project to supply wind turbine generators for a 3.34 MW windfarm project in Gujarat, India. In little over a decade, Suzlon has grown to rank as the world's 5th leading and India's and Asia's leading manufacturer of wind turbines, with over 2,000 MW of wind turbine capacity supplied in India and across the world. The company registered revenues of USD 867 million, and a net worth of USD 617 million, CFS FY 2006, with a current order book exceeding USD 1.7 billion.

Suzlon today develops and manufactures technologically advanced, high-performance and cost-efficient wind turbines, to meet the diverse needs of customers all around the world. In India, Suzlon offers customers' end-to-end wind energy solutions, including wind resource mapping, site identification, site development and installation, and finally operations & maintenance services. This allows Suzlon to offer Indian customers economies of scale, and eliminates the need for customer involvement in the complex process of windfarm development.

Suzlon has developed an expertise in the full gamut of wind project planning and execution, including wind resource mapping, site selection, technical planning and execution of wind power projects. Associate companies acquire sites identified as suitable for wind energy projects, and then undertake the technical implementation of windfarms including infrastructure development, installation of WTGs and connection of power grids.

Board of Director

Tulsi R. Tanti, Chairman and Managing Director

Girish R. Tanti, Executive Director

Ajay Relan

Ashish Dhawan

Pradip Kumar Khaitan

V. Raghuraman

Number of Wind farms –

Suzlon has developed and implemented several large-scale wind farms throughout India using the 'integrated solutions' approach. The principal advantage of this approach is the economy of scale: the larger the farm and more the number of WTGs - the lower the infrastructure cost per-wind turbine. Similarly, larger projects have lower operations and maintenance costs per kWh due to the efficiency obtained in managing a larger windfarm. Among Suzlon's many large projects are:

Dhulia, Maharashtra**:** This site is being developed as one of the largest windfarms of its kind in the world. With over 550 MW already installed, the facility has a planned capacity of over 1,000 MW once complete.

Sanganeri, Tamil Nadu**:** With a planned capacity of over 500 MW and is home to over 250 wind turbines totaling ~350 MW of installed capacity, the windfarm ranks among the largest of its kind in Asia.

Vankusavade, Maharashtra: Stretched over 29 km of rugged mountainous terrain averaging over 1,000 meters above sea level, this windfarm is home to 566 WTGs with an installed capacity of over 205 MW. It was this project that successfully demonstrated the viability of large, utility-scale windfarms in India.

Internationally, Suzlon has a major presence in all key markets. United States, the largest market for wind energy worldwide forms Suzlon's largest market outside of India. In addition, Suzlon has secured several major orders from Australia, Brazil, China, Italy, Portugal and South Korea making for a significant Suzlon presence on all major wind energy continents.

Product Range

Suzlon has driven a focused strategy to create products that are not just superior technology, but optimized to maximize power generation, and suit customers' investment needs. Their product line includes a comprehensive range of wind turbines designed to operate in environs ranging from mountains, to sea costs and arid deserts and freezing plains. Our current product range includes turbines of capacities ranging from 350 kW, all they way up to 2.1 MW.

The latest additions to our product line reflect the success of this approach – the Kilowatt Series S52 – 600 kW and the Megawatt Series S82 – 1.5 MW wind turbines. The high performance S52 turbine follows the design philosophy of Suzlon's S88 - 2.1 MW unit; using advanced technology and innovative application to maximize yield, reliability and safety.

The S.52 – 600 kW turbine is optimized to maximize the energy extraction from low-to-moderate wind conditions. The overall size of the turbine, with a hub height of 75m and rotor diameter of 52m, is optimized for easier transportation and erection at remote sites. Together, these features can transform hitherto inaccessible locations into viable sites for wind farms. The turbine is ideally suited to meet captive requirements of small scale industrial units.

The S82 – 1.5 MW turbine comes as the latest addition of our highly successful Megawatt Series. The S82 design incorporates advanced features like Micro Pitch technology where blades can achieve 0.1 degree of pitching resolution in a response time of just 30 ms, a flexible, adjustable Flexislip system that offers maximum slip as high as 16%, high performance gearbox, advanced yaw system and many other innovations all coming together to make a wind turbine that delivers high performance in low-to-medium wind regimes.

Their ongoing R&D has resulted in enhanced aerodynamic efficiency, resulting in reduced end-cost per-kWh from Suzlon wind turbines. Designed to operate in low-to-moderate wind regimes, these new turbines' cost, technology and size go a long way towards expanding the wind energy market by making it possible to exploit previously unviable locations, and opening up the market at lower investment thresholds.

Suzlon Wind Park employs a comprehensive approach that delivers more than the 'clichéd' 100% turnkey solution. It is built upon extensive project planning, totality perspective, years of experience and Suzlon's techno-commercial expertise.

Suzlon Wind Park is an innovative concept that develops a wind-farm with all necessary infrastructure, including land, civil work, electrical work, Wind Turbines, transmission lines, approach roads, etc. coupled with financial assistance for the third party/parties.

This concept provides investors with extensive infrastructure born of collective design at shared costs while giving wind farm ownership in a large wind park. The investor can claim all incentives as well as utilize the power generated by the wind park, in a way found to be most economically suitable. Early in the millennium, Suzlon commissioned its Vankusawade wind park in the Satara District of India's Maharashtra state – which at 201 MW of capacity, ranked as Asia's largest on completion.

Financial Highlights

The following table reveals few financial data of the two corresponding years**,**

Table 3.4

(Figures in crore)

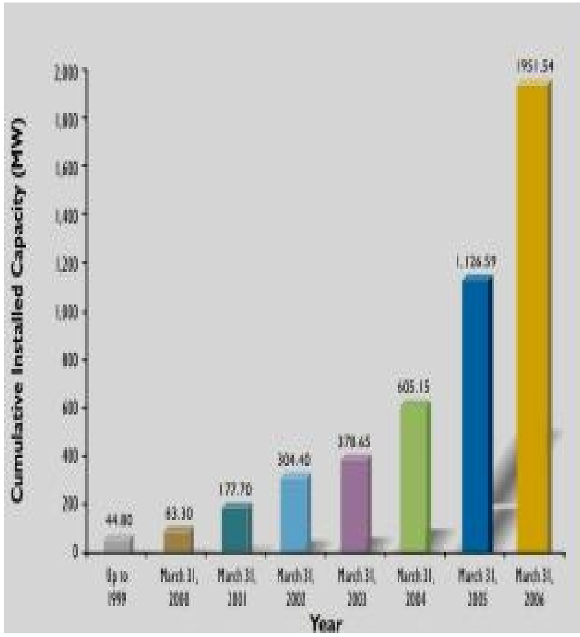
Particulars	**2006-07**	**2005-06**
Turnover	7,985.73	3,841.03
Total Income	8,082.23	3,915.49
Earning Before Interest	1,295.82	865.22
Profit After Tax	864.03	759.50
Equity Dividend (%)	50	50
Dividend payout ratio	144.54	143.91
Equity Share capital	287.76	287.53
Net Worth	3511.06	2734.60
Gross Fixed Assets	4770.89	794.01
Total Assets	12,541.29	4901.45

(Source- Annual report of the company for the year 2005-06 and 06-07)

The above table shows financial summery of the years 2005-06 and 2007-07. It clearly gives information that company is growing at a high a rate if one compares the figures of both the years.

Clients-

Suzlon ranked as the fifth leading supplier of wind turbines worldwide, with over 6% of global market share. In India, the company has proved the undisputed leader of the industry, leading the growth of the market and helping establish the country as the fourth leading wind power nation in the world.



Client	Capacity (MW)
MSPL Limited	123.75
Essel	75.00
Bajaj Auto Ltd.	65.20
Tata Finance Ltd	42.90
Ajanta & Ellora Group	30.05
Suzlon	28.80
Shraddha Group	28.15
Gujarat NRE Coke Limited	27.50
VSL Mining Company	27.50
Soundararaja Spinning Mills	27.00

(Source- www.suzlonenergy.com)

With over 2,000 MW supplied to clients around the world, Suzlon has established itself as a trusted partner for industries investing in wind energy. Clients - ranging from individuals, corporations, and industries looking to secure power supply and power cost; to Utilities, at the other end of the spectrum – have selected Suzlon as their partner to harness the power of the wind. Suzlon has forged successful relationships with clients in Australia, Brazil, China, Italy, Portugal, South Korea and the United States, entering high-growth markets with breakthrough orders, and securing major repeat orders from satisfied clients.

Performance measurement and implementation of the Balanced Scorecard of the unit

Bringing Suzlon's products, expertise and services to the marketplace is a family of over 8,000 employees from over 12 nationalities, across various levels, functions and geographies. The firm's senior leadership, senior and middle management positions are staffed by techno-commercial and domain experts with decades of experience. These senior leaders direct a skilled workforce of employees with diverse skill-sets - MBAs, Engineers, Technical graduates and many others, who form the powerhouse of the company.

Over the past year, the firm has grown from strength to strength not only in their revenues but also in the strength of our talent pool. Today they are a team that's nearly 11,000 strong; spread over 4 continents and drawn from over 14 nationalities, a truly multi-cultural and multi-ethnic team sharing a high performance culture.

Their people success story stated above can be quite simply explained through our Corporate Philosophy - 'To integrate the Company and its people into wholesomeness and to be competitive enough to bridge the past, present and the future with a common thread'. This has established a culture that promotes is also taking several steps to establish its meritocracy.

As a part of this culture, the firm has image in the minds of its prospective created a comprehensive performance management system and a compensation & benefits framework for the employees. This in effect encourages a uniform, high performance environment that inspires our employees to grow everyday. This has not only motivated employees to have bolder aspirations but has also offered them sufficiently challenging roles which has helped them to excel to newer heights in their career growth. It has lead to employee bonding. Further the company has established the system of the Balanced Scorecard in 2005 for scientific performance measurement as well as to involve employee in the process of performance measurement in real terms. It will take nearly 2 years to implement the tool at full fledge level. In this year the company will start using the tool at all levels of the organization. The firm has organized quarterly reporting system for the purpose of feed back. Due to benefits of the BSC the company wants to continue the tool in future too.

8. Tata Chemicals Limited

Overview

Tata Chemicals Limited is India's leading manufacturer of inorganic chemicals. It also manufactures fertilisers and food additives. Incorporated in 1939, the company has an annual turnover of over Rs 4,000 crore and is part of the Rs 89,892-crore ($22 billion) Tata Group, India's foremost business conglomerate

In the six decades since its inception, Tata Chemicals has been continuously raising the bar in technological competence and gaining recognition as a leader and innovator. The company has an enduring commitment to protecting and enhancing the environment, serving and improving the communities in which it functions, and adhering to the highest ethical standards of corporate behaviour. TCL operates the largest and most integrated inorganic chemicals complex in India, at Mithapur in Gujarat, a state in western India. A pioneer and market leader in the branded, iodised salt segment, the company manufactures salt that has a purity percentage of 99.8 per cent, the highest in the country. It is also among the largest producers of synthetic soda ash in the world. The quality factor

TCL manufactures a wide range of high-quality and competitively priced products, including soda ash, sodium bicarbonate, salt, caustic soda and urea, which deliver outstanding value to its customers. The company's products and production processes are benchmarked with the best of global touchstones, and meet the most rigorous international specifications.

TCL's products go into numerous end-use applications in a variety of industries: glass, detergents, paper, textiles, agriculture, photography, pharmaceuticals, food, tanning, rayon, pulp, paints, building and construction, and chemicals. The company exports to a variety of world markets including South and Southeast Asia, the Middle East and Africa.

TCL is now in the process of expanding its operations globally. It is uniquely positioned to achieve this objective — thanks to the skill and dedication of its people, the excellence of its production facilities, and the technical and technological expertise it has nurtured. TCL is committed to bettering its already-impressive quality norms and systems. It has been awarded the ISO-9001 registration, a quality standard adopted by over 90 countries worldwide. The company has also embraced the Tata Business Excellence Model in its quest to become more performance-oriented and customer-centric. Based on the Malcolm Baldrige National Quality Award, this model takes a holistic and comprehensive approach to improving business processes and strategic decision-making.

TCSRD's fundamental purpose is to foster development that is sustainable and integrated. Be it helping with natural resource management, livelihood support, or the building of health or education infrastructure, TCSRD's aim is to improve the lives of the rural communities of Okhamandal and Babrala. The participation of the beneficiaries is vital to the success of the programmes it undertakes, and forms the basis of all project designs.

With a distinguished past and a flourishing present to power it forward, Tata Chemicals is poised to build on its achievements in the years ahead.

History

Mithapur is located in the Dwarka sub-division of Gujarat state on the west coast of India. Starting in the 1930s with a capacity of 33,000 tonnes per annum (tpa) of soda ash, the plant has since grown into a chemicals behemoth with an installed capacity of 8,75,000 tpa -- about 34 per cent of the country's capacity -- making it one of the largest producers of synthetic soda ash in the world. The Mithapur plant is the largest integrated salt works and inorganic chemicals complex in this part of the world. Its salt works are spread over 60 sq km and can produce over 2 million tonnes of solar salt, the base raw material for almost all the 27 basic chemicals that the company produces.

Beginning with a soda ash capacity of 80 tonnes per day (tpd), the chemical complex has grown into a vast operation making 2,400 tpd of soda ash, 1,500 tpd of vacuum-evaporated salt and 33 other products. Tata Chemicals pioneered the production and marketing of high-quality iodised salt from Mithapur

Tata Chemicals commissioned its fertiliser division in December 1994, in Babrala in the Badaun district of Uttar Pradesh state in northern India. The complex manufactures urea, a widely used chemical fertiliser, and has an installed capacity of 8, 64,600 tonnes per year, which constitutes nearly 12 per cent of the total urea produced by the country's private sector. The complex also houses an ammonia plant with a capacity of 1,520 tonnes per day. The Babrala complex, considered to be one of the best industrial facilities in India, is the most energy efficient among all Topsoe plants globally. It is also the only fertiliser complex in the country to use a dual feedstock facility: natural gas or naphtha, or a combination of both.

Babrala was a sleepy little village before the company embarked on its nitrogenous fertiliser project. Home to a large, skilled workforce, the complex has come to occupy a place of pride in the Tata group and on the industrial map of India. One of India's leading manufacturers of inorganic chemicals, TCL's products and production processes are benchmarked with the best of global touchstones and meet the most rigorous international specifications.

Board of Director

India’s one of the oldest organisations consists of following leaders as group members;

Ratan Tata, Chairman

R. Gopalakrishan, Vice Chairman

Home R Khusrokhan, Managing Director

Nusli Wadia

Dr. D.V.Kapoor

P.R. Menon

Dr. T. Mukharjee

Dr. Vijay Kelkar

Naseer Munjee

Product Range

The company's state-of-the-art manufacturing systems are backed by a highly efficient and committed marketing team. The chemicals strategic business unit (SBU) of Tata Chemicals oversees both forward and backward integration across a wide spectrum of products and business segments. The Chemicals SBU comprises:

Soda ash -This multipurpose chemical is used in a variety of industries, most prominently in the manufacture of glass, where it reduces the melting temperature of the sand used in glass formation and helps in the 'workability', or shaping, of glass articles. Soda ash is also a major ingredient in the making of soaps and detergents. Here it is employed as a builder, or filler, to give a smoother surface in formulations of soaps, detergents and other cleaning compounds.

Cement- Cement is a major success story for TCL, and a fine example of how the company's philosophy of 'avoid, reduce and recycle' operates. The cement plant at Mithapur was set up solely to consume the solid waste generated during the manufacture of soda ash. The plant has an installed capacity of 1,500 tonnes per day and it manufactures three varieties of cement: Ordinary Portland Cement (grades 43 and 53) and Pozzolana Portland Cement (under the Shudh Cement brand name).

Caustic soda - Due to its adoption of energy-efficient, membrane-cell technology and the captive availability of salt and of power, TCL has been able to deliver low-cost caustic soda to the market. As a versatile alkali, caustic soda is used in a variety of industries, the major ones being rayon, cellophane, soap, pulp and paper.

Bromine - TCL manufactures several variants of bromine and bromine-based compounds, which is used primarily in the manufacture of organic and inorganic bromides. It is also used as a crucial reagent in preparing several organic compounds requiring bromination.

Gypsum- Gypsum, formed in crystalline lumps or powder form, is yet another product from the Tata Chemicals stable.

Fertiliser- Urea is an important nitrogenous fertiliser and Tata Chemicals is a major manufacturer of the product in India. Tata Chemicals makes urea at its fertiliser complex in Babrala. The complex has an installed capacity of 8, 64,000 tonnes per year, which constitutes nearly 12 per cent of the total urea produced by India's private sector.

Food additives- Tata Chemicals' food additives strategic business unit has two of the company's premium product groups under its wing: branded salt and sodium bicarbonate. Widening the product range and increasing market share is the two-pronged thrust in this sphere.

Salt- TCL makes 3,50,000 tonnes of vacuum-evaporated iodised salt annually at its Mithapur complex, the largest and most integrated chemicals facility in India. The company manufactures four varieties of salt: iodised salt, crystalline salt, vacuum salt and pure salt. Tata Salt, the outstanding offering in TCL's food-additives basket, is a household name with top-of-the-mind brand recall and a 41-per cent share of the Indian branded iodised salt market, way ahead of the nearest competitor. Tata Salt was named the 'No.1 Food Brand' in 2003.

Crystalline salt- Samunder Crystal Salt is a refined, iodised, clean, white crystal salt. It offers customers a purer and cleaner alternative to the loose, unbranded crystalline salt widely available in Indian markets.

Sodium bicarbonate-TCL's sodium bicarbonate plant has a capacity of 50,000 tonnes per annum. The company produces three varieties of sodium bicarbonate — sodium bicarbonate technical, sodium bicarbonate refined and sodium bicarbonate granular — all of which meet stringent quality standards.

Cooking soda-Tata Chemicals has launched a branded cooking soda sold in small, single-use sachets under the brand name Tata Samunder Cooking Soda.

Performance measurement and implementation of the Balanced Scorecard of the unit

With a turnover close to Rs. 2600 crores, Tata Chemicals Limited is India's leading manufacturer and marketer of inorganic chemicals and fertilisers. Tata Chemicals is also a pioneer and market leader in the branded, iodised salt segment. Being sensitive to the needs and concerns of its key employees is the culture of Tata Chemicals. The process of engagement with each of them is proactive and systematic.

Driving the company's push towards excellence and customer delight is a workforce of close to 3,500 employees. TCL's employees are the key to its growth and success. The company invests in them by providing opportunities for job enrichment, concentrated competency development, sharing of best practices, and more.

On the human resources front, Tata Chemicals devised the balanced scorecard system. The scorecard helped align individual goals with divisional ones, which in turn aligns with corporate goals and objectives. The scorecard helps measure performance objectively against targets, find out variances and chalk out an action plan. The compensation structure was linked to performance to encourage people.

Tata Chemicals has initiated the implementation of the Balanced Scorecard in 2000 to add value in performance measurement system of the company. It took almost 2 years to start the tool at full fledge level through out the organisation, i.e from top level to the shop floor level. The company is using all important perspectives including customer perspective, financial perspective, internal business perspective and learning and growth perspective.

As for the successful implementation of the Balanced Scorecard regular and systematic reporting is essential, the firm has established a system of quarterly reporting schedule, where the expected performance is compared with the actual and balancing act has been done regularly by way of feedback. The company has received a number of benefits due to use of this scientific performance measurement system, but at the same time few hurdles have also been faced by the management. Still company wants to continue the use of the Balanced Scorecard in future.

Conclusion

The Balanced Scorecard is a new framework for integrating measures derived from strategies. While retaining the financial measures of past performance, the Balanced Scorecard introduces the drivers of future financial performance. The drivers, encompassing customer, internal business process and learning and growth perspectives, are derived from an explicit and rigorous translation of the organisation's strategy into tangible objectives and measures.

Further by integrating the Balanced Scorecard into the management calendar, all management processes can be aligned with and stay focused on implementing strategy. The process of developing a good Balanced Scorecard gives an organisation, usually for the first time, clear picture of future and a path for getting there. In addition to producing and developing an organisation's pathway to its vision, the development process has engaged the energy and commitment of the entire senior management team.

In India corporate firms are taking initiatives to use the BSC in their organisations. There are so many consulting firms which are proving expert services for the implementation of the BSC in any organisation. A part from consulting few soft ware companies have developed software to develop BSC in the organisation. Many large scales as well as middle scale business units are using the BSC. Here the researcher has taken a population of 44 companies, though it is not an exhaustive list. Apart from the specifed companies, other domestic companies might be there which are using the BSC. Even government organisation like Indian Railways, BSNL, HPCL are using the BSC.Out of the given population, 8 companies have given response to the questionnaire of the respondents, which covers industrial giants namely L & T engineering, Essar oil, Essar Steel, Tata chemicals, Birla Cellulose and Suzlon energy. It also includes service firms namely ICICI Bank and ICICI Prudential Mutual Funds. Thus, it can be concluded that all 8 units are giant units which have implemented the BSC between 1999 to 2004. The units have received tremendous development in terms of human resource as well as productivity. All the sampled units want to continue the use of the BSC. It shows that in India the use of the Balanced Scorecard will be successful.

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CHAPTER – 4

FINANCIAL PERSPECTIVE AND CUSTOMER PERSPECTIVE

A new approach to strategic management was developed in the early 1990's by Dr. Robert Kaplan (Harvard Business School) and David Norton. They named this system the 'balanced scorecard'. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective.

Kaplan and Norton describe the innovation of the balanced scorecard as follows: *"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."* This measurement-based management approach not only considers feedback information from the organization's internal processes, but from various business outcomes as well to achieve continuous improvements in all aspects that drive the organization's over-all value. Using performance data from different aspects of the business (i.e., internal processes, financial performance, customer satisfaction, human resource development, etc.) allows the company to acquire a 'balanced' assessment of its needs and weaknesses and develop the appropriate strategy to come out with an improved and more balanced set of performance results.

The Balanced scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of performance measures. Many companies have adopted mission statements to communicate fundamental values and beliefs to all the employees. The mission statement addresses core beliefs and identifies target markets and core products. The BSC translates mission and strategy into objectives and measures, organized into four different perspectives; Financial, customer, internal business process, and learning and growth. The scorecard provides a frame work, a language, to communicate mission and strategy; it uses measurement to inform employees about the drivers of current and future success. By articulating the outcomes the organisation desires and the drivers of those outcomes, senior executives hope to channel the energies, the abilities, and the specific knowledge of people throughout the organisation towards achieving the long term goals.

