

BALANCE SCORE CARD- PERFORMANCE MEASUREMENT TOOL OF TIDC IN CHENNAI CITY

Ms. K.KARPAGAMBIGAI,

Ph.D Research scholar, Department of commerce,
Mother Teresa Women's University, Kodaikanal.

DR. R.POORNIMARANI,

Research supervisor and Assistant professor,
Department of commerce, Mother Teresa Women's University, Kodaikanal.

ABSTRACT

Performance measurement can be defined as the process of quantifying the efficiency and effectiveness of action. With the changing competitive business environment the effective and efficient use of resources is very important for the survival of organization in market. And evaluation of the performance of all the resources involved in organizational operation is also very essential in order to achieve organizational goal.

An organization that wants to be successful should achieve a high level of business performance. There are many functions to be carried out in order to achieve expected or higher performance of an organization and, one important function is Performance Appraisal. The balanced scorecard approach helps to monitoring and measuring organizational performance. It accumulated end results of all the organization's work processes and activities.

This study is focused to measure the performance of the TIDC Company - A metal formed product division of Tube investment of India under Murugappa group of companies, to contribute the balanced presentation of both financial and operational measures at TIDC in Chennai region using Balanced score card technique in four perspectives to measure its growth potential and Strength.

Key words: Perspective, Balance Scorecard, Potentiality, Performance measurement, Six Sigma Philosophy, Kaizen Policy, Value Based Management.

INTRODUCTION

Maximizing performance is a priority for most organizations today, and Performance Measurement is a part of a link between organizational strategy and results. The majority of organizations are competing to survive in this volatile and fierce market environment. Measuring performance is critical to organization's management, as it highlights the evolution and achievement of the organization.

Measurement is the process of quantification and action leads to performance. Performance of organization is measured by analyzing where the organization is in regards to its goals and its mission. It can either view their challenges as competition with others or as opportunities to push them closer to reaching their full potential. The Balanced Scorecard assists organizations in measuring organizational performance and successfully implementing strategy.

RESEARCH PROBLEM

This study reveals that organizational Performance and Competency is focused very seriously in the present trend. The study is based at TIDC India- A unit of Tube Investment of India Limited in Chennai city.

REVIEW OF LITERATURE

Watkins and Leigh (2010) conducted a study on “**Handbook of Improving Performance in the Workplace**” Another reason for introducing a performance appraisal system (PAS) is that, when it is well designed and well implemented, the feedback that is provided can be usefully used for improving performance.

Deepa (2014) summarizes on “**Effect of Performance Appraisal System in Organizational Commitment, Job Satisfaction and Productivity**” The performance appraisal system/method as a whole, their framework and its relationship with different job related concepts as well as issues related to Performance appraisal such as how Performance appraisal (PA) is related to job satisfaction, organization citizenship behaviour etc.

Stephen Amling(2018) :At, present the buzz word among the global – companies is the abolishing of annual performance reviews. And, at present many organizations are re-designing their appraisal policy. The, new policy of appraisal should design in such a way that it creates a immense faith and trust between the manager and the employees, but not like putting” old wine in the new wineskins”.

OBJECTIVES OF THE STUDY

1. To analyze about the Various Organizational Performance Measurements Methods.
2. To examine the significant Performance enriching Approaches and Work culture of TIDC.
3. To realize the significant benefits from the Balance score card system.
4. To examine the Perspectives of BSC system in TIDC’s activities in gaining competitive edge.
5. To study the impact of BSC in Improving Individual and Organizational Performance.

METHODOLOGY

It is the arrangement of conditions for collection and analysis of data in a manual that aims to combine relative to the research purpose with economy in procedure. The research design is the conception stature for the collection, measurement and analysis. To achieve the above stated objectives Field visit is undertaken to observe the process of performance framework at TIDC. Primary data is collected through well structured questionnaire which is distributed to the employees of TIDC. Secondary data is collected from books, journals, Articles, Annual reports, Financial Statements, Performance sheets, Feedback forms, websites etc.

SAMPLE DESIGN

A sample of 150 respondents was selected from three segments of 50 employees from each segment using stratified sampling technique. The statistical tools used for analysis is Chi-Square Method.

