

Using Balanced Scorecard (BSC) to Improve Quality and Performance of ASKARI BANK: A Case Study in PAKISTAN

Atif Hussain
Email: atiff.khan@yahoo.com

Abstract—This paper presents a case study of Askari Bank using Balanced Scorecard (BSC) as a strategic management system to identify quality and performance issues. The case study utilizes the Hypotheses to explore 1: Profound foundation in term of strategic policies exists or not 2: Formalized approach is to be acquired by the Management for ensuring better relationships, Internal Communication relationships, Performance Management, Development of Procedures/Policies or not 3: Working relationships also need to be formalized or not 4: Finding the need of human assets through formal trainings

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1. INTRODUCTION

To measure company performance, the abrupt reply could be "How much money the company makes. Profitability, gross revenues, returns on capital, etc". These outcomes are "baseline" kind of domino effect that companies must deliver to endure there eminence. Regrettably, if leading management only focal point on the financial dynamism of the organization, numerous adverse consequences occurs. This notion signifies that financial measures are "sheathing indicators" of success. This means that performance is high or low can not depend on these compound statistics that emerge on sheets at the last day. The reflected fatalities may have ensued years before and that you have no pressing control of it in the present. Being in middle of desert and comprehend you overlook to carry water, is a ghastly time to apprehend that you ought to have water.[6,7]

Financial measures are not customer focus, which directly interact with organization's product or service. Decisions made on financial measures may help your organization

monetarily, but impair the long-term associations with customers, that ultimately reduce procure or abscond altogether. Being short-sighted to measure company performance, we need a more comprehensive view with an equal emphasis on outcome measures (the financial measures and non-financial measure, link strategic measure with operational, communicate measure and progress, current indicators and leading indicators)[6,7]

The Balance Scorecard (BSC) technique provides the comprehensive frame work for strategic measurement and management system aligned with organizational mission and strategy. The BSC measurement methodology primarily focuses on organization's endeavor results.[8]

Organizations, particularly service organizations run on people with whom they interact internally and externally. And it is undoubtedly known that the more the internal people i.e. the employees are able to deliver, the more and more external ones – the customers – are attached to the organization.[8,9]

Employees play an important role in the success of any organization. Organizations rely on them to implement, grow and develop its business objectives. It is a proven fact that satisfied and engaged employees have a direct impact on customer satisfaction and the overall well being of an organization. Consequently, it is important for all organizations to improve their internal communications with their employees.[6,7]

It has been felt strongly through the Askari Bank Restructuring and Change Management Program that an effective and two-way communication shall be a very critical management tool to manage change effectively. In this respect, Employee Satisfaction Surveys enable employers to determine whether they are fulfilling organizational, departmental and employee development needs.

An employee satisfaction survey is a valuable tool as it allows employees to keep track of overall satisfaction and motivation levels of employees and enables them to identify possible process improvement opportunities. In addition, it encourages open and constructive feedback, hence helping employers in building a trusting relationship with employees. With this objective in mind, with the help of BSC technique developed and conducted first ever employee satisfaction survey within the Bank.

The present research makes contribution to the body of knowledge by examine

- (1) Diagnose issues and overall organizational climate
- (2) Anticipate potential problems
- (3) Assess teamwork and management style problems
- (4) Measure the effects of organizational change.

Specifically, the study was aimed to answer the following question:

- (1) Image of Askari Bank as an employer
- (2) Work Environment
- (3) Alignment of Personal with Company Objectives
- (4) Compensation and Benefits Structure
- (5) Communication
- (6) Motivation
- (7) Performance Evaluation Process
- (8) Training and Development
- (9) Career Growth

2. RELEVANT THEORIES AND LITERATURE

Several theories have been proposed to elucidate the impact of Human Recourse. The role of the Human Resources Department in a measurement organization should be to indicate how much each employee contributes to the organization - such as revenue generated minus the cost of salary, benefits and training. The HR department needs to look at the rest of the enterprise as its customer. It can achieve this by developing the human capital within the organization, which it can measure by setting up its own balanced scorecard strategy. People management is an important function of the HR Department and can play an important role in an organizations' financial performance as well as the service it offers its customers. People management includes managing recruitment & selection, turnover issues, employee benefits, and acting as an information resource in HR issues for the organization. The HR department can also respond proactively to the organizations needs by evaluating the strategies of the different departments as well as what their goals are and evaluating how the HR department can help the different departments meet their goals particularly as they relate to employee issues.[6,7]

There are five characteristics that distinguish truly effective approaches to measuring human performance:

- (1) Lead from the front is a kind of gravitational pull on behavior.