Many people think of measurement as a tool to control behaviour and to evaluate past performance. The measures on a Balanced Scorecard should be used in a different way – to articulate the strategy of the business, to communicate the strategy of the business, and to help align individual, organisational, and cross-departmental initiatives to achieve a common goal. Used in this way, the scorecard does not strive to keep individuals and organisational units in compliance with a pre-established plan, the traditional control system objective. The Balanced Scorecard should be used as a communication, informing, and learning system, not a controlling system.

Equally important is the awareness of all company personnel of what the corporate goals are, how these will be measured by the company's Balanced Scorecard, and how each employee can contribute his or her own share towards the achievement of these goals. This is realized by having everybody in the company keep a personal scorecard in support of the company's Balanced Scorecard. As a result, everyone will be driven by metrics and performance data that follow the same roadmap toward company success. The balanced scorecard approach works because people are motivated if they know that they're being measured and they know how they're being measured. Experts say that this is true whether or not there's an incentive given for the achievement of the goal.

Balanced Scorecard relies heavily on proper definition of the company's metrics. Choosing the wrong metrics will not produce the desired results, no matter how diligently the data are collected and analyzed. It is for this reason that metrics need to be chosen by people who really know how they'll impact the company's goals and vision.

Good metrics will: 1) reflect the true present status of the company from many different perspectives, allowing decision-makers to make their best moves; 2) provide constructive feedbacks to various company processes, leading to continuous improvement; 3) show trends in company performance over time, facilitating adjustments to changes; and 4) quantify many things, making analyses more accurate and solutions more effective.

Once the metrics have been defined and implemented, and scorecard data start pouring in, follow-through becomes imperative. Movements in the metrics included in the balanced scorecards, whether positive or negative, must be analyzed diligently to identify their causes. Causes that produce positive changes must be sustained, if not enhanced. On the other hand, causes that produce negative effects must be eliminated.

The four perspectives of the scorecard permit a balanced between short and long term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objectives measures and softer, more subjective measures. While multiplicity of measures on a Balanced Scorecard may seem confusing. Properly constructed scorecards contain a unity of purpose since all the measures are directed towards achieving an integrated strategy.

The Balanced Scorecard views an organization from four perspectives: 1) the learning and growth perspective; 2) the business process perspective; 3) the customer perspective; and 4) the financial perspective. A company must define metrics and collect and analyze data for each of these perspectives.

The researcher has received information by using primary data. The researcher has prepared questionnaire demanding various information on the BSC implementation and its effect on Performance evaluation. This chapter contains information on financial perspective and customer perspective. it includes the key performance indicators under financial and customer perspectives. It also contains basic information about the implementation of the BSC by the sampled units.

Financial Perspective

Every company exists to make money. The financial perspective is about that - the company's ability to make money. Building a Balanced Scorecard should encourage business units to link their financial objectives to corporate strategy. The financial objectives serve as the focus for the objectives and measures in all other scorecard perspectives. Every measure selected should be part of a link of cause and effect relationships that culminate in improving financial performance. The scorecard should tell the story of the strategy, starting with the long run financial objectives and then linking them to the sequence of actions that must be taken with financial processes, customers, internal processes and finally employees and systems to deliver the desired long run economic performance. For most of the organizations, the financial measures of increasing revenues, improving cost and productivity and enhancing assets utilization and reducing risk can provide the necessary linkages across all four scorecard perspectives.

There is no need to emphasize the importance of collecting and analyzing financial data in a timely manner, since every company is doing this already anyway, whether under a BSC program or not. The difference is that companies practicing the BSC concept do more than measure themselves solely in terms of their financial bottom lines, which is what most traditional companies do. The BSC concept changes that traditional outlook - it ensures that other non-financial but nonetheless just as important perspectives influence how a company must be valuated.

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category. The various indicators for financial perspective are as under;

- Market share
- Revenue growth
- Profit ratio
- Return on investment
- Economic value added
- Return on capital employed
- Operating cost management
- Operating ratios and loss ratios
- Corporate goals
- Survival
- Profitability
- Growth
- Process cost savings
- Increased return on assets
- Profit growth

The followings are the various Measures by which the progress toward the achievements of various objectives is measured;

- Cash flow
- Net profitability ratio

- Sales revenue
- Growth in sales revenue
- Cost reduction
- ROCE
- Share price
- Return on shareholder funds

Customer Perspective

Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which the unit is providing a product or service to those customer groups.

The customer perspective, as its name implies, focuses on customer satisfaction. Keeping the customers satisfied, if not delighted, is the best way to keep them loyal to the company. Failure to satisfy the customers will prompt them to look for other suppliers who can deliver what they want. Customer satisfaction is not always easy to measure though, so ingenuity may be needed for the establishment of the appropriate metrics and data gathering system that will reflect the true sentiment of the customer.

How do customers perceive the firm? This focuses on the analysis of different types of customers, their degree of satisfaction and the processes used to deliver products and services to customers. In the customer perspective of the Balanced Scorecard, companies identify the customer and market segments in which they have chosen to compete. These segments represent the sources that will deliver the revenue component of the company's financial objectives. The customer perspective enables companies to align their core customer outcome measures- satisfaction, loyalty, retention, acquisition and profitability- to targeted customers and market segments. It also enables them to identify and measure, explicitly; the value propositions represent the drivers, the lead indicators, for the core customer outcome measures.

Beyond aspiring to satisfying and delighting customers, business unit managers must, in the customer perspective of the Balanced Scorecard translate their mission and strategy statements into specific market and customer based objectives. Business units must identify the market segments in their existing and potential customer populations and then select the segments in which they choose to compete. Identifying the value propositions that will be delivered to targeted segments becomes the key to developing objectives and measures for the customer perspective. Thus, the customer perspective of the scorecard translates an organization's mission and strategy into specific objectives about targeted customers and market segments that can be communicated throughout the organization.

Particular areas of focus would include:

- Customer service
- New products
- New markets

- Customer retention
- Customer satisfaction
- What does the organization need to do to remain that customer's valued supplier?

Potential goals for the customer perspective could include:

- Customer satisfaction
- New customer acquisition
- Customer retention
- Customer loyalty
- Fast response
- Responsiveness
- Efficiency
- Reliability
- Image

The following metrics could be used to measure success in relation to the customer perspective:

- Customer satisfaction index
- Repeat purchases
- Market share
- On time deliveries
- Number of complaints
- Average time to process orders
- Returned orders
- Response time
- Reliability
- New customer acquisitions

ANALYSIS OF DATA

[A] - Analysis of data about Techniques of performance measurement and control used by the sampled units

"It is not possible to manage what you cannot control and you cannot control what you cannot measure!" -Peter Drucker

Performance measurement is a fundamental principle of management. The measurement of performance is important because it identifies current performance gaps between current and desired performance and provides indication of progress towards closing the gaps. The basic purpose of any measurement system is to provide feedback, relative to goals, that increases chances of achieving these goals efficiently and effectively. Measurement gains true value when used as the basis for timely decisions.

The purpose of measuring is not to know how business is performing but to enable it to perform better. The ultimate aim of implementing a performance measurement system is to improve the performance of organization. As a process, performance measurement is not simply concerned with collecting data associated with a predefined performance goal or standard. Performance measurement is better thought of as an overall management system involving prevention and detection aimed at achieving conformance of the work product or service to customer's requirements. Additionally, it is concerned with process optimization through increased efficiency and effectiveness of the process or product.

The researcher has given a question about the performance measurement and control techniques used by the respondents and asked them to give rank the options of controls technique used by them as per their own priority. The following are the various techniques which are given by the researcher in the question to rank them.

1. Standard costing
2. Marginal costing
3. Activity based Costing
4. Variance analysis
5. Responsibility centres
6. Transfer Pricing
7. Balanced scorecard

Table 4.1 - Various of performance measurement and control Techniques

Sr. no.	Name of Technique / Name of the firm	SD	MC	ABC	VA	RC	TP	BSC	N=7
1.	Birla Cellulose	7	6	1	5	2	4	3	
2.	Essar Oil	7	6	1	3	2	5	4	
3.	Essar Steel	3	6	4	5	7	1	2	
4.	ICICI Bank	5	4	2	3	6	7	1	
5.	ICICI Prudential	2	3	4	5	6	7	1	
6.	L & T Engring	7	4	2	3	6	5	1	
7.	Suzlon Energy	7	5	3	4	1	6	2	
8.	Tata Chemicals	6	5	1	4	2	7	3	
	Sum of ranks	44	39	18	32	32	42	17	$\sum R_{j=}$ 224
	Ř=32 **$(R_j-\check{R}_j)^2$**	144	49	196	0	0	100	225	$\sum$=714

The given table shows use and preference of various performance measurement and control techniques by the respondents. Here the researcher has given seven techniques of performance measurement namely Standard Costing, Marginal Costing, Activity based Costing, Variance Analysis, Responsibility centres, Transfer Pricing and Balanced Scorecard. The respondents have ranked all the techniques as per their priority and use in their organization. Generally use of performance measurement technique depends on various factors like type of firm, type of employees, type of work, general culture of the organization, their traditions etc. So, here all the respondents have ranked the given techniques of performance measurement as per their organization's priority and use. The general picture of each firm is as under.

1. Birla Cellulose Ltd. **-** The firm has given top rank to activity based costing. Responsibility centres is 2nd in the priority list of the firm. Balanced Scorecard has been ranked 3rd by the firm, followed by transfer pricing. On the other hand the firm has given less priority to traditional techniques namely variance analysis, Marginal Costing and Standard Costing. This shows that the company relies more on new tools of performance measurement

2. Essar Oil Ltd. **-** Activity based Costing and Responsibility Centres are the topers in the given list of performance measurement techniques. Variance Analysis has been ranked 3rd, followed by the Balanced Scorecard and transfer pricing. On the other hand the traditional techniques namely Marginal Costing and Standard Costing have been given least priority as received lowest ranks. Here also the firm gives more important to modern techniques.

3. Essar Steel Ltd. - The important techniques of performance measurement and control used by the Essar Steel Ltd. are Transfer Pricing and Balanced Scorecard as ranked top in the given list of techniques. Standard Costing, Activity based Costing and Variance Analysis have received average importance as they are ranked average in the given list. While Marginal Costing and Responsibility Centres are at the lowest stage as used less by the firm. This shows that the firm gives priority to scientific techniques of performance measurement.

4. ICICI Bank Ltd. - ICICI Bank has given maximum importance to Balanced Scorecard. Activity based Costing and Variance analysis have received average priority while the remaining techniques namely Marginal Costing, Standard Costing, Responsibility Centres and Transfer Pricing are least used by the firm. This shows use of perfect blender of modern and traditional techniques of performance measurement by the ICICI Bank.

5. ICICI Prudential Mutual Funds - The unit follows same patter of use of performance measurement techniques as followed by the ICICI Bank. The Balanced Scorecard and standard costing are on the top of the priority list. While Marginal Costing, Activity based Costing and Variance analysis have been ranked average by the respondent. On the other hand Responsibility Centres and Transfer Pricing have received lowest rank.

6. L & T Engineering Ltd. - Balanced Scorecard and Activity based Costing are ranked highest in the Larson and Turbo Engineering ltd. Variance analysis and Marginal Costing are ranked average by the firm. While Transfer Pricing, Responsibility Centers and Standard costing are at the bottom in the list of techniques. This shows that firm relies more on modern techniques than traditional techniques.

7. Suzlon Energy Ltd. - Responsibility centre and Balanced Scorecard are ranked on the top by the firm, while Activity based Costing, Variance analysis and Marginal Costing have been ranked average in the given list. On the other hand Transfer Pricing and Standard costing have received least importance by the firm and ranked at the bottom. Further here also the firm gives more importance to modern techniques of performance measurement.

8. Tata Chemical Ltd. - The firm has given top priority to Activity based Costing and Responsibility centers, while Balanced Scorecard, Variance analysis and Marginal Costing have been ranked average by the firm. Standard Costing and Transfer Pricing have received lowest rank by the respondent.

The result of the given table shows the use and importance of various performance measurement and control techniques. The general picture shows that firms are now giving more importance to modern techniques of performance measurement like Activity based Costing and Balanced Scorecard, as the table shows that these two tools have been given top rank by the most of the firms. But it does not mean that traditional methods are not useful. As in many organizations they are using mixture of modern and traditional techniques. Variance Analysis and responsibility centres are also widely preferred by the firm. On the other hand marginal Costing, Standard Costing and Transfer Pricing are also widely used by the firm but as compared to modern techniques, these tools are less preferred by the firm.

Kendall's Coefficient of Concordance- To determine the degree of association among the given respondent's ranking of the various performance measurement techniques the researcher has used Kendall's Coefficient of Concordance, which is appropriate measure of studying the degree of association three or more sets of ranking. As here there are 8 ranking the researcher has used Kendall's formula. When perfect agreement exists among all the respondents the coefficient equals to 1 and when maximum disagreement exists, coefficient equals to 0. So the coefficient of Concordance (W) is an index of divergence of the actual agreement shown in the data from the perfect agreement. The following is the hypothesis

H0- There would be no independent judgment among the respondents for ranking the performance measurement and control techniques

H1- There would be independent judgment among the respondents for ranking the performance measurement and control techniques

$$W = \frac{S}{1/12 * k^2 (N^3 - N)}$$

Where $S = \sum(Rj - \check{R}j)^2$ i.e. 714

K= No. of respondents i.e. 8

N=No. of objects i.e. 7

$$W = \frac{S}{1/12 * k^2 (N^3 - N)} = \frac{714}{1/12 * (8)^2 (7^3 - 7)}$$

$$= \frac{714}{64/12*336} = \frac{714}{1792} = 0.3984$$

The calculated value of W is 0.3984 where as the table value is 221.4 at 5% level of significance. The table value is much higher than calculated value. So, the null hypothesis stand rejected. Hence the alternative hypothesis would be accepted.

So, the researcher can conclude that the respondents are making independent judgment to rank the various performance measurement and control techniques. They are not applying the same standard of ranking for the performance measurement techniques. Thus, there is not significant agreement in ranking of performance measurement techniques.

[B] – Analysis of data for Objectives of performance measurement and control system

In this question the researcher has given various objectives of performance measurement and control system, on which the respondents have given their own views in 5 points scaling technique. Each firm has its own specific objectives for their performance measurement and control system.

The below given table shows the importance and frequency of various objectives of performance measurement system. The following given table shows the views of respondents in the given scales.

Table 4.2- Objectives of performance measurement and control system

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	To measure business operations and its effect.	5	1	2			35	3.5
2.	To track short term actions and to maximize ROI	4	2	2			34	3.4
3.	To take corrective actions for short term operations.	5	3				37	3.7
4.	To provide continuous feed back and learning	8					40	4
5.	To improve employee performance and productivity	7	1				39	3.9
6.	To maximize strength and to excel opportunities	1	2	2	2	1	24	2.4
7.	To attach performance with incentives	8					39	3.9
8.	To satisfy different stakeholders	2	1	1	2		23	2.3
9.	To control operations, profit and growth	3	3	2			33	3.3
10.	To balance opportunities and management attention.	1	1	2	2	2	21	2.1
11.	Total / average	44	14	11	6	3	324/3.24	325/ 3.25

Total Score = score of the statement * Scale **Score of agreement** = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

1. Measurement of business operations -

Actual measurement of business operations and its effect on overall business is the pioneer reason for measurement. As per the given table out of 8 respondents, 5 respondents strongly believe that they establish measurement system basically to measure business operations. The overall score is 35 and score of agreement is 3.5. Thus, the score of the agreement is coming between neutral and agree scores. So, the researcher can conclude that more than average units believe it as an important objective.

2. Watch on short term actions -

To achieve long term goals against capabilities, short term operations must be controlled properly. Out of the given, 4 units believe that it is as an important objective of performance measurement, while 2 units are simply agree with the statement and 2 units have given neutral answer for the same. The total scoring is 34 and the score of agreement is 3.4. So, the researcher can describe this objective as an important objective as score of agreement is above neutral scale.

3. Corrective actions for short term operations -

Measurement of short term operations is done to take corrective actions. Here as per the given table the result of the given statement is positive as 5 respondents are strongly agreed with this objective. On the other hand, the total score is 37 while score of agreement is 3.7 which comes between neutral and agree score. As the score of agreement is near to agreement score, Corrective actions for short term action are essential objectives for measurement system.

4. Continuous feed-back and Learning -

Corrective actions results in continuous feed back which create learning in the organization. So, learning can be considered as an important objective of performance measurement system. The given table revels that 90% of respondents strongly believe feed back and learning as the most important reason for evaluation. The total score is 40 while score of agreement is 4. So, the score of agreement is in the agreement scale. Thus, this can be considered as the most important missions of measurement system.

5. Improvement of employee performance and productivity -

For improvement of overall business performance individual employee's performance is root. Above table describes that 7 out of 8 respondents strongly believe employee performance improvement as an essential objective for their measurement system. The total score is 39 and score on agreement is 3.9. So, the researcher can consider that business units have keen interest in employee performance and productivity, which is an important objective of performance evaluation.

6. Maximize strength and excel opportunities -

Performance measurement and control system can maximize their strength and excel opportunities. As per the given table the total score is 24 while score on agreement is 2.4. Thus, in this matter the score on agreement is coming between neutral and disagree scale, which is less than average. So, the researcher can conclude that the selected units don't believe maximization of strength as a basic objective for performance measurement.

7. Attachment of performance with incentives -

Measurement of performance is also important reason for measurement as incentive strategy is closely attached to performance scoring. As per given table the scoring for this objective is 39 and score of agreement is 3.9 which is very close to the agreement scale. So, as per researcher attachment of performance with incentive and thereby to motivate employees can be one of the most important objective.

8. Satisfy different stakeholders -

Performance measurement is also considered as an important factor to satisfy various stakeholders namely customer, investor, suppliers, government etc. As per the response of the respondents the scoring of the given statement is only 23, which has score of agreement of 2.3. So, the researcher can suggest that satisfaction of stakeholders can be less important objective, as the score of agreement is very near to disagree scale.

9. Control on operation, profit and growth -

Control on profit and growth can be achieved by control on operation and performance so it can be proved as an important reason for performance measurement and control. The given table reveals that score of this objective is 33 and score of agreement is 3.3 which is near to neutral scale. So, as per the researcher this objective has an average importance, as this is an indirect motive of performance measurement.

10. Balance of opportunities and management attention -

Performance measurement can keep pace of management attention with opportunities given by the market. Here in the given table score for this objective is 21 which means score of agreement is 2.1, which can be considered as the disagreement score. So, one can conclude that respondents don't believe that balance of opportunities and management attention is an important reason for performance measurement.

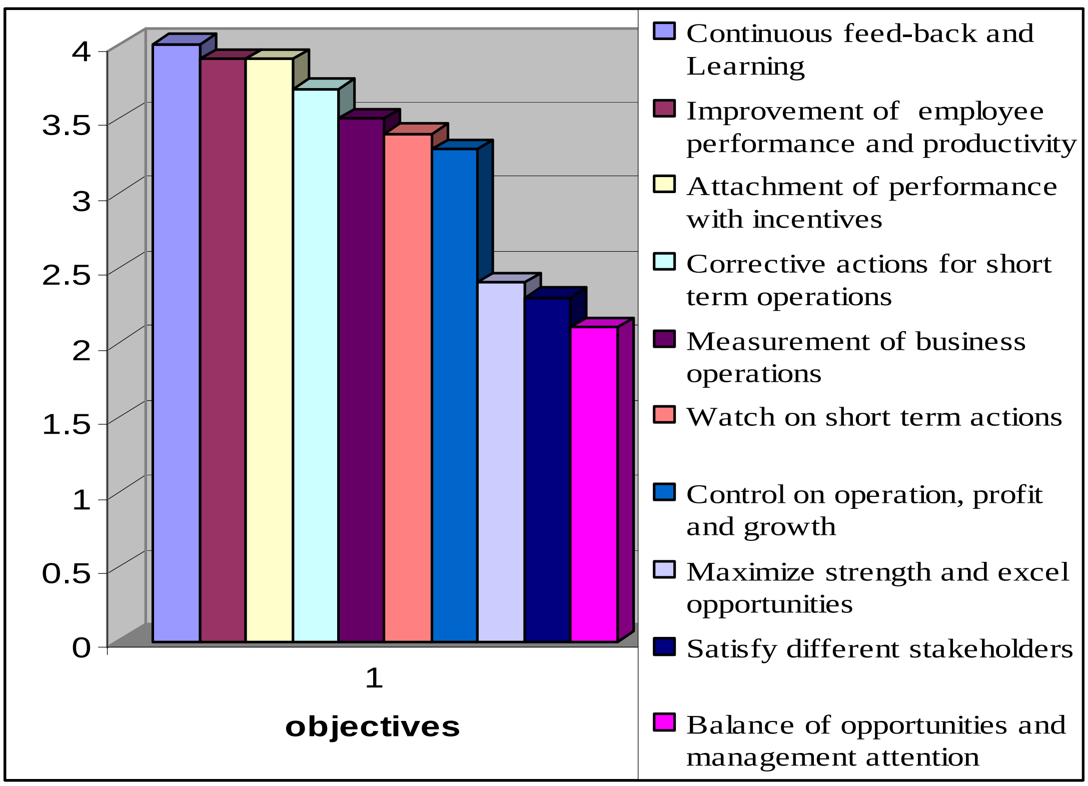
The above table presents the information about various objectives of performance measurement and control system. The respondents have given their view on objectives which they consider for measurement of performance. As per the score and score of agreement, importance of each objective can be determined. The following is the table which shows ranks of each objective as per the importance given by the respondents.

Table – 4.3 – objectives of performance measurement in an order of their importance.

Ranks	Objectives	Score of agreement
1.	Continuous feed-back and Learning	4
2.	Improvement of employee performance and productivity	3.9
3.	Attachment of performance with incentives	3.9
4.	Corrective actions for short term operations	3.7
5.	Measurement of business operations	3.5
6.	Watch on short term actions	3.4
7.	Control on operation, profit and growth	3.3
8.	Maximize strength and excel opportunities	2.4
9.	Satisfy different stakeholders	2.3
10.	Balance of opportunities and management attention	2.1

The following chart gives the graphical presentation of the important objectives of the performance measurement tools in the descending order. As per the given graph it can be said that continuous feed back and learning has been ranked as the most important objective of performance measurement and control with 4 score of agreement. On the other hand respondent also believe that improvement of employee performance- productivity and attachment of performance with incentives are also important objective with 3.9 score and 2nd rank. Corrective actions for short term operation is carrying 3rd rank in the order of importance having 3.7 score. Respondents believe that Measurement of business operations, watch on short term actions, and control on operation- profit-growth are average important objectives of performance measurement and control system with 5th, 6th and 7th rank respectively.

