

Understanding Employee Opinions on Balanced Scorecard Practices in IT & ITES Firms- A Study with Special Reference to Chennai and Bangalore

Bharathvaj R^{1*}, Sreerekha T²


DOI:10.5281/zenodo.17811887

^{1*} R. Bharathvaj, Ph.D Research Scholar, Department of Management, NIFT-TEA College of Knitwear Fashion, Tirupur, Tamil Nadu, India.

² T. Sreerekha, Assistant Professor, Department of Management, NIFT-TEA College of Knitwear Fashion, Tirupur, Tamil Nadu, India.

The Balanced Scorecard is widely recognized as an essential strategic management tool that integrates financial and non financial measures to provide a comprehensive view of organizational performance. This study explores employee opinions on Balanced Scorecard practices in selected IT and ITES firms in Chennai and Bangalore, two major technology hubs in India. The research examines the extent of Balanced Scorecard adoption, the types of metrics used, and the strategic purposes it serves in daily organizational operations. Findings reveal that employees view the Balanced Scorecard as valuable for improving business processes, assessing managerial effectiveness, supporting informed decision making, and ensuring compliance with industry standards. However, challenges such as difficulty in monitoring managerial productivity and gaps in communicating strategic priorities are also noted. Overall, the study shows that the Balanced Scorecard helps IT and ITES firms align strategy with operations, strengthen performance management, and enhance long term organizational effectiveness while highlighting areas requiring improved implementation and communication.

Keywords: balanced scorecard, IT sector, employee perception, strategic management, performance measurement

| Corresponding Author | How to Cite this Article | To Browse |
|--|--|---|
| R. Bharathvaj, Ph.D Research Scholar, Department of Management, NIFT-TEA College of Knitwear Fashion, Tirupur, Tamil Nadu, India. Email: vajbharath13@gmail.com | Bharathvaj R, Sreerekha T, Understanding Employee Opinions on Balanced Scorecard Practices in IT & ITES Firms- A Study with Special Reference to Chennai and Bangalore. Manag J Adv Res. 2025;5(5):89-94. Available From https://mjar.singhpublication.com/index.php/ojs/article/view/263 |  |

Manuscript Received
2025-09-23

Review Round 1
2025-10-11

Review Round 2

Review Round 3

Accepted
2025-10-28

Conflict of Interest
None

Funding
Nil

Ethical Approval
Yes

Plagiarism X-checker
4.43

Note



© 2025 by Bharathvaj R, Sreerekha T and Published by Singh Publication. This is an Open Access article licensed under a Creative Commons Attribution 4.0 International License <https://creativecommons.org/licenses/by/4.0/> unported [CC BY 4.0].



1. Introduction

The Balanced Scorecard has become one of the most widely used strategic management tools across modern organizations. Developed by Kaplan and Norton in the early 1990s, the framework was created to overcome the limitations of traditional performance measurement systems that focused only on financial outcomes. The Balanced Scorecard integrates financial and non financial indicators, enabling a comprehensive understanding of organizational performance and helping firms balance short term results with long term value creation. In the Information Technology and Information Technology Enabled Services sectors, the Balanced Scorecard has gained particular relevance. These industries are marked by rapid innovation cycles, heavy reliance on human capital, and continuous technological change. Their performance cannot be fully captured using financial measures alone. The Balanced Scorecard supports these firms by linking strategy to daily operations, strengthening decision making, improving productivity, and promoting organizational learning and growth. Chennai and Bangalore are two major technology hubs in India, hosting a large concentration of IT and ITES firms that compete globally. These organizations operate in fast paced environments and depend on structured performance management systems. In such settings, employee perceptions of Balanced Scorecard implementation become highly significant. Employees play a central role in executing strategic plans and are directly involved in activities related to customer satisfaction, innovation, internal processes, and learning and development.

This study focuses on understanding how employees in IT and ITES organizations perceive the adoption and use of the Balanced Scorecard. It examines the extent to which the tool is implemented, the types of metrics included, and the strategic purposes it serves. The study also aims to identify challenges faced during implementation and the overall effectiveness of the Balanced Scorecard in supporting organizational goals. Understanding employee opinions helps firms evaluate whether the Balanced Scorecard is functioning as intended and provides insights into improving communication, alignment, and strategic execution.