- (2) Measurement approach that involves day-to-day basis work progress and touch employees at all levels.
- (3) Individual performance assessment must be kept simple and personal.
- (4) Build and integrate measurement into organization's culture
- (5) Keep promises made to employees.

In BSC, the financial measures are the outcome and it will measure the following

- (1) Customer satisfaction
- (2) Growth and retention is the current indicator of company performance
- (3) Internal operations (efficiency, speed, reducing non-value added work, minimizing quality problems)
- (4) Human resource systems developments are leading indicators of company performance.

Drivers of Success fallow in drivers falls in four categories and they are as fallow

- (1) Environmental - those factors outside the influence of your organization, such as governmental regulations, the economic cycle, local, national and global politics, etc.
- (2) Organizational - systems inside the organization such as company strategy, human resource systems, policies, procedures, organizational structure, pay, etc.
- (3) Group or departmental - work processes, group relationships, work responsibilities, work assignments
- (4) Individual - personality, management style, skills, behaviors.

After understanding the relationship between outcomes and drivers, we need to define SMART Target which should be Specific, Measurable, Agreed upon, Realistic & Time-bound.[10,11]

3. HYPOTHESIS

H1: Profound foundation in term of strategic policies exists or not

H2: Formalized approach is to be acquired by the Management for ensuring better relationships, Internal Communication relationships, Performance Management, Development of Procedures/Policies or not

H3: Working relationships also need to be formalized or not

H4: Finding the need of human assets through formal trainings

4. RESEARCH DESIGN

A. Scope & Methodology

This survey was conducted by HRD in the month of Oct/Nov, 2007 and survey questionnaire were submitted by the employee through Intranet.

The survey process consisted of the following steps:

- (1) Survey objectives were agreed upon within HRD
- (2) Questionnaire was developed and uploaded on Intranet.
- (3) Data collection was done through Intranet
- (4) Data compilation and input
- (5) Data Analysis
 - i. The bsc_designer software used for analyses, manipulating data, and generating tables and graphs that summarize data.
 - ii. Cross tabulation was used to provide information about the intersection of demographical variables and employee responses.
- (6) Final Report Generation & presentation to the Senior Management of the Bank.

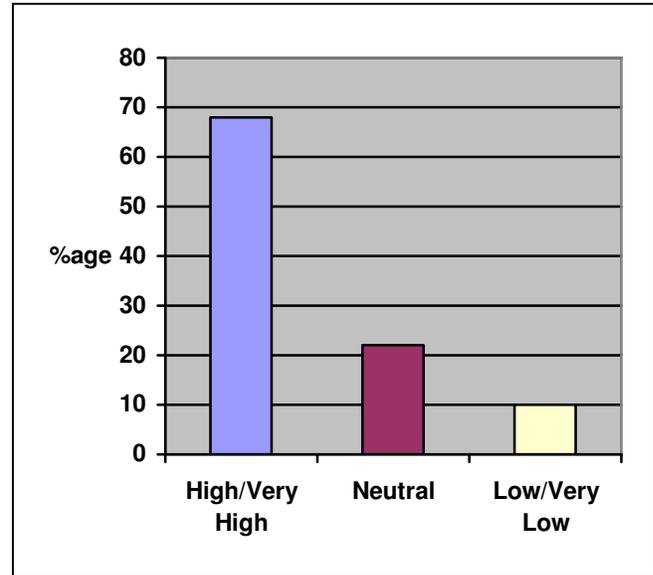
B. Overview of the Survey Results

It is important for us to understand the following prior to enter in to the study of the results:

