Challenges of Balanced Scorecard: *A study In Jimma University Specialized Hospital, Southwestern Ethiopia.*

A Thesis Submitted to the School of Graduate Studies Of Jimma University in Partial Fulfillment Of the Requirements for the Award of The Degree of Masters Of Business Administration (MBA)

BY:

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JIMMA UNIVERSITY

COLLEGE OF BUSINESS &ECONOMICS

MBA PROGRAM

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And

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CERTIFICATE

This is to certify that this thesis entitles" Challenges of Balanced Scorecard: *A study in Jimma University Specialized Hospital, Southwestern Ethiopia",* submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried out by *Haileliul Afework Beyabyen*, under our guidance and supervision.

Therefore , we here bay declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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Declaration

I here by declared that this thesis entitled" Challenges of Balanced Scorecard: *A study In Jimma University Specialized Hospital, Southwestern Ethiopia",* has been carried out by me under the guidance and supervision of_Ass**.**prof. Wondweson Siyom And Ato Yoseph Tilahun.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher's Name	Date	Signature
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Abstract

This paper made an attempt to identify the challenges of balanced scorecard specifically from learning and growth dimension. Case study in Jimma university specialized Hospital. It assessed weather learning and Growth dimension of balanced scorecard affected by the availability of information technology, human and organizational capital while BSC was processing in Jimma university specialized Hospital. JUSH have 1261 paramount employees, so that it is difficult to include all population, in study. for this purpose formula for sample size determination were used , sample size become 89. and population to be included in sample study were selected by using simple random sampling techniques, after population proportion were calculated for each department and section. The research project was engaged with both the qualitative and quantitative research strategies. and primary data's were collected by using closed ended interview questioner for quantitative part and in-depth interviews research techniques were used for qualitative data ,and purposefully selected 10 key- informant's participants were involved. out of 89 sample size study population selected 78 respond correctly, this quantitative data were entered in SPSS version 20. and analyzed using descriptive static, mean, standard deviation and percentiles. in the quantitative part, variables having mean scores >=2.5 had less and < 2.5 had high influential impact on learning and growth dimension of balanced scorecard. Conclusion: According to the result lack of human and organizational capital were identified the main challenges of learning and growth dimension of balanced scorecard in JUSH, and have high pressure in services delivering process. The result from both qualitative and quantitative data is the same except, that is the finding in qualitative data revealed no lack of information technology, but other problems is identified. That is lack of sufficient infrastructure to use Information Technology effectively. This is due to frequently interruption of light and very slow network connection. Recommendations: The organization should give priority for improvement of human capital by adjusting incentives and benefit for employees, it also should give emphasize for the betterment of organizational capital by promoting good future opportunity for employees, and for better utilization of IT the organization should continue improvement of IT infrastructure.

Key Words: learning and growth, Information technology, Human capital, Organizational capital and Balanced scorecard.

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ABRIVATIONS

BECO	College of Business and Economics
BSC	Balanced scorecard
CEO	Chief Executive officer
JUSH	Jimma university specialized Hospital
N PM	New public management
SPSS	Statistical package for social science
IT	Information Technology
AMR	American Marketing and Refining
IC	Intellectual capital

CHAPTER ONE

1.INTRODUCTION

1.1 Background Of The Study

Definition of Balanced scorecard : It is the performance measurement tool that enables a company to translate its vision and strategy in to a tangible set of performance measures.

It has four dimensions these are : The financial, customer, Internal business processes prospective and Learning and growth prospective. The financial perspective, answers the question, How should we appear to our shareholders? like profit ” The customer perspective, answers the question, “How should we appear to our customers?”,. Internal business processes perspective answer the question, “What processes must we excel at?” and Learning and growth perspective, answers the question, “How can we sustain our ability to change and improve(Information technology, Human and organizational Capital).

Since the concept of the balanced scorecard (BSC) introduced in the early 0f 1990 by Kaplan and Norton as performance measurement system , It has attracted considerable interest among different organizations, practitioners and researchers. According to Niven (2006) 60% of the fortune 1000companies are either implementing or attempt to implement the BSC. Further, a study conducted by Bain (2009) states that about 49%of the organization in north America, 54% in Europe, 52% in Asia and 56 % in Latin America use the Balanced scorecard .

However ,it is more than a measuring device the balanced card cared provides an enterprise view of an organization's overall performances by integrating key performance indicators around the customer prospective, internal business processing and organizational growth and learning . Kaplan and David (1996) describe the innovation of the balanced scorecard retains traditional financial measures tell the story of the past events, an adequate story for industrial age company for which investment in long-term capabilities and customer relationships were not critical for success . These financial measure are in adequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers ,suppliers, employees, technology, and innovation.

1.2 Statement Of The Problem

The aim of this investigation was to identify the challenges of Balanced scorecard specifically from learning and growth dimension in JUSH . Although many different organizations are using the Balanced scorecard as a management technique to implement corporate strategy, a number of them have encountered different problems when trying to introduce the concept in their business. The majority have either Processed the balanced scorecard but without any significant improvement in performance, or they have given up in the process itself. (Kaplan1999).

Organizational learning and growth come from three principal sources: people, systems, and organizational procedures. The financial, customer, and internal business process objectives will typically reveal large gaps between existing capabilities and those required to achieve targets for breakthrough performance. To close these gaps, businesses must invest in training employees(human capital), enhancing information technology , and organizational capital . These objectives are articulated in the learning and growth perspective of the BSC. (Niven,2002)

In addition to the above reasons, From claims of customers and observed problems in getting a services in Jimma university specialized hospital. while Balanced card is processing. The researcher was motivated to conduct this study to identify the challenges balanced scorecard, specifically from learning and growth dimension . Because the improvement of services is the base for the future of the organization, which is depend up on the availability of Information Technology , Human and Organizational Capital. which are the components of Learning and growth dimension of Balanced scorecard.

Thus this study try to investigate the challenges of the Balanced scorecard specifically from its learning and growth dimension. Which is the enabler of other three of dimensions of Balanced scorecard and serves as infrastructure. Therefore this study try to find out answer for the following questions.

1. Weather there is a lack of Information Technology(access to physical tool and Information) or not in the organization?

2. Is there a lack of Human capital at different job position of the organization?

3. Is there a lack of organizational capital ?

1.3 Objectives Of The Study

1.3.1 General Objective

This an explanatory study whose main intention was to identify the challenges Balanced card cared , specifically from its learning and growth dimension(Information Technology, Human and Organizational Capital) in adopting balanced scorecard in Jimma university specialized Hospital.

1.3.2 Specific Objectives

- ✓ To investigate the access of Information Technologies in day to day activity of employees.
- ✓ To identify if there was necessary Human capital(skilled Manpower) for right job.
- ✓ To assess the organization capital (like satisfaction of employees) of Jimma university specialized Hospital.

To give recommendation that will help to overcome the challenges of balanced scorecard, specifically from learning and growth dimension.

1. 4 Research Hypotheses

H1: There is positive relationship between access Information Technology, learning and growth dimension of Balanced scorecard.

H2 : There is positive relationship between Human capital, learning and growth dimension of Balanced scorecard.

H 3 : There is positive relationship between Organization Capital, learning and growth dimension of balanced card.

1. 5 Significance Of The Study

The research gives primary information in identification of challenges of balance scorecard, from learning and growth dimension in Jimma University specialized Hospital, and the study also can use as a sources of information for those researchers who are interested upon similar or related work in other parts of the country. Moreover this study could, help managers to make appropriate decisions, serve as sources of information for employees (internally) , patients , medical students, governmental organizations and community (externally).

1.6 Scope Of The Study

The scope of this study can be seen from three main perspectives namely; conceptual, geographical and time.

Balanced scorecard has four dimensions (Learning and growth perspective ,Finance financial perspective, Internal business processing and Customer prospective).But this study is limited only identification of challenges of balanced scorecard, specifically from its Learning and Growth dimension , in Jimma university specialized Hospital, in year 2015.

1.7 Limitation Of The Study

This research was conducted in the Jimma University specialized Hospital , in year 2015. To identify the challenges of Balanced scorecard, specifically from learning and growth dimension Thus the findings of this study may not be representative of other institutions which are introducing Balanced scorecard, from learning and growth dimension in to their management system .and because of cost limitation the data used for this study was collected only from the sample of permanent employees of JUSH and It did not incorporate Patients ,medical students and other part of the community .

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1 Theoretical Reviews

2.1 The Origins Of The Balanced Scorecard

The emergence of new information technologies and the opening of global markets has changed many of the fundamental assumptions of modern business. No longer can companies gain sustainable competitive advantage solely by developing tangible assets. The information age environment for both manufacturing and service organizations requires new capabilities for competitive success. The ability of a company to mobilize and exploit its intangible assets has become decisive in creating and sustaining competitive advantage (Itami, (1987).

Organizations face many hurdles in developing performance measurement systems that truly measure the right things. In the past, as companies invested in programs and initiatives to build their capabilities, managers relied solely on financial-accounting measures. Today, however, the financial accounting model must be expanded to incorporate the valuation of the company's intangible and intellectual assets.

