

HR Balanced Scorecard: Business Planning & Strategy, aspects of corporate performance translating into Action

Santhosh Janagama,

Ph.D Research Scholar RGNF (UGC), Dept of Business Management, Osmania University,
Hyderabad, Telangana.

Email - santhosh.janagama@gmail.com

Abstract: *The Balance scorecard is used for the management of organizations Whilst it tells us what has happened to the organization, it may not tell us what is currently happening. Nor it is a good indicator of future performance. It is too low. It is common for the current market value of an organization to exceed the market value of its assets. The managers have to concentrate on a single goal, which has to be leveled and the balance scorecard gets to streamline the goal as the organization is not in a danger of the imbalance. The balanced scorecard helps to find a right approach between the cost cutting and investing into the future needs of the organization, the process enhances the employees (staff) of the organization. The tool is pretty easy; however it shows the whole complex of the organization on a single sheet of the paper.*

HR Balanced scorecard initiates to Human Resources to elaborate the initiatives and it gets to find the right approach to managers and employees. The gains of the HR Balanced scorecard are showing the specialties of Human Resources and how they are combined. Helps to integrate various corporate programs. Such as: quality, re-engineering, and customer service initiatives. Breaking down strategic measures towards lower levels, so that unit managers, operators, and employees can see what's required at their level to achieve excellent overall performance. Additionally, it is to communicate the advantages to managers to look what the target of Human Resources is soon. In this paper I explained about Balance scorecard concept, Balanced Scorecard Model, and benefits of developing HR balance scorecard.

Key Words: *Balance scorecard, HR Scorecard, Balance scorecard model, Human Resources, managers and employees.*

1. INTRODUCTION:

The History of the Balanced Scorecard In 1992, a wonderful article by Robert Kaplan and David Norton entitled "The Balanced Scorecard - Measures that Drive Performance" in the Harvard Business Review given a bright picture and attention for their method a primary idea of the Balanced Scorecard is the basic financial measures (like ROI, EPS etc.) alone could provide a clear and comprehensive performance target or focus attention on all the critical areas of the business growth and development, preferred balanced presentation of financial as well as operational measures. It is historical. Whilst it tells us what has happened to the organization, it may not tell us what is currently happening. The Balanced Scorecard will reflect an organizational framework for implementing and managing strategy enables organizations to translate a company's vision and strategy into implementation, working from 4 perspectives: 1. financial perspective. 2. Customer perspective. 3. Business process perspective. 4. Learning and growth perspective.

2. BALANCED SCORECARD:

The Balanced Scorecard can manage management system even though this system strengthens organizations to clarify their theistic goals, strategy may translate them into reality. The Balanced Scorecard transforms strategic planning from an academic exercise into main center of the organization. Breaking down strategic measures towards lower levels, so that unit managers, operators, and employees can see what's required at their level to achieve excellent overall performance the scorecard integrates financial measures like ROI, RI, Dividend yield, EPS etc. with other key performance indicators around customer perspectives, internal business processes and organizational growth, learning and innovation.

Kaplan and Norton describe the innovation of the balanced scorecard as follows:

"The balanced scorecard replaces regular financial measures. But financial measures reveal the accounts of earlier events, a perfect story for industrial age companies investing in long term capabilities and customer relationships were not critical for success. These financial measures are not adequate, finally into guiding and

evaluating the journey that information age or present generation companies should make to create future value to find out investment in customers, suppliers, employees, processes, technology, and innovation."

3. CONCEPT OF BALANCE SCORECARD:

The long-term success of any organization is determined by the capabilities and the competencies it has developed. One of the tools for organizational appraisal that is gaining immense popularity is the Balanced Scorecard, developed by Robert S Kaplan and David P Norton in 1992. This new initiative mechanism (tool) has individuality when it compared with the traditional performance measurement tools.

- Balance scorecard sets the financial indices as well the non-financial ones in calculating the corporate performance level.
- It is not just a performance measurement tool but is also a performance management system.

In the words of the proponents of this tool "the Balanced Scorecard" retains traditional measures. But, financial measures tell the story of past events, an adequate story for industrial age companies for which investment in long-term capabilities and customer relationships were not critical for success. Today's businesses require a better understanding of their customers (both existing and potential) and their needs, better-streamlined processes and highly skilled people for ensuring future survival and sustainable growth. This shows that the focus of action has rightly considered the non-financial aspects apart from the financial indices. Fast-changing business environment is required decisions to be made for future actions for any enterprise which has been a tool to find out the result of sustained efforts to get an ideal tool to measure performance and provide a link to strategy and action.

The required 'change' element within the organization is in way to get in support of the longer strategy to maintain and manage performance, the Balanced Scorecard is aimed. The scorecard reflects what the company and the strategies are all about. This tool is a comprehensive framework, considering these working 4 perspectives: 1. Financial perspective. 2. Customer perspective. 3. Business process perspective. 4. Learning and growth perspective.