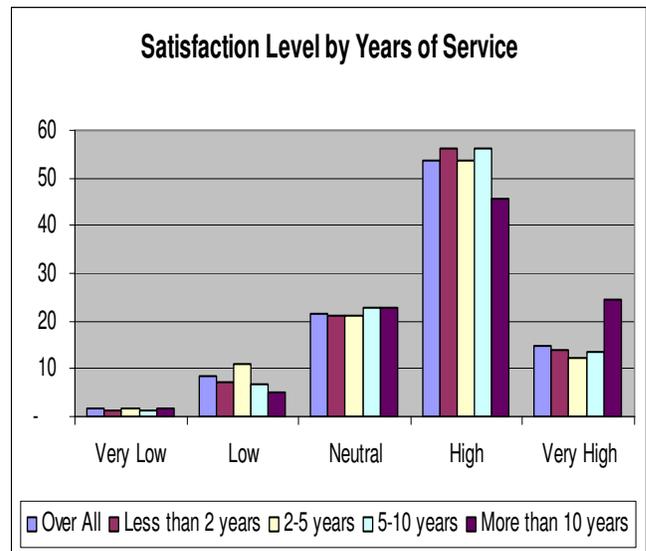
- (1) The exercise has been conducted for the first time in Askari Bank, therefore the response rate has been on the lower side.
- (2) The survey was launched through intranet/individual e-mail ID, the availability of which might be limited in certain areas, thus squeezing the pool of respondents.
- (3) A significant number of responses have fallen in the category of Neutral, where the respondent has not been able to give a positive or negative view about a certain referred area, thus limiting the scope of applicability of survey results. This is mainly attributable to the fact that a large number of respondents have experience of less than two years. Interestingly, respondents having significant experience of 5-10 & above have also given a lot of neutral responses.
- (4) Due to first time conduct, the survey was kept general in nature covering almost every organizational aspect relating to employee satisfaction.
- (5) A "Within Location" analysis has been conducted at most places as this variable has provided a valid input. Other demographic variables have been used where so deemed necessary.

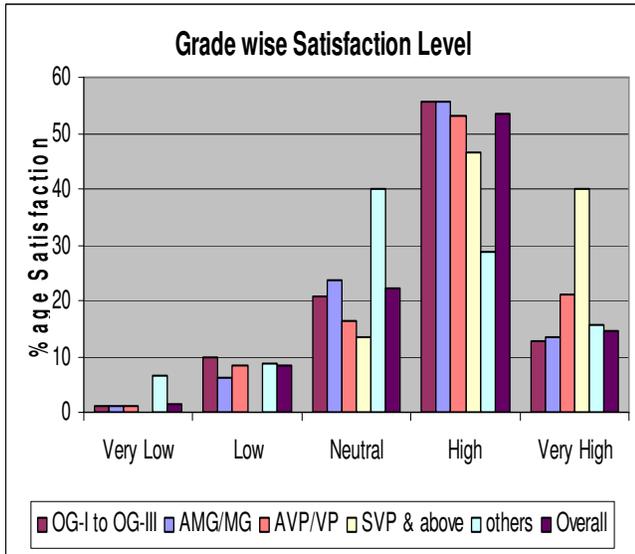
(1) Employee overall satisfaction level in working for ASKARI BANK is:

68% of respondents have reported a high satisfaction level in working for Askari Bank, whereas only 10% have reported a low satisfaction level (22% Neutral).



The above results are also seconded when satisfaction level is analyzed by Grade/Location or year of service wise.

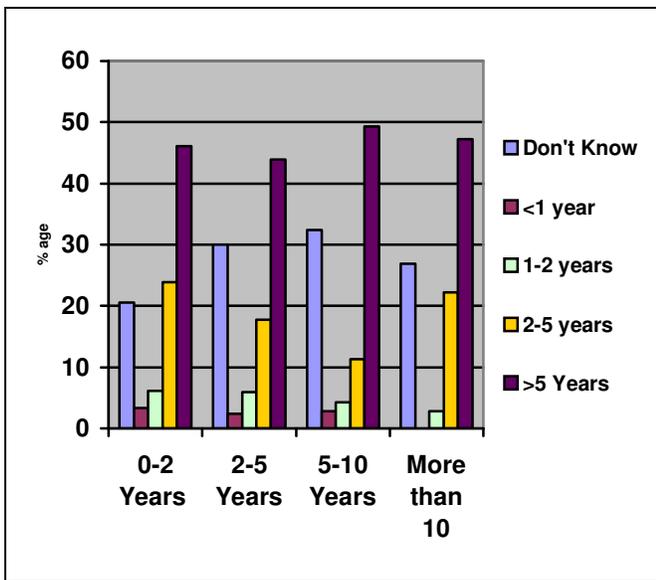




(2) How long do you plan to continue your career with Askari Bank?