What is needed is a system that balances the historical accuracy of financial numbers with the drivers of future performance, while also assisting organizations in implementing their different strategies. The Balanced Scorecard(BSC) is probably the tool that answers both challenges. In 1990, Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement [Niven, (2002: 11)]. The impetus for the study was growing belief that financial measures of performance were ineffective for the modern enterprise. The study companies, along with Kaplan and Norton, were convinced that reliance on these measures was affecting their ability to create value. The group discussed a number of possible alternatives but settled on the idea of a Scorecard featuring performance measures capturing activities from throughout the organization-customer issues, internal business processes, employee activities, and of course shareholder concerns. Kaplan and Norton labeled this new tool the Balanced Scorecard and later summarized the whole concept in the first of three Harvard Business Review articles (1992, 1993, 1996).

Finally Balanced Scorecard was developed by two men, Robert Kaplan, an accounting professor at Harvard University, and David Norton, a consultant also from the Boston area. In 1990 Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement. The impetus for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. it worked well in the era of industrialization .

The study companies, along with Kaplan and Norton, were convinced that a reliance on financial measures of performance was affecting their ability to create value. The group discussed a number of possible alternatives but settled on the idea of a Scorecard featuring performance measures capturing activities from throughout the organization—customer issues, internal business processes, learning and growth issue and Financial concerns.

Niven (2006)indicated some criticism of the excessive use of financial measures: The rising importance of intangible assets. Traditional financial measures are not designed to capture the aspects or performances of customers, suppliers, employees, company culture, quality, and opportunities for learning and innovations. Performances of these intangible assets should be measured because they represent the operational drivers for future financial performance.

No predictive power for the future. Even if financial measures are an excellent summary of past achievements, they are not able to show the right path for future activities and events. They do not represent cross-functional and team-work activities. A great deal of business value is created by the collective efforts of different functional areas. Financial statements, on the other hand, represent individual achievements of different functional areas summarized in the overall company picture. They are not able to track the various relationships which continuously develop within an organization in different functional areas.

Short-term view. Focusing only on financial measurements may harm long-term success. In contrast to activities which bring results in the long term such as research and development, employee training, or customer relationships, cost reductions may lead to temporally better financial results but threaten future development and the creation of long-term value.

They do not involve all levels of an organization. To effectively perform their daily activities, all employees need performance information. Financial measures often involve information from all levels summarized in high-level financial statements. Data presented in such a manner may not be very useful because very often they do not reach all the levels of the organization and its employees. Some practitioners argue that managers can hardly work with multiple measurements of performance.

However, Chris, P., and Walter, E. (1992) make an analogy with an airplane cockpit. They explain that for the complex task of navigating a plane, the pilot should rely on a number of indicators and instruments to reach the destination safely and efficiently. He needs detailed information about fuel, airspeed, pressure, altitude, destination, and other indicators that summarize the current and predicted environment. Relying only on one instrument could be fatal. The same can be said for organizations. Managers should recognize the need to track performance in several areas. The Balanced Scorecard should therefore provide answers to four basic questions that look at the business from four important perspectives.

- How do customers see the business? Customer Perspective
- What is it important to excel in? Internal Process Perspective
- Can the business continue to improve ability and create value? Learning and Growth Perspective
- How do shareholders see the business? Financial Perspective.

2.2. The Evolution Of The Balanced Scorecard

From its development as a performance measurement tool, the Balanced Scorecard has considerably evolved. According to Lawry and Cobbled (2004), the evolution of the Balanced Scorecard may be represented by three generations of Balanced Scorecards. They concluded that the evolution of the Balanced scorecard was mainly driven by the empirical evidence of weaknesses found in previous generations. In the early 1990s, the focus was on developing financial and non-financial measures of performance; in the mid 1990s the focus moved to aligning the measures with strategy; in 2001 the Balanced scorecard took its current shape as a strategy implementation tool (Othman et al., 2006). The main concern of the first generation of the Balanced Scorecard as a performance measurement tool was to solve the measurement problem of balancing the accuracy and integrity of financial metrics with the drivers for future financial success (Niven, 2005). Kennerley, M and Neely, A (2002) argue that in the original design of the Balanced scorecard concept, the selection of which measures to include was not sufficiently clear. This was evident in two respects: the organization did not know what measures to include in the scorecard, and it was not clear which measures should appear for which perspective. To overcome these weaknesses, Kaplan and Norton (1993) introduced the concept of strategic objectives. In their view, there should be direct mapping between each strategic objective placed in the four perspectives with one or more performance measures.

This would provide justification for the selected measures. In addition, they linked the strategic objectives in a tool called a strategy map to show the causality between them . In the second generation, from a strategic measurement system, the Balanced Scorecard evolved into a strategic management system with the intention of supporting management in the implementation of strategy . The criticism of the second generation of the BSC was based on the lack of interpretation and understanding of the vision and mission statements from lower levels of the organization, which were preserved only for high level management (Lawrie, G. 2004).

Niven (2006) argues that the use of a Balanced scorecard may be seen as a tool for measuring performance, a strategic management tool, and a tool for communication. Enhancing the communication role of the Balanced scorecard was the goal of the third generation of its development. According to him company strategy should be understood not only by executives, but it should be transformed into simple objectives and measures understood by all the people in the company and this should lead them to achieve real results. The third generation of the Balanced Scorecard aimed to reach all levels of the organization by cascading high level Balanced Scorecards to lower levels. Further, through the description in the strategy map, the BSC should show all employees what they must do in each of the four perspectives in order to execute the company strategy.

2.3. The Balanced Scorecard Perspectives

The original Balanced Scorecard designed by Kaplan and Norton identified four perspectives. The Balanced Scorecard supplements the traditional way of measuring performance with financial measures by adding measures from the perspectives of customers, internal processes, and learning and growth. In this way, it enables organizations to monitor the intangible assets needed for future growth (Kaplan and Norton, 1996). The four perspectives are: the Customer , Internal Process ,the Learning and Growth, and the Financial Perspective.

2.3.1. Customer Perspective

In the Customer Perspective, the aim is to identify the customer and market segments in which the organization will compete, and, accordingly, the measures to track related performances (Kaplan and Norton, 1996). The Customer Perspective should ask how an organization appears to customers in order to achieve the organization's vision and mission. This reflects the factors that are really important to customers . they recognized these factors in: time, quality, performance, service, and cost. Niven (2006) argues that to achieve positive financial results, organizations need to create and deliver products and services which customers perceive as adding value. According to him, measures in the customer perspective should answer three questions: What are our target groups of customer? What do they expect or demand from us? What would the value proposition for us be in serving them? The value proposition may be chosen within three differentiators (Kaplan and Norton, 2000):

Operational excellence – focus on low price and convenience;
Product leadership – offer the best product in the market;
Customer intimacy – focus on long-term customer relationship through a deep knowledge of their needs.

The most common measures for this perspective include: customer satisfaction, customer loyalty, and market share (Niven, 2006).

2.3.2. Internal Process Perspective

Great customer performance is the result of processes, decisions, and actions which managers need to focus on in order to satisfy customer needs (Kaplan and Norton, 1992). According to these authors , in the Internal Process Perspective the organization determines how it will achieve the value proposition for its customers and the productivity improvements to reach its financial objectives in order to satisfy its shareholders. This perspective measures the business processes that have the greatest impact on customer satisfaction. It measures factors like quality and employee skills. Here, companies should identify and measure their core competencies and technologies critical to ensuring market leadership. Measures that can represent this perspective are inventory turnover, delivery, productivity, cycle time, and research and development expenses (Niven, 2006).

2.3.3 Financial Perspective

Financial Perspective Financial measures are a critical component of the Balanced Scorecard, especially so in the for-profit world. The objectives and measures in this perspective tell us whether our strategy execution which is detailed through objectives and measures chosen in the other perspectives—is leading to improved bottom-line results. these could focus all of energy and capabilities on improving customer satisfaction, quality, on-time delivery, or any number of things, but without an indication of their effect on the organization's financial returns, they are of limited value. In the Financial perspective. Typical examples include profitability, revenue growth, and asset utilization.

2.3.4. Learning And Growth Perspective

It is identified By measuring the organization's ability to innovate, improve, and learn, the Learning and Growth Perspective identifies the needed infrastructure to support the other three perspectives. (Paul R. 2006) argues that measures of the Learning and Growth Perspective are the enablers of the other perspectives and represent the foundation of the Balanced Scorecard. According to Kaplan and Norton (1992), continual improvements and the ability to learn and introduce new products and services are the precondition to survive, expand in the global marketplace, and increase the company's value. Knowledge, employee skills and satisfaction, the availability of information and adequate tools are frequently the source of growth and therefore the most common measures of this perspective.

2.4 Performance Measures In Four Perspectives Of Balanced Scorecard

In Freakonomics, a quirky and mostly irreverent glimpse into the world of economics, the authors strike a momentarily pragmatic chord when discussing the importance of measurement. They suggest: “Knowing what to measure and how to measure it makes a complicated world much less so. If you learn how to look at the data in the right way you can explain riddles that otherwise might have seemed impossible. Because there is nothing like the sheer power of numbers to scrub away layers of confusion and contradiction.” (Steven D.Levitt and Stephen J.Dubned 2005)

Performance measurement, in order to have validity, must derive from the strategy of the organization. It is only when this derivation of performance measures comes from the heart of the strategic focus that management can hope to employ the necessary energies for effective continuous improvement. This process provides management with the necessary information feedback system to enable a continuous improvement process, which will drive the re-examination of the strategic direction of the organization. A valid collection of strategy driven performance measures will enable a continuous feedback of customer needs, competitive costs, responsiveness, and other critical indicators of world class performance [Campi, (1993)]

What Are Performance Measures?