MULTIPLE PURPOSES OF PERFORMANCE MEASUREMENT

General Applications	Specific Purpose
Development Uses	Identification of individual needs Determining transfers and job assignments Identification of Individual strengths and development needs.
Administrative Uses/Decisions	Salary, Promotion, Retention or Termination Recognition of Individual Performance Lay - offs
Organizational Maintenance	HR Planning Determining Organizational Training Needs Evaluation of Organization Goal Achievement Reinforcement of Organizational Development Needs
Documentation	Criteria for Validation Research Documentation for HR Decisions Helping to meet Legal Requirements

ORGANIZATIONAL PERFORMANCE MEASUREMENT METHODS

Balanced Scorecard: Focuses on four perspectives, including customer perspective, internal-business processes, learning and growth and financials, to monitor progress towards the organization's strategic goals.

Benchmarking Uses standard measurements in a service or industry for comparison with other organizations in order to gain perspective on organizational performance. In and of itself, this is not an overall comprehensive process assured to improve performance, rather, the results from benchmark comparisons can be used in more overall processes. Benchmarking is often perceived as a quality initiative

Business Process Reengineering: Aims to increase performance by radically redesigning the organization's structures and processes, including by starting over from the ground up

ISO9000: Is an internationally recognized standard of quality, and includes guidelines to accomplish the ISO9000 standard. Organizations can be optionally audited to earn ISO9000 certification

Knowledge Management: Focuses on collection and management of critical knowledge in an organization to increase its capacity for achieving results. Knowledge management often includes extensive use of computer technology. In and of itself, this is not an overall comprehensive process assured to improve performance. Its effectiveness towards reaching overall results for the organization depends on how well the enhanced, critical knowledge is applied in the organization

Management by Objectives: Aims to align goals and subordinate objectives throughout the organization. Ideally, employees get strong input to identifying their objectives, time lines for completion, etc. Include ongoing tracking and feedback in process to reach objectives. MBO is often perceived as a form of planning

Total Quality Management Set of management practices imposed throughout the organization to ensure that it consistently meets or exceeds customer requirements. Strong focus on process measurement and controls as a means of achieving continuous improvement.

TIDC INDIA LIMITED- A BRIEF PROFILE

TIDC is a Metal Formed Products business delivers precision value-added components to the automotive, industrial and railway industry. It offers metal-formed components such as automotive and industrial chains; roll formed components such as car door-frames, two-wheeler mudguards, metal sections for railway coaches and a host of fine blanked components for automotive application with a total of 10 manufacturing plants and 16 warehouses strategically located in proximity to automobile and industrial hubs of India.

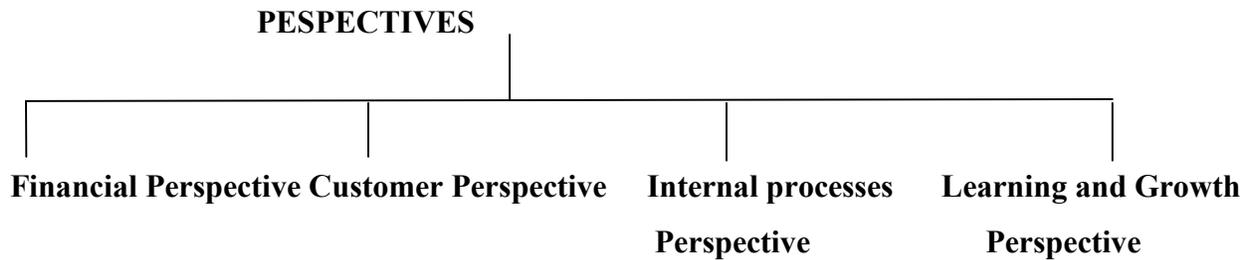
SEGMENTS OF TIDC

- ❖ **Industrial Chain Segment.**
- ❖ **Automotive Segment**
- ❖ **Fine Blanking Segment**

REASON FOR CHOOSING A BALANCED SCORECARD STRATEGY

- Increase focus on strategy and results
- Improve organizational performance by measuring what matters
- Align organization strategy with the work people do on a day-to-day basis
- Focus on the drivers of future performance
- Improve communication of the organization's Vision and Strategy
- Prioritize Projects / Initiatives

FOUR PERSPECTIVES OF BALANCE SCORE CARD



Financial Perspective

It represents the long- term goal of the organizations- to provide superior returns based on the capital invested in the unit. Financial Measures, has been the traditional method of analyzing organizational success and involves such elements as profitability, sales growth, and revenue per sales visit. Although the BSC stresses the need to incorporate additional measures to determine success, the need for Financial Measures is still an extremely strong element to determine success.

