

Study On Measuring The Employee Performance Using Balanced Score Card In The It Industries, Bengaluru City

Shalini. S¹, Dr. S. Venkatesh²

¹ Ph.D. (Part-Time) Research Scholar, PRIST University, Vallam, Thanjavur, Tamil Nadu State, Asst. Professor NSB World Business School Bangalore.

² Assistant Professor, School of Law, Dhanalakshmi Srinivasan University, Tiruchirapalli.

Shalinirnayak@gmail.com

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ABSTRACT

In the realm of information technology, a prosperous enterprise will evaluate its efficacy not merely through customer-facing outcomes but also in consideration of the benefit experienced by those customers. In addition, other stakeholders' expectations must be fulfilled. The employment of the Balanced Scorecard (BSC) as a mechanism for evaluating performance has gained noteworthy recognition worldwide. The present researcher chose Smart PLS to scrutinize and construe the data. SmartPLS utilizes the partial least squares path modeling technique, a program featuring a graphical user interface for variance-based structural equation modeling. The PLS-SEM, weighted PLS-SEM, consistent PLS-SEM, and sum scores regression algorithms enable users to estimate models through their own data.

Key words: Balanced scorecard empowerment of employees, Employee Performance, IT,

1. INTRODUCTION

The relaxation of Indian economy in 1991 carried around considerable modifications to levels of contest, business environment, also pricing framework of companies, also led to fast advancements in technology that remained at the forefront of their respective fields. Indian economy's liberalization in 1991 carried significant changes in competition levels, business environment, and pricing structures of companies, leading to fast-paced technological advances that remained at the forefront of their respective domains. The transformations in the contextual environment of IT companies have been significant in recent years as a result of the changes in competition levels, business environment, pricing structures, and technology advancements that emerged after relaxation of Indian economy in 1991. The IT industry has experienced significant changes due to shifts in labor attitudes, worldwide development, deregulatory strategies, aggressive forces, industrialism, also emergence of a knowledge-based economy. All of the aforementioned variables have substantially contributed to the alterations that have transpired.

After a while, field of administration accounting appears to have transformed into a simplistic cost accounting practice, primarily focused on calculating the cost of produced goods and available stock. These financial measurements offer limited understanding into the operational requirements of management. Furthermore, it is progressively evident that performance metrics originated by traditional functional accounting schemes possess essential deficiencies that can result in various issues.

The utilization of traditional financially-driven systems may pose a potential threat to an IT organization due to the necessity for more precise and distinct measurements of success in the current business climate. Historical perspectives of cost-driven performance indicators are insufficient in this regard. The shortcomings of traditional systems which primarily focus on resources may introduce a substantial risk

to IT organizations. Eccles asserts that even top managers have realized the need for new measuring methods in light of new strategy and competitive realities. It is not the past performance of an unwavering that matters, but rather the group's current execution in parallel with its contemporaries. Financial figures are now viewed as merely one constituent of a broader range of gauges within the novel measuring frameworks that are presently being implemented. Moreover, businesses within the IT sector recognize the importance of possessing both qualitative and quantitative data to thrive in the highly competitive and unrestricted global market. This understanding has led to the implementation of new strategies to gather both types of data.

2. STATEMENT OF THE PROBLEM

Management accounting systems state that extent to which an IT firm perceives its inexpensive surroundings to be extremely energetic also erratic is related to scope to which that resolute emphasizes a particular scheme, which in turn is related to the degree to which the firm prioritizes three characteristics of its performance measurement system: "the system's focus (internal vs. external measures), its quantification (financial vs. non-financial measures), and its time horizon". The extent to which an IT project is successful is also correlated with the degree of uncertainty the project's environment is judged to have (historical vs. future-oriented). The study of "Measuring and Managing Employee Performance Using Balanced Scorecard in Selected Information Technology Companies in Bengaluru" is, thus, crucial.

3. SIGNIFICANCE OF THE STUDY

The main goal of study is to define how selected IT institutions in Bengaluru evaluate also handle workers execution by using balanced scorecards. This study is beneficial to reconsider current human resource management exercises also usage of balanced scorecards to measurement of execution of workers and IT institutions. Suitable action will be caught to effectively utilize balanced scorecards also improve execution of workers and IT business. The study's focus is restricted solely to enterprises within the Information Technology industry.

4. OBJECTIVES OF THE STUDY

- This research aims to define variables that affect effective deployment of balanced scorecards in information technology firms.
- To investigate the phenomenon of employee empowerment, the assessment of organizational performance within the IT industry, and the impact on employee outcomes.
- To examine the utilization of measures related to balanced scorecard in information technology enterprises.

5. SCOPE OF THE STUDY

This study is beneficial to reconsider current human resource management exercises also usage of balanced scorecards for measurement of execution of workers and IT business. Suitable action will be caught to effectively utilize balanced scorecards also improve execution of workers and IT business. The study's focus is restricted solely to enterprises within the Information Technology industry.