It defined performance objectives as concise statements that describe the specific things we must perform well if we are to implement our strategy successfully. But how do we know if we are in fact performing well on our objectives? We use performance measures use to determine whether we are meeting our objectives and moving toward the successful implementation of our strategy. Specifically, we may describe measures as quantifiable (normally, but not always) standards used to evaluate and communicate performance against expected results. However, no simple definition can truly capture the power that well-crafted and communicated performance measures can have on an organization. Measures communicate value creation in ways even the most charismatic CEO’s speeches never can. They function as a tool to drive desired action, show all employees how they can help contribute to the organization's overall goals, and supply management with a tool to determine overall progress toward strategic goals.

Thus measures are critically important to the Balanced Scorecard, but generating performance measures may not be simple . In a study by the American Institute of Certified Public Accountants, 27 percent of respondents stated that "the ability to define and agree upon measures" was the most frequent barrier to implementing or revising a performance measurement system.(Jennifer A.Chatman and Sandra E.Cha 2003)

2.4.1 Measures For The Financial Perspective

With each perspective of the Balanced Scorecard, the measures we choose should act as direct translations of the objectives we chose to comprise our Strategy Map, which themselves were faithfully translated from the organization's differentiating strategy. The measures provide insight into whether we are achieving our objectives and foster accountability for results, ensuring that we maintain the course of implementing our strategy. when discussing Financial objectives, most companies focus on revenue growth and productivity, both pursued in the goal of enhancing shareholder value. Therefore, we should extract our measures directly from those objectives.

Not every organization will choose financial measures relating to growth, productivity, or value. Others, especially those in the financial and insurance industries, may choose indicators of risk management to complement other financial measures. Westdeutsche Landesbank is a German wholesale bank represented in more than 35 countries worldwide. In developing financial measures at its New York City branch, West LB chose to augment its traditional financial measures of revenue growth and cost containment with measures of risk-adjusted return on capital. This addition reflected the importance of risk management in its portfolio.

Some organizations will venture beyond their accounting systems and look to Wall Street to supplement their financial perspective. Measures of share price and market valuation are often found on Balanced Scorecards. Those working in organizations that rely heavily on innovation and human capital (who isn't?) may desire a financial measure that captures the value of your intellectual assets. As with all Balanced Scorecard measures, the key is alignment to your strategy. The measures selected for the Financial perspective will help set your course in determining measures for the rest of the Scorecard, so ensure they accurately translate the objectives appearing on your Strategy Map. (Dawne, Shand 2000)

2.4.2 Measures For The Customer Perspective

When developing your Strategy Map objectives for the Customer perspective, It is recommended using the three value propositions of operational excellence, product leadership, and customer intimacy as a framework for your deliberations.

2.4.2.1Measures Of Operational Excellence

Operationally excellent organizations excel at wringing out every last drop of inefficiency and focus intently on their formula, in an uncompromising desire to offer us great value. Outline of operational excellence using the lens of measurement.

- Price. More than any other determining factor, what brings us back to operationally excellent firms again and again is low prices. Therefore, we might expect to see measures such as “average price compared to key competitors” or “total cost of ownership” appearing on their Balanced Scorecard.
- Selection. This past holiday season during a trip to Costco I felt as if I were being stalked by a frenzied crew of their associates on a runaway forklift. Upon closer examination from a safe location, they were definitely frenzied alright but not in a desire to run me down. Instead their goal was to keep the shelves stocked for us desperate last-minute shoppers. Operationally excellent companies thrive on a rapid turnover of goods. Thus typical measures would include “inventory turns,” “number of items out of stock,” and “cash flow.”
- Convenience. When you go to McDonald’s for a Big Mac fix you’re not expecting the pampering you’d receive at the Ritz Carlton or the choice awaiting you at a large buffet—you just want your burger and you want it now. McDonald’s knows that and has designed the business infrastructure to make sure you experience the convenience of a hot meal served rapidly. Most operationally excellent companies include measures of convenience and accessibility as part of their Scorecards. Examples include “average wait

times," "number of customer complaints," and "number of resolutions in first call" (for call centers).

- Zero defects. Mistakes or defects of any kind are anathema to operationally excellent companies. When uniformity is critical, variation must be removed from the system, and thus it is not surprising that many will invest in Six Sigma to stay on the path of zero defects. "Manufacturing yield" and "defect rates" may be closely monitored.
- Growth. Up, up, and up is the mantra of this high-flying set, and thus measures of growth will take a front-row seat. Examples include "revenue growth in targeted segments" and "number of new customers."

2.4.2.2 Product Leadership Measures

Product leaders succeed by providing their customers with new and innovative products that offer unique functionality not available in competitors' offerings. Of course every organization's wish list would probably include greater innovation and more breakthrough ideas, but one company that truly lives in the "innovation fast lane" . A true innovation factory, created thousands of products, services, environments, and digital experiences for hundreds .

- Getting the word out is a must. Product leaders aggressively pursue the buzz that often accompanies a breakaway new product. Thus we might expect to see "brand image" or "brand awareness" gracing their Balanced Scorecard. Given their penchant for pushing the envelope of innovation, product leaders might also measure "help line calls per product" to determine the amount of interest, and possibly confusion, in their latest development.
- Functionality. You probably didn't know this but I am the proud curator of a cell phone museum housed, conveniently, in my house. Admittedly it's small, three phones, but that modest sampling spans some fourteen years, which represents about ten thousand years in tech time. I couldn't use the word "mobile" to describe my first cell phone, because unless you are blessed with the pipes of Arnold Schwarzenegger, you'd probably be too weak to port this toaster-sized device around for long periods of time. Comparing it to my current device is like contrasting the blunt rocks our ancestors used for mixing food with my shiny new Cuisinart. The advance in functionality is difficult for this mind to

comprehend, but I do thank those responsible. Product leaders, those on the cutting edge of design, style, and functionality, must employ metrics that allow them to gauge their penetration of our needs. Expect to see measures such as “number of customer needs satisfied” and “number of new features offered” appearing within their Balanced Scorecards.

2.4.3.2 Measures For Customer Intimacy

By providing an unparalleled mix of superior services that offer a total solution, the customer-intimate organization is able to move beyond simply providing a product or service to cultivating a lasting relationship with their clientele.

- Customer knowledge. “Access to key customer information” is a driving force in this endeavor. The more information the customer-intimate firm has about its customers, the better able it is to personalize, anticipate, and even predict customer patterns. A strong information foundation paves the way for this to occur. The information must provide users with a total view of the customer and must be integrated from all sources, meaningful and actionable, and user friendly.
- Solutions offered. “Total number of solutions offered per client” or a derivative thereof is the obvious choice for tracking the solutions customers demand. You will undoubtedly invest significant time, effort, and resources in creating specialized offerings for your customers; therefore, it is important to balance a metric like “total number of solutions offered” with one reflecting customer profitability, sales volume, or margin improvement. You want to ensure that your investments in customized solutions are creating sufficient profitability to cover your costs.
- Penetration. With their credo of providing total solutions to customer needs never far from mind, we would anticipate customer-intimate organizations to track “share of wallet” or “market share.”
- Culture of driving client success. Customers represent the ultimate arbiter of success for any organization, but it is the customer-intimate organization that labors most intensely to ensure positive experiences, and in so doing it relies heavily on a positive cultural

foundation. “Reputation index,” “number of customer awards received,” and “number of referrals” will rank highly on the Scorecard of a customer-intimate enterprise.

- Relationships for the long term. Customer-intimate organizations are seeking the sort of relationship evident in the time-tested marriage of Paul Newman and Joanne Woodward rather than the casual dalliances of, say, a Paris Hilton. In other words, they are in it for the long haul, working with you to provide solutions as your needs inevitably change. As a result, “customer turnover” and “customer retention” are likely measure candidates.

2.4.3 Measures For The Internal Process Perspective

All of the measures appearing on your Balanced Scorecard will be directly translated from the objectives appearing on your Strategy Map via the question “How will we know if we are successful in achieving this objective?” Answering that query will help produce the performance measure(s) necessary to gauge success. framework for Internal Processes.

2.4.3.1 Operations Management Measures

You will recall that operations management refers to the basic, routine, and day-to-day processes necessary to keep the engines of commerce humming at your company. A metaview of this cluster reveals sub processes of sourcing, manufacturing, distribution, and risk management. The measures you choose will, naturally, be organization specific. For example, if yours is a mortgage lending company, you don’t produce a physical product. Nevertheless, that does not preclude you from including operations management metrics. “Cycle time from application to funding” or “number of loans closed per employee” may appear on your Scorecard. Manufacturers, meanwhile, may focus rightly on “yield” or “throughput” for this perspective. Again, you must be disciplined as you complete this perspective. Faced with innumerable options for measurement, you must focus precisely on just those options that are critical to tracking your execution of key processes that drive value for customers and financial stakeholders.