Graph 4.1 – Objectives of performance measurement and control system



On the other hand, the respondent are disagree to consider maximization of strength, satisfaction to stakeholders and balancing of opportunities -management attention as important objectives of performance measurement as their score is near to 2, i.e. disagreement scale and they are having bottom rank in the order of importance. Thus it can be concluded that feed back- learning, improvement of employee performance and incentive strategy are mostly the basic reason behind performance measurement and control system.

[C]– Analysis of data about Adoption of Balanced Scorecard

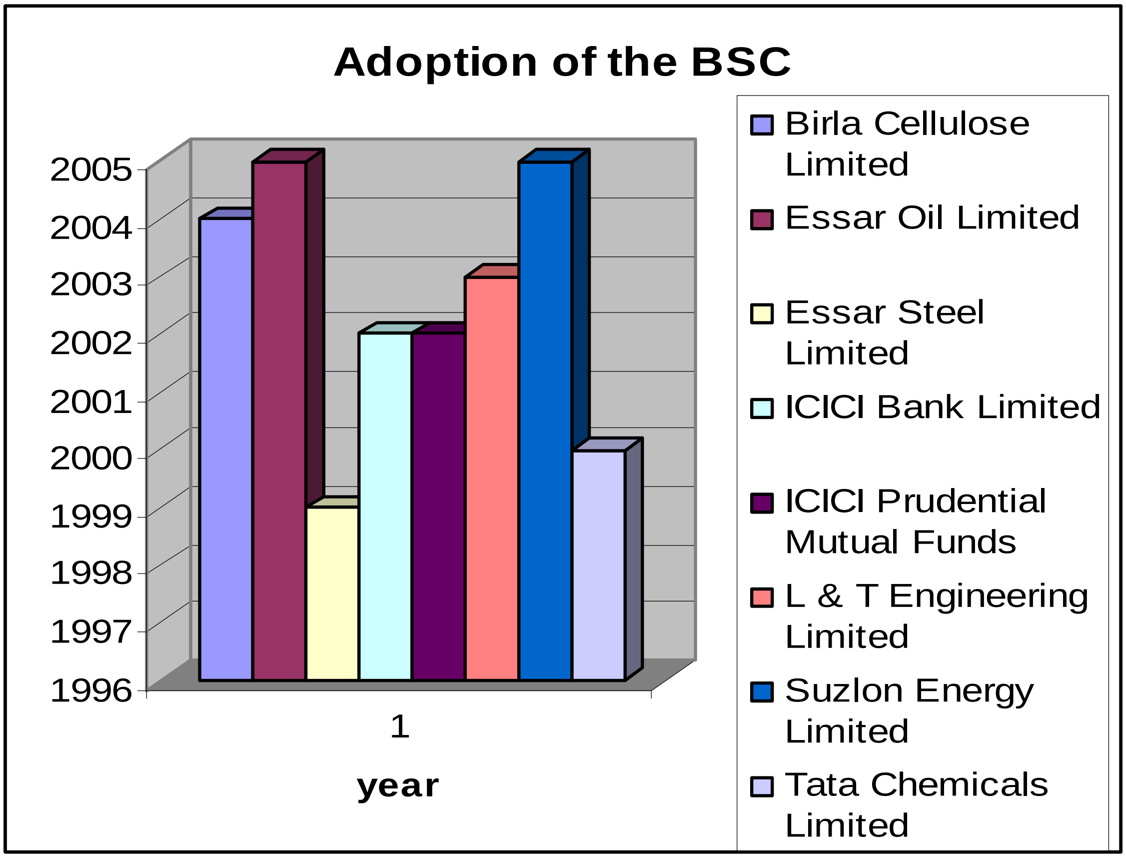
The balanced scorecard has long back history, but it came into lime light when Harvard's Robert Kaplan and David Norton introduce the tool on the BSC in structured manner in 90's. In USA and UK many companies are implementing the tool but for Indian corporate firms still the BSC in inception stage. In India Tata Motors and Infosys were the pioneers in the implementation of the BSC. The following table highlights the details of the year when the sample business units implemented the BSC as a tool of performance measurement and strategy implementation.

Table 4.4 – Adoption of the balanced scorecard

Sr. No.	Name of the Company	year
1.	Birla Cellulose Limited	2004
2.	Essar Oil Limited	2005
3.	Essar Steel Limited	1999
4.	ICICI Bank Limited	2002
5.	ICICI Prudential Mutual Funds	2002
6.	L & T Engineering Limited	2003
7.	Suzlon Energy Limited	2005
8.	Tata Chemicals Limited	2000

The given table reveals the year from which the companies have adopted balanced scorecard in their organization as a tool of performance measurement.

Graph – 4.2 – Adoption of BSC (years)



As per the above table and chart the researcher can conclude that out of the given 8 companies Essar Steel was the first company to implement the balanced scorecard for performance measurement that was in 1999. Tata Chemicals Limited is also early adopter which has implemented the balanced scorecard in 2000. While in 2002, ICICI Bank Ltd. And ICICI Prudential Mutual Funds have implemented the tool in their organizations. L& T Engineering and Birla cellulose ltd have implemented the balanced scorecard in the year 2003 and 2004 respectively. While Suzlon Energy and Essar Oil Limited are the late adopters which have implemented the tool recently i.e. in 2005.

[D] – Analysis of data for time required to implement the Balanced Scorecard

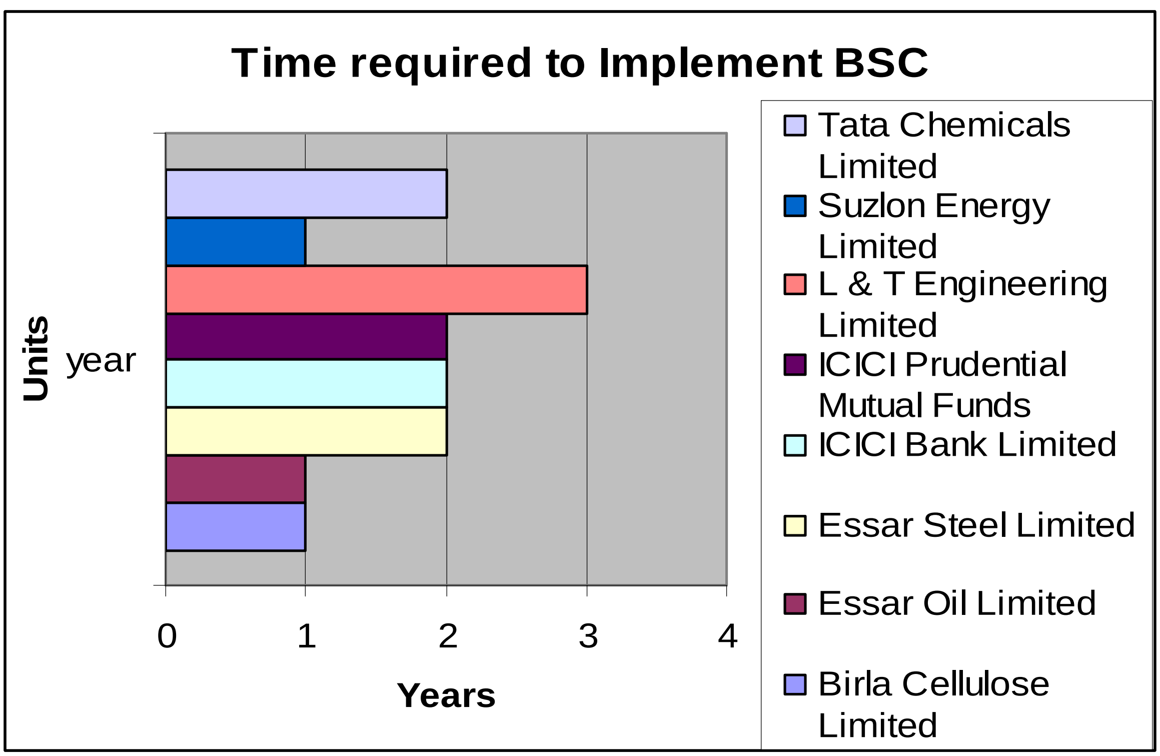
The Balanced Scorecard is not only performance measurement system but it is a complete performance management and strategy implementation system. So, implementation of the BSC is not done within few weeks or months, as it requires complete change management through out the organization. In the initial stage it is implemented at a particular division and level. After pilot testing it takes time of go for full fledge implementation. The below given table analyses the time taken by each sample unit to implement the tool at full fledge level.

Table 4.5 – Time period to implement the Balanced Scorecard at full fledge level

Sr. No.	Name of the Company	Year
1.	Birla Cellulose Limited	1
2.	Essar Oil Limited	1
3.	Essar Steel Limited	2
4.	ICICI Bank Limited	2
5.	ICICI Prudential Mutual Funds	2
6.	L & T Engineering Limited	2-3
7.	Suzlon Energy Limited	1
8.	Tata Chemicals Limited	1-2

The above table highlights the time period required by the each firm to implement the Balanced Scorecard at full fledge level. Time taken by each firm for establishment to the Balanced Scorecard system depends on some factors. Birla Cellulose Limited, Essar Oil Limited and Suzlon Energy Limited have taken almost 1 year for full fledge implementation of the Balanced Scorecard. While Tata Chemicals limited has required more than a year for systematic adoption of the Balanced Scorecard. Essar Steel Limited, ICICI Bank Limited, and ICICI Prudential Mutual Funds have required 2 years time to establish the scientific system of performance measurement from top to bottom. Compared to these units, L & T Engineering Limited has taken more than 2 years for implementation and adjustment process.

Graph 4.3 – Time required by sampled units to implement the BSC



The above chart shows graphical presentation about the time required by each unit to implement the BSC in their organizations. Thus, the researcher can conclude that the implementation of the Balanced Scorecard requires long time period depending upon the size of the organization, operations, employees and employers support etc. Generally it requires 1-2 years for full fledge implementation, as it is a change process.

[E]– Data Analysis for Motives of the Balanced Scorecard

The concept and logic of the Balanced Scorecard is not new, what is new is its easy to understand design and a more formalized process of performance management and linking strategy with performance measures and outcomes. Further the Balanced Scorecard is a simple device to perform performance management aspects of strategic planning process. The originally the Balanced Scorecard was designed as a diagnostic and control system incorporating non-financial indicators. However companies implementing the Balanced Scorecard started using it to understand, communicate, and implement strategy at all levels of the organization, which made the BSC a tool of communicating strategy by a large number of managers about strategies. A large number of companies in the USA and a few companies in India have implemented the Balanced Scorecard with various motives. The researcher has framed a question which answers that with which objectives the sample units are using the BSC. The question contained 5 agreement scale which are presented in the below given table.

Table 4.6- Motives of the Balanced Scorecard

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	To evaluate performance feed back and learning.	6	2				38	4.22
2.	To link financial and non-financial performance measures	3	3	2			33	3.66
3.	To translate strategy into operational terms.	5	3				37	4.11
4.	To communicate and clarify strategy at all levels	3	2	2	1		31	3.44
5.	To balance leading and lagging indicators	3	2	1	1		29	3.22
6.	To link performance with incentives	2	2	2	1	1	27	3
7.	To investigate impact of non-financial measures	4	2	2			34	3.77
8.	To facilitate benchmarking strategies	1	1	2	2		21	2.33
9.	To initiate change in the organization	1	1	1	2		19	2.11
10.	Total / Average	28	18	12	7	1	263/2.92	29.86/ 3.32

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

1. Evaluation of performance, feed back and learning

BSC primarily aims to evaluate performance of the individual and the organization, which leads to feed back and learning for the future course of actions. 6 respondents out of 8 are strongly agreed with the given statement. The score of this motive is 38 while the score of agreement is 4.22 which is coming between agree and strongly agree scale. So, evaluation of performance and thereby feed back and learning can be considered as a strong motivating factor for the implementation of the BSC.

2. Link financial and non- financial performance measures

Unlike traditional measurement system, the BSC links financial measures like profit, ROI, etc with non-financial indicators like customer satisfaction, organization growth etc. The score for this motive is 33 with 3.66 score of agreement. As the score of agreement is coming between agreement and neutral scale, it can be concluded that linking financial and non-financial performance measures is also an important motive to establish the system of BSC.

3. Translate strategy into action

Corporate firms implement the BSC to translate strategy into operational terms, and this can be another primary aim of the BSC. For this motive the total score is 37, on the other hand the score of agreement is 4.11. Thus, it can be said that respondents believe the translation of strategy into action as a powerful motive for the use of the BSC in their units, as the score of agreement is coming under agreement scale.

4. Communicate and Clarify strategy at all levels

After translation of strategy in operational terms, the BSC communicate strategy to all the managers at all levels. As per the given table the total score for this motive is 31 and score of agreement is 3.44, which is coming between agreement and neutral scale. So, the researcher can conclude that communication of strategy at all levels is an above average motive to implement the BSC in the organization.

5. Balancing leading and legging indicators

The BSC balance both leading and lagging indicator to manage the system of the performance management. For this motive the total score is 29 while the score of agreement is 3.22. As the score of agreement is near to the neutral scale, it can be concluded that the respondent believe that this is an average motive of the use of the BSC.

6. Link performance with the incentives

The BSC scientifically measure the performance and thereby facilitates to attach performance with the incentive system, which can be an important motive of BSC. But the score for this motive is 27 and the score of the agreement is 3 which is a neutral scale. So, it can be said that respondents have given neutral response for this statement which carries less importance as a motive to use the BSC.

7. Investigate impact of non-financial measures

The BSC examines the impact of non-financial measures on the financial measure and overall firm's performance. The total score of this motive is 34 and the score of agreement is 3.77. As this score is coming very near to the agreement scale, it can be considered as an important motive for the use and implementation of the BSC in the organization.

8. Facilitate benchmarking strategies

The BSC also facilitate benchmarking strategies, which can be one of the motives for the use of the BSC. This motive has 21 score with 2.33 score of agreement. Thus, this score is coming between neutral and disagreement scale. So, the researcher can conclude that respondents are disagree with the given motive. So facilitating benchmarking strategies is considered as less important motive for the BSC.

9. Initiate change in the organization

The BSC is also a tool of change management, which initiates change in the organization. The total score of this motive is 19 and the score of agreement is 2.11. As this score is coming near to disagreement scale, this motive is considered as less important. Thus, as per the given response this factor is not motivating factor for the BSC users.

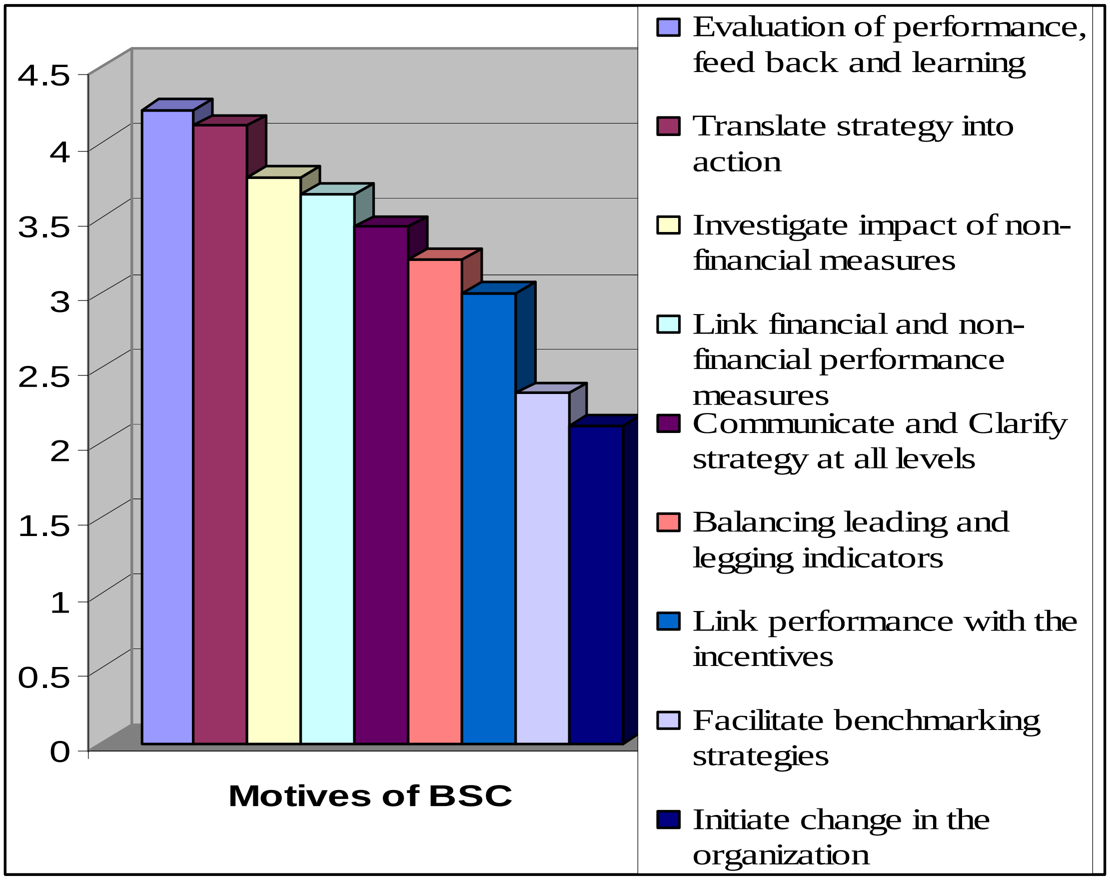
The given table as well as graph highlights the information about the various motives of the BSC. Corporate firms implement the BSC with various motives, depending upon their needs and requirements. As per the response of the respondents the following is the list of motives of the BSC as per the priority of the units. As per the given table evaluation of performance, feed back –learning carries 4.22 score which is more than agreement score and carries 1st rank, so it can be considered as the most motivating factor for the implementation of the BSC in the corporate firms.

Table 4.7 – Motives of BSC in descending order as per priority given by the respondents

Ranks	Motives of the BSC	Score of agreement
1.	Evaluation of performance, feed back and learning	4.22
2.	Translate strategy into action	4.11
3.	Investigate impact of non-financial measures	3.77
4.	Link financial and non- financial performance measures	3.66
5.	Communicate and Clarify strategy at all levels	3..44
6.	Balancing leading and legging indicators	3.22
7.	Link performance with the incentives	3
8.	Facilitate benchmarking strategies	2.33
9.	Initiate change in the organization	2.11

Another strong motive for the use of BSC is translation of strategy into operational terms which has 2nd rank with 4.11 score of agreement. While investigation of impact of non- financial measure and linking financial and non-financial measure both are considered as important factors to motivate BSC user which are carrying 3.77 and 3.66 score and 3rd & 4th rank respectively. BSC users are less motivated by the factors like balancing leading and lagging indicators, communicating strategy at all levels and linking performance with the incentives, as having scales near to neutral scale. On the other hand there are three motives which have less effect on the scorecard users namely facilitate

Graph 4.4 - Motives of the BSC



benchmarking strategies and initiate change, which are coming in the disagreement scale and are in the bottom in the order of importance of the objectives. So, they can't be considered motivating factor for the use of the BSC. So, the researcher can conclude that units basically use the BSC for performance evaluation, feed back and strategy translation into operational terms.

[F] – Data analysis on Various Perspectives of the BSC

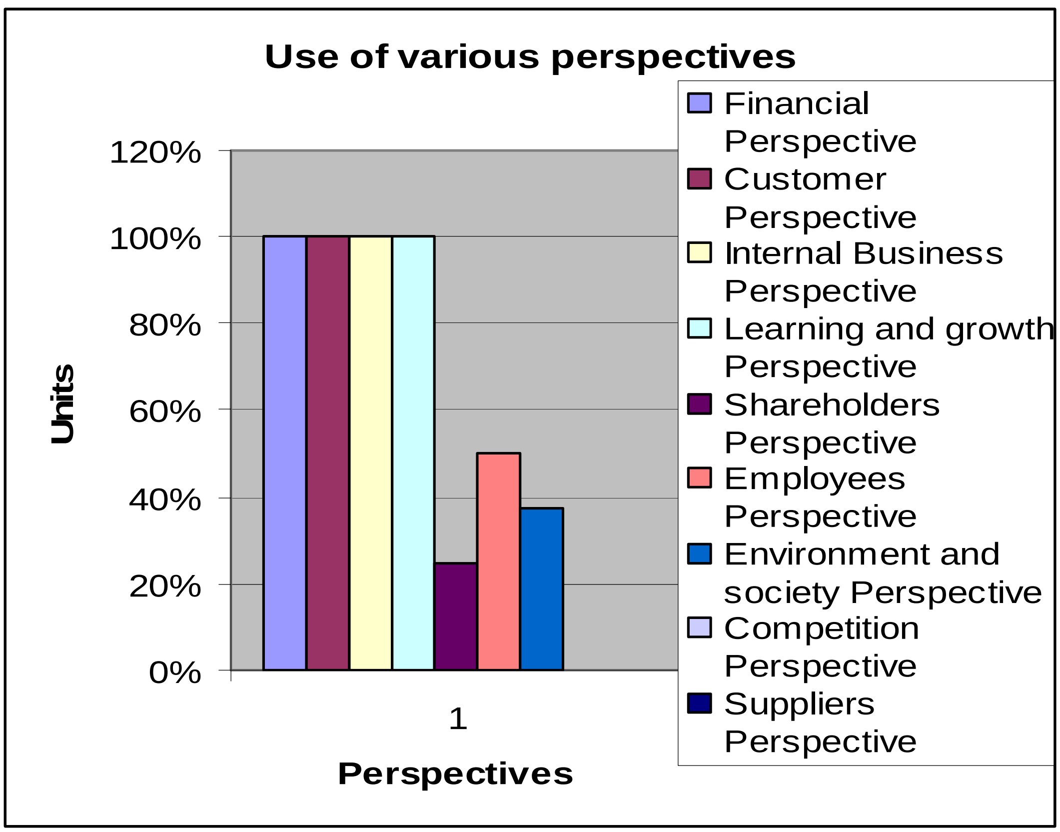
The balanced scorecard retains traditional financial measures with perfect balance of non financial measures. It considers financial measures as achievement of short term goals and non financial measures as achievement of long term goals. The current model of the balanced as conceived by Kaplan and Norton looks at organizational performance from four perspectives namely financial, customer, internal business and learning-growth perspective and requires to developing measures for all these perspectives. But apart from original four perspectives, expert and consultants have developed few other perspectives namely shareholders, competitors, environment-society, supplier, employees perspectives etc. The researcher has framed the question containing options of various perspectives. The following is the table which shows the use and familiarity of various perspectives.