26% of the respondents are unsure of the time they wish to continue with the Bank and almost 8% intend to stay with us for less than 2 years. It reflects that Bank may need to replace more than 10% of its workforce within next two years particularly in grades of OG-I and below. A good 46% wish to continue with the Bank for more than 5 years mostly from the Commercial Banking. Head Office Divisions located at other cities have a higher tendency of switching over in next five years. Incumbents who have joined us within last two years intend to stay with us for more than two years.

The experience-wise responses are shown below:

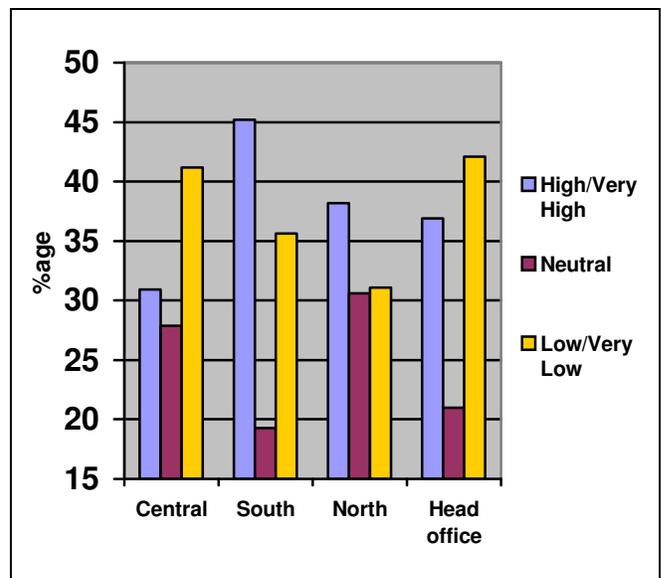


(3) Communication:

More than 50% of the respondents from all locations have affirmed management’s positive response towards two-way communication i.e. listening to concerns of employees and encouraging socialization amongst staff members.

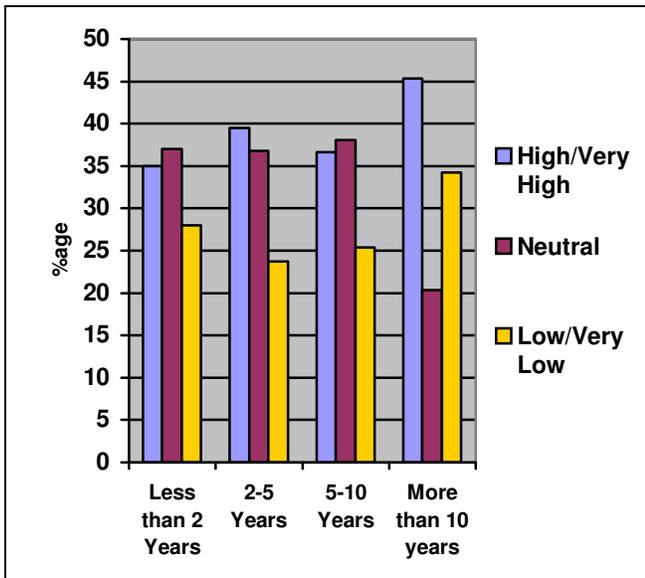
However, a mixed response is received with respect to holding of periodic sessions by the Senior management as 38.52% respond positively against 34.37% who have responded negatively towards this while 27.11% have given a neutral response.

Region wise analysis gives us a negatively skewed graph for Central Region and mixed response from North & South Region.



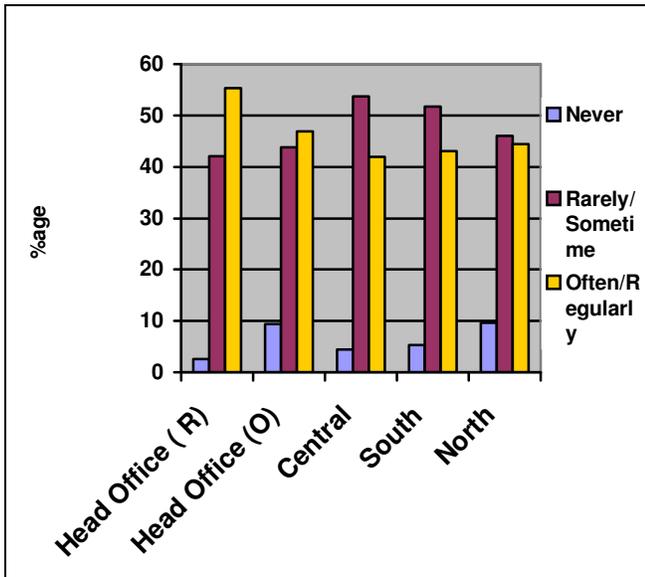
A gap is also reflected for the Rawalpindi based Head Office Staff where 36.9% of HO Staff has favored holding of meetings by the senior management and 42.1% staff have reported against it.

