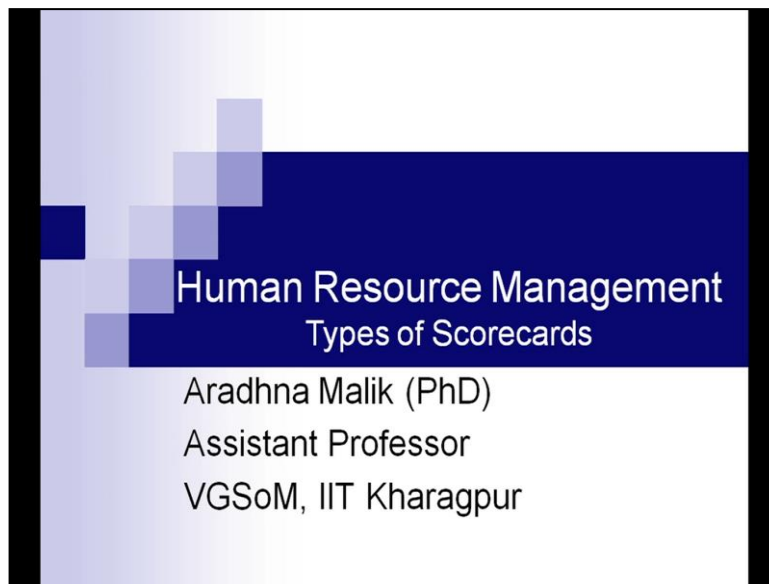


**Principles of Human Resource Management**  
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**Indian Institute of Technology - Kharagpur**

**Module No. #08**  
**Lecture No. #29**  
**Types of Score Cards**

Welcome back, to the class on, Human Resources Management. My name is Aradhna Malik.  
I have been helping you, with this course.



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Today, we will discuss, the different types of scorecards that we use, in human resources management. To evaluate, how the human resources, that we have, or the processes of human resources, that we have implemented, have added value to the organization. So, let us get on. Types of scorecards.

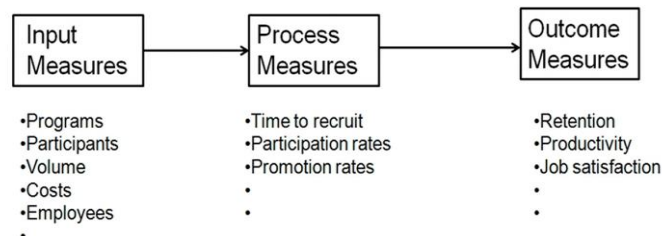
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- Phillips, J. J. (2005). CHAPTER 10: Creating and Using the Human Capital Scorecard. In, *Investing in Your Company's Human Capital* (pp. 211-233). American Management Association International.
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Some sources. There is this book, by Gilmore and Williams. And, there is a paper in that book, that i have used. There is this chapter, by J J Philips. And, there is a paper, by Srimannarayan. (Refer Slide Time: 01:03)