- How do customers see us? - Customer perspective
- What must we excel at? - Internal perspective
- Can we continue to improve and create value? - Innovation & learning perspective
- How do we look to shareholders? - Financial perspective

It is cleared that above mentioned concept or tool takes the financial results as important and even factors can drive an organization towards future successes as mentioned earlier. The tool has given stress on the other areas which are required to 'balance' the financial perspective to meet end to end to get a total view about the organizational performance improve the same. The framework is brought a balance and linkage among the below factors.

- Financial and the Non-Financial indicators,
- Tangible and the Intangible measures,
- Internal and the External aspects and
- Leading and the Lagging indicators.

4. OBJECTIVES:

- To study the Balanced Scorecard Model.
- To know the benefits of developing HR balance scorecard.

5. TYPE OF RESEARCH: Exploratory Research

6. DATA SOURCES: The research is based on secondary data and the data is collected from various websites, Journals, Magazines, Articles and Research Papers.

7. BALANCED SCORECARD MODEL:

The Balanced Scorecard as a strategic management tool defines the following process:

- The major objectives will be the perspectives Customers value a friendly and communicative business environment and so keeping staff positive and outgoing is essential to gauging financial success.
- The business process perspective seeks to answer two questions: "How effective is the organization at its internal operations and we'll be known as parameters to measure the progress towards the objectives.
- The next and important step is that the setting of specific targets around each of the identified key areas which might act as a benchmark for performance appraisal. Hence, a performance measurement system is build

around these critical factors. Any deviation in achieving the results should raise a red signal to the management which might investigate the causes for the deviation and rectify' the same.

- The appropriate strategies and therefore the action plans that arc to be taken in the various activities should be decided so that it's clear as to however the organization has determined to pursue the pre- decided goals. Due to this reason, the Balanced Scorecard is often referred to as a blueprint of the company strategies.