The experience wise analysis also gives us a mixed response in all categories showing low or no holding of periodic sessions by the Senior Management.



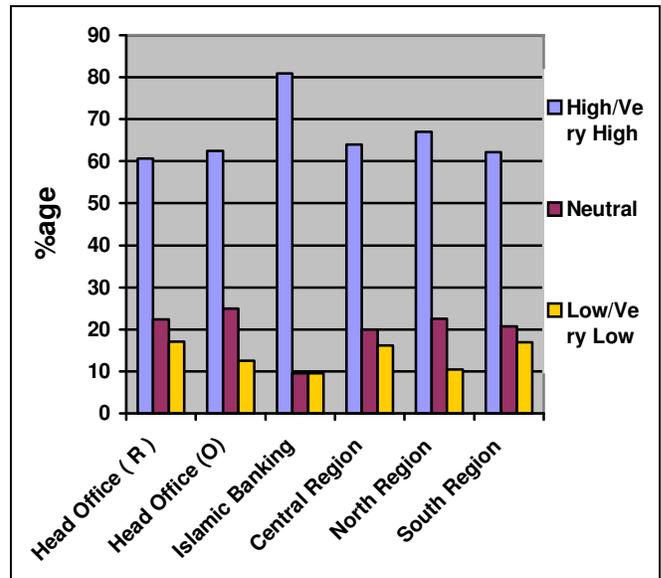
(4) Supervisor Relationships:

Almost 50% of the respondents have shown rare/sometime holding of staff meetings by their supervisor. 6% staff has shown no occurrence of staff meetings. The location wise analysis shows following response location-wise.



(5) Career Advancement:

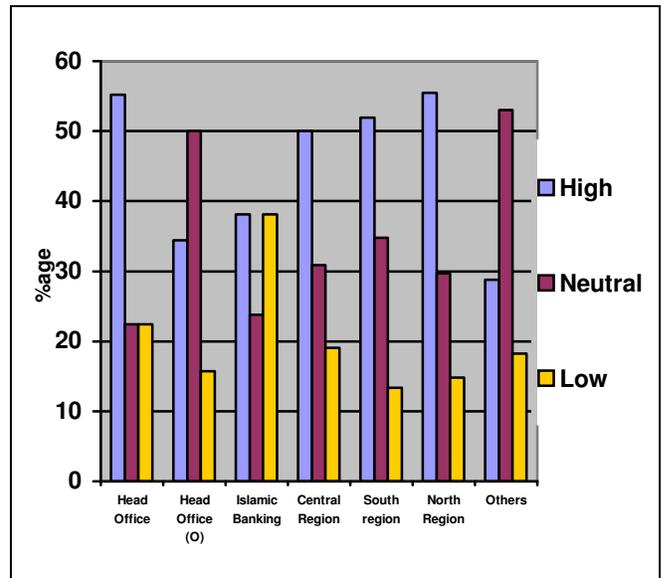
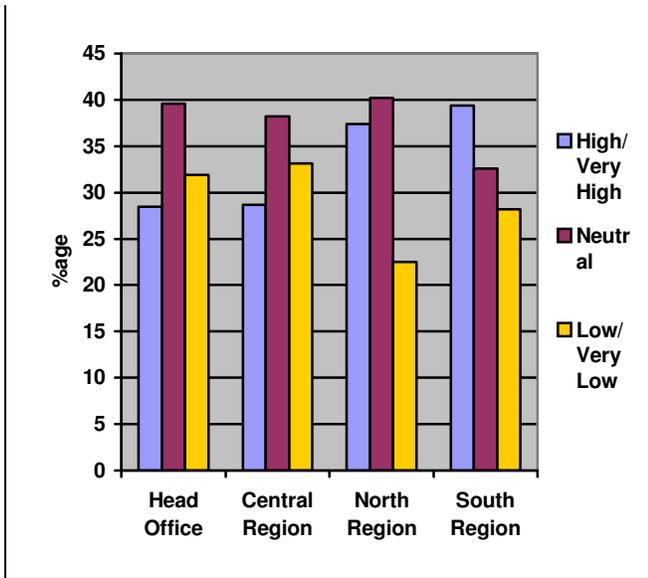
More than 60% of the respondents see their career development and growth opportunities with the Bank, particularly staff who have joined us within last two years are fairly optimistic about their career growth within the bank. It is encouraging to see that the ratio is fairly equally distributed across all locations as follows:



(6) Performance Appraisal:

Since most of the respondents have got work experience of less than two years with the Bank, it is imperative for them to lack an understanding of the whole system. Accordingly we have received a high 40% of respondents sharing no views with us (Neutral).