Table 4.8 – Perspectives of the Balanced Scorecard

Sr. no.	Perspectives	No. of respondents	Percentage (%)
1.	Financial Perspective	8	100%
2.	Customer Perspective	8	100%
3.	Internal Business Perspective	8	100%
4.	Learning and growth Perspective	8	100%
5.	Shareholders Perspective	2	25%
6.	Employees Perspective	4	50%
7.	Environment and society Perspective	3	37.5%
8.	Competition Perspective	-	-
9.	Suppliers Perspective	-	-

The above chart reveals the use of various perspectives by the corporate firms. The basic perspectives namely financial perspective, customer perspective, internal business perspective and learning-growth perspective are used by all the 8 firms, so the percentage of firms using these four perspectives is 100. On the other hand few firms have given positive response for newly developed perspectives also. As shareholders perspective is used by 2 firms while environment-society perspectives are used by 37.5% firms. While 50% of the firms are using employees perspectives. But, competition perspective and supplier perspective are not used by any firm.

Graph 4.5 – Use of various perspectives of the BSC



Thus, it can be concluded that the basic four perspectives are more famous than others. As the above graph reveals the same that the basic four perspectives are used by 100% of the unit. But firms are adding their own perspective apart from these four perspectives, in which employees' perspective is more successful as 50% of units are using it.

[G]– Data Analysis Reporting schedules

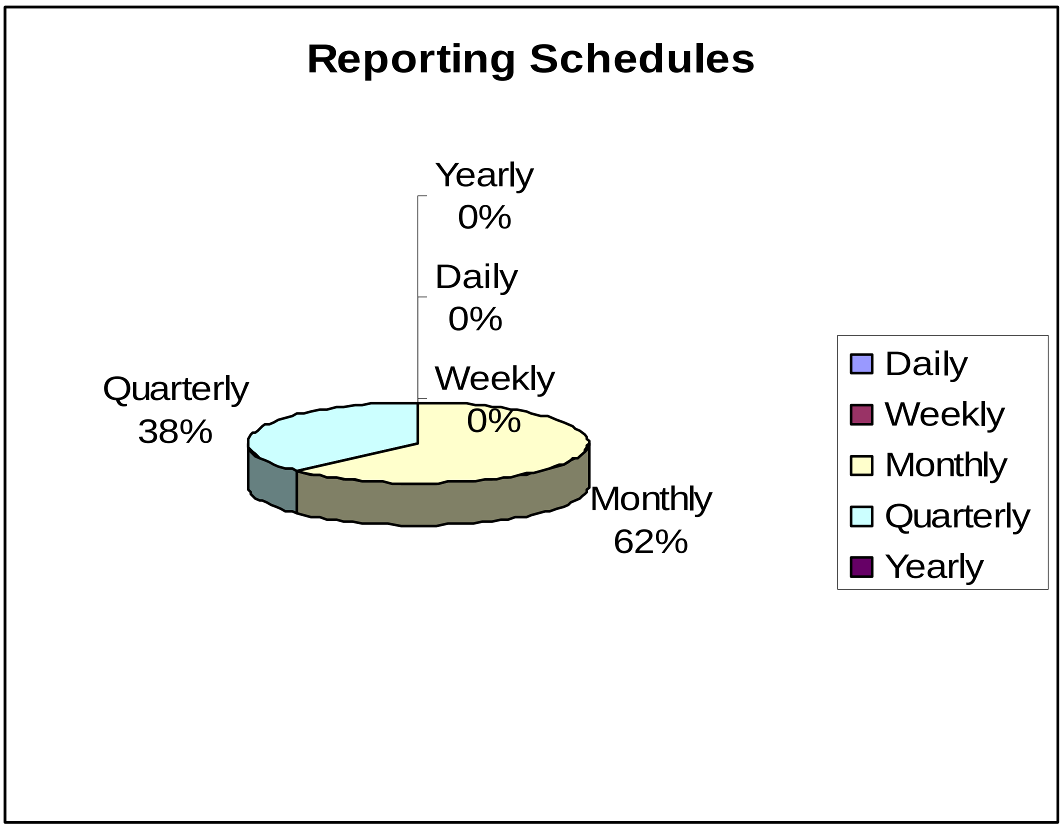
The Balanced Scorecard is considered as the scientific performance measurement and control system. It aims to facilitate feed back and thereby to manage learning process of the unit. So, the basic pre-requisite is communication of performance details. In the initial state expected performance targets are given to the employees, and after an interval it requires balancing act. So, Actual performance details must be communicated to the top management at right time, so that management can take corrective actions and feed back earlier. Due to this reason, reporting carries undue importance in the system of the BSC. The various BSC users meet regularly to discuss the progress and balance in performance. Firm develop its own reporting system to facilitate easy and smooth implementation of the BSC. The following is the table which shows the reporting pattern of the respondent's firms.

In the below given table the researcher has given various options of reporting schedule to facilitate implementation of the BSC, namely daily, weekly, monthly, quarterly and yearly. But out of the given schedules the most famous reporting schedules are monthly and quarterly, as out of the given respondents 62.5% of respondents are using monthly reporting schedules, while 37.5% of the respondents are using quarterly reporting schedule.

Table 4.9 – Reporting schedules

Sr. no.	Particulars	No. of respondents	Percentage (%)
1.	Daily	-	-
2.	Weekly	-	-
3.	Monthly	5	62.5
4.	Quarterly	3	37.5
5.	Yearly	-	-

Graph 4.6 – Reporting schedules for BSC feedback



Further as per the graphical presentation in the above chart it can be concluded that daily and weekly reporting is less used, it may be due to more frequent reporting. While corporate firms avoid yearly reporting as it has too long time gap. Thus, monthly reporting is the most famous reporting schedule, followed by quarterly schedule. In reality most of the firms are using both the schedules.

[H] – Key Performance Indicators

Key Performance Indicators are the set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. Also referred to as "key success indicators (KSI)". Whatever Key Performance Indicators are selected, they must reflect the organization's goals, they must be key to its success, and they must be quantifiable (measurable). Key Performance Indicators usually are long-term considerations. The definition of what they are and how they are measured do not change often.

Key Performance Indicators under financial Perspectives

The BSC gives equal importance to financial objectives. The financial perspective aligns the financial objectives of the unit with overall business strategy. The financial measures on non-financial measures for providing bottom line score. Financial objectives represent the long term goal of the organization which is to provide superior returns on the capital invested in the unit. The below given table shows KPIs under financial perspective with 5 points scorings given by the respondents as per their priority and favor for each KPI.

Table 4.10 - Key Performance Indicators under financial Perspectives

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Rate of profitability is an important indicator	1	2	2	3		25	3.12
2.	EVA is an improved indicator	4	2	2			34	4.25
3.	ROI shows financial growth over a time	5	3				32	4
4.	Cash flow ROI shows real financial performance	6	2				38	4.75
5.	Day's Working capital shows financial efficiency	1	2	2	3		25	3.12
6.	Growth in tangible assets shows financial growth	2	3	2	1		30	3.75
7.	Return on shareholder's equity is important indicator		2	3	3		23	2.87
8.	Current ratio is an important indicator	2	2	2	2		28	3.5
9.	Total/ Average	21	18	13	12		240/3	29.36/ 3.67

Total Score = score of the statement * Scale

$$\textbf{Score of agreement} = \frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$$

1. Rate of profitability

Profitability rate is considered as one of the oldest indicators of financial of profitability is 25 while the score of agreement is 3.12, which is coming near to neutral scale. So the researcher can consider rate of profitability as an average important KPI. In the other words it can be said that the respondents don't favor rate of profitability as a significant KPI.

2. EVA (Economic Value Addition)

EVA is considered as an improved concept over traditional profit measurement. EVA gives the real value added by the operation in terms of finance. As per the given table the respondents believe that EVA is a significant performance indicator as score for EVA is 34 and the score of agreement is 4.25, which is above the agreement scale. So, the researcher can conclude that respondents prefer EVA as an indicator for financial performance.

3. Returns on Investment

ROI gives the idea about the utilization of the funds in the given area by comparing its return with the actual investment. ROI is also considers as a vital performance indicator for the business units. As the below given table shows that the score for this indicator is 32 with 4 score of agreement, which is perfectly in the agreement scale. So, the researcher regards ROI as one of the important performance indicator used by the sample corporate units.

4. Cash flow ROI

Traditional ROI gives the financial performance detail in terms of accounting figure while cash flow ROI gives the actual return on investment on the basis of cash transactions which gives the real financial picture of the organization. This is the reason why Cash flow ROI is favoured by the most of the corporate units as a key performance indicator. The score of agreement is 4.75 which is considered as near to the strongly agree scale. So, it can be concluded that for the respondents Cash flow ROI is the most favoured KPI.

5. Day's Working capital

Working capital used by the corporate firms shows the efficiency of the organization to use its funds optimally. With the use of minimum Working capital the units can excel return on long term investment. But, the respondents' shows neutral attitude towards considering Day's Working capital as a KPI. As, the score of agreement for this KPI is 3.12, it is considered in the neutral scale. So, the researcher believes Day's Working capital as a KPI with average importance.

6. Growth in tangible assets

Growth in tangible assets shows the financial growth, so it can be considered as a noteworthy performance indicator. The below given table shows that the score of agreement for Growth in tangible assets is 3.75, which is in between neutral and agreement scale. So, the researcher can conclude that respondents consider Growth in tangible assets as one of the significant KPI.

7. Return on shareholder's equity

The financial value addition to shareholders in terms of return on shareholder's equity shows efficiency of the firm to use the shareholder's fund, which can be a vital KPI. But the table gave below shows negative attitude of the respondents towards Return on shareholder's equity. The score of agreement for given KPI is only 2.87, which is coming below to the neutral scale. So, the researcher regard Return on shareholder's equity as less favoured KPI by the sample units.

8. Current ratio

Current ratio gives comparative figure in terms of current assets and liabilities. The respondents have shown average favour for the use of Current ratio as vital performance indicator. The table shows the result of Current ratio is 3.5, which is coming between neutral and agreement scale. Thus, the researcher considers Current ratio as average important KPI.

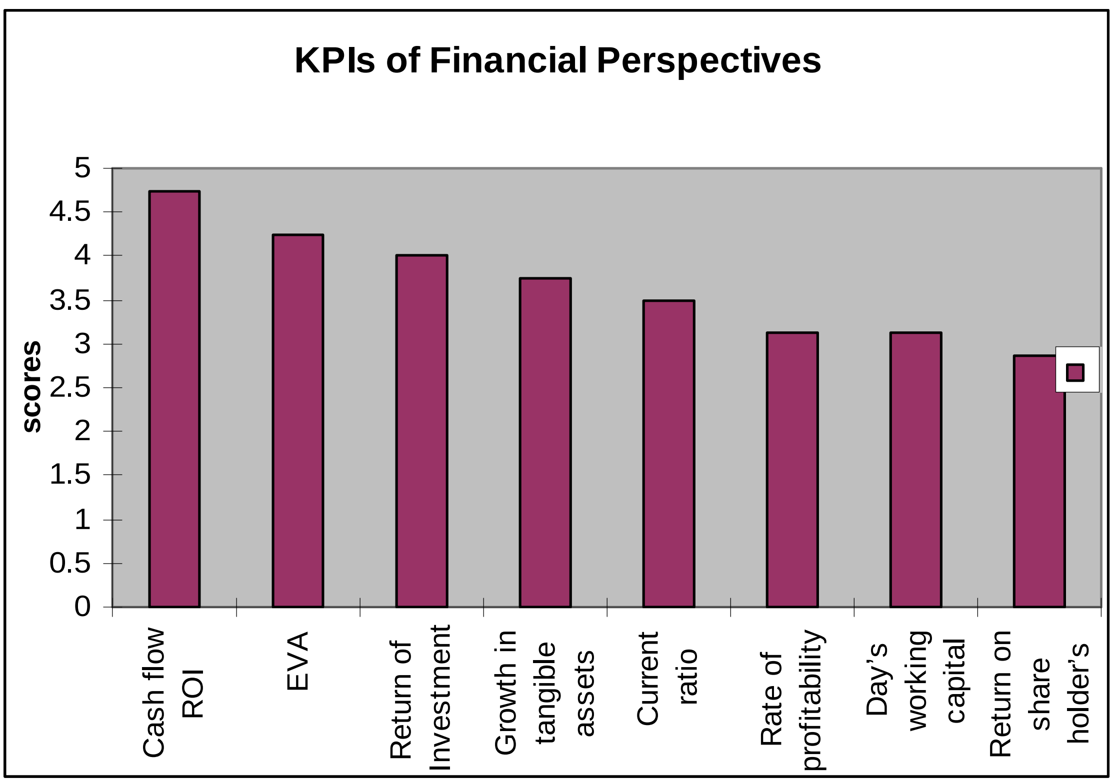
The following table shows the order of important KPI which are favoured by the respondents for financial perspective. The ranks are given to the various KPI under financial perspective as per their importance and favour given by the respondents. Cash flow ROI is on the top of the order with 4.75 score, which shows that it is the most favoured KPI of the respondents. The 2nd rank is carried by EVA with 4.25 score which also highlights the importance of EVA as KPI. ROI is also considered as one of the most favoured KPI with 3rd rank and 4 score of agreement. Growth in tangible assets carries 4th rank with 3.75 score, and it can also be considered as an important performance indicator.

Table 4.11 - KPIs under financial perspective

in descending order as per priority given by the respondents

Sr. no.	KPIs under Financial Perspectives	Score of agreement
1.	Cash flow ROI	4.75
2.	EVA	4.25
3.	Return of Investment	4
4.	Growth in tangible assets	3.75
5.	Current ratio	3.5
6.	Rate of profitability	3.12
7.	Day's working capital	3.12
8.	Return on share holder's equity	2.87

Graph 4.7 – KPIs under Financial Perspective



Current ratio has 3.5 score which highlight that respondents have average favour for this KPI. Rate of profitability and days of working capital are coming in the neutral scale with 3.12 score. So they can be considered as less important KPI by the respondents.

The above graph shows that respondents are very negative to consider return of share holder's equity as KPI as the score for this KPI is 2.87 which is below neutral scale. To clarify the vision the above graph represent to Descending order of the KPIs under the financial perspective. Thus, the researcher can conclude that return on share holder's equity is having last rank and least favoured by the sampled units, while Cash flow ROI and EVA are the most favoured KPI under financial perspective.

Key Performance Indicators under customer Perspective

Key performance indicators under customer perspective basically measures achievement of goals in terms of customer matters. KPIs under customer perspective may vary as per type of industry, firm, product, policy, market etc. The customer objectives can be customer satisfaction, customer retention, market share, customer profitability, loyalty and acquisition. As, per objectives of the organization, KPIs should be determined. The below given table summarizes the information on selection and importance of few general/common KPIs under customer perspective by the respondents.

1. **Quality of product**

   Quality is one of the important KPI for customer perspective as quality is a strong motivating factor for customer. Quality measures the defect level of products in terms of perception and measurement of

Table 4.12 – Key Performance Indicators under Customer Perspectives

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Quality of product is very important to satisfy customers	5	3				37	4.62
2.	Lead time of existing & new products affects customers	2	2	3	1		29	3.62
3.	Cost of product matters for repeat purchase	4	3	1			35	4.37
4.	Performance of the product affect repeat purchase	6	2				38	4.75
5.	Customer suggestions lead to product improvement	1	2	2	3		25	3.12
6.	Brand image and reputation affects customer satisfaction	2	2	3	1		29	3.62
7.	After sales service is also important for customer satisfaction	1	1	3	3		24	3
8.	On-time delivery is also attached to customer satisfaction	4	2	2			34	4.25
	Total/ Average	25	17	14	8		251/3.13	27.35/ 3.41

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

customers. 5 respondents out of 8 believe quality of product as an important tool for customer satisfaction. The total score for this KPI is 37 while score of agreement is 4.62. Thus, score of agreement is coming between strongly agree and agree scale. So, it can be concluded that

quality of product is considered as one of the strongest KPI for business units to achieve customer objectives.

2. **Lead time of existing & new products**

The existing product's lead time measures the time that company requires to reach to its customer after order, while for new product it is a time taken by the new product to reach in the market as per customer expectations. Here the given table reveals that the score of agreement for lead time as the KPI is 3.62, which is above the neutral scale and near to the agreement scale. So, the researcher can say that lead time of existing and new product is considered by the sampled units as an important KPI under the customer perspective.

3. **Cost of product**

Any business unit must remain sensitive to the cost of product, as cost of product is a key motivating factor for customer purchase. And customer measure value of product against its price with performance. Cost of product carries total 35 scores while the score of agreement is 4.37. As score of agreement is seems to be above agreement scale i.e. 4, the researcher can conclude that respondents are agree to consider cost of a product as a successful KPI.

4. Performance of the product

Performance of the product is core factor which affects customer satisfaction and loyalty. So, it can be one of the important performance indicators for the business units. The given table reveals that total score for this KPI is 38 and score of agreement is 4.75. Score of agreement is quite near to the strongly agree scale. So, it can be concluded that performance of the product is inevitable performance indicator for any type of business unit.

5. Customer suggestions

Many a time customer suggestion can be proved to be an important hint of the product development. But very few respondents are agreeing with the given statement. As total score for customer suggestion is 25 and score of agreement is 3.12. So, the researcher can consider this KPI in the neutral scale. So, it can be said that the sampled units don't consider customer suggestion as an important performance indicator compared to other KPIs.

6. Brand image and Reputation

Brand image and reputation of the business unit is an intangible value of the product that may affect customer satisfaction and loyalty. But the respondents have given neutral approach for brand image – reputation as KPI. The total score for this KPI is 29 and score of agreement is 3.62. So, the researcher can consider the score between agreement and neutral scale. Thus, brand image and reputation can have average importance as KPI.

7. After sales service

After sale services may affect customer loyalty and satisfaction in few products. But, respondents are not agree to consider after sales services as an important indicator. As the table reveals data on the same, the total score for after sales service is 24, with 3 score of agreement. Thus, this score is coming under the scale of neutral. So, after sales services is considered as an average performance indicator.

8. On-time delivery

Time factor is one of the important one for customer reach, which can be considered as an important performance indicator. The total score for on time delivery is 34 while the score of agreement is 4.25. The score of agreement is above the agreement scale. So, the researcher considers on time deliver as one of the important performance indicator to measure customer perspective.

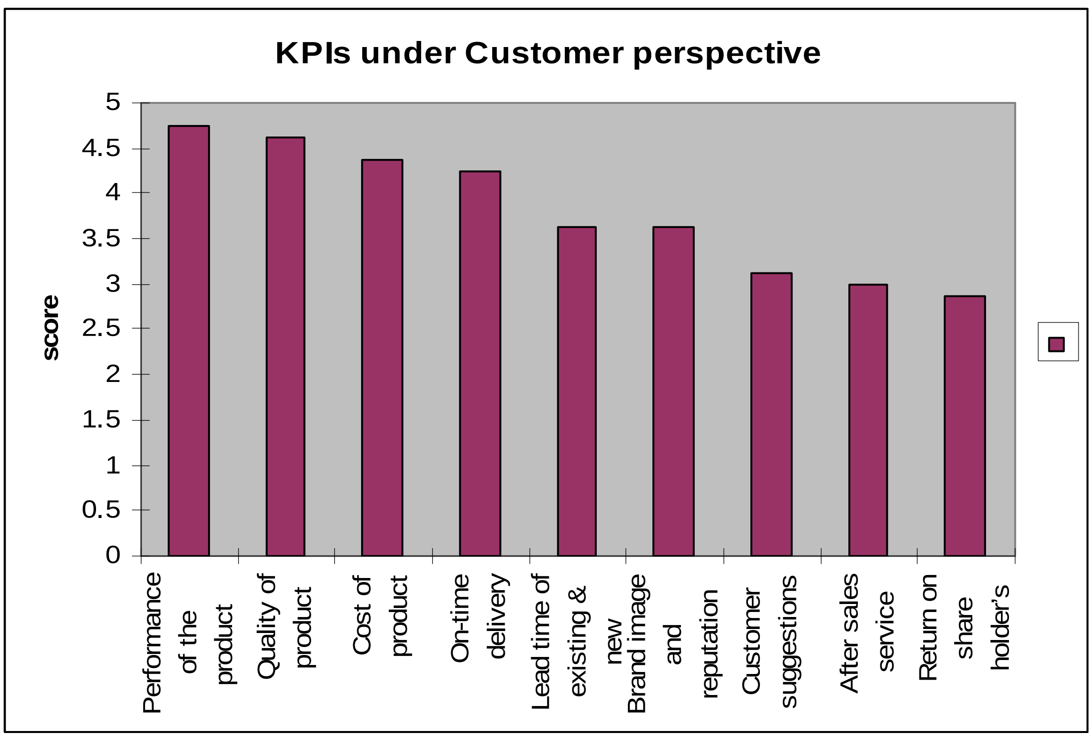
Key performance indicator under customer perspective helps a business define and measure progress toward its customer satisfaction and loyalty goals. The following table shows few important performance indicators as per their use and priority. In the above tables few key performance indicators are given in an order of their importance and use. As the data shows, performance of the product is considered as the most important and strong performance indicator to measure customer perspective. It carries 4.75 score which is near to strongly agree scale. While quality of product can be considered as the second best KPI, with 4.62 score of agreement.

Table 4.13 – KPIs under customer perspective

in descending order as per priority given by the respondents

Sr. no.	KPIs under Customer Perspectives	Score of agreement
1.	Performance of the product	4.75
2.	Quality of product	4.62
3.	Cost of product	4.37
4.	On-time delivery	4.25
5.	Lead time of existing & new products	3.62
6.	Brand image and reputation	3.62
7.	Customer suggestions	3.12
8.	After sales service	3

Graph 4.8 – KPIs under Customer Perspective



On the other hand costs of product and on-time delivery have proved themselves as powerful indicator as both the KPIs have above agreement scale. Thus, the researcher can consider these four KPIs very important in terms of customer perspectives. Even the graphical presentation shows the slope of the KPIs as per their importance.