2. Review of Literature

Kaplan and Norton (1996) introduced the Balanced Scorecard as a comprehensive performance measurement and strategic management system. Their framework emphasized four key perspectives, namely financial performance, customer satisfaction, internal business processes, and learning and growth. This balanced approach allowed organizations to align strategies with operational activities and track both tangible and intangible performance drivers.

Bontis, Dragonetti, Jacobsen, and Roos (1999) examined the importance of intangible assets in knowledge based industries. They highlighted that human capital, innovation capability, and intellectual resources cannot be measured through financial metrics alone. The Balanced Scorecard provides a suitable mechanism for evaluating these intangible resources, making it valuable for IT and ITES organizations.

Lawrie and Cobbold (2004) studied the evolution of the Balanced Scorecard and described the development of the third generation Balanced Scorecard model. Their work explained how the framework expanded to include strategic maps and performance linkages. This helped organizations align long term strategies with everyday operations, especially in dynamic environments like the IT sector.

Chavan (2009) discussed challenges related to Balanced Scorecard implementation. The study pointed out that organizations often struggle to translate strategic goals into measurable indicators and face difficulties in aligning employee behaviour with organizational objectives. Despite these challenges, the Balanced Scorecard remains one of the most effective tools for strategic communication and performance monitoring.

Hoque and James (2000) analyzed how Balanced Scorecard measures influence organizational performance. Their findings showed that firm size, market environment, and organizational culture influence the effective use of the Balanced Scorecard. These insights are highly relevant to IT and ITES firms, which operate in competitive and rapidly changing environments.

Malina and Selto (2001) emphasized that the success of the Balanced Scorecard depends heavily on effective communication and employee understanding. Their research concluded that employees must clearly understand strategic objectives for the Balanced Scorecard to improve performance.

The review indicates that while the Balanced Scorecard is widely adopted and highly beneficial, its success depends on employee perceptions, communication quality, and organizational support. These insights form the foundation for the present study.

3. Objectives of the Study

To understand employee opinions on the implementation and effectiveness of Balanced Scorecard practices in selected IT and ITES firms in Chennai and Bangalore.

4. IT & ITES Employees' Opinion on the Problems Faced in implementation by their Organization of Balanced Scorecard

No one can ignore the worldwide popularity of BSC as a management tool, but still, it is not adopted across different countries (Rigby and Bilodeau, 2009), for an instant, in Pakistan. A lot of literature is available about adoption of different management tools across diverse disciplines but resistance or rejection of all those has been investigated a little (Rogers, 2003). Same kind of problems, observed by the sample about IT firms' adoption of BSC and the impact of BSC on the organisation's performances are discussed in this section of the study. This cross- section of the study discusses about the IT & ITES employees' problems faced and impact of balanced scorecard.

The Sustainability Balanced Scorecard is based on the traditional BSC, but provides a broader scope by integrating all dimensions of sustainability. So, it has a different content and possibly a different structure ("architecture").

Many large companies use a performance measurement system like the Balanced Scorecard (BSC).

However, many small and medium enterprises (SMEs) do not have a performance measurement system. Companies that start with a performance measurement system face difficulties with the implementation. Employees' perceptions on the problems faced by the IT & ITES organisations in implementation of BCS.

Table: 1: Problems Faced by the IT & ITES Organisations' in Implementing of Balanced Scorecard