2.4.3.2 Customer Management Measures

Five critical sub processes comprise customer management: (1) selecting value proposition, (3) understanding their needs, (4) retaining customers, and (5) deepening our relationship with them. A simple yet powerful measure may accompany each sub process on the Balanced Scorecard.

For example, selection of customers may be tracked by “customer segmentation” or classification. Acquisition is often monitored by metrics of marketing effectiveness, demonstrating whether our investments in communicating what we have to offer are reaching our target audience. “Number of customer profiles” may act as a suitable proxy for understanding customer needs as we attempt to ferret out the eccentricities and peculiarities of our buyers. Retention should not be complicated; just measure retention! Finally, deepening relationships with our customers may be analyzed by using a measure of cross-selling, an attempt to open our target base up to a broader range of company offerings.

2.4.3.3 Innovation Measures

It may take any number of forms, including corporate change and strategic shifts, but in this context we can apply the term to innovation—creating and supplying captivating new products and services to distance yourself from your competition. Among the myriad performance measures that may fit the bill under the heading of innovation are “dollars spent on research and development,” “employee hours on research and development,” “number of employee affinity groups,” “number of new product joint ventures,” “number of new products or services in the pipeline,” “number of new products or services introduced,” “new product or service cycle time” (length of time from conception to introduction), “revenue from new products or services,” and “new product sales by channel.”

2.4.3.4 Regulatory And Social Measures

Chief executives, especially those at the helm of large publicly traded companies, must feel as if they have an enormous bull’s-eye stitched into the backs of their tailored Italian suits. Watchdog groups apply intense scrutiny to every facet of the executive world, from governance, to employee relations, to executive compensation. These days it’s not enough to simply *be* a good corporate citizen; companies must make preemptive strikes, demonstrating in crystal-clear fashion their pledge to strong governance, adherence to regulatory and environmental standards, and commitment to social causes. Prominent measures on a Balanced Scorecard, especially if it is ultimately shared with external stakeholders, can help allay the diatribes of rabid critics by clearly displaying the metrics being monitored and actions taken in support of these vital issues. Among the measures that may be pursued in this arena are “compliance with environmental regulations.

2.4.4 Measures For The Employee Learning And Growth Perspective

2.4.4.1 Human Capital Measures

The late Peter, Drucker (2004).suggested that any business can be as good as any other business. The only distinction is how it develops its people. Here are some suggestions for developing your most precious resource.

Using core competencies to measure skill development. The term "core competence" was coined by Gary Hamel and C.K.Prahalad (2005). in their immensely successful book, competing for the Future. Over time the phrase has evolved, and now "core competence" can be described as "an attribute or behavior that individual managers and employees must demonstrate to succeed at their particular company. The first step in the core competence process is identifying the differentiating competencies you need to achieve your strategy. Experts agree that the best way of doing this is to involve as many people as possible from all levels of the organization. Focus groups and interviews can be used to assess company needs and competence gaps.

Using personal development planning to boost competence holders. Many organizations have introduced the idea of personal development planning to assist employees in generating goals. This is certainly an admirable effort, but certain criteria must be stressed if personal development planning's to prove beneficial to the employee or the organization. The principal issue is alignment to organizational strategic goals. The majority of personal goals in the plan should help the employee influence the achievement of the company's strategy. Goals in the plan should also be measurable and include specific action steps. Once you've identified the core competencies you need to be a leader in your industry and your employees have developed plans that signal their contribution to your goals, you're ready to begin measuring. Track the percentage of employees who meet their personal development planning goals.

Measuring employee training. Virtually every company will have at least one performance measure relating to employee training initiatives. And why not, since through training the organization gets better-skilled workers who are more versatile, while employees learn new skills and gain new ways of seeing their work and how it affects overall success. As we discussed earlier, the mistake most organizations make with training metrics is that they simply look at the raw amount of training offered: number of training hours per employee, for example.

For training to prove effective, It must be linked to organizational goals and objectives, and companies should measure results of the training (i.e., the demonstration of new behaviors or skills), not just attendance.

Employee productivity. Investing in competency development and personal development planning should yield results in the form of greater productivity, and many organizations will measure just that. The problem with this measure, at least in its traditional form, is that it divides firm revenue by the number of employees. It's fairly easy to manipulate this ratio by reducing the number of employees, outsourcing entire functions, or increasing revenue in possibly unprofitable segments. As with the financial metric of economic value added, you should attempt to determine the value added per employee by deducting externally purchased materials from your numerator.

2.4.4.2 Information Capital Measures

Capabilities are a must for success in the new economy, but to achieve your goals, employees must have access to certain physical and intangible tools to get their jobs done. What percentage of customer-facing staff has the ability to access detailed customer information within 30 seconds of a customer interaction? You should determine what information is critical to employee decision making and develop a performance measure that tracks the percentage of employees who have this information available to them.

Information capital readiness. As with human capital, to prove effective, information and technology must be aligned with the organization's strategy to produce benefits. Therefore, monitoring "information capital readiness," an assessment of information technology (IT) capabilities versus needs, will provide us with insights into where we must invest in order to leverage technology as a competitive advantage.

2.4.4.3 Organizational Capital Measures

Organizational capital is that knowledge that has been captured/institutionalized within the structure, processes, and culture of an organization. It measures employee satisfaction. Perhaps the most common Employee Learning and Growth measure is the employee satisfaction rating. The vast majority of organizations attempt to take the pulse of their organizations through annual surveys and use the findings to design better ways to do things (Palmer Morrel-Samuels 2002).

B Empirical Review

2.5 Empirical Evidence Attempts To Use Of Balanced Scorecard

Kaplan & Norton (1992) introduced the BSC concept. However, already in 1979, Parker suggested a balanced view on firms' operations comprising financial measures and measures related to marketing strategy, research and development, social responsibility and employees.
Despite Parker's early contribution, the 1992 article by Kaplan & Norton appears to have been more timely and may be recognized as setting into motion the scorecard approach, i.e. the starting point to "put the BSC to work" (Kaplan & Norton, 1993). Ampuero et al. (1998) have observed that references to BSC in a sample of prestigious business journals have increased significantly in the past five years. Thus it has been observed that 60% of large US corporations (e.g., AlliedSignal, Federal Express, General Electric and Wal-Mart) use some version of a scorecard that integrates financial with non-financial measures. According to Roslender (1997), the BSC could serve as an illustration to contemporary 'best practice' pursuits in accounting for strategic positioning, i.e. to support managerial attempts to achieve and sustain a strategic position in the market place.

The BSC intends to reflect the necessity of balance between the traditional financial perspective and the three non-financial elements of customers, internal business processes and innovation/improvement. BSC translates an organization's mission and strategy into a comprehensive set of performance measures to provide the necessary framework for a strategic measurement and management system (Kaplan & Norton, 1996). The BSC enables companies to track short-term financial results while simultaneously monitoring their progress in developing the capabilities and acquiring the intangible assets that generate growth for future financial performance.
According to Kaplan & Norton, an effective strategic learning process requires a shared strategic framework that communicates the strategy and allows all participants to see how their individual activities contribute to achieving the overall strategy. The BSC provides a representation of the organizations' shared vision. The use of measurements as a language helps translate complex and frequently nebulous concepts into a more "precise" form that promotes consensus among senior

executives. The BSC communicates a holistic model that links individual efforts and accomplishments to business unit objectives.

The scorecard should incorporate the complex set of cause-and-effect relationships among outcome measures and the performance drivers that describe the trajectory of the strategy of those outcomes.

Outcome measures without performance drivers fail to communicate how the outcomes are to be achieved. Moreover, they do not provide an early indication about whether the strategy is being implemented successfully. Conversely, performance without outcome measures may enable the business unit to achieve short-term operational improvements, but will fail to reveal whether the operational improvements have been translated into expanded business with existing and new customers and, eventually, to enhanced financial performance.

Renaissance Solutions Inc. actively promotes the BSC concept. This company is a Bostonarea consultative firm whose President, David P. Norton, co-authored the first publication on BSC. The very term "balanced scorecard" reflects an understandable rebellion against traditional reliance on GAAP reports as the sole basis for performance measurement. Scorecard people, moreover, tend to have non-financial backgrounds in such fields as marketing, line management, strategic planning and human resources (Cates, 1997).

Numerous firm applications of the BSC exist today. Two of the most cited are Skandia and Dow Chemical. Whereas Skandia (Edvinsson, 1997) initiated their measurement system of Intellectual Capital even before the article by Kaplan & Norton in 1992, the Dow Chemical Company (Petrash, 1996) has spent the past four years developing a vision, functional systems and tools for the ‘value management’ of its Intellectual Assets (IA). Intellectual Assets is defined as knowledge or legal instruments that have value or the potential for value.

Intellectual assets are part of a larger body of intellectual property that does not necessarily have value. Both these are part of an even broader defined body of knowledge called 'intellectual capital.’Many elaboration’s on the BSC model can be found in the literature. For example, Maisel’s (1992) balanced scorecard model is described in which the innovation/improvement perspective has been exchanged for a human resource perspective: ”To achieve our strategies, how must our organization function?”

Roberts & Adams (1993) propose that a measurement system should not only facilitate the implementation of a company’s strategy, but also promote a culture of constant change. van

Wieringen (1997) has elaborated a model for measuring quality of professional education based on a BSC concept that includes financial, customer, internal organization and development perspectives. Additionally, he proposes four other approaches to measure quality.