## Basic Input Process Output (IPO) Scorecard (Phillips, 2005)



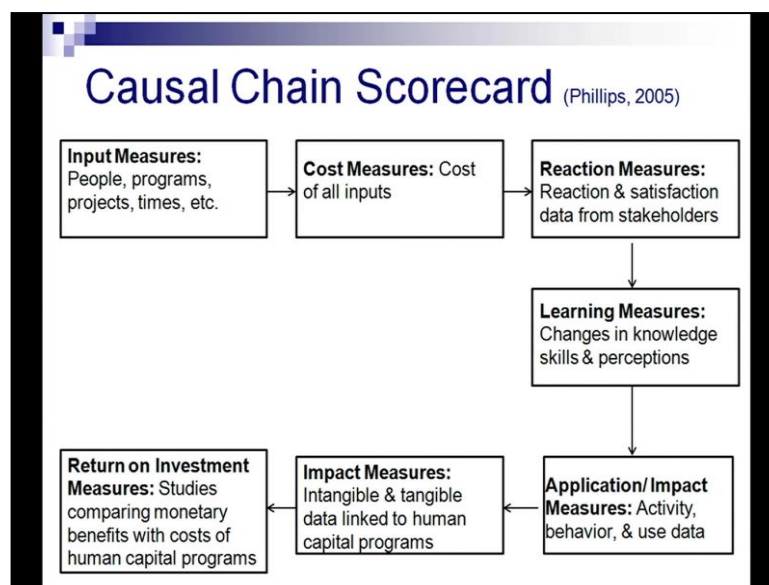
Okay. Various types of scorecards are used. The first one, that we will discuss here as, outline, very well by Philips is, you know, this is called, The Basic Input Process Output Scorecard. So, basic IPO scorecard. Now, this is a very simple way of maintaining records, of whatever we do. We document. We quantify the processes, that are going into the organization.

You know, the measures, sorry. The measures, that we are taking, for the growth of the organization, or the measures, that we are taking, to achieve our objectives. And, these measures can be, the programs, that we institute. The participants, that we take. The volume of, you know, the resources, that goes in. Costs, employees, etcetera.

The process measures are, the time, it takes to recruit people, the participation rates, promotion rates, etcetera. So, the processes, that we go through, in order to utilize the resources, that we have put in, at the input stage. And, the outcome measures. We evaluate, how much, how many people, still want to stay with the organization.

So, retention rates could be calculated. Productivity of the employees, could be calculated. Job satisfaction could be evaluated, through performance reviews, through interviews, through appraisals, etcetera. So, it is a very simple, plus minus kind of, method of evaluating, whether, whatever, we are doing is of, use to anyone, or not. This is the basic IPO scorecard. Input process output scorecard.

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The next form of scorecards is, the causal chain scorecard, in which, we take, you know, we again, this is a more detailed type of the IPO scorecard. We find out, what is causing, what. So, we evaluate, everything in detail. We have some input measures, which is, people, projects, times, etcetera. Then, the cost measures.

We find out, how much each input has cost us. So, we make, i mean, these things can be documented. These things can be, put in black and white. So, how many people, did we recruit. How much money, did we spent, on recruiting them. How many people, participated in programs. How much, did we spend, on those programs. So, you know, we do this for every activity.

Scorecards are, before i go further, i must clarify, that scorecards are very specific, to specific activities. We evaluate each activity, in terms of the parameters, that we have defined, and see how valuable, that activity is for us. So, if i will take one example, and i will discuss, each scorecard with you, on that. Let us take, the example of training programs.

Let us assume, that we are bringing in, a new technology into your office. For example, we have enterprise resource planning here, in IIT. And, maybe, you know, your organization is planning, to implement that technology, to manage your operations. So, when we discuss IPO, input process output scorecard, you will find out, let us just go back, a little bit.

You will find out, you know, how many times, you have to administer the program, to people. You will find out, how many participants, participate in the training program, for ERP. You know, the number of people, who participate. And, the number of, and the costs involved, for each participant. The number of employees, that are engaged in running the program, who do not actually participate in the training, etcetera.

So, you will make a list of, all of these things. Then, you find out, how many people, actually stay through the program. How many people, complete the program, from start to finish. And then, you move on to, retention, and productivity, and output. How well, has this ERP, helped your business. So, how well, has this information management system, helped your business, in terms of, how many people are retained, what processes are simplified.

How much time, has each process take, before this was implemented. And, how much time is it, taking now. If the difference is significant, that means, that this has been a positive input. If the difference is minimal, or nil, or if the difference, or if the difference goes in negative, for example, you know, maybe, maintaining records of the, salaries of employees. Telling them, what their salaries were like.