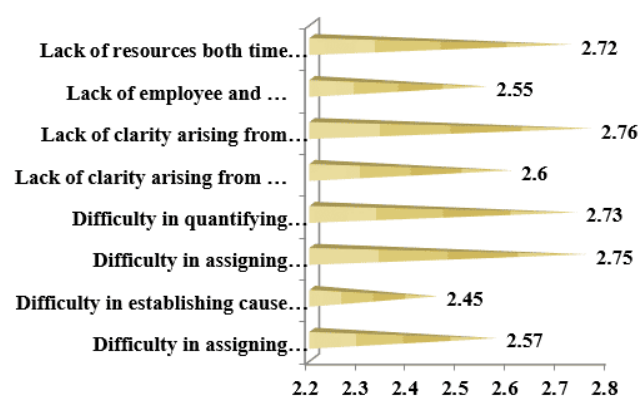
| Types of Problems | MI | I | Mo | Not I | Not at all | Sum | Mean | Rank |
|---|---------------|---------------|----------------|----------------|----------------|------|------|------|
| Difficulty in assigning weightage to different perspectives | 43 (8.19) | 51 (9.71) | 155 (29.52) | 188 (35.81) | 88 (16.76) | 1348 | 2.57 | 6 |
| Difficulty in establishing cause and effect relationship amongst different perspectives | 40 (7.62) | 57 (10.86) | 116 (22.10) | 198 (37.71) | 114 (21.71) | 1286 | 2.45 | 8 |
| Difficulty in assigning weightage to measures within each perspective | 71 (13.52) | 73 (13.90) | 130 (24.76) | 156 (29.71) | 95 (18.10) | 1444 | 2.75 | 2 |
| Difficulty in quantifying measures for various perspectives | 47 (8.95) | 87 (16.57) | 146 (27.81) | 165 (31.43) | 80 (15.24) | 1431 | 2.73 | 3 |
| Lack of clarity arising from large number of perspectives | 44 (8.38) | 70 (13.33) | 119 (22.67) | 216 (41.14) | 76 (14.48) | 1365 | 2.60 | 5 |
| Lack of clarity arising from large number of measures within each perspective | 42 (8.00) | 91 (17.33) | 163 (31.05) | 156 (29.71) | 73 (13.90) | 1448 | 2.76 | 1 |
| Lack of employee and middle management support | 43 (8.19) | 53 (10.10) | 151 (28.76) | 179 (34.10) | 99 (18.86) | 1337 | 2.55 | 7 |
| Lack of resources both time and finances | 3 (0.57) | 62 (11.81) | 250 (47.62) | 204 (38.86) | 6 (1.14) | 1427 | 2.72 | 4 |

Source: Primary Data and Computed

From the above empirical data analysis, it has been inferred that, majority of the IT & ITES employees' complain that the balanced scorecards do not have clear information about the number of measures within each perspective, it is ranked in first place with the mean score of 2.76. Subsequently, it has been found that the sample subjects' face difficulties in calculating weightage scores and quantifying measures. These variables are ranked in second and third place with an average score of 2.75 and 2.73. Similarly the employees' have said that they were not able to implement balanced scorecards as there is no proper time & financial support, lack of clarity for all the perspectives and difficulties in assigning weightage to different perspectives. These variables are ranked in fourth, fifth and sixth place with the mean score of 2.72, 2.60 and 2.57. On the other hand, the sample subjects' have said that they do not have adequate employee resource, middle management support and have difficulties in establishing cause and effect relationship amongst different perspectives. These factors are ranked in eighth and ninth place with the mean score of 2.55 and 2.45.

Hence, it has been concluded that majority of the IT & ITES employees' complain that the balanced scorecards do not have clear information about the number of measures within each perspective, it is ranked in first place with the mean score of 2.76.

Exhibit 1: Problems Faced by the IT & ITES Organisations in Implementing of Balanced Scorecard



Using this balanced scorecard (BSC), helps in the transforming an organizational goal and its strategic planning from the attractiveness but the thing is the passive document into the „marching orders“ from the organization on the basis of daily (Hoffecker, 1994). The following table checks the viability of this concept.

Table 2: IT & ITES Employees' Opinion On impact of balanced Scorecard on Different Areas(Financial Non-Financial Aspect)