Lead time for existing-new product, brand image, customer suggestion and after sales services have received less response from the respondents which carry score of agreement below the agreement scale. As per the given order of importance after sales services can be considered as least important KPI for customer perspective.

Conclusion

The new concept in the world of strategic management and performance measured was bussed by the Harvard Business Review as one of the seminal ideas of the past 75 years – but it is actually an eloquent comment on the state of strategic thinking in business today; especially in Indian business. To become competitive, Indian business has to become more strategy focused, and BSC is waking them up to the reality.

The given chapter deals with the practical aspects of the Balanced Scorecard implementation by the sampled units. It has covered mainly two perspectives of the Balanced Scorecard i.e. the financial perspective and customer perspective. It has analyzed KPIs under both the perspective, and given the mostly used or the most favoured KPIs by the sampled units. Apart from this, the chapter has analyzed few general aspects of the BSC like motives of the BSC, Perspectives of the BSC, Adoption of the BSC, Time required to implement the BSC, and reporting schedules of the BSC.

CHAPTER – 5

INTERNAL-BUSINESS-PROCESS PERSPECTIVE AND LEARNING & GROWTH PERSPECTIVE

The balanced scorecard is a ***management system*** (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.

The Balanced Scorecard is basically a methodology that defines an organization's performance measurement system or metrics based on the organization's value drivers and strategy. Value drivers include everything that enhances the organization's value - customer service, innovation, operational efficiency, financial performance, etc. Once these metrics have been defined, they are rolled up into a 'scorecard', which the company uses to measure, record, and analyze its performance and determine if it is meeting its goals.

A fully deployed Balanced Scorecard must cascade from the top levels of the company down to the lowest ranks. It goes without saying that the vision, mission, strategy, and objectives to which the Balanced Scorecard will be aligned must be set by no less than the company's top management. Without top management buy-in, any scorecard defined for the company will have difficulty getting the necessary support. It would also be a good idea to have a champion for the Balanced Scorecard within the company.

This chapter contains the analysis of data for internal-business-process perspective and learning & growth perspective. For the internal business process perspective, managers identify the processes that are critical for achieving customer and financial objectives. Companies typically develop their objectives and measures for this perspective after formulating objectives and measures for the financial and customer perspectives. This sequence enables companies to focus their internal business process metrics on those processes that will deliver the objective established for customers and shareholders.

The fourth and final perspective on the BSC develops objectives and measures to drive organizational learning and growth. The objectives established in the financial, customer, and internal-business-process perspectives identify where the organization must excel to achieve breakthrough performance. The objectives in the learning and growth perspective provide the infrastructure to enable ambitious objectives in the other three perspectives to be achieved. Objectives in the learning and growth perspective are the drivers for achieving excellent outcomes in the first three scorecard perspectives.

This chapter deals basically with the internal-business-process perspective and learning & growth perspective. It has covered analysis for the key performance indicators used by the respondents units under these two perspectives. Apart from these data, it also includes the analysis of data about the problems of the BSC, benefits of the BSC and impact of the BSC on the evaluation process and employees.

Internal- Business- Process Perspective

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants. The business process perspective deals with the company's internal business processes. Every manager within the company must have his or her own set of metrics that determine whether his or her area of responsibility is performing business to expectations set by the company's over-all Balanced Scorecard. These business metrics, which measure various aspects (efficiency, speed, quality, etc.) of how well the company's products and services are manufactured to match customer expectations, must be carefully defined by people who know the internal processes very well.

In the internal business process perspective, manager identifies the critical processes at which they must excel if they are to meet the objectives of shareholders and of targeted customer segments. Conventional performance measurement systems focus only on monitoring and improving cost, quality and time based measures of existing business processes. In contrast, the approach of the Balanced Scorecard enables the demands for internal process performance to be derived from the expectations of specific external constituencies.

In addition to the strategic management process, two kinds of business processes may be identified: a) mission-oriented processes, and b) support processes. Mission-oriented processes are the special functions of government offices, and many unique problems are encountered in these processes. The support processes are more repetitive in nature and hence easier to measure and benchmark using generic metrics.

This seeks to identify:

- How well the business is performing.
- Whether the products and services offered meet customer expectations.
- The critical processes for satisfying both customers and shareholders.
- Activities in which the firm excels?
- And in what must it excel in the future?
- The internal processes that the company must be improved if it is to achieve its objectives.

Potential goals for the internal perspective include:

- Improve core competencies
- Improvements in technology
- Streamline processes
- Manufacturing excellence
- Quality performance
- Inventory management
- Quality
- Motivated workforce

The following metrics could be used to measure success in relation to the internal perspective:

- Efficiency improvements
- Reduction in unit costs
- Reduced waste
- Improvements in morale

- Increase in capacity utilization
- Increased productivity
- % defective output
- Amount of recycled waste
- Amount of reworking

Learning and growth perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, ***people*** **--** the only repository of knowledge **-** are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Government agencies often find themselves unable to hire new technical workers, and at the same time there is a decline in training of existing employees. This is a leading indicator of 'brain drain' that must be reversed. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, *learning and growth constitute the essential foundation for success of any knowledge-worker organization.*

Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed. It also includes technological tools; what the Baldrige criteria call "high performance work systems."

Ultimately the ability to meet ambitious targets for financial, customer and internal business process objectives depends on the organizational capabilities for learning and growth. The enablers for learning and growth come primarily from three sources; employees, systems and organizational alignment. Strategies for superior performance will generally require significant investments in people, systems and processes that build organizational capabilities. Consequently, objectives and measures for these enablers of superior performance in the future should be an integral part of any organization’s Balanced Scorecard. A core group of three employee based measures-satisfaction, productivity and retention- provide outcome measure from investment in employees, system and organizational alignment.

The 'learning and growth' perspective pertains to the development of the human resources of the company, and includes the following: 1) personnel training and improvement; 2) cultivation of corporate culture; 3) organizational development, including the nurturing of corporate experts, gurus, and mentors; 4) setting up of fast and efficient knowledge transfer infrastructure; and 5) opening up of communication lines among personnel. This perspective supports the concept that people are a company's main resource and most valuable asset, so metrics defined for this perspective must measure various aspects of employee improvement, growth, and satisfaction.

This perspective is concerned with issues such as:

- Can we continue to improve and create value?
- In which areas must the organization improve?
- How can the company continue to improve and create value in the future?
- What should it be doing to make this happen?

Potential goals for the innovation and learning perspective include*:*

- New product development
- Continuous improvement
- Technological leadership
- HR development
- Product diversification

The following metrics could be used to measure success in relation to the innovation and learning *perspective:*

- Number of new products
- % sales from new products
- Amount of training
- Number of strategic skills learned.
- Value of new product in sales
- R&D as % of sales
- Number of employee suggestions.
- Extent of employee empowerment

ANALYSIS OF DATA

[A]Key Performance Indicators under Internal Business Perspective

Key performance indicators under internal business process basically measures achievement of goals in terms of internal business strengths and weaknesses. The internal measures for the business should stem from the business processes that have the greatest impact on customer satisfaction, factors that cycle time, quality, employee skill, productivity etc. Company should measure their core competencies.

Table 5.1 - Key Performance Indicators under internal business Perspectives

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Operational cycle time affects lead time	4	4				36	3.6
2.	Economy in cost of operation leads to competitive advantage	5	3				37	3.7
3.	Quality of product from production to distribution is very important	8	8				40	4
4.	New product development satisfies latent needs of the customer	2	4	2			32	3.2
5.	Training and development affects quality of manpower and culture	7	1				39	3.9
6.	Rates of scrap and wastage shows operational efficiency	3	3	2			33	3.3
7.	Distribution network affects lead-time and customer reach	4	3	1			35	3.5
8.	Cost of a product is an important measurement.	5	2	1			36	3.6
9.	Ratio of skilled employees to total employees determines the quality of manpower.	1	2	2	3		25	2.5
10.	Percentage of component outsourced is one of the important indicator to judge strength of unit	1	1	2	2	2	21	2.1
	Total/average	200	124	30	10	2	366/ 3.66	33.4/ 3.34

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

KPI should be determined in such a way which measure core competencies of the company. The given table highlights the use of various Key performance indicators by the sampled units. It has given the data in terms of 5 point scaling which shows the attitude of the respondent firms towards the KPIs under internal-business-process perspective.

1. **Operational cycle time**

   It includes time taken to convert raw-material into finished products. Operational cycle time measures the efficiency of the production department and it affects lead time. The given table reveals that total score for operational cycle time as a KPI is 36 and score of agreement is 3.6. It means the score is above the neutral scale and it is near to agreement scale. So, the researcher can conclude that sampled units believe operational time as an important KPI.

2. **Cost of operation**

   Cost of operation directly affects the market through cost of product. So, due to this reason cost of operation is considered as one of the important performance indicator to measure efficiency of internal business. The score given in the table for this KPI is 37 and score of agreement is 3.7. The score is near to the agreement scale, it is considered as one of the good performance indicator to measure effectiveness of the business unit.

3. **Quality of product**

   As in case of customer perspective quality of product is considered the most important KPI, in case of internal business perspective also quality is one of the strongest indicators to measure internal strength. All the sampled units are strongly agree to consider quality of product as the best indicator. The score of agreement is 4, i.e.

in agreement score. So, one can conclude that quality factor matters more in case of KPI.

4. New product development

New product development measures the capacity of the business units to satisfy its customer by providing wide range of new products with novelty. In this competitive market it may be powerful indicator to measure strength of the unit. The above table shows total 32 scores and 3.2 score of agreement for the given KPI. That means the researcher can consider the score near to the neutral scale. So it can be considered as KPI with average importance and use.

5. Training and development

Training and development given to the employees of the organization decides the quality of manpower and intellectual assets. The below given table shows that 7 sampled units out of 8 considers training and development as a very important performance indicator for internal strength. The score of agreement is 3.9 which is very close to agreement scale. So, the researcher can conclude that a training and development facility given to employee is a strong performance indicator and is favoured by the selected units.

6. Rates of scrap and wastage

Optimum use of resources shows effectiveness of the organization so rate of scrap and wastage can be a good indicator to measure internal business unit's effectiveness. The below given table shows that the total score of this KPI is 33 and score of agreement is 3.3. So, the researcher can consider this KPI in neutral scale. So, by this way rate of scrap and wastage can have average importance as performance indicator.

7. Distribution network

Distribution network affects customer reach and lead time. 50% of the respondents are strongly agreed to consider distribution network as critical indicator which affect lead time. The total score is 35 and score of agreement is 3.5. The score is coming between the agreement and neutral scale. So, here also the researcher can conclude that distribution of network carries average importance as a KPI.

8. Cost of a product

Cost of the product is one of the critical factors affecting customer. It includes cost of operation as well as cost of sales. The below table reveals that the total score for cost of product is 36 and score of agreement is 3.6, which is coming between agreement and neutral scale. So, the research is considering cost of a product as an important performance indicator which is favoured by the selected units.

9. Ratio of skilled employees to total employees

Ratio of skilled employees to total employees shows the quality range of employees. The total score for this KPI is 25 while the score of agreement is 2.5. As the score of agreement is between neutral and disagree scale, the researcher can consider that the sampled business units don't believe ratio of skilled employees to total employees as performance indicator to show the quality of man- power.

10.Percentage of component outsourced

Percentage of component outsourced shows the dependency of the business units on its suppliers for semi finished components. The total score for this KPI is 21 and the score of agreement is 2.1. The score is very close to disagreement scale. Thus, the researcher can conclude that percentage of components can not measure internal strength in precise manner compared to other KPIs.

The below given table shows various key performance indicators used to measure internal business perspective. There are so many factors which measures internal strength and capacity of the business units. The following table shows various key performance indicators in an order of importance as per its use and priority given by the sample units.

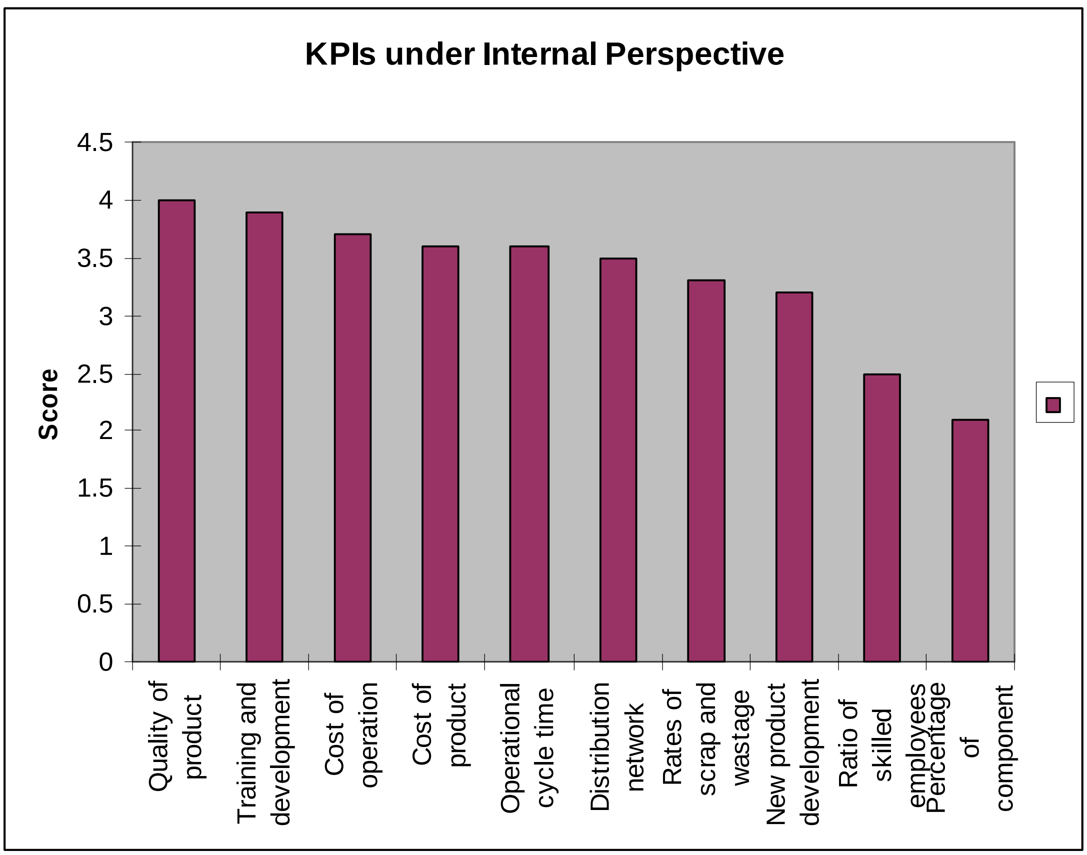
Table 5.2 – KPIs under internal-business-process perspective in descending order as per priority given by the respondents

Sr. no.	KPIs under Internal Business Perspectives	Score of agreement
1.	Quality of product	4
2.	Training and development	3.9
3.	Cost of operation	3.7
4.	Cost of product	3.6
5.	Operational cycle time	3.6
6.	Distribution network	3.5
7.	Rates of scrap and wastage	3.3
8.	New product development	3.2
9.	Ratio of skilled employees to total employees	2.5
10.	Percentage of component outsourced	2.1

The above table as well as graph characterizes the score of agreement on KPIs under Internal business perspectives. Respondents have given their own view regarding the importance of various KPIs. The KPIs under internal business perspective can be categorized in three parts.

First, the most favoured KPIs; here quality of control is the most important KPI favoured by all the respondents. Apart from this, training and development system for employees, cost of operation, cost of product and operational cycle time are covered in the list of above neutral scale. So all the KPIs can be categorised as the most favoured KPIs.

Graph 5.1 – KPIs under Internal Business Perspective



Second, the KPIs with average importance; distribution network, rate of scrap and wastage and new product development can be covered in this category, as all of them carry score near to neutral scale.

And the last is least important KPI; ratio of skilled employees to total employees and Percentage of component outsourced by the units are classified in this category. These both the KPIs have score of agreement near to disagreement scale. So, the researcher considers that these two KPIs are less favoured by the sample units.

[B] - Key Performance Indicators under learning and growth Perspectives

The objectives in learning and growth perspective provide the infrastructure to enable objectives in the other perspective to be achieved. It is related with long term objectives of the organization. So, a number of factors must be considered while determining the key performance indicators under learning and growth perspectives. The followings table shows the generally adopted key performance indicators under learning and growth perspectives. The table has summarized the response of respondents given as per 5 points scoring.

1. Market share

Market share is measured in terms of ratio of the business unit's market against the industry market. It is one of the significant performance indicators which give the picture of business unit's growth. As per the given table the total score for this KPI is 39 and the score of agreement is 4.33. Since the score of agreement is above agreement scale, the researcher can bring to a close that the sample units believe market share as one of the most considerable KPI.

Table 5.3 - Key Performance Indicators under learning and growth Perspectives

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Market share is the most important indicator of growth	7	1				39	4.33
2.	Innovation in product and process create growth in sales	6	2				38	4.22
3.	Employee retention and productivity shows employee satisfaction.	1	2	2	3		25	2.77
4.	Employee motivation and empowerment leads to team development	5	3				37	4.11
5.	Reduction in cycle time with the use of technology leads to efficiency	1	1	3	3		24	2.66
6.	Growth in knowledge assets is the real growth of firm	4	1	2	1		32	3.55
7.	Raw material substitution and vendor development are important	2	3	3			31	3.44
8.	Employee suggestions must be considered	1	3	2	2		27	3
9.	Percentage of sales from new product and new customer	5	2	1			31	3.44
10.	Total/Average	160	72	39	18		289/ 2.89	31.52/ 3.5

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

2. Innovation in product and process

Innovation in product and process leads to growth in terms of sales, market, customer and profit. So, in aggressive market it can be momentous KPI. The given table reveals that the score of agreement for innovation in product and process is 4.22. As a result the researcher can consider this KPI as the most favoured one, as it is above the agreement scale.

3. Reduction in cycle time

Reduction in cycle time with the use of technology maximizes the productivity and efficiency of the business unit. The given table shows that the score for this KPI is 24 and the score of agreement is 2.66 which is below the neutral scale. So, the researcher can consider that reduction in cycle time is not used much by the business units for measuring learning and growth perspective.

4. Growth in knowledge assets

It is concerned with the creation of intellectual and self managed team of human resource. In reality growth in knowledge assets can be the real growth of the organization. The total score for this KPI is 32 with 3.55 score of agreement. Hence the score is coming between the agreement and neutral scale. Therefore, one can conclude that growth in knowledge assets can be considered as average important KPI.

5. Raw material substitution and vendor development

Raw material substitution and vendor development maximize the choice of best alternative. To create economy and maintain quality it is very important. It leads to growth of the organization. The score for this KPI is 31 and score of agreement is 3.44, which is above the neutral scale. So, the researcher can regard it as the KPI having average importance.

6. Employee suggestions

Employee suggestions can be helpful for the organization as they are the neared persons either from the market or machine, which may lead to growth and development of the organization. But the given table speaks differently, as the score of agreement for this KPI is 3. That means it is coming in neutral scale, so it can be said that employee suggestions are not that much important for the sample units to consider it for significant KPI.

7. Percentage of sales from new product and new customer

Sales growth either in terms of new product sale or sale from new customer for the existing product gives the picture of short term improvement in growth of the corporate units. As it is easily quantifiable, the use of this KPI is more. The score of agreement for this KPI as per the below table is 3.44, which is above the neutral scale. As a result, the researcher believes this KPI as one of factor having average importance.

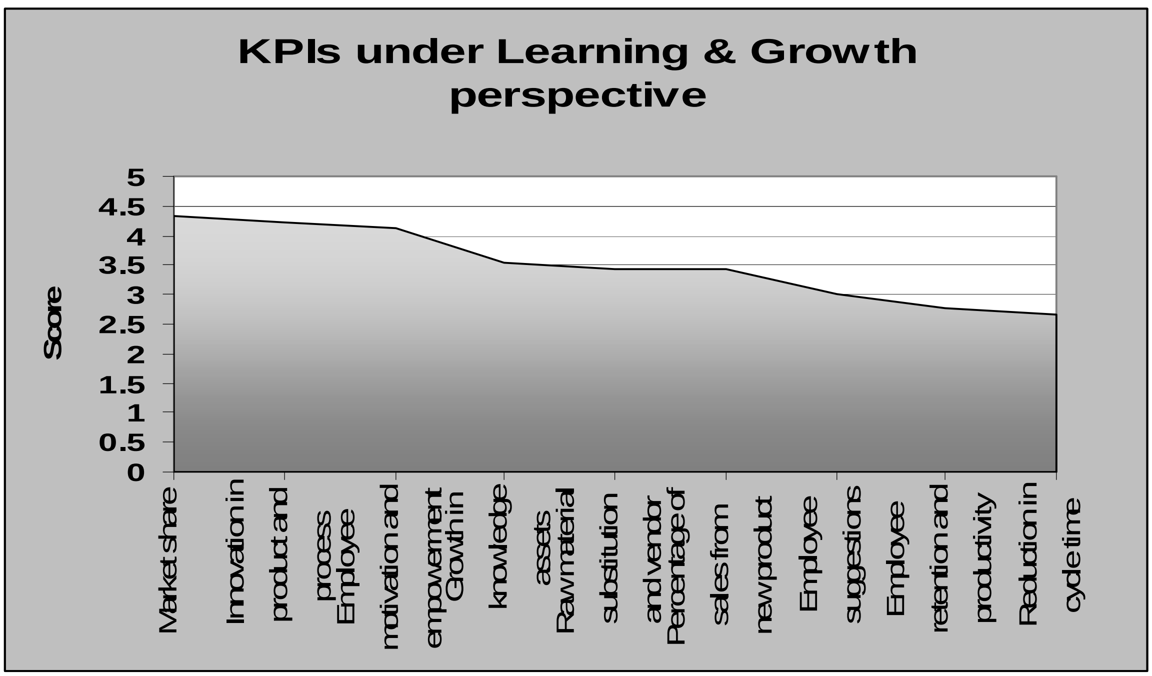
The growth and learning perspective has long term objectives, measures and long term Key performance indicators. As the use of KPIs depend on so many factors including mission of the corporate firm, tradition, culture and market environment. The following table suggests the important KPI favoured by most of the sample business units.