Nonetheless, 33% of respondents believe that Askari Bank has an effective system of performance appraisal as against 27.26% who have given a low ranking to the current APR system. Looking at it Region-wise, North & South Regions have given slightly a favorable view whereas Central Region has shown fairly a low rating towards the current system. Similarly Head Office respondents based at Rawalpindi have strongly given a low rating to the current system.

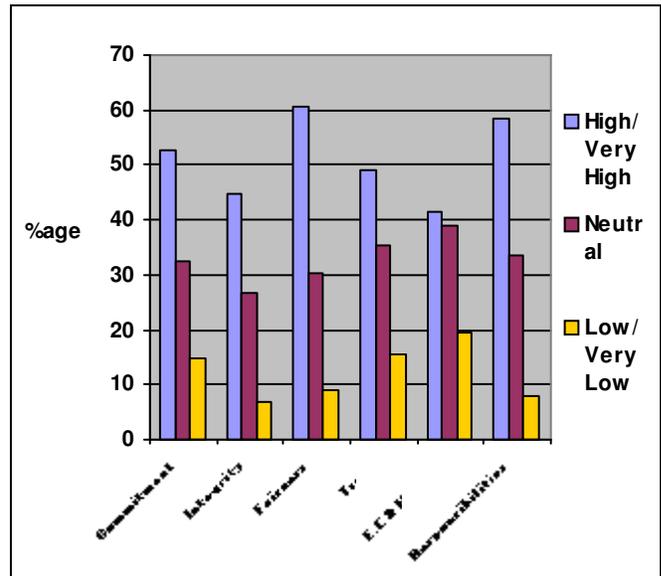


(7) Compensation:

Compensation is the most important aspect of modern banking these days. The survey was conducted after announcement of revised compensation package for the Bank. Almost 50% of the respondents believe that they are being fairly paid, 33.2% have given a neutral response while remaining 17.3% respond negatively. The results are positively skewed for employees who have joined us within last two years. The responses become fairly vague in all other categories as almost similar responses are received for high, low and neutral by the remaining respondents. It is also interesting note that central region that has been ranking lower in other categories has strongly advocated for compensation. Head office and North region staff has also favorably viewed the compensation system. Islamic banking, others and South region has given a mixed view over these categories.

(8) Core Values

The respondents have shown a very good understanding of our core values (Commitment, Integrity, Fairness, Teamwork and Service) in principle and in practice



4. CONCLUSION

Based upon the survey results above, we recommend the following:

- (1) Since a basic foundation in terms of sound policies, procedures, core values, career management exists; HR only needs to refine these areas for proper employee retention and motivation.

- (2) More formalized approach is to be acquired by the Management for ensuring better relationships, Internal Communication, Performance Management, Development of Procedures/Policies etc.
- (3) Supervisor – Worker relationships also need to be formalized to ensure better work environment. Physical work environment needs to be improved for certain locations.
- (4) The findings of survey strongly recommend replacement of current performance management system. The Bank has already entered into the exercise of introducing a Management by Objective and competency based performance management system that shall be implementing during the current year.
- (5) Askari Bank is investing largely in its human assets through formal trainings. Supervisors must be asked to Identify Training Needs and help employees overcome those gaps. However, it needs to be further taken up at the Head Office Level. Quality of training needs to be assured in all locations specially South / Central Regions.

Though a generally sound view of Bank's communication has been received, however, Organization Development Team believes that further deep down analysis must be conducted for identification of problem areas.

It is expected that once Bank's Organizational Structure is fully in place and standardized Job Description Documents are held on record with new PMS implemented in full spirit, better results shall be achieved from such surveys.

It is also recommended that in order to achieve desired benefits out of such surveys, in future, these shall be frequently conducted for special focus groups.

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