These approaches consist of social appreciation of the institution, qualification targets to be met by the professional education, results operationally defined in terms of the functions of education and results of effectiveness (mastery, innovation, productivity and involvement).

He finds that measures of the financial and the customer perspective can easily be compared to the other two. Although the BSC appears to be the most widely used concept, the idea of measuring and visualizing the invisible in non-financial terms is of course not a Kaplan & Norton exclusivity.

In “The invisible balance-sheet” a Swedish group (Sveiby et al., 1989) successfully (at least in relation to attention in the Swedish debate) argued for non-financial measurements of human, structure and market capital. Obtaining inspiration from this boo The Swedish Coalition of Service Industries (1995) recommended different performance measures on intangibles. One of the active members in the Council is Skandia. Skandia also participated in a group headed by The Swedish Public Relations Association (1996) that proposed measures of intangibles in five different segments.

Sveiby (1997, 1997b) has further developed a model for the measurement of intangibles which he calls the Intangible Assets Monitor. This model has been applied to several Swedish companies.

Cates (1997) proposes four criteria that managers can use in testing the functionality and cost efficiency of any proposed performance measurement system. These criteria are (a) diagnosis of the paths to value creation, (b) projection of whatever unfolding scenarios senior and segment managers wish to explore (c) valuation of shares and (d) applications to goal-setting, compensation policies, mergers & acquisitions pricing, line manager empowerment and good two-way communications between analysts and investors.

Smith (1998) states that the formulation of strategic goals and the monitoring of their achievement is a complex exercise for any organization. For Smith, the integration of quantitative and qualitative measures to provide an indication of the competitiveness remains a challenge for management accountants. Although the balanced scorecard is a possible means to overcome short-terminism, it still gives no clear indication of a weighting system that would enable the four perspectives within the balanced scorecard to be combined satisfactorily to yield ‘organizational effectiveness’. The author also asserts that the question of comparability also remains unclear because different market situations, product strategies and competitive environments will require different scorecards. According to Booth (1998),the real difficulty is not so much the classification, identification and measurement of intangibles, but rather finding the links between intangibles and financial performance.

Balanced score card is closely related to the intellectual capital concept. The latter not only comprises measurements and organizational learning, but even an attempt to create value for the long term. Intellectual capital deals with the logic of an economy of creativity (Mouritsen,1999) by empowering individuals and structuring processes. By putting knowledge into information technology, personnel knowledge is rendered structural and becomes re-usable at many places simultaneously. The stories and metaphors comprising a vision of the future areas important as the measurements of intangibles .

The latter is similar to the view that scorecards represent a language utilized in the dialogue between top management and employees (Cepro, 1998). It is a means to emphasized the link between the performance of the individual and the firm. Presently, according to Wurzburg (1998) there is considerable work underway in enterprises trying to identify how crucial intellectual capital variables contribute to the firm’s performance.

The BSC has inspired the development and application of a variety of models and is an illustration of contemporary ‘best practice’ in accounting for strategic positioning(Roslender, 1997). BSC is closely related to intellectual capital and comprise not only tools for the measurement of intangibles resources but also a vision of continuous learning and change to create value for the future. The mere existence of BSC reveals a message that what finally counts is not only financial outcomes, but even long-term relationships with customers and employees. .

2.5 .1 Organizations Who Are Working With Balanced Scorecard

One organization that navigates by a constellation of measures, including customer satisfaction, quality, innovation, employee development and financial soundness, is Mobil Corp.

Americas Marketing and Refining Division (AM&R). AM&R now gauges its progress using a BSC, consisting of 23 measures, only five of which are strictly financial. Through the scorecard the organization focuses on "actionable" measures, things that business line managers and their employees can influence directly, such as customer satisfaction, yield and reliability.

The promise of improved alignment attracted Mobil executive vice-president to the BSC in early 1994. At the time, AM&R's strategic vision was suffering from acute astigmatism. Under the old system, measurement was not a communication device, but was a poor control mechanism. Strategy was driven entirely by corporate planning staff and line people were viewed simply as implementers of strategy. Today, scorecards are embedded in the management process at AM&R. The scorecard is the basis of every conversation.

Pitney Bowes' U.S. Mailing Systems started with a list of 500 key measures on its first pass. According to the director of business analysis, “We had to come up with a separate set of measures just to rank the measures.” The final group of seven measures became the basis for a business information system, on-line since October 1993. It is used by executives across the division, including sales, divisional controllers, marketing, president's staff, HR, and finance.“Instead of waiting until the end of each month to get financial reports on a spreadsheet, we've now got an on-line system that gives people a daily snapshot of the business.”One important part, according to Kaplan & Norton, is to connect the new measurements to compensation. One solution can be found in Cigna Insurance's property-and-casualty division, which began managing its business with a scorecard at the start of 1995. Today, bonuses, which constitute as much as 10 percent of management- and employee-compensation packages, are tied completely to scorecard results.

Similar examples from the Swedish scene could be found in Olve et al. (1997). Based on literature surveys, personal experience and empirical data from interviews with 17 members of the board of directors in 11 enterprises (ABB, Electrolux, Coca-Cola, KappAhl, Orion Pharma, Gustavsberg, Rank Xerox, Volvo, SJ, SKF and Skandia), these investigators hold that BSC has been well accepted among middle management whereas top management prefers financial measurements. According to the president of KappAhl, people in the firm have increased their understanding of the company's vision as well as the practical implications of this vision (Olve et al., 1997).

Fleisher & Darren (1997) describe a managerial approach in assessing Public Relations/Communications (PR/C) performance using a BSC. The authors feel that the greatest problem PR/C practitioners will face in implementing a BSC approach is to develop measures and proper information systems needed to gather information.

Butler et al. (1997) describe an attempt undertaken by Rexam Custom Europe (RCE) to determine, develop and implement a balanced scorecard for top level use. The performance measures developed by means of interviews were classified into three perspectives (shareholders, extraordinary growth and continuous improvement) instead of the four of Kaplan and Norton.

The commitment to the corporate vision and the special role of product development jointly explains why the scorecard deviated considerably from the template proposed by Kaplan and Norton. The authors conclude that Kaplan and Norton seem to have created a model that overlooks the importance of the corporate mission. As in the case of RCE, if the staff generally accepts the mission, then it seems preferable to build the scorecard around the mission rather than to adopt a template developed in other corporate contexts.

Concerning Swedish insurer Skandia, the reception of the model in 1993 is reported to have been enthusiastic and encouraging. However, experience in terms of in-depth studies of influence on action or learning are still missing, except for single interviews, e.g., with the CEO (Olve et al., 1997; Roos & Roos, 1997) who states that the Skandia model was developed to be used primarily internally. The main effect among managers has been an increased awareness of strategy. Erhvervsud,viklingsrådet (1997) also reports the latter type of effect.

2.5.2 Empirical Review Of Learning And Growth Dimension Of Balanced Scorecard

2.5.2.1 Human Capital And Performances

sustainable competitive advantage is tied to individual workers' and organizational knowledge (Bontis, 2001). In today's complex and turbulent business environment companies are required to be flexible, highly innovative and able to develop proactive strategic approaches.

To reach these aims many organizations have realized that knowledge (underlying capabilities) represents the most important factor in creating economic value that underpins a firm's value creation performance (Marr, Schiuma and Neely, 2002 as cited in Sudarsanan, Sorwar and Marr, 2003). Bontis (1998), Wang and Chang (2005), Kamath (2007) and other have proved the positive relationship between human capital management and business output.

Human capital is considered as a strategic performance measure introducing a transition in thinking about a new structure and process supporting a company's productive assets (Bontis, 2001). After the Industrial Age societies have entered the Information Age where wealth has become a product of knowledge. This knowledge has in turn become the most important production factor, assisting change and innovation, and yet it generally does not feature in a company's profit and loss account. This kind of change leads to transformations at every level in career paths, business hierarchies, strategies, managerial systems (Stewart, 1997).

There are various findings that incorporate human capital with higher performances and sustainable competitive advantage(Noudhaug,1998);higher organizational commitment(Het et.al,1990); and enhanced organizational retention(Robertson et.al,1991).
A study by Bontis and Fitzenz(2002) found that the consequences of human capital management and they established the relationship between human capital management and economic and business outcomes. in this study a total of 25firms in financial services companies were selected. the study measured human capital effectiveness with four metrics revenue factor, expense factor income factor and employee. Human capital has a direct impact on the intellectual asset that will yielded higher financial result per employee. The development of human capital is positively influenced by educational level of employees and their satisfaction.

2.5.2.2 Organizational capital and performance

The knowledge assets map developed by Marr and Schiuma (2001, as cited in Sudarsanan, Sorwar and Marr, 2003) provides managers with a broader framework to evaluate the organizational knowledge from both an external and internal point of view. It is based on a broader interpretation of IC addressing the assessment of all knowledge assets in a company.