The above table and graph shows the various KPIs under learning and growth perspective in the order of their importance. The KPIs under learning and growth perspective can be classified in three groups.

Table 5.4 – KPIs under learning & growth perspective

Ranks	KPIs	Score
1.	Market share	4.33
2.	Innovation in product and process	4.22
3.	Employee motivation and empowerment	4.11
4.	Growth in knowledge assets	3.55
5.	Raw material substitution and vendor development	3.44
6.	Percentage of sales from new product and new customer	3.44
7.	Employee suggestions	3
8.	Employee retention and productivity	2.77
9.	Reduction in cycle time	2.66

Graph 5.2 – KPIs under Learning and Growth Perspective



The first the most favoured or important KPI; in the given list the researcher suggests first 3 KPIs namely market share, Innovation in product and process and Employee motivation and empowerment. Market share is on the top to the order with 4.33 score which is higher than agreement scale, followed by innovation in product with 4.22 and employee motivation with 4.11 score.

The second group is considered to be the KPIs with average favour or importance; the KPIs having score more than neutral scale have been covered here, namely Growth in knowledge assets, Raw material substitution and vendor development and Percentage of sales from new product and new customer. The researcher can conclude that these KPIs are favoured by few organizations and carry average importance.

The last group of the KPIs which are less favoured by the corporate units; here Employee suggestions, Employee retention and productivity and Reduction in cycle time are covered as their score is less than or equal to neutral scale. As per researcher these KPIs are least used by the corporate firms.

[C] - Data analysis for Problems in the implementation of the Balanced Scorecard

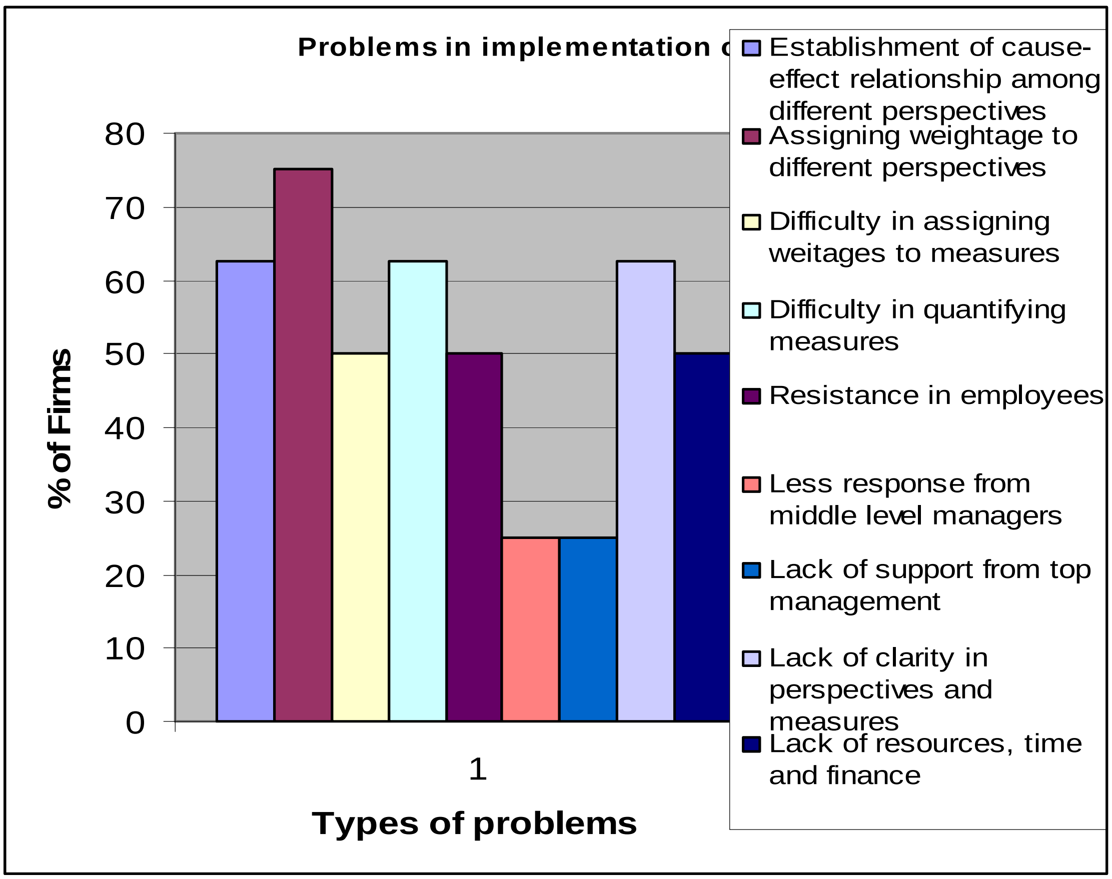
The balanced scorecard requires a change management, which is a very lengthy process. So, due to this reason business units while implementing the balanced scorecard face so many difficulties. Performance measurement under the BSC system is quite different from traditional measurement system which only considers financial indicators. So implementation of BSC also requires change in company's traditions and terms. On the other hand, the BSC is comparatively a new tool for Indian business environment. As the tool is using both financial and non-financial measurements, it is very complex to understand the system and to put into practice at full fledge level.

Table 5.5– Problems in the implementation of the BSC

Sr. no.	Problems	No. of respondents	Percentage (%)
1.	Establishment of cause-effect relationship among different perspectives	5	62.52
2.	Assigning weightage to different perspectives	6	75
3.	Difficulty in assigning weitages to measures	4	50
4.	Difficulty in quantifying measures	5	62.52
5.	Resistance in employees	4	50
6.	Less response from middle level managers	2	25
7.	Lack of support from top management	2	25
8.	Lack of clarity in perspectives and measures	5	62.52
9.	Lack of resources, time and finance	4	50
10.	Less experts and consultants	4	50

The above table shows various problems in the implementation of BSC faced by the respondents. The graphical presentation of the problems of in the BSC implementation is given in the below chart. The major problem faced by the business units is assignment of weitage to different perspectives. 75% of the respondents have encountered this problem. Further apart from basic four perspectives, experts have developed few more perspective, which the firm can use as per their own requirement. Corporate units found difficult to decide weitage of each perspective as per its impact on overall unit.

Graph 5.3 – Problems in the implementation of the BSC



5 units out of 8 have problems of establishing cause and effect relationship among various perspectives, quantifying measure and clarity in perspectives & measures. It means 62% of the units can not easily create strategy map based on cause-effect relationship among different

perspectives. The above graphical presentation has analyzed the problems faced by the business units. which highlights that business units found basic problem of creating whole structure of different perspective, its objectives and measure, as all the things are interrelated. On the other hand these units also have a problem of clarity between perspectives and measures. They felt it complex to establish measures for each perspective which clearly define objectives. Another problem they faced is difficulty in quantifying measures, as the BSC uses financial and non- financial measures. Corporate firms experienced difficulty in quantifying non-financial measures and its impact on the financial measures and overall unit.

50% of the units have problems of assigning weitages to measures. As a number of measures are used to quantify financial and non-financial measures, it is very critical how much priority is given to each measure. Problem of resistance in employees, lack of resources and lack of experts have been felt by 50% of sampled units. As employees have been given targets and continuous scoring as done regularly, employees felt a sense of resistance in application of the BSC. On the other hand, application of the BSC required more resources and expert consultancy. Still in India consultancy in the BSC is less.

Only 2 sampled units faced the problem of support of top management and middle level management, in terms of initiatives for the implementation of the BSC.

It can be concluded that the major problem faced by the sampled units is technical and not behavioural. As per the above table the most of the sampled units faced the following problem which can be categorized, as critical problems;

Assigning weightage to different perspectives	6	75
Establishment of cause-effect relationship among different perspectives	5	62.52
Difficulty in quantifying measures	5	62.52
Lack of clarity in perspectives and measures	5	62.52
Difficulty in assigning weitages to measures	4	50

The following problems are faced by 50% of the firm which are mostly due to lack of resources and expertise.

Lack of resources, time and finance	4	50
Less experts and consultants	4	50

While followings are the humanistic problems encountered by the sampled units,

Resistance in employees	4	50
Less response from middle level managers	2	25
Lack of support from top management	2	25

Thus, the researcher can conclude that most of the problem faced by the corporate firm is due to technical and conceptual limitations. Behavioural problems are very less compared to operational difficulties.

[D]- Data Analysis for benefits of the Balanced Scorecard

The Balanced Scorecard is a new framework for integrating measures derived from strategy. The BSC is, however, is more than a new measurement system. Innovative companies use the scorecard as the central organizing framework for their management processes. The BSC fills the void that exists in most management systems- the lack of a systematic process to implement and obtain feedback about strategy. Management processes built around the scorecard enable the organisation to become aligned and focused in implementing the long term strategy. Used in this way, the BSC becomes the foundation for managing information age companies. Several Indian corporate firms have initiated the use of the BSC. These firms are leveraging the benefits of the BSC in different areas. From top level decisions to shop floor level work has been affected by the BSC implementation. The following table shows the various benefits received by the sampled units.

1. Cost reduction –

The BSC implementation can improve internal business process by optimum utilization of resources. This may lead to cost reduction. The sampled units are agree that with the use of BSC cost of operation can be reduced as the score for this benefit is 3.36 which is above the neutral scale. So the researcher can conclude that on average companies receive the advantage of cost reduction.

Table 5.6 – Benefits of the BSC

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Cost reduction	5	3				37	3.36
2.	Increase in profitability	4	3	1			35	3.18
3.	On time delivery	3	3	2			33	3
4.	Responsive service	6	2				38	3.45
5.	Increase in cash flow	4	4				36	3.27
6.	Decrease in scrap-wastage		4	4			28	2.54
7.	Decrease in logistic cost	2	5	3			33	3
8.	Low employee turn over		5	3			29	2.63
9.	Increase in employee motivation	7	1				39	3.54
10.	Increase in customer satisfaction	7	1				39	3.54
11.	Quality maintenance	8					40	3.63
	Total	46	31	13			389/ 3.89	31.5/ 3.15

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

2. Increase in profitability –

With the help of successful achievement of customer, internal business process and learning-growth objectives, financial objectives can be achieved by implementing the BSC. For the benefit of increase in profitability, the score of agreement is 3.14, which is near to the neutral scale. So it can be considered that sampled units are neutral to consider increase in profitability as an important benefit.

3. On-time delivery

On time delivery is the prime objective of customer perspective. Use of the BSC results in on-time delivery of the products to the customers. Here as per the given table the score of agreement is 3, which means it is coming in the neutral scale. So it reveals that sampled units are neutral for this benefit. Or it can be said that on time delivery has received average importance as benefit of the BSC.

4. Responsive service

The use of BSC may improve overall services of the company towards its customers. Here the benefit responsive service has received the score of agreement of 3.45, which is between agreement and neutral scale. So, the researcher can conclude that sampled units are excelling the benefit of responsive service. So, responsive service can be considered as an important benefit of the BSC.

5. Increase in cash flow

The users of the BSC have experienced the increase in cash flow due to the organized system of strategic implementation. Here the given table describes that the score of agreement for this benefit is 3.27. As the score is above neutral scale, it can be considered that sampled units are receiving the benefit of increase in cash flow by implementing the BSC.

6. Decrease in scrap-wastage

The BSC improves the internal business process by reengineering and utilization of resources, which may result in decrease in scrap and wastage and finally the process become effective. But the given table reveals that the score of agreement for this benefit is 2.54, which is coming between neutral and disagreement scale. So the researcher can say that sampled units do not experience decrease in scrap due to the use of the BSC.

7. Decrease in logistic cost

It is also proved that the BSC enables the companies to reduce logistic cost. Here the given table shows that the score of agreement for this benefit is 3, which means it is coming in the neutral scale. So, the researcher can conclude that sampled units are neutral to respond towards this benefit. So it can not be considered as an important advantage leveraged by the sampled units.

8. Low employee turn over

Employees at all levels are affected by the use of BSC. It can be proved as a tool of motivation which in turn may minimise the employee turn over. But the given table gives depressing scale as the score of agreement for this benefit is 2.63 which are below the neutral scale. Thus, it can be said that low employee turn over can not be considered as an important benefit by the sampled units.

9. Increase in employee motivation

The BSC scores the employees performance against targets given to them. Due to continuous scoring and attachment of increment with performance, leads to employee for motivation towards better performance. The score of this benefit is 3.54, which is coming between neutral and agreement scale. So, it can be considered that the sampled units are agree that they excel the benefit of employee motivation by the use of the BSC.

10. Increase in customer satisfaction

The implementation of strategy with the support of the BSC leads to the achievement of financial goal by achieving customer objectives, which finally leads to customer satisfaction. This benefit carries 3.54 score of agreement. As the score is grater than neutral scale it can be said that this benefit is enjoyed by the sampled units while implementing the BSC.

11. Quality maintenance

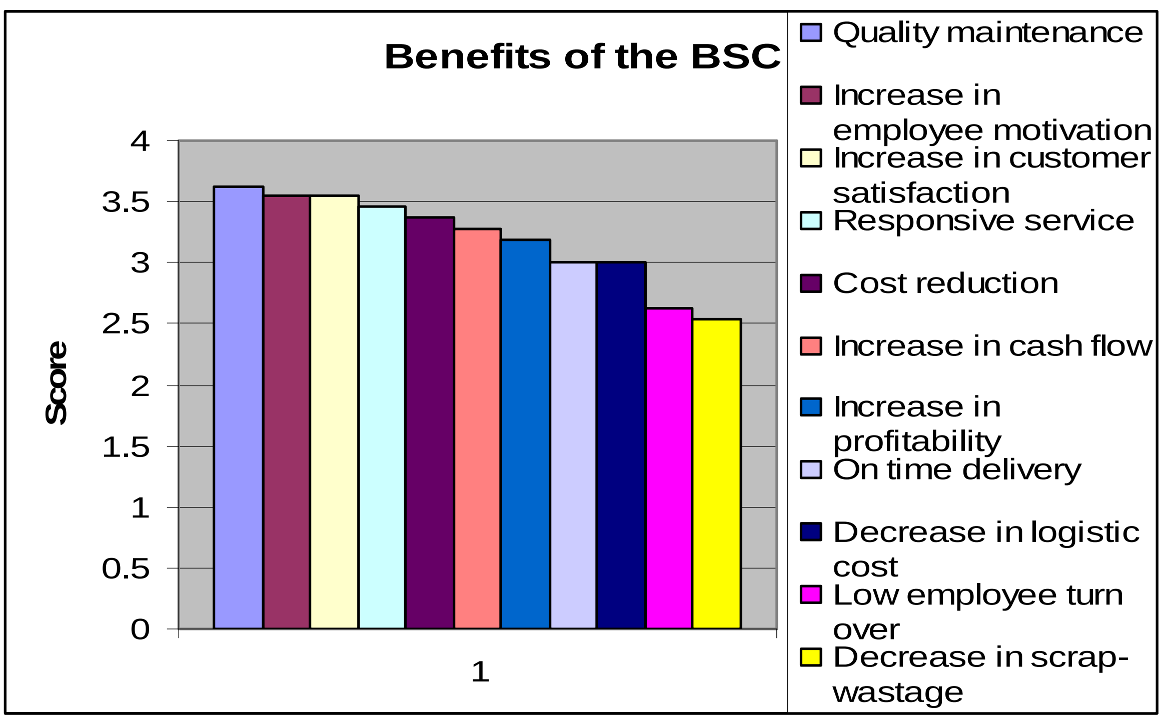
Internal perspective of the BSC leads for the development of quality of products as well as processes. The score of agreement for this benefit is 3.63. As the score is coming near to the agreement scale, the researcher can conclude that sampled units are agree that the BSC results in quality maintenance of the unit by way of internal business objectives.

The following table shows various benefits of the BSC implementation received by the sampled units as well as its score of agreement in an order of importance.

Table 5.7– Benefits of the BSC

Ranks	Benefits of the BSC	Score
1.	Quality maintenance	3.63
2.	Increase in employee motivation	3.54
3.	Increase in customer satisfaction	3.54
4.	Responsive service	3.45
5.	Cost reduction	3.36
6.	Increase in cash flow	3.27
7.	Increase in profitability	3.18
8.	On time delivery	3
9.	Decrease in logistic cost	3
10.	Low employee turn over	2.63
11.	Decrease in scrap-wastage	2.54

Graph 5.4 - Benefits of the BSC



As per the above table and the graphical presentation the researcher can divide the total number of benefits into two parts. Those benefits which have score of agreement more than 3 i.e. which are in agreement scale, can be considered as the important benefits of the BSC received by the sampled BSC user companies. In this category, 7 benefits are coming. Out of which, quality maintenance is considered as the most significant benefit of the BSC. While the other benefits coming in this category are increase in employee motivation, increase in customer satisfaction, responsive service, cost reduction, increase in cash flow and increase in profitability. On the other hand those benefits which have received score less than 3 or 3 are considered as the benefits which are less enjoyed by the BSC users. So, it can be concluded that on time delivery, decrease in logistic cost, low employee turn over and decrease in scrap-wastages can not be considered as important benefits excelled by the sampled units. Thus the benefits with more score of agreement on the top of the table are received by the sampled units.

[E] – Data analysis for the Impact of the BSC on employees and evaluation programme

The Balanced score card expands the set of business unit objectives beyond summary financial measures. Corporate executives can now measure how their business units create value for current and future customers and how they must enhance internal capabilities and the investment in people, systems and procedures necessary to improve future performance. Thus the BSC create significant impact on performance measurement and evaluation system as well as on the people at large. On the other hand implementation of the BSC requires change in executives as well as employees, and it reengineers targets, objectives, feedback and reporting system. Many a time these all factors may create negative impact on the organization and its people. The researcher had given a question with 10 statements showing impact of BSC on performance evaluation system and people of the units to check the effect of BSC-both positive and negative. The table given here shows the analysis of the views of the respondents.

1. **Tool of motivation for employees to achieve their targets**

The BSC set individual targets, and with continuous feedback and scoring their performance has been measured. On the other hand this scoring is also attached to increment and promotion system. So, it can be considered as a tool of motivation for employees. The score of agreement for this effect is 3.5, which is coming between agreement and neutral scale. So, it can be said that the sampled units are partially agree that BSC create impact on employee motivation.

2. Pressure for employees to achieve targets

As BSC enables the executives to set individual target and continuous scoring, it may result in continuous pressure to the employees to achieve given targets and to achieve increments. But the scoring for this statement is 1.6, which is coming between disagreements and strongly disagree scale. So the researcher can conclude that sampled units are disagree to believe that the BSC use create pressure for their employees.

3. Irritate employees by continuous scoring & maximize unnecessary paper work

The statement says that use of the BSC irritate employees as well as maximize unnecessary paper work due to continuous scoring. But the given table reveals that the score of agreement for this statement is 1.9

Table 5.8 – Impact of the BSC on employees and their evaluation

Sr. no.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total Score	Score of agreement
1.	Tool of motivation for employees to achieve their targets	4	3	1			35	3.5
2.	Pressure for employees to achieve targets			2	4	2	16	1.6
3.	Irritate employees by continuous scoring & Maximize unnecessary paper work			3	5		19	1.9
4.	Link to increments	5	3				37	3.7
5.	Scientific performance evaluation	6	2				38	3.8
6.	Employees can be a part of strategy implementation		3	3	2		25	2.5
7.	Employees are supportive		3	3	2		25	2.5
8.	Create internal competition among the employees	4	4				36	3.6
9.	BSC is only a supportive tool		5	2	1		28	2.8
10.	Regular reporting is tedious			3	4	1	18	1.8
11.	Total	19	23	17	18	3	277/ 2.77	27.7/ 2.77

Total Score = score of the statement * Scale

Score of agreement = $\frac{\sum(\text{Score of the statement * Scale})}{\text{N (No. of Statement)}}$

which can be considered as disagree scale. Thus, the researcher can end that sampled units don't feel that BSC irritate its employees and maximize paper work by continuous scoring.

4. Link of BSC with increments

It is also believed that as BSC scoring is linked to employee compensation, it will lead to in turn maximize overall performance. The given table describes that the score of agreement for this statement is 3.7, which is near to the agreement scale. So, it can be concluded that selected units believe that BSC will create internal healthy competition among employees.

5. Scientific performance evaluation

BSC is considered as performance evaluation and management system. It will create an organized and scientific performance evaluation system. The table reveals that the score for this effect is 3.8. As the score is near to the agreement scale, the researcher can say that sampled units believe that with the use of BSC, they can create scientific performance evaluation system.

6. Employees can be a part of strategy implementation

While framing targets for an individual the employees are involved in decision making, and by that way employees can be a part of strategy implementation. The score of agreement for this statement is 2.5, which is between neutral and disagreement scale. So, it can be considered that sampled units believe that BSC is not that much helpful to involve employees in strategy implementation system.

7. Support of employees

It is also believed that due to the implementation of the BSC, support of employees can be achieved. But the table reveals that the score of agreement for this statement is 2.5. As, the score is coming in the scale between neutral and disagreement, the researcher can conclude that sampled units don't consider support of employees is received due to BSC implementation.

8. Internal competition among the employees

The statement says that the use of BSC create internal competition among the employees. As per the given table the score of agreement for this statement is 3.6, which is coming between neutral and agreement scale. Thus, it can be said that sampled units believe that BSC implementation create internal competition among the employees as scoring is attached to compensation plan of the employees.

9. Supportive tool

Here the statement says that BSC is only a supportive tool, which alone can't work. It is useful along with other performance evaluation tools. The score of agreement for this statement is 2.8, which is near to the neutral scale. So, the researcher can come to an end that sampled units are neutral toward this statement.

10. Tedious regular reporting

It is also said that due to BSC implementation, the regular reporting and scoring has become so tedious. The table reveals that the score of agreement is 1.8., which is coming in the disagreement scale. Thus, it can be said that sampled units are disagree towards the statement. They don't believe reporting and scoring as tedious job.

The following table shows the impact of BSC on employees and evaluation system with both positive and negative points. But by analyzing the given table it can be clearly concluded that impact of BSC is positive on the sampled units. As the score of agreement is above the neutral scale in all the statement showing positive effect of the BSC including, scientific evaluation, BSC linked with increment, motivation to employees, internal competition and performance of employees etc. On the other hand, the sampled units are not agree to consider BSC as a tedious job which irritates the employees, as the score of agreement is coming in the disagreement scale.