Customer Perspective

Choosing measures for the Customer Perspective of the BSC depends on the type of customers desired and the value that the organization provides to them. The purpose of the Customer Perspective is to focus on the target customers. This will allow organizations to create strategies consistent with the type of customers they want to attract.

The Internal Business Process Perspective

It entails the procedures that an organization must develop and master to be successful. Many organizations will concentrate on such elements as order processing, delivery, manufacturing,

and product development as examples. The focal point of this perspective is related to the Customer Perspective because to keep customers satisfied, an organization will need to focus on the components of the organization important to them. If target customers are dissatisfied when delivery is late, an organization must concentrate on the internal process of developing a more efficient delivery system or refining the system currently used. To accomplish this, managers are undertaking a rigorous internal analysis not only assessing the internal processes of the organization, but reviewing innovation since global competition has decreased the amount of time organizations can bring their products to market to be successful.

Learning and Growth Perspective

This perspective is the backbone to a successful scorecard because it involves employee skills and information systems. Learning and Growth can include such issues as employee satisfaction, alignment of employee skills with jobs, number of employee suggestions implemented, and hours of employee training. Depending on the actual employee skills and desired employee skills, some organizations change job descriptions, relocate employees to other departments, and/or implement incentive programs designed to motivate employees to provide suggestions, receive education or training, and/or gain tenure through continued employment.

PERFORMANCE ENRICHING APPROCHES AND POLICIES OF TIDC

To attain Balance scorecard four perspectives mentioned above, the following programs are undertaken by TIDC to bring Excellency in performance.

SIX SIGMA PHILOSOPHY

Six sigma is about asking tougher and tougher questions to receive quantifiable answers that changes behavior which takes out of enveloping comfort zone. It is this formidable promise takes the organization to amazing heights of excellence.

There are main five breakthrough strategies of Six Sigma philosophy (D-M-A-I-C) as under:

D–Define: The goals of the improvement activity

M–Measure: The existing system

A–Analyze: The system to identify ways to eliminate the gap between the current performance.

I–Improve: The system

C–Control: The new system

As per Pande (2002) and Ecke

Six Sigma efforts target the main areas of improvement as under:

- ❖ Improves customer satisfaction
- ❖ Reducing Cycle Time.
- ❖ Reducing defects

It has also three CSFs -Critical success factors

- ❖ Strategic components
- ❖ Tactical components
- ❖ Cultural components

VALUE BASED MODEL

The **7-S McKinsey model - value-based management (VBM) model** at TIDC effectively organize a company into a productive enterprise. The various, seven dimensions are **Strategy, Structure, Systems, Staff, Style, Skills and Shared values**. Much of the change that will be required will be step change that enables the organization not only to catch up with, but to outpace its competitors.

HPWS- HIGH PERFORMANCE WORK SYSTEM

The diversified business segments of TIDC repositioning themselves for growth through moves that are timely and strategic. The Company increasing capacities in metal formed products business by removing the bottlenecks and expanding capacities across various manufacturing locations. Customer-centric new product development will continue to remain the focus area in metal formed products businesses.

The Company building significant operational and competitive advantage for our business segments by leveraging on our in-house Technology Centre and People development and Operational Excellence will continue to be the focus areas to keep pace with the growth.

- ❖ **INDIVIDUAL DEVELOPMENT PLAN**
- ❖ **LEADERSHIP AND TRANSITION MANAGEMENT PROGRAM**
- ❖ **EMPLOYEE RELATION AND ENGAGEMENT PROGRAM**
- ❖ **TOTAL EMPLOYEE INVOLVEMENT**

TOOLS FOR ANALYSIS: Chi square test is non-parametric test to test Hypothesis

HYPOTHESIS:

There is no significant relationship between the opinions of the employees in the three segments about Perspective Priorities- Ordering of perspectives based on nature of importance in each segment. The attributes are independent.