The knowledge assets map facilitates the identification and definition of the critical knowledge areas of a company. It is based on an interpretation of a company's knowledge assets as the sum of two organizational resources: stakeholder resources and structural resources. This distinction reflects the two main components of an enterprise, (1) its actors, who can be internal or external to the organization, and (2) its constituent parts, i.e. the elements at the basis of the organization's processes. Stakeholder resources are divided into stakeholder relationships and human resources. The former identifies all external actors of a company while the latter represents internal actors. Structural resources are split into physical and virtual infrastructure, which refers to their tangible and intangible nature respectively.

Finally, virtual infrastructure is further sub-divided into culture, routines & practices, and intellectual property. The six categories of knowledge assets identified by the knowledge assets map are defined in further detail below. Stakeholder relationships include all forms of relationships of the company with its stakeholders. These relationships could be licensing agreements, partnering agreements, financial relations, contracts and arrangements about distribution channels, as well as informal relationships.

The stakeholder relationships also include customer loyalty, company names and brand image, which represents a fundamental link between a company and its stakeholders. Human Resource contains knowledge provided by employees in forms of competence, commitment, motivation and loyalty as well as in form of advice or tips. 3 Some of the key components are know-how, technical expertise, and problem solving capability, creativity, education, attitude, and entrepreneurial spirit. Physical infrastructure comprises all infrastructure assets, such as structural layout and information and communication technology like computers, servers and physical networks.

Culture embraces corporate culture and management philosophies. Some important components are the organization’s values, the networking practices of employees as well as the set of mission goals. Culture is of fundamental importance for organizational effectiveness and efficiency since it provides the organization’s members with a framework in which to interpret events.

The culture provides organizations with a framework that encourages individuals to operate both as an autonomous entity and as a team in order to achieve the company’s objectives. Practices & Routines include internal practices, virtual networks and routines, i.e. tacit rules and procedures. Some key components are process manuals providing codified procedures and rules, tacit rules of behavior as well as management style. Practices and routines determine how processes are being handled and how workflow processes flow through the organization.

2.5.2.3 Information Technology and performance

Introduction in the current extremely competitive global environment, high technology firms have been becoming increasingly reliant on core resources for maintaining long-term competitive advantage. To maintain competitive advantage high tech firms recognize and emphasize relevant, integrated, strategic, improvement oriented and whole performance measurement systems, doing so by adopting various management philosophies and tools such as benchmarking and total quality management (TQM), to help to define goals and performance expectations. High technology firms must integrate and develop appropriate performance metrics to explain and quantitatively analyze the criteria used to measure the effectiveness of the operational system and its numerous interrelated components. (J.ijpe.2010)

Performance measurement is a multidimensional structure involving the various components which contribute differently to overall high technology firm performance. A systematic and efficient approach towards performance measurement is based on constructing a system model which in turn relies on corporate cross-function evaluation of performance.

Evaluation methods thus must be applied together with numerous approaches to improve the accuracy of corporate performance measurement. However, performance measurement is difficult and complex and evaluators lack widely recognized performance measurement tools and well-defined criteria for making accurate measurements. Constructing and possessing available performance measurement tools not only increases evaluation efficiency but also saves costs. But traditional corporations generally use financial aspects to measure business performance, for example return on assets (ROA), return on investment (ROI), return on sales (ROS), etc. However, those traditional performance measurements suffer various limitations (Fisher, 1992; Ecceles, 1991)

2.6 Structural Framework Of Balanced Scorecard

Balanced scorecard integrating the four perspective these are :

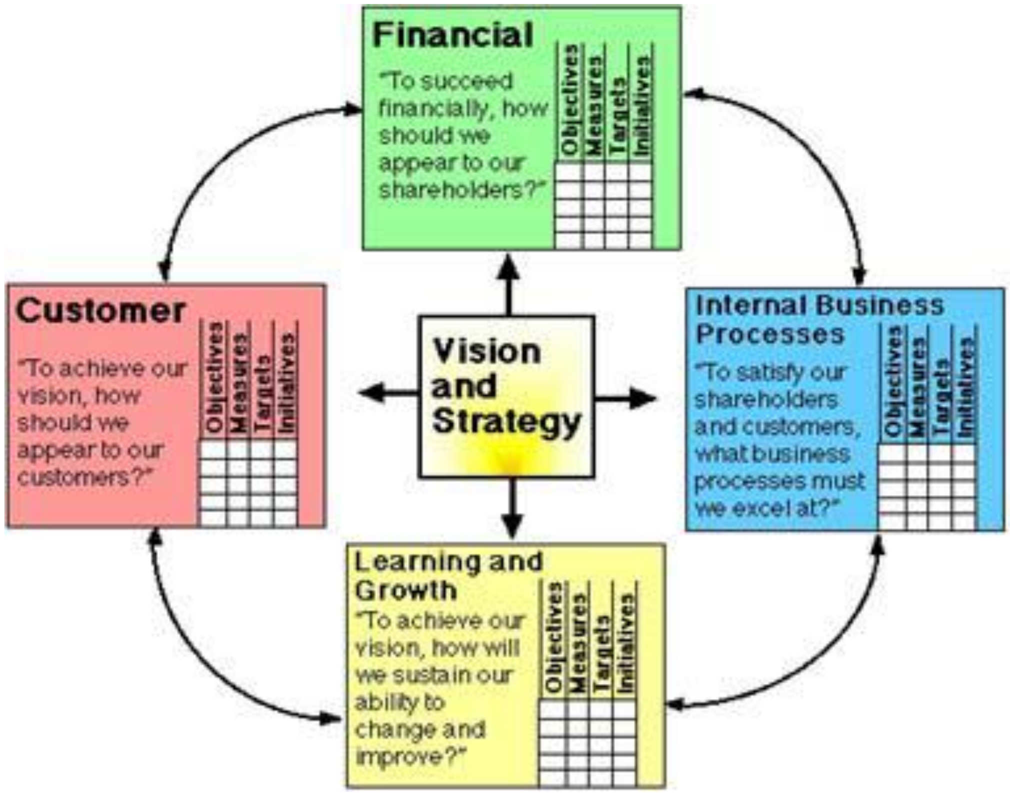
1. The financial perspective. Measures in this perspective should answer the question, “How should we appear to our shareholders? focus on market leadership, profitability and Revenue Growth .

2. The customer perspective. These measures should answer the question, “How should we appear to our customers?” main targets are low defect levels, on time delivery ,superior price /cost and responsibility.

3. Internal business processes perspective. Measures in this perspective should answer the question, “What processes must we excel at?” main targets are low cost(high yield) ,low process defects and Time to market.

4. Learning and growth perspective. These measures should answer the question, “How can we sustain our ability to change and improve?” and It incorporate Organizational Capital, Information Technology and Human capital. It also serves as infrastructure for the other three perspectives of Balanced scorecard.

Figure 1 Structural Framework of Balanced scorecard



Learning and Growth perspective

Human Capital	Information Technology	Organizational Capital
Skill Knowledge Training	Networks Data base IT Infrastructures	Team working Culture Good willing

Source: Kaplan & Norton, 1996

CHAPTER THREE

Research Methodology

3. 1 Research strategy

The researcher was engaged with both the quantitative and qualitative research strategies, to assessing the challenges Balance scorecard specifically from its learning and growth dimension.

3.2. Study Area And Period

The research was conducted in Jimma university specialized hospital which is located in southwestern part of Ethiopia ,in Oromya regional state, Jimma zone in a year 2015 .

3.3. Research Design

The primary aim of this study was to identify the challenges of balance scorecard specifically from learning and growth dimension. To achieve the objectives , an explanatory type of research were used and it investigated the relationship between Balanced scorecard , from learning and growth dimension as dependent variable and (Information Technology, Human Capital and Organizational capital) as independent Variables.

3.4. Source Population

The sources of population for this research was all permanent employees of Jimma university specialized Hospital. This includes employees working under different Directors: personal Director ,pharmacy and supply chain Director , General services Director and Clinical Director which includes Nudes , Doctors, laboratory Technicians and Biomedical engineer.

3.5. Study Population

All sampled permanent workers for quantitative data and purposefully Selected ten top management officers and key informative persons for qualitative part of data were used in the sources of population.

3.6 Sample Size Determination

As it was difficult to participate all 1261 permanent employees in data collection, . For quantitative data participant were selected from the total population and the sample size were estimated using simple size determination formula “n”(AFRITAC sample) . And to determine number of participant from each department and section , to be included in sample study population proportion were used.

for sample size.

n is overall sample size e=Marginal error= .1

N Total population p= population proportion (desire precision level)=.5

Z= Confidential certainty q= 1-p

z= 95% e= .1

p= .5 q=1-.5=.5

N=1261

$$n = \frac{z^2 pqN}{e^2(N-1) + Z^2 \times pq}$$

$$= \frac{1.96^2\,(0.5)(0.5)1261}{.1^2(1261-1) + 1.96^2 \times 0.5 \times 0.5} = \frac{1211.0644}{13.56} = 89.31$$

n= 89

3. 7 Sampling Techniques

Out of the total sample of 89 respondents, the proportions were allocated among different departments and sections of the organization. For qualitative data in-depth interview were conducted for purposively Selected 10 respondents, from top level management and Informative personal, who were expected to provide enough information,

Table 1 Summary of sample , number of respondents included in the study population from each department and section

serial no	Dep/profess	no. Of Employees	in (%)	Sample taken	
1	MD/Medical Doctor	22	0.02	2	
2	Administrative staff	516	0.41	36	
3	Laboratory Technology	50	0.04	4	
4	Pharmacy	54	0.04	4	
5	Anastasia	9	0.01	1	
6	Radiography	8	0.01	1	
7	Nudes	584	0.46	41	
8	Psychiatry	10	0.01	1	
9	Biomedicine & IT	8	0.01	1	
10	Total	1261	1.00	89	

Source computed from primary data

3.8 Data Collection Instruments

The study used primary data's, and for this purpose structured and self-administered questionnaires were used. The questionnaire contains variables like socio-demographic, Information Technology , Human and Organizational capital .