Sr. no.	Impact of BSC on employees and evaluation system	Score of agreement
1.	Scientific performance evaluation	3.8
2.	Link to increments	3.7
3.	Create internal competition among the employees	3.6
4.	Tool of motivation for employees to achieve their targets	3.5
5.	BSC is only a supportive tool	2.8
6.	Employees can be a part of strategy implementation	2.5
7.	Employees are supportive	2.5
8.	Irritate employees by continuous scoring & Maximize unnecessary paper work	1.9
9.	Regular reporting is tedious	1.8
10.	Pressure for employees to achieve targets	1.6

Thus, hereby it can be said that the overall impact of the BSC is very positive on the sampled units, in terms of both effect on employees as well as effect on evaluation process.

Conclusion

There are several pluses to having a Balanced Scorecard. But the most fundamental reason for its use is the shift in the source of value. In the old economy, companies added value primarily by investing in tangible assets; plants, machinery, sales offices and technology. Robert Kaplan estimates that till 20 years ago , nearly two-thirds of the market value of a company came from tangible assets its owned. Today, an analysis of the S & 500 companies in the US shows that 85% comes from intangible assets. If value- whether seen from the point of view of customer or the markets- has shifted to intangibles, companies need to understand the underlying factors that deliver better customer and shareholder value. The BSC helps to precisely that.

Indian business units are now, looking at the strategy from dimensional perspectives. Companies are becoming more focused and strategy driven. One of the tools for this development is BSC. The companies are successfully using the four perspectives of the BSC. This chapter has given the information on internal-business-process perspective and learning and growth perspective. It has stressed the Key performance indicators used by the sampled units. This chapter also contained the data on benefits of BSC enjoyed by the sampled units; problems faced by the BSC users and impact of BSC on performance evaluation system and on employees. It can be concluded that though few barriers are there, which are faced by the users, the sampled units are excelling the benefits and positive impact of BSC on performance evaluation system.

CHAPTER – 6

COMPARATIVE EVALUATION, SUMMARY, FINDINGS AND CONCLUSION

Balanced Scorecard is a frame work which translates a company's vision and strategy into a coherent set of performance measures. It helps business to evaluate how well they meet their strategic objectives. It typically has four to six components, each with a series of sub-measures. Each component highlights one aspect of the business. The BSC includes measures of performance that are lagging indicator, medium term indicators and leading indicators.

Formulating a Balanced Scorecard that links a business unit's mission and strategy to explicit objectives and measures is only the start of using the scorecard as a management system. The Balanced Scorecard must be communicated to a variety of organizational constituents, especially employees, corporate-level managers, and board of directors. When organization makes the critical transition, from vision to action, they experience the real excitement and gain the real value from developing a Balanced Scorecard. The initial development of scorecard should always lead to an ongoing series of management processes that ultimately mobilizes and redirects the organization. Each management process involves linking the Balanced Scorecard to drive some aspects of longer-term, strategic, balanced behaviour.

Globally, the scorecard was developed to address a research finding that nine out of 10 companies that can formulate business strategies are unable to implement it. In India, the problem is more fundamental. A high proportion of businesses- if not nine out of 10- do not have a strategy worth speaking about. They may have bits and pieces- a financial strategy or a customer strategy- but nothing that integrates everything. But the winds of change are blowing. Several big business groups-from Tata to the Birlas to the Godrejs and Goenkas (RPG)- are beginning to warm up the idea. Not all of them are going by the book in implementing the scorecard, but are definitely thinking strategy and looking at issues hampering successful deployment.

This chapter deals with the comparative evaluation of Balanced Scorecard of all the sampled units. It includes the analysis of four perspectives with its own objectives and measures. Thus it will highlight the issue that how sampled companies are framing their Balanced Scorecard? A part from BSC of the sampled units this chapter includes the last part of the study i.e. summary and conclusion.

Comparative Evaluation – The BSC of sampled units

While companies have used the scorecard for many purposes, what the BSC offers is a four layered perspective of the state of strategy implementation as it cascades down. The financial perspective lays down expectations of the shareholders, while the customer perspective asks what are the customer expectations that must be met to attain the financial objective. At the third level the BSC, looks at the internal processes needed in a company to deliver customer value. The forth layer is about learning and innovation that speaks about skills and system that company must create to have motivated workforce that achieve overall vision and strategic goal. The followings are the various Balanced Scorecard tables which highlight the comparative study of the implementation of the BSC by the sampled units.

1. ICICI Bank Ltd.

The process of developing a BSC at ICICI Bank Ltd. translated each of its strategies into objectives and measures in the four perspectives. Particular emphasis was placed on understanding and describing the cause-effect relationships on which strategy was based.

Table 6.1 - BSC of ICICI Bank ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Improve returns F2- Broaden Revenue Mix F3- Reduce Cost structure	-Return on investment -Revenue growth and mix -Deposit service cost change
Customer	C1- Increase Customer Satisfaction C2- After sales services	-Share of segment -Customer retention -Satisfaction survey
Internal Business process	I1- Create innovative services I2- shift customer to cost effective channels I3- Minimize operational Problems I4- Responsive Service	-New Product Development cycle and Revenue -Channel mix Change -Service error rate -Request Fulfillment Time
Learning	L1- Develop strategic skill	-Strategic Job coverage

and Growth	L2- Provide Strategic Information L3- Align Personal Goals	ratio -Strategic information availability ratio -Employee satisfaction survey -Revenue per Employee

As the above table reveals that financial objectives are clear; improve returns which will be measured by ROI; Broaden revenue Mix which will be measured by Revenue growth and mix by the operations of the unit; the last objective is Reduce Cost structure which will be measured by Deposit service cost change and other reduction in cost.

When customer objectives were analyzed, however, ICICI's executives determined that its targeted customers did not view the bank, or their banker, as the logical source for broader array of products such as mutual funds, credit cards, mortgages etc. the executives concluded that if the bank's new strategy were to be successful, they must shift customer perception of the bank from that of transactions processors of checks and deposits to a financial advisor. The objectives are increase customer satisfaction and satisfaction through 'after sales service'. The measurement of these objectives will be done by customer survey, customer retention rate and share of segment.

The scorecard design process then focused on the internal activities that had to be mastered if the strategies were to succeed. Each business process would have to be redesigned to reflect the demands of the new strategy. The selling process, for example, had dominated by institutional advertising of the bank's services. The branch personnel were reactive, helping customer open accounts and providing ongoing service. The bank didn't have selling culture. So they launched a major reengineering programme to redefine the sales process. The new process was designed to create relationship-selling approach where the sales person became more of a financial advisor. The objectives for internal reengineering are create innovative services, shift customer to cost effective channels, Minimize operational Problems, and Responsive Service which will be measured by New Product Development Cycle and Revenue, Channel mix Change, Service error rate, and Request Fulfillment Time.

The internal objective led naturally to a final set of factors, on improving employee effectiveness, to implement revenue growth strategy. The learning and growth component of the scorecard identified the need for sales person's skill development, improved access to information and realignment of incentive system to encourage the new behaviour. They developed the objectives which are Develop strategic skill, Provide Strategic Information, and Align Personal Goals. These objectives will be measured by Strategic Job coverage ratio, Strategic information availability ratio, Employee satisfaction survey and Revenue per Employee.

2. **ICICI Prudential Mutual funds ltd.**

The importance of linking outcome measures to performance drivers is perhaps most powerfully illustrated in mutual fund industry. ICICI Prudential Mutual funds ltd. is a major mutual funds firm. A new management team was brought in to turn the situation round. Its strategy was to move the company away from its generalist approach. They selected the BSC as the primary tool for the new management team to use to lead the strategy. They defined the strategic objectives for the strategy and selected measures to make each objective operational by gaining agreement on the answer to, “How would we know if ICICI achieved this objective?”

Table 6.2 – the BSC of the ICICI Prudential Mutual funds ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Meet Investor’s expectations F2- Improve operating performance F3- Reduce Investor’s risk F4- Achieve profitable growth	-Return on Equity -Portfolio Mix -Revenue from each kind of Mutual fund
Customer	C1- Satisfy MF holders C2- Improve Agency performance	- Acquisition- retention by plan - Acquisition- retention by segment -Investor’s Satisfaction Survey
Internal Business process	I1- Develop target market I2- Improve productivity I3- Profitable portfolio mix	-Business development in each scheme -Development of various Schemes -portfolio of Investment
Learning and Growth	L1- Upgrade Staff competencies L2- Provide Strategic Information L3- Align Personal Goals	-Staff Training and Development -Strategic Information Availability ratio -Employee Satisfaction Survey -Revenue per Employee

The strategic outcome measures presented a ‘balanced’ view of the strategy, reflecting customer, internal process, and learning & growth measures, in addition to the traditional financial ones. ICICI Prudential Mutual funds went through a second design iteration to determine the actions that people should be taking in the short term to achieve the desired long term outcomes. The financial objectives of the ICICI Prudential Mutual funds are to Meet Investor’s expectations, to improve operating performance, to Reduce Investor’s risk, and to achieve profitable growth, which can be measured in terms of Return on Equity, Portfolio Mix, and Revenue from each kind of Mutual fund. The financial objectives can be achieved by customer perspective with the objectives of Satisfying MF holders and Improve Agency performance which can be measured in terms of Acquisition- retention by plan, Acquisition- retention by segment and Investor’s Satisfaction survey.

The firm has few important objectives for internal business process perspectives namely Develop target market, Improve productivity and Profitable portfolio mix. While the measurement to quantify achievement of the objectives are Business development in each scheme, Development of various Schemes and portfolio of Investment. And finally the firm has objectives for the learning and growth perspectives as defined in the above table namely Upgrade Staff competencies, Provide Strategic Information and Align Personal Goals which are further measured by various indicators namely Staff Training and Development, Strategic Information Availability ratio, Employee Satisfaction Survey and Revenue per Employee. They also have designed the chain of cause and effect relationship among all the objectives and measurement.

The ultimate success of this programme at ICICI Prudential Mutual funds will take some time to play out and will, of course, be influenced by many factors beyond the measurement system. But executives readily concurred that the balanced scorecard has been a major part of their strategy and near term success. The scorecard, by providing short term indicators of long term outcomes, has been ICICI Prudential Mutual fund's guidance system for the future.

3. Essar oil ltd.

A large integrated refining and marketing organization, is attempting to establish with difference in the organization. It attempted to differentiate itself with the help of quality and brand image. It tried to create more customers driven strategy with the help of the Balanced Scorecard, which required shift in organization culture.

Table 6.3 – The BSC of Essar Oil ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Increase shareholders value F2- Profitable growth F3- Lowest cost F4- Return on Capital Employed	-New sources of revenues -Cash flow and net margin -Cash expenses v/s Industry - Volume growth rate v/s Industry
Customer	C1- Fast, friendly and clean services C2- Win-win relationship with dealers	- Consumer feed back - Dealer profit growth - Dealer satisfaction survey - Mystery shopper rating
Internal	I1- Understand consumer segment	- Share of target segment

Business process	I2- Improve hardware performance I3- Improve inventory management I4- Improve environment health and safety I5- Industry cost leader	- Quality index - Inventory levels and Run out rate - Environmental incidents - safety incidents - Activity cost v/s competitors cost
Learning and Growth	L1- Organizational alignment L2- Core Competencies & skill L3- Access to Technology and information	-Employee Feedback and survey -Staff with personal BSC -Strategic job coverage ratio -Strategic System milestones

A large integrated refining and marketing organization, is attempting to establish with difference in the organization. It attempted to differentiate itself with the help of quality and brand image. It tried to create more customers driven strategy with the help of the Balanced Scorecard, which required shift in organization culture.

Essar oil ltd. defined its long term financial objective in terms Increase shareholders value, Profitable growth, lowest cost, and Return on Capital Employed. On the other hand to measure the actualization of these objectives the firm has various measurement in terms of new sources of revenues, Cash flow and net margin, Cash expenses v/s Industry, and Volume growth rate v/s Industry.

The firm began to segmenting its customers to determine who would be attracted by premium brands of gasoline. The objectives are two ways- in terms of customer- fast, friendly and clean service and in terms of dealers- Win win relationship with dealers. A measurement programme was set up to monitor performance on these criteria through the eyes of the customer i.e. customer feedback and mystery shopper. The similar effort was put in the place to monitor dealer's satisfaction i.e. Dealer profit growth and dealer's satisfaction survey.

The objectives of the internal business process are categorized into five objectives with its own measures namely; understand customer growth measured by Share of target segment, operational efficiency by Improving hardware performance, Improving inventory management measured by quality index and Inventory levels and Run out rate, improving environmental health and safety measured by safety incidents and environmental incidents, Industry cost leader measured by activity cost of the company V/s industry cost.

The firm has concentrated first on the alignment of its workforce, making sure that employees understood the strategy which is measured by employee feedback and survey and were personally aligned with it which is measured by personal scorecards. The second important objective is core competencies and skills which are measured in terms of Strategic job coverage ratio. And the third objective is the access to technology and information which is measured by strategic system milestones.

Essar oil ltd. has summarized its BSC with 4 perspectives, 14 objectives and 18 measures. It has translated strategy into simply cause and effect relationships or hypotheses and scorecard became an effective way to communicate a strategy to an organization so that it can be understood and acted upon. They prepared targets, initiatives and budget for the same.

4. Suzlon Energy ltd.

Since its inception, Suzlon has been committed to a clean and green environment. Suzlon specializes in providing total solutions in Wind Power Generation with cohesive integration of consultancy, design, manufacturing, installation, operation and maintenance services. They started implementation of the BSC in the year 2002, to excel the opportunities by systematic strategic implementation. The above table shows the scorecard developed by the company with the use of all four perspectives.

Table 6.4 – The BSC of Suzlon Energy ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Survival F2- Succeed F3- Prosperity	-Cash Flow -Quarterly operating income - Increased market share and return on equity
Customer	C1- Delighted clients C2- Build life-long relationship with customers	- Corporate client's Satisfaction survey - Customer's need survey - Repot of officers with the Customer
Internal	I1- Global standard of quality and	-Quality Standards

Business process	technology I2- Exceed the quality, safety and environmental standards of the industry I3- Increase efficiency and reliability of our Wind Turbines	- Safety standards - Environmental standards - Development of new various wind turbine manufacturing plants
Learning and Growth	L1- Technology leader in the wind industry L2- Build partnerships with all stakeholders: L3-Serve humankind with sustainable wind power on a commercial scale	-Time to develop next generation -Survey of various stakeholders - Development of more effective wind turbine, Resin Infusion Moulding (RIM, Rotor Blades.

Since its inception, Suzlon has been committed to a clean and green environment. Suzlon specializes in providing total solutions in Wind Power Generation with cohesive integration of consultancy, design, manufacturing, installation, operation and maintenance services. They started implementation of the BSC in the year 2002, to excel the opportunities by systematic strategic implementation. The above table shows the scorecard developed by the company with the use of all four perspectives.

The company has very famous three long term financial objectives namely survive, succeed and prosper. The company has few measurement tools by which achievement towards these objectives can be measured. These measures are Cash Flow, Quarterly operating income and increased market share and return on equity.

Clients - ranging from individuals, corporations, and industries looking to secure power supply and power cost; to Utilities, at the other end of the spectrum – have selected Suzlon as their partner to harness the power of the wind. The objectives under customer perspective are to delight the clients and to maintain life time relationship with the customers. The firm has also selected two measures namely, Corporate client's Satisfaction survey, Customer's need survey, Repot of officers with the customer.

The vision of the company is product innovation with environmental health and safety. So it has designed its objectives for the internal business process in terms of its vision which are Global standard of quality and technology, Exceed the quality, safety and environmental standards of the industry and Increase efficiency and reliability of their Wind Turbines. While the measurement tools are quality standards, environmental standards, safety standards and Development of new various wind turbine manufacturing plants.

The ultimate aim under learning and growth perspective is divided into three objectives with three measures namely, - Technology leader in the wind industry (time to develop next generation), Build partnerships with all stakeholders (survey of stakeholders), Serve humankind with sustainable wind power on a commercial scale (Development rate of more effective wind turbine, Resin Infusion Moulding, Rotor Blades).

The firm has developed 10 objectives with 14 measures to achieve desired results with the use of the BSC. The firm has also experienced various benefits of the use of the BSC and is determined to continue the use of the BSC in future for successful implementation of strategy.

5. Birla cellulose ltd.

Birla cellulose ltd. has started implementation of the BSC in the year 2004. The BSC is developed with 12 objectives and 15 measures. The following table highlights various objectives and measured used in specific perspective as well as cause and effect relation among all the objectives.

Table 6.5 – The BSC of Birla Cellulose Ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Profitability F2- Economic growth F3- Productivity of inventory and short term finance	-Economic profit-realized -Income from operation -Inventory turns -working capital
Customer	C1- Increase Customer Satisfaction C2-Creation of loyal customer	- Customer Satisfaction survey -Customer complaints -Repeat order rate
Internal Business process	I1- Operational efficiency I2- Capacity utilization I3- Minimize operational Problems I4- Vendor development	-% reduction in process cycle time -% of Capacity utilization -Accidents incidents -Quality index of raw Material

Learning and Growth	L1- Employee development L2- Employee empowerment L3- Quality maintenance	-Training days per employee -Team participation -Employee satisfaction survey -Quality Index

Birla cellulose ltd. has started implementation of the BSC in the year 2004. The BSC is developed with 12 objectives and 15 measures. Out of the three financial objectives, the preliminary objective is profitability, which will be measured by economic profit. The second important objective is Economic growth, measured in terms of Income from operations. And the last objective is productivity of inventory and short term finance which will be measured in terms of inventory turns and working capital levels.

The objectives for customer perspective are achievement of customer satisfaction and loyalty. Thus the firm gives more important to customer satisfaction measured by survey and complaints. And the objective of customer loyalty will be measured by repeat purchase and customer survey.

The internal process perspective includes four objectives with their own measurements. The objective of Operational efficiency will be measured by percentage reduction in process cycle time. On the other hand the objective of Capacity utilization is measured by percentage of Capacity utilization by the unit. Minimization of operational Problems will be measured by Accidents incidents. And the last objective of Vendor development will be measured by Quality index of raw material.

Birla Cellulose give importance to employee development and there by achieving all other objectives. The objectives under learning and growth perspectives are employee oriented namely, Employee development, Employee empowerment, and Quality maintenance. On the other hand the measurement tools for the same are Training days per employee, Team participation, Employee satisfaction survey and Quality Index.

6. Essar Steel Ltd.

Essar Steel is a versatile manufacturer, capable of producing highly customized products. Catering to quality-conscious niches, they compete against top-of-the-league international steel producers. Out of the given 8 sampled units, Essar Steel is the earliest adopter of the BSC, with 10 objectives and 13 measures.

Table 6.6 – The BSC of Essar Steel Ltd.

Perspective	Strategic objective	Strategic Measures
Financial	F1- Growth in revenue F2- Cost effectiveness	-Revenue by existing and new customer -Income from operation - comparison of cost with industry cost
Customer	C1- Attract and retain high value customer C2-Manage need of customers	- Number of incremental customer -Profit per customer -Customer survey
Internal Business process	I1- Maximize quality and reliability I2- Develop cost effective process I3- Development of existing products	-Customer complaints -Cost of alternative operations

		- Number of product changes -Benchmark with the best competitor
Learning and Growth	L1- Train people at all levels L2- Educate and encourage staff in the usage of technology. L3- Empower people	-Training programme -No. of managerial decision made empowered team

The business unit has established very specific and cleared objectives under the financial perspective, which can be the objective of any business units that is; growth in revenues and cost effectiveness. To measure the growth in revenue the unit has established two measures namely, revenue by existing and new customer and income from operation. While to measure the cost effectiveness of the firm, it has used the measure of comparison of cost with the industry cost.

Like the financial perspective, the customer perspective of the BSC of this unit contains two specific objectives with their own measures. The first objective is attracted and retain high value customer, which is in terms of profitable customers. This objective can be measured by two measurement i.e number of incremental customers and profit per customer. While another objective is to manage the needs of the customers, and it will be measured by a powerful tool of customer survey.

The objective under the internal-business-process perspective is to to give vision to operations of the units that are; Maximize quality and reliability, Develop cost effective process and Development of existing products. On the other hand the measures to quantify achievement under these objectives are Customer complaints, Cost of alternative operations, Number of product changes and Benchmark with the best competitor.

In the last layer of the BSC i.e in the learning and growth perspective, the objectives are; to Train people at all levels, to Educate and encourage staff in the usage of technology and to empower people. So, it can be said that the unit believe completely in human resource development and there by to achieve growth. The measure for these objectives are also employee oriented I.e. number of training programme and number of decision made by the empowered team.

7. L & T engineering ltd.

The performance monitoring methodology at L&T-EBG consists of an optimal blend of 'Balanced Scorecard'. The firm has implemented the Balanced Scorecard in 2003 and took almost 1 year to implement the tool at all levels of the organization.

Table 6.7 – The BSC in L & T Engineering ltd.

Perspective	**Strategic objective**	**Strategic Measures**
Financial	F1- Maximize value at least cost F2- Maximize productivity	- Cost to spend ratio - Ratios of productivity - Rate of saving during purchasing and processing
Customer	C1- Market understanding C2- Quality C3- Service	- % revenue from the projects less than 2 years old -Quality standards as defined by the customer

		-Rate of defective product - Responsive service
Internal Business process	I1- Low cost service I2- Project development I3- Acquire excellence I4- Accurate, timely and effective data collection	-competitive pricing index -No. of new projects developed during the year - Assessment of internal quality system - Assessment of Management information system
Learning and Growth	L1- Leader in technology L2-.Excellent project L3-	- Rate of obsolescence and use of new technology - project evaluation -

L & T Engineering ltd. has designed the BSC with 11 objectives and 13 measures. As shown in the above table the financial perspective contains the objectives with focuses on cost control and productivity. The objectives are Maximize value at least cost and Maximize productivity. While the unit has used various measures namely Cost to spend ratio, Ratios of productivity and Rate of saving during purchasing and processing to achieve the cost control targets.

The firm has designed the customer perspective with 3 basic objectives. The first is market understanding which can be measured by percentage of the revenues from the project which are less than 2 years old, so that the firm can get idea about the profitability of the project with market understanding. The other objective is quality which is very basic goal, and it can be measured by Quality standards as defined by the customer and Rate of defective product in the total lot. The last objective is service and the measurement tool is responsive service.