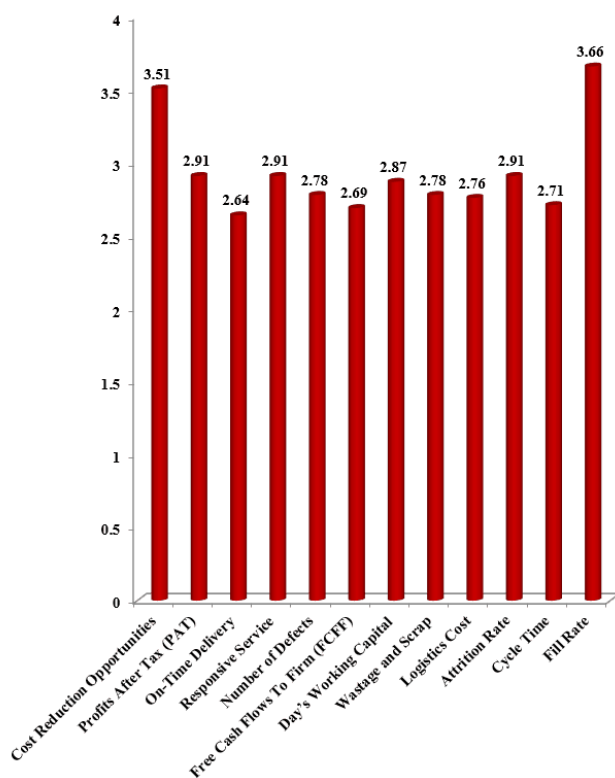
| Areas | Highly Note-worthy | Note-worthy | Mode-rate | Not Benef. | Not at all Benef. | Sum | Mean | Rank |
|--------------------------------|--------------------|----------------|----------------|----------------|-------------------|------|------|------|
| Cost Reduction Opportunities | 141 (26.86) | 130 (24.76) | 145 (27.62) | 75 (14.29) | 34 (6.48) | 1844 | 3.51 | 2 |
| Profits After Tax (PAT) | 68 (12.95) | 99 (18.86) | 143 (27.24) | 150 (28.57) | 65 (12.38) | 1530 | 2.91 | 3 |
| On-Time Delivery | 46 (8.76) | 71 (13.52) | 148 (28.19) | 166 (31.62) | 94 (17.90) | 1384 | 2.64 | 12 |
| Responsive Service | 55 (10.48) | 92 (17.52) | 176 (33.52) | 153 (29.14) | 49 (9.33) | 1526 | 2.91 | 3 |
| Number of Defects | 39 (7.43) | 90 (17.14) | 171 (32.57) | 167 (31.81) | 58 (11.05) | 1460 | 2.78 | 7 |
| Free Cash Flows To Firm (FCFF) | 49 (9.33) | 89 (16.95) | 108 (20.57) | 207 (39.43) | 72 (13.71) | 1411 | 2.69 | 11 |
| Day's Working Capital | 71 (13.52) | 98 (18.67) | 128 (24.38) | 146 (27.81) | 82 (15.62) | 1505 | 2.87 | 6 |
| Wastage and Scrap | 47 (8.95) | 98 (18.67) | 151 (28.76) | 148 (28.19) | 81 (15.43) | 1457 | 2.78 | 7 |
| Logistics Cost | 56 (10.67) | 73 (13.90) | 148 (28.19) | 184 (35.05) | 64 (12.19) | 1448 | 2.76 | 9 |
| Attrition Rate | 52 (9.90) | 103 (19.62) | 169 (32.19) | 147 (28.00) | 54 (10.29) | 1527 | 2.91 | 3 |
| Cycle Time | 44 (8.38) | 78 (14.86) | 164 (31.24) | 162 (30.86) | 77 (14.67) | 1425 | 2.71 | 10 |
| Fill Rate | 241 (45.90) | 66 (12.57) | 58 (11.05) | 117 (22.29) | 43 (8.19) | 1920 | 3.66 | 1 |

Source: Primary Data and Computed

From the above data analysis, it has been observed that, majority of the employees' have agreed that balanced scorecards are highly useful to maintain the fill rate of the workers, it is ranked in first place with the mean score of 3.66. Subsequently it has been observed that the employees' in IT fields believe that balanced scorecards have effective impact on cost reduction opportunities, increasing Profits after tax (PAT), controlling of Attrition rate and enables them to provide responsive service to the customers. These variables are ranked in second and third place with the mean score of 3.51 and 2.91, respectively. Followed by, the respondents' have said that the balanced scorecards supportsthem to reduce the tenure of days working capital, reduces the number of defects, wastage and scrap of documents.

These factors are ranked in sixth and seventh place with the mean score of 2.87 and 2.78. Further, it has been found that the respondents' feel that usage of balanced scorecards reduces the logistics cost & cycle time, enables them to provide on-time delivery and gives Free cash flows to firm (FCFF). These subjects' are ranked in ninth, tenth, eleventh and twelfth place with the mean score of 2.76, 2.71, 2.69 and 2.64, respectively.

Exhibit 2: IT & ITES Employees' Opinion on impact of Balanced Scorecard on Different Areas



The Balanced Scorecard is a perfect approach for the performance measurement attributes. There were many other performance measurement tools in the past. But the thing is that those traditional performance measurement tools didn't give the perfect solution. The traditional performance measurement approach always failed when there were more costing in the internal management. They can't give the exact result. When the Balanced Scorecard came, then, it gave the proper performance measurement result of the companies. The following table discusses on the employees' perception towards success rate of BCS implementation in their organisation.