And also the purpose of collecting qualitative data, the study was used in depth interview by the principal investigator with the selected top level managers and informative persons . In depth interview were developed in a manner it can identify the challenges in addressing balanced scorecard specifically , for its learning and growth dimension .

3.9 Data Collectors

Four data collectors and two supervisors were involved for the purposes of quantities data collection and qualitative data were collected by principal researcher.

3.10 Data Processing And Analysis.

The quantitative data's were checked for completeness, entered and analyzed using SPSS version 20.0 The data's were expressed using descriptive static, mean, standard deviation and percentiles. For the purpose of presentation tables were used. The data were analyzed between balanced scorecard ,specifically from learning and growth dimension, as dependent variable , and (Information Technology, Human and Organization capital) as independent variables.

3.11 Variables

3.11.1 Dependent Variables

- Learning and Growth dimension of balanced card cared

3.11.2 Independent Variables

- Information Technology
- Human Capital
- Organizational Capital

3.12 Ethical Consideration

The research proposal is approved by BECO ethical review committee; permission is also obtained from the CEO of JUSH and Human resources Director to collect data from the permanent employees, top managers and informative personals. The right of the study participants either to refuse participation or withdrawal from the study at any point will be respected. all data's accessed in due course will confidentially kept.

3.13 Description Of Variables And Measurements

The qualitative data's were analyzed manually and compared with the findings from the quantitative data. and for quantitative data. Scores were allotted for each variables in the questionnaires from 1-5 based on their strength and weakness of the problems , and 1-2 were assigned for those variables which have not satisfied by employees and 4-5 were assigned for those variables which have high positive response and 3 is an average. Generally, the researcher classified them as: the highest the mean card (>= 2.5) means as good response from respond ate , indicated less influential problem, whereas the lowest the mean card (< 2.5) had high influential impact on the learning and growth dimension of balanced scorecard.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Results

In this chapter the data that were collected through closed ended interview questionnaires and in depth interview techniques for quantitative and qualitative data respectively. And presented, analyzed and interoperated on the responses of permanent employees of JUSH, to identify the challenges balanced card cared , specifically from learning and growth dimension.

The researcher distributed 89(eight nine) questionnaires for the permanent employees and conducted in-depth interviews with 10(ten) , top level manages and informative personals . who have different level of responsibility in the organization .

Out of 89 (eight nine) questioners only 78 (87.6%) fulfilled the desire requirement , 5 questionnaires not returned back, 3 of them discarded because of partial responses and other 3were avoided for not following interactions.

4.2 Socio-Demographic Characteristics

Out of 89 permanent employee who were included in the sample study only 78 employees were respond properly from different departments .out of the total respondents who filled the questionnaires 16(20.5%)were female and 62(79.5%)were male. The marital status data of respondents indicated that 29 (37.2%) were single and _39(48 .7%)were married and 11 (14.1%)were divorced. with regarded to age (43.6%) respondents age were between 20-29 , (37.2%) were 30-39 and 15.4% were 40-49 and 3.8% of them is above 50 and above years. Among registered , for the study population the majority of them were nurses followed by administration staff then pharmacy and laboratory technologist . Educational level of the respondents indicates that 23(_29.5%)of them diploma,51(69.5)degree and4(5.1%) were masters.

Table 2 .Socio-demographic -characteristics of respondents of JUSH permanent employees

Socio-demographic variables	Frequency	Percentages
Sex		
Male	62	79.5%
Female	16	20.5%
Age(in years)		
20-29	34	43.6%
30-39	29	37.2%
40-49	12	15.2%
>=50	3	3.8%
Marital Status		
Single	29	37.2%
Married	38	48.7%
Divorced	11	14.1%
Professional		
Physician	2	2.5%
Nurse	25	33.3
pharmacist	6	7.7%
Laboratory Tech	9	11.5%
Accounting	7	9%
Biomedical Eng.	3	3.8%
Management	11	14.1%
Radiology	2	2.5%
Others	12	15.4%
Educational level		
Diploma	23	29.5%
Degree	51	65.4%
Masters	4	5.1%
Services years		
1-5	51	65.4%
6-10	11	14.1%
11-15	7	9%
16-20	8	10.3
>20	1	1.3%

Sources; computed from primary data`

Note The demographic data indicate most staff members are young , and there services year is also between 1-5, this work specially for health professionals.

4.3 Lack Information Technology Infrastructure Become A Challenge For Learning And Growth.

Among four measurement used to measure weather access to information Technology were challenge or not, result from responded for the statement "there is reliable infrastructure (network and light) to make use of information" only average 2.3846(+-1.35062) gave positive respond. From this result the study identified that only partial coverage of information technology infrastructure were available in JUSH , so that it needs effort and time to collect data's to make a decisions based up on them. based on this the study the lack of information

Table 3 Employees respond about Infrastructures of Information Technology

	N	Minimum	Maximum	Mean		Std. Deviation	
Emerged factors		Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
There is a reliable infrastructures(network and light)to make use of information technology	78	1.00	5.00	2.3846	.15293	1.35062	.538
Valid N (list wise)	78						

Sources , computed from primary data

technology infrastructure(light and network) became one of the challenges for learning and growth dimension of balanced scorecard.

Similarly, the finding by Fleisher & Darren (1997) describe a managerial approach in assessing Public Relations/Communications (PR/C) performance using a BSC. The authors feel that the greatest problem PR/C practitioners will face in implementing a BSC approach is to develop measures and proper information systems(Information Technology) needed to gather information.

This finding also supported by Sandstorm and Jolvane,2002.;quezzrd et.al,2009. The authors indicate that while organizations/Firms employed the learning and growth perspective to develop a new processes and technologies to reduce costs and increase efficiencies in internal business processes perspective. But, the problem of inefficient Technology(Information technology) due to low infrastructure affect customer satisfaction and value.

4.4 Human capital (skilled man power) a challenge for learning and growth dimension of balanced scorecard .

Table 4 The mean score Employees of JUSH about the culture of sharing new acquired knowledge among peer group.

	N	Minimum	Maximum	Mean		Std. Deviation	
Emerged factors	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
In JUSH there is culture of sharing new acquired knowledge through training among peers and network	78	1.00	5.00	2.4231	.13474	1.18999	.538
There is enough number of professionals in department/ section of JUSH	78	1.00	5.00	2.4231	.14771	1.30453	.538
Valid N (list wise)	78						

sources: computed from primary data.

Descriptive Statistics result revealed from above table that average positive response for the availability of enough number professionals and the culture of sharing new acquired knowledge among peers and network were only 2.4231(+-1.30453) and 2.4231(+-1.18999) respectively. based on the data revealed the research identify there were a lack of human capital due to insufficient number of professionals in the organization and lack of knowledge sharing culture. It become one of the challenges for learning and growth dimension of balanced scorecard.

This findings supported by (Noe.et.al 2003, Youndt et.al 2004). According to their research, human capital development in the organization tend to create a significant contribution on the organizational competence and this in turn becomes a great boost, for further enhancing innovativeness' and this literature to a large extent supports the fact that learning and growth is positively impacted by the presence of human capital.

Another study by Seleim ,Ashour,and Bontis (2007) analyzed on the relationship between human capital and organizational performance. They found that the human capital indicators had a positive association on organization performances. These indicators such as training attended and team work practice (knowledge sharing) , tended to result in superstar performers where more productivity could be translated in to organizational performance directly or indirectly.

Similarly Peter Drucker (1996)suggested that any organization can be as good as any other organization. The only distinction is how it develops its people,

4.5 lack of Organizational capital as one of the challenge for Learning and growth demission of Balanced scorecard.

Average positive response were only 2.487 (+-1.214) for statement " Employees have a good willing for farther education in their field of study " based on the result .There were a lack of organizational capital because of less good willing of employees to be upgrading in their educational level and it become one of the major problem, for learning and growth Dimension balanced scorecard .

Table 5 Employees responded for organizational capital

Emerged factors	N	Minimum	Maximum	Mean		Std. Deviation	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Employees in JUSH have a good willing for farther education in their field of study	78	1.0	5.0	2.487	.1375	1.2140	.538
Valid N (listwise)	78						

Sources ; computed from primary data

This study supported by (Bontis,1998) ,The author indicates that, processes underlining organizational capital development may be more important than ever finding out what it is all worth.

Similarly, Wang and Chang (2005) and Kamath(2007) have proved the positive relationship between organizational capital management (as a part of intellectual capital) and output. And the lack of organizational management leads to low productivity.