The motives under internal-business-process are; to provide Low cost service, Project development, to acquire excellence and Accurate, timely and effective data collection. While the list of measures includes; competitive pricing index, No. of new projects developed during the year, Assessment of internal quality system and Assessment of Management information system.

The last perspective contains various objectives with their own measures. The first objective is to be leader in technology which can be measured by Rate of obsolescence and use of new technology. The second objective is excellent project which can be measured by their project evaluation process.

8. Tata chemical ltd.

Tata Chemicals Limited is India's leading manufacturer of inorganic chemicals. On the human resources front, Tata Chemicals devised the balanced scorecard system. The scorecard helped align individual goals with divisional ones, which in turn aligns with corporate goals and objectives. The scorecard helps measure performance objectively against targets, find out variances and chalk out an action plan. The compensation structure was linked to performance to encourage people.

Table 6.8 – The BSC in Tata Chemicals ltd

Perspective	Strategic objective	Strategic Measures
Financial	F1- Reducer cost to world class levels F2- Achieving highest level of EVA F3- Improve shareholders value	- Expense ratio (energy, transportation, working capital, input cost) - EVA v/s industry - Rate of saving during production – marketing - Return on equity
Customer	C1- Create value added partnership with customer C2- Improve quality & customer satisfaction with "value for money" C3- Build relationship at multiple level	- Customer feedback -Quality index -Rate of defective product - Provision of new offerings
Internal Business process	I1- Build expertise in technologies I2- Develop value added solution (new market) I3- Improve understanding of market I4- Retention of customer I5- Product customization	-competitive pricing index -No. of new projects developed during the year - Assessment of internal quality system - Assessment of Management information system
Learning and Growth	L1- Riskill workforce L2-.Strengthing team L3- Develop information assets L4- Internationalization of business	- Decisions by empowered teams - Employee Survey - Rate of development of

		customer and performance data base - Export operation and establishment of overseas units

The chemical giant has designed the BSC with 15 objectives and 17 measures. The objective under the financial perspectives are to Reducer cost to world class levels, to Achieve highest level of EVA and to Improve shareholders value. While it contains various measures namely Expense ratio (energy, transportation, working capital, input cost), EVA v/s industry, Rate of saving during production – marketing, and Return on equity.

The customer perspective of the BSC contains various objectives with their own measures. The first objective is to Create value added partnership with customer which can be measured by customer feedback. The second objective is Improve quality & customer satisfaction with "value for money" which can be measured by quality index and rate of defective products.

The internal-business-process perspective is designed with four objectives namely; to Build expertise in technologies, to Develop value added solution (new market) , to Improve understanding of market, to Retention of customer, and Product customization. The list of measures contains five measures namely; competitive pricing index, No. of new projects developed during the year, Assessment of internal quality system and Assessment of Management information system.

The learning and growth perspective contain various objectives and their specified measures. The first objective is Reskilled employee which can be measured by the no. of decisions taken by the teams and employee survey. Rate of development of customer and performance data base will measure achievement of the motive of development of information assets. And the last objective is Internationalization of business, which can be measured by Export operation and establishment of overseas units.

Finding on the basis of ANNOVA

The following table contains the results of various tables namely,

- Objectives of performance measurement and control system,
- Motives of the BSC,
- Financial perspective,
- Customer perspective,
- Internal business process perspective,
- Learning and growth perspective,
- Benefits of the BSC and Impact of the BSC on performance evaluation.

Table 6.9 – Overall evaluation of the BSC of the sampled units

Sr. No.	Value of Table 4.2	Value of Table 4.6	Value of Table 4.10	Value of Table 4.12	Value of Table 5.1	Value of Table 5.3	Value of Table 5.6	Value of Table 5.8
	Objectives	Motives of BSC	Financial Perspective	Customer Perspective	Internal Business	Learning & Growth	Benefits of BSC	Impact of BSC
1.	3.5	4.22	3.12	4.62	3.6	4.33	3.36	3.5
2.	3.4	3.66	4.25	3.62	3.7	4.22	3.18	1.6
3.	3.7	4.11	4	4.37	4	2.77	3	1.9
4.	4	3.44	4.75	4.75	3.2	4.11	3.45	3.7
5.	3.9	3.22	3.12	3.12	3.9	2.66	3.27	3.8
6.	2.4	3	3.75	3.62	3.3	3.55	2.54	2.5
7.	3.9	3.77	2.87	3	3.5	3.44	3	2.5
8.	2.3	2.33	3.5	4.25	3.6	3	2.63	3.6
9.	3.3	2.11	0	0	2.5	3.44	3.54	2.8
10.	2.1	0	0	0	2.1	0	3.54	1.8
Total	32.5	29.86	29.36	31.35	33.4	31.52	31.51	27.7
Mean	3.25	3.32	3.67	3.92	3.34	3.50	3.15	2.71

Table 6.10

ANOVA table of Hypothesis testing

Sources of Variance	SS	d.f.	MS	F ratio	5%F limit (table Value)
Between the sample	3.53	8-1=7	3.53/7=0.504	0.84	F(7,72)=2.25
With in the Sample	42.79	80-8=72	42.79/72=0.594		
Total	46.32	80-1=79			

As the above mentioned table of overall evaluation of the BSC of the sampled units indicates that the table value is more than the calculated value so researcher has drawn the conclusion that the null hypothesis stands. That means it can be concluded that there would be no significant difference in financial perspective, Customer perspective, internal business process perspective and Learning & Growth perspective of BSC system in application criteria of sampled units.

So, it can be concluded that the pattern of BSC implementation is near about same in all the sampled units, including application of all four perspectives. The motives of BSC, perspectives, Key performance indicators under all perspectives, pattern of BSC including; schedule, adoption rate, time taken for application, etc. as well as impact and benefits of BSC system has more or less same application in the sampled units.

Findings on the basis of Hypothesis testing

For this research the researcher had structured various hypothesis. The summary of these findings has been included here with this table

Relation Between	Accepted	Rejected	Remarks
H_1 - the respondents and ranking the performance measurement and control techniques.		ü Null hypothesis is rejected (based on Kendall's coefficient concordance) -	significant difference
H_2 - financial perspective, customer perspective, internal business process perspective and learning and growth perspective of BSC system in application criteria of sampled units.	ü Null hypothesis accepted (based on ANOVA test)	-	No significant difference

H_1 for sampled units and their ranking of the performance measurement and control techniques the null hypothesis has been rejected on the bases of the

Kendall's coefficient concordance. So, it can be said that there would be no independent judgment among the respondents for ranking the performance measurement and control techniques.

H_2 -for Financial perspective, Customer perspective, Internal business process perspective and Learning & Growth perspective of BSC null hypothesis has been accepted. Thus, there would be no significant difference in Financial perspective, Customer perspective, Internal business process perspective and Learning & Growth perspective of BSC system in application criteria of sampled units.

Thus, the researcher has concluded the study by analyzing these two hypotheses.

Summary

The **first chapter** deals with an overview. In the first chapter researcher has focused on various primary aspects of the Balanced Scorecard which includes concept of BSC, history of the BSC, importance of BSC, four basic principles of the BSC, problems faced by the Indian corporate users of the BSC, and limitations of the tool. The other meticulous aspects of the BSC are also described by the researcher which includes the four perspectives of the BSC. It highlights how these four perspectives are related, objectives of these four perspectives, measures and key performance evaluation of the perspectives. It gives the information about how objectives, measures and KPIs are created and interrelated among these four perspectives. The critical aspect of the BSC implementation is to determine objectives and their measures. On the other hand it is also complicated to decide key performance indicators and scoring. Apart from these this chapter includes the various steps to be followed to implement the BSC in the organization as well as the aspects which need to be considered while using the BSC.

The second chapter deals with the research methodology the study is based on following objectives:

OBJECTIVES OF THE STUDY:-

- Ø To document the customer perspective
- Ø To document the financial perspective
- Ø To document the internal business process perspective
- Ø To document the learning and growth perspective
- Ø To measure the impact of |Balanced Scorecard on performance of the company as a whole

Keeping in view objectives of the study the researcher identified following hypothesis.

Hypothesis

An explanation that accounts for a set of facts and that can be tested by further investigation. Keeping in view objectives of the study the researcher identified following hypothesis.

1. There would be no independent judgment among the respondents for ranking the performance measurement and control techniques.
2. There would be no significant difference in Financial perspective, Customer perspective, Internal business process perspective and

Learning & Growth perspective of BSC system in application criteria of sampled units

The chapter also contains information about literature review, sample design, type of data collection methods, type of data analysis method, significance, scope and limitations of the study.

Chapter Three deals with the sample profile. It includes the basic information the 8 sampled units namely Birla cellulose ltd., Essar Steel Ltd., Essar Oil Ltd., ICICI Bank ltd., ICICI prudential mutual funds ltd., L & T engineering ltd., Suzlon Energy Ltd., and Tata Chemicals ltd. which highlights overview of the firm, its history, Board of Directors, Product profile. It also includes an important data on performance evaluation policy of the unit as well as primary data on units balanced score card. It can be concluded here that these sampled units are large scale firms and some of them are industry's giants. It includes both the firm from manufacturing and service sector. The sampled units are using BSC from the last 2 to 7 years.

Chapter Four deals with the analysis of the Financial and Customer Perspectives. Apart from this, it also includes analysis of data about implementation of the tool objectives, reporting, time taken for implementation etc. Researcher has collected the data in this reference and has evaluated with scaling technique.

1. Analysis of data about Techniques of performance measurement and control – it includes the analysis about how the sampled units are ranking various techniques of performance measurement. On the bases of Kendall's Co-efficient of concordance researcher can conclude that the respondents are making independent judgment to rank the various performance measurement and control techniques.

2. Analysis of data for Objectives of performance measurement and control system - Continuous feed back and learning has been ranked as the most important objective of performance measurement and control by the sampled units compared to other objectives like improvement of employee performance- productivity, attachment of performance with incentives, Corrective actions for short term operation, Measurement of business operations, watch on short term actions, and control on operation- profit-growth.
3. Analysis of data about adoption of the BSC- Essar Steel was the first company to implement the balanced scorecard for performance measurement that was in 1999, followed by Tata Chemicals Ltd. in 2000, while the other sampled units implemented it after 2000.
4. Analysis of data of time required to implement BSC- Time taken by each firm for establishment to the Balanced Scorecard system depends on some factors but on an average the sampled units have taken the time of 1 to 3 years for the implementation of the BSC at full fledge level.
5. Analysis of data for objective of BSC- feed back & learning and translation of strategy into operational terms are the most important reasons to use BSC by the sampled units compared to other objectives like investigation of impact of non- financial measure, linking financial and non-financial measures, balancing leading and lagging indicators, communicating strategy at all levels and linking performance with the incentives.

6. Analysis of data for various perspectives of the BSC- The basic perspectives namely financial perspective, customer perspective, internal business perspective and learning-growth perspective are used by all the 8 firms. On the other hand few firms have given positive response for newly developed perspectives namely shareholders perspective & environment-society perspectives.
7. Analysis of data for reporting schedule- the most famous reporting schedules are monthly and quarterly, as out of 8 sampled units 5 units are using monthly reporting schedules, while 3 units are using quarterly reporting schedule.
8. Key performance indicator under Financial perspective- Cash flow ROI is considered as the most favored KPI of the respondents. EVA, ROI, Growth in tangible assets is also important KPIs. On the other hand Current ratio, profitability, days of working capital and return of share holder's equity is least favored KPIs.
9. Key performance indicator under Customer perspective - performance of the product is considered as the most important performance indicator. Quality of product, costs of product and on-time delivery have proved themselves as powerful indicator. While lead time for existing-new product, brand image, customer suggestion and after sales services have received less response from the respondents.

Chapter Five deals with the analysis of the internal business processes and learning & growth Perspectives.

1. Analysis of data for internal business processes perspective - quality of control is the most important KPI favored by the sampled units. Training and development system for employees, cost of operation,

cost of product and operational cycle time are considered with as average KPI. While distribution network, rate of scrap and wastage and new product development are less favored KPIs.

2. Analysis of data for Learning and growth perspective - Market share, Innovation in product-process and Employee motivation-empowerment are mostly used as KPI under this perspective. Growth in knowledge assets, Raw material substitution- Vendor development and Percentage of sales from new product and new customer have average use as KPIs.. While Employee suggestions, Employee retention -productivity and Reduction in cycle time are least used by the sampled units.
3. Analysis of data for problems in the implementation of BSC - The major problem faced by the business units is assignment of weitage to different perspectives. 5 units out of 8 face the problems of establishing cause and effect relationship among various perspectives, quantifying measure and clarity in perspectives & measures. Problem of resistance in employees, lack of resources, lack of experts support of top management and middle level management are least faced by the sampled units.
4. Analysis of data for effect of BSC on employees and performance evaluation programme – The researcher has given statements showing effect of BSC on employees in terms of both positive and negative factors. The positive effect of the BSC are scientific evaluation, BSC linked with increment, motivation to employees, internal competition and performance of employees etc. sampled units are agree that they experienced these positive effects. On the other hand, the sampled units are not agree to consider BSC as a

tedious job which irritates the employees, as the score of agreement is coming in the disagreement scale.

Chapter Six deals with overall evaluation of companies, which are BSC users and covered, in the sampled group. Researcher has evaluated all four perspectives. The aim behind this was to find out how various units are framing their BSC, and which are their objectives, measures and KPIs. It has also covered summary of all the chapters. To find out the overall evaluation of the BSC of the sampled units, with the help of ANNOVA technique, hypothesis has been tested. And on the bases of hypothesis testing, overall findings have been presented.

Conclusion

Harvard's Robert Kaplan and David Norton, his consulting partner developed an innovative and multi-dimensional corporate performance scorecard known as the Balanced Scorecard. It provides a framework for selecting multiple key performance indicators that supplement traditional financial measures with non-financial measure of customer satisfaction, internal business process and learning-growth activities.

Companies initially adopted Balanced Scorecard for a variety of reasons, including clarifying and gaining consensus on strategy, focusing organizational change initiatives, developing leadership capabilities at strategic business units, and gaining coordination and economic across multiple business units. In general, organizations can achieve these targeted objectives with the development of an initial Balanced Scorecard. But the development of the scorecard and, especially, the process among senior managers to define the objectives, measures, and targets for the scorecard, ultimately reveals an opportunity to use the BSC in a far more pervasive and comprehensive manner than originally intended.

What started out as a quest to improve performance measurement systems has evolved into an approach that helps executives solve perhaps their most central issue; how to implement strategy, particularly one that requires radical changes. The process of developing a good Balanced Scorecard gives an organization, usually for the first time, a clear picture of the future and a path for getting there. When organizations make the critical transition, from vision to action, they experience the real excitement and gain the real value from developing a Balanced Scorecard. The initial development of a scorecard should always lead to an ongoing series of management processes that ultimately mobilizes and redirects the organization. Each management process involves linking the Balanced Scorecard to drive some aspect of longer-term, strategic, balanced behavior.

The BSC is very popular in foreign companies and has proved excellent result in so many companies. Even in India now business units have initiated the use of the BSC. So many giants of Indian corporate have tasted the success with the help of BSC. To name them, Tata Motors, Godrej, Infosys, Mahindra & Mahindra, ICICI Bank, Tata Chemicals, RPG group, and so on. So many foreign as well as Indian software companies are proving software to implement the BSC in any organization. At the same time so many consulting groups are providing service to ease successful implementation of the BSC.

This study is based on primary data related to the sampled companies. The study is related with relevance of the Balanced Scorecard with performance evaluation of the selected 8 Indian corporate units. The researcher has tried to collect all possible data about the implementation of the BSC in the sampled units. On the other hand researcher has tried to relate the use of BSC in performance Evaluation. The researcher has concluded that all four perspectives are successfully used in the sampled units and they are using BSC at all levels as a tool of performance evaluation and strategy implementation. But as this tool is confidential the researcher could have covered only 8 firms. Thus this study has scope of further investigation. As BSC has been evolved as recent practice among Indian companies, the study itself is an investigation for the new concept.

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Questionnaire

Basic information

Name of respondent - ____

Designation of respondent -____

Name of company- ____

Address of office -____

____

____

Qualification of respondent- ____

Year from which dealing with Balanced Scorecard______________________________

Questionnaire About the implementation of the Balanced Scorecard

[1] Rank the following Performance measurement & control techniques as per their use and importance in your firm:

1. Standard Costing	
2. Marginal Costing	
3. Activity based Costing	
4. Variance analysis	
5. Responsibility Centres	
6. Transfer Pricing	
7. Balanced Scorecard	

[2] Do you agree that the following objectives can be achieved through performance measurement and control techniques?

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. To measure operations and thereby to control profit.					
2. To track short term actions and to maximize return on investment and operational efficiency					
3. To take corrective measures for short term operations.					
4. To provide continuous feedback and learning by improvements.					
5. To improve employee's performance and Productivity.					
6. To maximize strength and to excel opportunities.					
7. To attach performance with incentives to Motivate employees.					
8. To satisfy different stakeholders by better Performance of the firm.					
9. To control operations, profit and growth					
10. To balance opportunities and management Attention					

[3] Since how long the firm is implementing the Balanced Score Card_____________

[4] How much time did the firm require to implement the Balanced Scorecard at full fledge level?

____

[5] Do you agree that the followings motives can be achieved through the Balanced Scorecard?

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. To facilitate performance evaluation, feedback and learning.					
2. To link financial and non-financial Performance measures.					
3. To translate strategy into operational terms and to link with performance measures.					
4. To communicate & clarify strategy at all levels and facilitate strategic feedback.					
5. To balance leading and lagging indicators.					

6. To link performance with incentives and to involve employees in strategy management.					
7. To investigate impact of non-financial measures on financial measures.					
8. To facilitate benchmarking strategies.					
9. To initiate change in the organization					

[6] From the followings, which perspectives do you use in your Balanced Scorecard? Please specify with [√].

	√
1. Financial perspective	
2. Customer perspective	
3. Internal Business perspective	
4. Learning and growth perspective	
5. Shareholders perspective	
6. Employees perspective	
7. Environment and society perspective	
8. Competition perspective	
9. Suppliers perspective	

[7] Specify the reporting schedule while implementing the Balanced Scorecard?

	√
1. Daily	
2. Weekly	
3. Monthly	
4. Quarterly	
5. Yearly	

[8] Do you agree with the following statements with reference to Key Performance Indicators?

- ***Key Performance Indicators under CUSTORMER PERSPCETIVE***

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Quality of product is very important to satisfy customers.					
2. Lead time of existing and new product affects customer reach.					
3. Cost of product affects customer value addition.					
4. Performance of product matters for repeat purchase.					

5. Customer suggestions lead to product improvements.					
6. Brand image and reputation affects customer satisfaction & loyalty.					
7. After sales services are also important for customer satisfaction.					
8. On-time delivery is also attached to customer satisfaction					

- ***Key Performance Indicators under INTERNAL BUSINESS PERSPECTIVE***

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Operational cycle time affects lead time and thereby customer reach.					
2. Economy in the cost of operation leads to competitive advantage.					
3. Quality of product from production to distribution is very important.					
4. New product development satisfy latent needs of the customers.					
5. Training & Development programme affects quality of man power and culture.					
6. Ratio of scrap & wastage shows operational efficiency.					
7. Distribution network affects lead time and customer reach.					
8. Cost of a product is an important measurement.					
9. Ratio of skilled employees to total employees determines the quality of manpower					
10. Percentage of component outsourced is one of the important indicator to judge strength of unit					

- ***Key performance indicators under INNOVATION & GROWTH PERSPECTIVE***

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Market share is the most important indicator of growth.					
2. Innovation in the product & process creates growth in sales.					
3. Employee retention & productivity shows employee satisfaction.					
4. Employee motivation & empowerment leads to development of teams.					
5. Reduction in cycle time with the use of technology leads to operational efficiency.					
6. Growth in knowledge assets is the real growth of firm.					
7. Raw-material substitution and vendor development are also important for growth.					
8. Employee suggestions must be Considered					
9. Percentage of sales from new product and new customer					

- ***Key performance indicators under FINANCIAL PERSPECTIVE***

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Rate of profitability is an important indicator for financial growth.					
2. Economic value addition is an improved indicator.					
3. Return on investment shows financial growth over a time.					
4. Cash flow return on investment shows real financial performance.					
5. Working capital management shows financial efficiency.					
6. Growth in tangible assets shows financial growth.					
7. Return on share holder's equity is also an important indicator.					

8. Current ratio is an important Indicator					

[9] Which kinds of problems do you face while implementing the Balanced Scorecard?

1. Establishing cause & effect relationship among different perspectives.
2. Assigning weitage to different perspectives.
3. Difficulty in assigning weitages to measures within the perspectives.
4. Difficulty in quantifying measures.
5. Resistance in employee
6. Resistance in middle level people.
7. Lack of clarity in perspectives and measures
8. Lack of support from top management
9. Lack of clarity in perspectives and measures.
10. Lack of resources, time and finance.

[10] Do you agree that the Balanced Scorecard proves it results in the following areas?

Areas	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Cost reduction					
2. Increase in profitability					
3. On time Delivery					
4. Responsive service					
5. Quality maintenance					
6. Increase in cash-flow					
7.Decrease in Scrap-wastages					
8. Decrease in Logistics cost					
9. Low employee turn-over					
10. Increase in Employee motivation and performance					
11. Increase in customer satisfaction					

[11] What is the impact of BSC implementation on employees and their performance evaluation?

Areas	Strongly Agree	Agree	Neutral	Disag ree	Strongly Disagree
1. It is a tool of motivation to achieve targets for employees.					
2. It creates pressure for the employees to achieve targets.					
3. It irritates employees by continuous scoring					

and maximizes unnecessary paper work.					
4. BSC can be linked to increments and other financial benefits offered to employees.					
5. BSC results in scientific performance Evaluation and employee satisfaction.					
6. With the help of BSC, employees can be a part of strategy implementation in true sense.					
7. Employees are supportive in the implementation process of BSC					
8.It is complex to translate score in to Performance evaluation.					
9. BSC is only a supportive tool for Performance evaluation, it alone can't work.					
10. Regular reporting and scoring is tedious job.					

[12] Does the firm want to continue the use of the BSC for the next coming 3 years?

[13] Comments for the use of the Balanced Scorecard.