CHI-SQUARE TEST ON OPINIONS OF THREE SEGMENTS OF EMPLOYEES ABOUT PERSPECTIVE PRIORTIES IN IMPROVING ORGANIZATIONAL PERFORMANCE

OPTION	THREE SEGMENTS OF TIDC					
	SEGMENTS/ PERSPECTIVES	Industrial chain Segment	Automative Segment	Fine Blanking Segment	Total	Overall Ranking
PERSPECTIVE PRIORTIES	Financial Perspective	11	15	11	37	III
	Internal process Perspective	13	16	10	39	II
	Customer Perspective	14	07	09	30	IV
	Learning and Growth Perspective	12	12	20	44	I
		50	50	50	150	

$$E=R*C/N$$

Where R = sum of row total

C = sum of column total

N = sample size

OBSERVED FREQUENCIES (O)	EXPECTED FREQUENCIES (E)	χ^2 (O- E)	χ^2 (O- E) / E
11	12.3	1.69	0.14
13	13.0	0	0
14	10.0	16	1.60
12	14.6	6.76	0.46
15	12.3	7.29	0.59
16	13.0	9	0.69
07	10.0	9	0.90
12	14.6	6.76	0.46
11	12.3	1.69	0.14
10	13.0	9	0.69
09	10.0	1	0.10
20	14.6	29.16	1.99
150	150		7.76

Calculated value of chi- square = 7.76

Table value of chi-square

Degree of freedom = (row-1)*(column -1) = (4-1)*(3-1) = 3*2= 6

The chi-square table value at 5% level at 6 degrees of freedom = 12.59

INTERPRETATION: Since the calculated value 7.76 is lesser than table value 12.59 the hypothesis is accepted.

RESULT: From the above test we conclude that the attributes are independent and there is no significant relationship between the Opinions of employees of all three segments towards Perspective Priorities. Therefore the opinion of three segments of employees about Perspective Priorities is not similar and related. It is Independent.

FINDINGS AND SUGGESTIONS:

BSC is that it makes possible to evaluate managerial activities from a broad viewpoint, by looking at both tangible financial aspect sand intangible non financial aspects. It is more effective in measuring organizational performance through this strategy. BSC having its root in

practical application provides a means of measuring organizational performance and keep the companies looking and moving forward in the new age.

From the analysis and the opinions of the respondents of TIDC, it is clear that

Learning and Growth level of organization like

- ❖ Human Capital: Skill, Talent and Knowledge
- ❖ Information capital: Databases Information System, network and Technology.
- ❖ Organizational Capital: Culture, Leadership, Teamwork

Holds the greatest priority and importance in improving Organizational Performance

Internal process management level of organization like

- ❖ Process improvements: Streamlining internal approval process
- ❖ Quality optimization: Reducing manufacturing waste
- ❖ Capacity Utilization: Using technology to boost efficiency.

Holds the Second Priority and importance in improving Organizational Performance.

Financial management measures of organization like

- ❖ Revenue Growth
- ❖ Operating Profit Margin
- ❖ Budgetary Control
- ❖ Cost Control

Holds the third Priority and importance in improving Organizational performance.

Customer Focus and Satisfaction level of organization like

- ❖ Demand and Product Preferences
- ❖ Quality Control
- ❖ Customer Relationship Management.

Holds the best priority after reaching all the above priorities effectively.

Hence all the four perspectives of Balance Score Card are unique in enriching Organizational Performance.

CONCLUSION

Performance Measurement systems are employed to manage all the perspectives of the organizational resources in order to achieve highest possible performance. The performance measurement determines the extent of success or failure of the organization. Therefore, improving performance appraisal under each and every aspect should be among the highest priorities of contemporary organizations.

Organizations should understand that in order to thrive in a competitive environment, they must make their processes deliver products and services better, faster, and cheaper and thus Performance measurement is a key enabler for developing and executing organizational strategies and business goals to increase their growth potentiality towards greater heights.

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