4.6 Result Computed From Qualitative Data In Identifying Challenges Of BSC From Its Learning And Growth Dimension.

Respond from top level management and key informants about accessibility of information resources for all employee were negative , but they indicate that Making availability of information technology to the employees prioritized based upon the type of job employee performing. This result suggest accessibility of information technology were not a problem for all staff , because more part of the job in the Hospital is labor intensive. but other identified problem from interview were lack of automation for data base as major one in addition to inefficient infrastructure of Information Technology .

key informants respond for the question about human capital in the context of the culture of sharing new found knowledge with their peers and network in the organization , all of them responded ,this types of culture were not yet developed in the organization, and respond for question asked about the weather there is sufficient a number of professionals in each department or not, 8 out of ten addressed that a lack of professionals in most departments, especially in health professions as main problem , in addition to this some respondents' indicated the rate of turnover also another drawback to strength the existing human capital . From the above result the study identified that there is lack of professional for the job position required . especially in case of health professionals , it was a main challenge to strengthen Human capital of learning and growth dimension of balanced card cared , which serve as infrastructure for the other three dimension of balanced scorecard.

For the interview questions asked about organizational capital(good willing) "is your employees need to continue serving in the organization" . seven out of ten key informants respond no. and they explain that the number of employees were leaving from both health professionals and administration staff too, specially who have good Experience in the organization. From respond the study identified there were a problem of retain employees in JUSH.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The previous chapter contained the data analysis and finding of the study . This chapter contains the conclusions and recommendations given based on the major findings. The study identified and conclude the challenges of balanced scorecard, specifically from learning and growth dimension, in Jimma university specialized hospital..

To come up to this findings the study was set up three independent variables and one dependent variable. It used learning and growth dimension balanced card cared as dependent variable whereas (Availability of Information Technology , Human and Organizational Capital.) as independent variables .

According to finding lack of human and organizational capital were identified the main challenges of learning and growth dimension of balanced scorecard in JUSH .and have high pressure in services delivering process.

The result from both qualitative and quantitative data is the same expect, that is finding in qualitative data revealed that, no lack of Information Technology because more part of a job are labor intensive ,but other problems identified were lack of sufficient infrastructures to use Information Technology effectively due to frequently interruption of light and very slow network connection.

This finding were consistence with already set up Hypothesis1,2 and 3 : **H1**: There is positive relationship between access Information Technology, and learning and growth dimension of Balanced scorecard, H2 There were positive relationship between Human capital and learning and growth dimension of Balanced scorecard. **H 3** : There were positive relationship between Organization Capital , learning and growth dimension of balanced scored card. Finding other than included in the hypothesis , which computed from qualitative data was access to information technology is not decisive factors in to all sections of JUSH . Because there were more highly labor intensive works than information technology , which needs more of Human capital with limited information technology.

In general this expletory research investigate challenges of BSC , specifically from learning and growth dimension, case study at JUSH, conclude that the lack of human capital due to less numbers of professionals than were required and lack of employees culture to share new acquired knowledge to peer groups and network .

The second identified problem were lack of organizational capital due to less good willing attitude of employees for farther education . and other problem identified other than set hypothesis were lack of sufficient IT infrastructure due to frequents irruption of light and slow connection

5.2 Recommendations

Based on what had been already outline in this report. the following recommendations have been forwarded to whom it may concerned bodies relating with Information technology, human and organizational Capital as the challenges learning and growth dimension of BSC for JUSH.

The organization should continues improvement of information technology infrastructure for more utilization information resources and delivering of better services, automation program also should be developed for best achievement in information technology.

The organization should give priority for improvement of human capital , by adjusting incentives and benefits of employees, recruiting adequate staff members , introducing the culture of sharing new acquired knowledge among peer groups and developing way of performance recognition among co-workers.

The organization also should give emphasize for the betterment of organizational capital by promoting good future opportunity such as, farther education for employees and creating better relation with external environment, in providing quality schools for staff children's and alleviating housing problems.

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Appendices

Jimma University

College Of Business And Economics

Post Graduate Program (MBA)

Dear respondents

I am currently attending a post graduate study program in Master of business Administration in Jimma University , and conducting a study in your institution for final thesis. The title of my research is "Challenges of Balanced scorecard , specifically from learning and growth dimension case study in Jimma university specialized Hospital" . For the purpose of this study I have to obtain and collect data from permanent employees of JUSH.As a result of your experiences that you have been working in this institution, your perceptions, level of scores and opinions concerning the challenges of Balanced scored will be of major inputs for this study. Lastly, this questionnaire is only for educational purpose and all the information about personal identity will not be filled. please give you answers in genuine and honestly as much as possible.

Thank you. **F**aithfull Yours,

Haileliul Afework

Directions

a. in a demographics variables questions. please put a tick mark(√)in the box of your choice

b. please do not write your name on the questionnaire , in order to help the researcher to treat your response confidentially.

Section 1 : Demographic characteristics

1. sex 1. Male

2. Female

2. Age 1 20-29 2 30- 3. 40- 49 4. >5(

3. Marital status

1 Single 2 Married 3. Divorce

4. professional 1 Physician 2 pharmacy 3. Nurse .Laboratory Tech.

5 Accounting 6. Biomedical Engineering 7.. Other

5. Level of education 1 Diploma 2. Degree 3 Masters 4 General practitioner

5. specialist

6. Services Year 1. 1-5 years 2. 6-10years 3. 11-15 years 4. 15-20years
5. > 20 years

Part 1

Closed questioners prepared to identify the challenges of balanced scorecard, from the dimension of learning and growth , which includes questioners about Information Technology ,Human Capital and Organizational capital . it is going to be answered by paramount employees of Jimma university specialized Hospital.

Instruction:

Please put a tick mark(√)in front of the following statement of variables indicating your agreement or disagreement to them.

For information Technology

1 There is reliable infrastructure (light and network) to make use of information technology in JUSH.

Strongly Agree ☐
Agree ☐
Indifference ☐
Disagree ☐
Strongly Disagree ☐

2. Employees have necessary skill to make use of information technology (Computers or medical equipments).

Strongly Agree ☐
Agree ☐
Indifference ☐
disagree ☐
Strongly Disagree ☐

3. Employees have accessed to use information technology.

Strongly Agree ☐
Agree ☐
Indifference ☐
Disagree ☐
Strongly Disagree ☐

4.Updating training course are provided for employees about information technology.

Strongly Agree ☐
Agree ☐
Indifference ☐
disagree ☐
Strongly Disagree ☐

For human Capital

1 Employees have a chance of getting knowledge upgrading course as they serving in JUSH .

Strongly Agree ☐ Disagree ☐
Agree ☐ Strongly Disagree ☐
Indifference ☐

2. There is enough number of professionals in your departments or sections.

Strongly Agree ☐ Disagree ☐
Agree ☐ Strongly Disagree ☐
Indifference ☐

3.There is a culture of sharing new acquired knowledge through training among peers and network in your organization.

Strongly Agree ☐ Disagree ☐
Agree ☐ Strongly Disagree ☐
Indifference ☐

4. your field of study is compactable to the job you currently performing in the organization.

Strongly Agree ☐ Disagree ☐
Agree ☐ Strongly Disagree ☐
Indifference ☐

For organizational Capital

1. Employees get recognition for god performance in JUSH.

Strongly Agree ☐
Agree ☐ Disagree ☐
Indifference ☐ Strongly Disagree ☐

2 . Compensation payments made for employees based up on work load and types of work

Strongly Agree	☐	Disagree	☐
Agree	☐	Strongly Disagree	☐
Indifference	☐		

3.Your organization give support for those employees to need to participate, in their Organizational Associations Meeting Or Symposium.

Strongly Agree	☐	Disagree	☐
Agree	☐	Strongly Disagree	☐
Indifference	☐		

4.Employees in JUSH have a good willing for farther education in their field of study.

Strongly Agree	☐
Agree	☐
Indifference	☐
Disagree	☐
Strongly Disagree	☐

Questioners part II

These interview questions are prepared to identify the challenges of Balanced card, from its Learning and Growth dimension(Information Technology and Human Capital and organizational capital) particularly Jimma university specialized Hospital. and it will be answered by top level managers and other informative personals .

For information Technology

1. Did all employees have access to Information Technology?

A . Yes B. No C. Other__________________

2. Is there reliable infrastructure (light and Network) to make use of Information Technology ?

A. yes B. No C. Other__________________

3. Did employees have necessary skill to make use of Information Technology.

A. yes B. No C. Other___________________

4. Top level management use Information sources for work and decision supported by ?

A. Computer data base B. Manual system C. Both D. Other________________

For Human Capital

1. The number of professionals in your department/office is according to Human resources structure demand?

A. yes B. No C. Other_______________________

2 . Is there training or knowledge upgrading course provided for employees based up on their job occupation ?

A. Yes B. No C. Others ___________

``

3. Is there trained employees , share their new found knowledge with their peers and networks in the organization?

A. yes B. No C. Other_________________

4 Is there sufficient number of skilled man power in your organization?

A. yes B. No C. Other_________________

For Organizational Capital

1. Do you think that most employees need to continue serving in this organization ?

A Yes B no C. other________________________

2 . If your answer is yes for question number one, Why?

A. Because there are compensation B. To get better education C. Because of good working environment.

3. Did top level management give recognition for the good performance ?

A. Yes B. No C. Other________________

4. Is your organization give support to the employees who need to participate in their professional association?

A. yes B. No. C. Other_________________