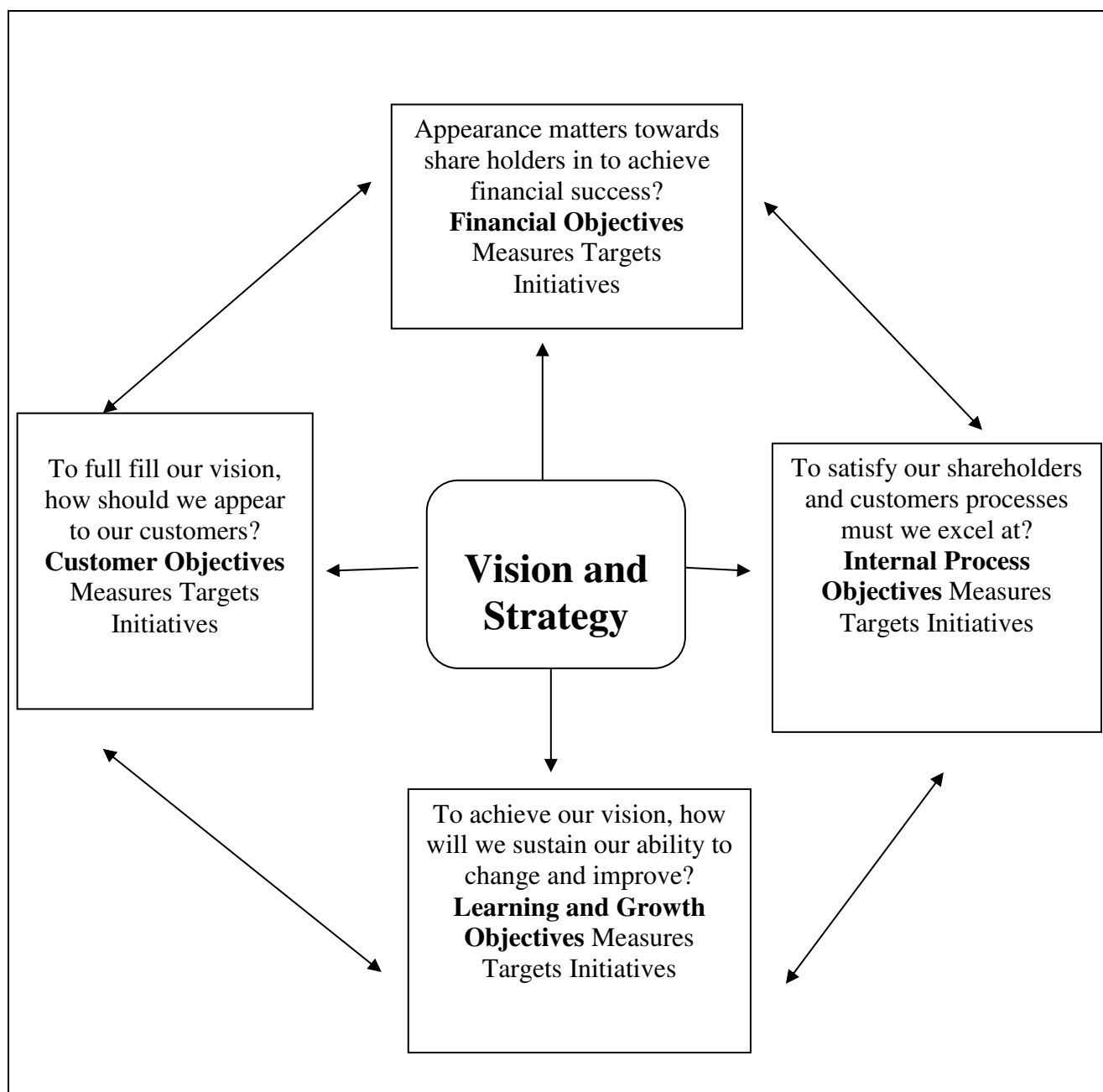


Figure: the main framework of Balanced Scorecard

8. BENEFITS OF THE DEVELOPING HR SCORECARD:

8.1 Prospective making of cost control and value creation:

HR is usually conjectured to manage costs for the firm. At the same time, HR should fulfill strategic goal that is to create value. The HR scorecard gives HR professionals balance the two and find the optimal solution. It is permitted HR professionals to drive out costs wherever appropriate, however at the same time defend investments in intangibles and HR by putting silhouette the advantages in concrete terms.

8.2 Empowering the HR do-don'ts and deliverables and difference.

The HR measurement system is perfectly differentiated between the deliverables that influence strategy implementation and do-don'ts that don't. Policy implementation should not a deliverable until it will be a positive impact on the HR architecture and creates the right employee behaviors that lead to planning implementation. HR can have a huge impact on this turnover the HR manager is taking an internal perspective and is seeking to measure the

performance of the staff against the goals the business has established "Where must the organization excel to remain profitable?"

8.3 Calculating maximum paramount indicators:

Just as there are leading and delaying indicators in the overall balanced performance measurement system, drivers and outcomes in the HR value chain as well. This monitors the alignment of the HR decisions and systems drives HR deliverables. Assessing these a kind of alignment provide feedback on HR's progress towards these deliverables and lays the foundation for HR's strategic influence. The Learning and Growth Perspective The final quadrant of the balanced scorecard approach is the learning and growth perspective. For many businesses, this can be the most important improve?"

8.4 HR professionals manage their decision makings and strategic responsibilities:

The scorecard encourages HR managers to focus on exactly how their decisions have an affect the successful implementation of the firm's strategy. the scorecard can give clear framework to think in a systemic way.

8.5 Learning and growth activities through monitoring and training:

Employee development through training, mentoring programs, succession planning, knowledge creation and sharing provide the needed talent and human capital resource to make sure the future of the organization.

8.6 HR's role in implementation and organizations future performance and solutions through balanced scorecard:

The HR Scorecard's deliverable measures provides the answer to the question regarding, HR's contribution to organizations future performance which makes the balanced score card should align with company goals and focus on results. All measures should have a reputable and strategic explanation. Line managers will use these measures as solutions to business issues.

8.7 HR Scorecard encourages flexibility and change in the firm's strategy implementation:

The scorecard's basic nature is with its causal put together and feedback loops helps go against measurement systems getting too standardized. Standardization is good for things that don't tend to possess a dynamic nature however firm performance could be a dynamic phenomenon. Each decision needs to be taken based on the past and future scenarios. The major issue and problem of measurement systems puts managers must be trained to obtain skill set to maintain measurement system. The HR scorecard is in edge of non-flexibility and as a result focusing on the firm's strategy implementation, which constantly demanding change. Working With this framework, measuring becomes and indicators of the logic which managers accept as legitimate. this helps them look at the bigger picture and since there are no perfect numbers it makes it easier for managers to change direction when needed.

9. CONCLUSION:

HR Balanced Scorecard has made it possible for HR managers to understand to know a way to align HR strategy with the overall business objectives. They're able to explain not only what they're tracking but also how they are performing on essential strategies for the business. Business environment and the objectives and strategies will continue to evolve, and HR managers will continue to be flexible and creative in supporting the changes. The value of the HR Scorecard as a tool is that it can get HR to the new goals and measures and through the process ensure continued learning and change management. HR Scorecard will not solve all the problems in the business strategy and it may solve most of the problems of HR.

REFERENCES:

1. Venkata Nimeesha Posa. "Achieving Functional Excellence through Balanced Scorecards" Page no. 1 to 34.
2. Neeraj Kumari, "Balanced Scorecard for Superior Organizational Performance"
3. Balanced Scorecard Collaborative's "Strategy Focused Organization" series:
https://www.bscol.com/bsc_online/learning/sfo/

WEB REFERENCES:

- <https://www.mbaknol.com/modern-management-concepts/hr-scorecard-a-balanced-scorecard-for-hr/2/>
- <http://www.shrm.org/metrics/>
- <http://www.citehr.com>
- www.HR.com (has upwards of sixty articles on BSC, including interviews with Kaplan, Norton)
- <http://www.hrware.com>
- <https://www.scribd.com/document/11844946/Balanced-Scorecard-Project>
- <http://www.simplehrguide.com/hr-balanced-scorecard.html>