6. REVIEW OF LITERATURE

[1] concluded that the rapid pace of decision-making in a family-owned business was one of the factors that supported the successful installation and adaption of BSC in that business. The firm's strategy was used to clarify the company's objectives, and the strategy map was used to relate the operations of the organization to the causal relationships that exist between those objectives. The adoption of BSC demonstrated that the use of financial measurements alone was insufficient to analyze the effects of all of the operations on the company's objectives

[2] showed that BSC might be utilized by businesses as a tool for monitoring and gauging the progress being made in the execution of their strategic plans. In addition, the management of businesses could utilize distinct techniques to monitor also one must be able to regulate and manage any opposition or reluctance to modifications. that may emerge during the execution of a new strategic plan. The employment of the Business Scorecard (BSC) proved to be an effective instrument, capable of concurrently overseeing the strategic blueprint of the establishment and the staff's opposition to modifications. This meant that, rather than utilizing two or more distinct tools to control institution's scheme and its employees' resistance to modify, the BSC could manage both simultaneously. For an accurate assessment of an entity's effectiveness, it is essential to integrate the Balanced Scorecard methodology and specific Key Performance Indicators in ascertaining the organization's resilience to change.

[3] suggested that there was a substantial connection between the businesses' consideration of non-financial variables and their use of balanced scorecards in their decision-making processes. One of the fundamental presumptions that underpinned the execution of the BSC technique was the significance of the size of the business. The Business Service Center had several activities and variables that were not conducted to the same level in micro and small organizations. Medium and large businesses were better suited to implement BSC since it comprised these activities and factors. These businesses were more prepared for change, had more financial and human resources, and were able to draw on the expertise gained from past business performance improvement operations. Additionally, these businesses had more resources and opportunities to execute.

7. DATA ANALYSIS AND INTERPRETATION VALIDITY

The validity for different components of the questionnaire was studied through average inter-item correlation the results are shown in Table below.

VALIDITY

Sl. No.	Particulars	Number of Items	Average Inter-Item Correlation
1.	Selection Process	5	0.70
2.	Training	5	0.72
3.	Pay and Promotion	5	0.76
4.	Teamwork	5	0.74
5.	Performance Process	5	0.78
6.	Business Strategy	10	0.77
7.	Learning and Growth Perspective	10	0.73
8.	Internal Business Process Perspective	10	0.71
9.	Customer Perspective	10	0.75
10.	Financial Perspective	10	0.79
11.	Factors Affecting the Implementation of Balanced Scorecard	20	0.80
12.	Empowerment	10	0.84

13.	Performance of Company	15	0.81
14.	Performance of Employees	10	0.83
	Entire	130	0.76

The average inter-item correlation coefficient for entire questionnaire is 0.76 and which indicates it has a great level of reliability. Average inter-item correspondence coefficient is extending from 0.84 for empowerment to 0.70 for the selection process. The results indicate that multiple elements within the survey exhibit a high degree of dependability.

1. SMART PLS – SEM

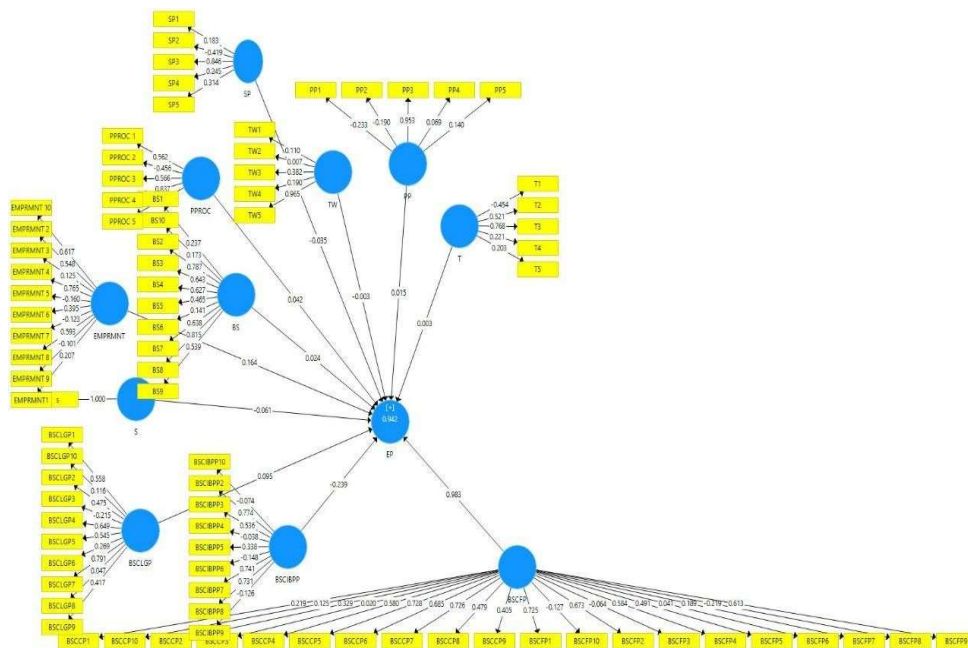
As this research involved creating new structural routes, PLS-SEM was considered relevant. In this research, the focus was on creating new structural pathways, and as a result, PLS-SEM was deemed appropriate. The main objective was to assess the psychometric properties of the measuring instrument and perform statistical analysis on the research model's proposed hypotheses[4-6]. PLS-SEM is more appropriate for incremental investigations such as for developing new measurements and structural pathways, PLS-SEM was deemed suitable for this research which focused on creating new structural routes.[7-9] Since this work involved creating new structural routes, PLS- SEM was deemed relevant. The validation of the structural model was carried out using Smart-PLS, version 3.0 subsequent to ensuring the Measurement model's appropriateness.[10-12]