From the discussion of the above data, it has been observed that majority of the employees' have agreed that balanced scorecards are highly useful to maintain the fill rate of the workers, it is ranked in first place with the mean score of 3.66

5. Conclusion

The study on employee opinions regarding Balanced Scorecard practices in IT and ITES firms in Chennai and Bangalore reveals that the Balanced Scorecard plays a significant role in strengthening strategic alignment, operational performance, and organizational learning within technology-driven environments. Employees perceive the tool as highly beneficial for improving business processes, enhancing managerial evaluation, reducing operational inefficiencies, and supporting informed decision making. The findings show that the Balanced Scorecard positively influences both financial and non financial outcomes such as cost reduction, fill rate improvement, defect reduction, and better service responsiveness. At the same time, employees highlight notable challenges in its implementation, including difficulties in assigning weightage to measures, establishing cause-effect linkages, and managing a large number of performance indicators. Limited managerial support, resource constraints, and communication gaps also hinder effective application. Overall, the results indicate that while the Balanced Scorecard contributes significantly to organizational performance in IT and ITES firms, its full potential can be realized only through clearer performance structures, enhanced employee engagement, continuous communication, and stronger managerial commitment.

References

1. Bontis, N., Dragonetti, N. C., Jacobsen, K., & Roos, G. (1999). The knowledge toolbox: A review of the tools available to measure and manage intangible resources. *European Management Journal*, 17(4), 391–402.
2. Chavan, M. (2009). The balanced scorecard: A new challenge. *Journal of Management Development*, 28(5), 393–406.
3. Davis, S., & Albright, T. (2004). An investigation of the effect of Balanced Scorecard implementation on financial performance. *Management Accounting Research*, 15(2), 135–153.

4. Garengo, P., Biazzo, S., & Bititci, U. (2005). Performance measurement systems in SMEs: A review for a research agenda. *International Journal of Management Reviews*, 7(1), 25–47.
 5. Hoffeecker, J. (1994). Implementing the balanced scorecard: Practical approaches. *Management Review*, 83(2), 22–25.
 6. Hoque, Z., & James, W. (2000). Linking balanced scorecard measures to size and market factors: Impact on organizational performance. *Journal of Management Accounting Research*, 12(1), 1–17.
 7. Ittner, C. D., & Larcker, D. F. (2003). Coming up short on nonfinancial performance measurement. *Harvard Business Review*, 81(11), 88–95.
 8. Kaplan, R. S., & Norton, D. P. (1992). The balanced scorecard: Measures that drive performance. *Harvard Business Review*, 70(1), 71–79.
 9. Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business School Press.
 10. Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management. *Accounting Horizons*, 15(1), 87–104.
 11. Lawrie, G., & Cobbold, I. (2004). Third-generation balanced scorecard: Evolution of an effective strategic control tool. *International Journal of Productivity and Performance Management*, 53(7), 611–623.
 12. Malina, M. A., & Selto, F. H. (2001). Communicating and controlling strategy: An empirical study of the effectiveness of the balanced scorecard. *Journal of Management Accounting Research*, 13(1), 47–90.
 13. Marr, B., & Schiuma, G. (2003). Business performance measurement: Past, present and future. *Management Decision*, 41(8), 680–687.
 14. McAdam, R., & O'Neill, E. (1999). Taking a critical perspective on the balanced scorecard. *International Journal of Business Performance Management*, 1(1), 34–50.
 15. Neely, A., Adams, C., & Kennerley, M. (2002). *The performance prism: The scorecard for measuring and managing stakeholder relationships*. Financial Times Prentice Hall.
 16. Nørreklit, H. (2000). The balance on the balanced scorecard: A critical analysis of some of its assumptions. *Management Accounting Research*, 11(1), 65–88.
 17. Rigby, D., & Bilodeau, B. (2009). Management tools and trends. *Bain & Company*, pp. 1–32.
 18. Rogers, E. M. (2003). *Diffusion of innovations*. (5th). Free Press.
 19. Speckbacher, G., Bischof, J., & Pfeiffer, T. (2003). A descriptive analysis of the implementation of Balanced Scorecards in German-speaking countries. *Management Accounting Research*, 14(4), 361–387.
 20. Sureshchandar, G. S., Rajendran, C., & Anantharaman, R. N. (2002). Determinants of customer-perceived service quality. *Journal of Services Marketing*, 16(4), 298–314.
- Disclaimer / Publisher's Note: The statements, opinions and data contained in all publications are solely those of the individual author(s) and contributor(s) and not of Journals and/or the editor(s). Journals and/or the editor(s) disclaim responsibility for any injury to people or property resulting from any ideas, methods, instructions or products referred to in the content.