FIGURE 4.106 - Path model in Smart PLS (PLS-SEM)

2. Measurement model analysis

A measurement design evaluation is a crucial step in PLS method because it identifies which discovered indicator volatiles may not be reliable, prevents investigator from proceeding to framework design. Examining the composite reliability, Cronbach's alpha, the dependability of individual indicators, communality, and the average variance extracted (AVE) are all integral components of the analysis of a reflective measurement model aimed at evaluating concurrent validity.[13,14]

TABLE - RESULTS OF MEASUREMENT MODEL: CONSTRUCT RELIABILITY AND VALIDITY



	Cronbach's Alpha'	'rho_A'	'Composite Reliability'	'Average Variance Extracted (AVE)'
BS	0.706	0.816	0.788	0.311
BSCFP	0.712	0.853	0.770	0.224
BSCIBPP	0.326	0.687	0.521	0.236
BSC LGP	0.417	0.660	0.630	0.219
EMPRMNT	0.346	0.598	0.503	0.188
EP	0.568	0.721	0.699	0.253
PP	-0.161	-0.044	0.121	0.205
PPROC	0.143	0.541	0.404	0.309
S	1.000	1.000	1.000	1.000
SP	0.182	0.140	0.259	0.217
T	-0.079	0.203	0.292	0.231
TW	0.204	0.546	0.414	0.225

Interpretation

As the initial stage in evaluating the measurement model, the Table shows the convergent validity results. First, the analysis at the items level reveals that pointer fillings also community are above 0.7 and less than 0.5 threshold levels, respectively. Second, builds level study reveals that Cronbach's alpha, AVE, and composite reliability all exceeded threshold values of 0.7 and 0.5, severally. This shows that some variables' concurrent force was met while it was not met for a small number of other variables, which may have been caused by respondent error or instrumental error.

MODEL FIT

	Saturated Model	Estimated Model
SUMMER	0.145	0.145
d_ ULS	96.219	96.219
d_ G	35.819	35.819
Chi-Square	73278.053	73278.053
NFI	0.127	0.127

The above table reveals that this data is fit to do analysis and interpretation.

PATH COEFFICIENTS

	'Path coefficient'	'Standard deviation'	'T statistics'	'p values'	
BS -> EP	0.013	0.033	0.401	0.689	
BSCFP -> EP	1.039	0.055	18.747	0.000	
BSCIBPP -> EP	-0.256	0.036	7.138	0.000	
BSCCLGP -> EP	0.087	0.026	3.408	0.001	
EMPRMNT -> EP	0.146	0.024	6.182	0.000	
PP -> EP	0.010	0.013	0.799	0.425	
PPROC -> EP	0.035	0.016	2.123	0.034	
S -> EP	-0.072	0.030	2.420	0.016	
SP -> EP	-0.033	0.011	2.972	0.003	
T -> EP	0.004	0.012	0.322	0.748	
TW -> EP	-0.003		0.014	0.180	0.858

3. Interpretation:

Given that their P values are less than 0.01 significant levels, the findings of the aforementioned route coefficient tests confirm that BSCFP, BSCIBPP, SCLGP, EMPRMNT, and SP have a substantial impact on employee performance in the IT industries.

8. CONCLUSION

This study provides various managerial implications. Firstly, it gives proper guidelines to managers of IT companies for improving and implementing effective human resource management practices and enhancing the quality of their employees. Secondly, it gives directions and approaches to top management for assessing and revisiting business strategies and their impact on the performance of IT companies.

Thirdly the results are also helpful to top management and managers of IT companies to clearly understand scope of utilization of even scorecards and adopt necessary changes in execution of even scorecard for measurement of performance of employees in IT companies. In the long term, the very success of IT companies is largely depending on their performance measurement system and the performance of employees and it is highly useful to modification policies related to employees for their higher degree of performance.

This study is highly useful for top management of IT companies for reframing existing policy and strategy frameworks and incorporating performance measures in their mission and vision. The outcome of this study is giving possibilities to align the performance of employees with the performance of companies in IT in the context of sustainable growth. The results of this study provide suggestions for IT companies and employees for the efficient execution of a balanced scorecard to enhance their performance and competency.

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