Or, may be, leave maintenance. So, if initially, people had to apply for leave, on using a pen and paper. And, the leave letter took about, say, two or three days to reach the person, who actually approved the leave, and filed it. So, if the whole process from, a person taking a piece of paper, and saying, i need one day of casual leave. And, till the time, this leave note entered the person's personal file, the total time taken was about 3 days.

And, after the implementation of this process, the number of people, who are approving things, has increased. The time taken, is 3 days, or maybe 2 1/2 days, or maybe 5 days. Then, maybe, it is not worthwhile, to implement this process. On the other hand, if initially, the time taken was, 3 days. And, it has been cut short to, 1 day, or, 1/2 a day.

And, the employee can see, where the application is, at that point in time, at any point in time. Then, it is a positive addition. So, things are measured, in terms of input and output. So, the next one is, again, you know, we evaluate, how many people are going through, these programs. The costs, that are in involved. Reaction and satisfaction. Reaction measures are then calculated.

So, we find out, you know, whether the people, who are actually involved in evaluating, in keeping records, are actually satisfied, or, sorry, the people, who are involved in a particular process, are actually satisfied or not. What is their reaction, to something new, that you have started? If you put them through a program. Are they satisfied.

Do they like, what they are doing? Are they learning, anything. What is their reaction. Then, the learning measures. Is the new program, actually, or the new training program, actually teaching them, anything? So, are there any changes, in knowledge, skills, and perceptions. Do people feel, that applying for leave has become easy, by the implementation of this, new management information system.

Or, is it more difficult. Maybe earlier, they would just pick up the phone and ask, where their application is. But, this system is so secure, that they do not know, where the application is. It just says, not approved yet, not approved yet. So, they do not know. On the other hand, if this management information system tells them, where the bottleneck is.

And, they can personally go and request, the person concerned, to okay the application. Or, they can find out, if the concerned person is on leave, and somebody else is in charge. And, if they are, some sort of emergency, they can find out. Then, maybe, it is good. So, you know, so changes in perception, of the whole process. Leave taking is very difficult. It is painful.

So, let me not, apply for leave. This type of leave, is very difficult. This type of project, is very difficult. This type of training, is very difficult. Let me not, go in to it. If you are implementing a training program, then the learning outcomes. Have they learnt anything. Have they been able to, transfer those skills, do their jobs, etcetera. So, all of this, will need to be evaluated, and quantified as far as possible.

Then comes, the application or impact measures. The activity behavior, i mean, you learning something, is one thing. But, you using it, in your job, on a regular routine basis, so much, so that, it becomes a part of, how things happen, in your organization, that is a whole different thing. So again, i am going to switch, to a different example. For example, in our libraries, these days, we have something called as, electronic databases.

And, these databases are very expensive. So, you get the database. And, many people, start using this database. And, you know, so you evaluate, how many users are there. Or, going back to the previous example, in the case of ERP also, you may find that initially, when a management information system is implemented. At that point of time, many people are not very comfortable, using it.

But, after they have been trained to use it, and they see how things are working on it, the number of people, who are actually using it willingly, goes up. So, the use data, can be collected. Activity, behavior, all of these things, are then assessed. There will be people, who will get more and more comfortable, with this technology. And, who will not want to use, the regular pen and paper method of applying for leaves. There could still be people, who are not so comfortable with it, yet.

So, you know, you find out the reason. Then see, whether it is user-friendly or not, whether any glitches are resolved or not. In our institute, for example, the system we have, is so wonderful that, we have a support, we have very co-operative support staff. We just pick up

the phone. Glitches are there, on this technology, there are glitches. We just pick up the phone, and say, can you please help me with it.

And even, if we call the person, who is not concerned, they will immediately give us the contact information of the person, who is going to help us resolve the issue. Or, if we cannot get through to them. Then, they go out of their way, to find out, who is responsible, and how this can be resolved, and they call us back, within a reasonable period of time. Now, if i have, that kind of support, my willingness to use, something difficult, something complicated, will go up, significantly.

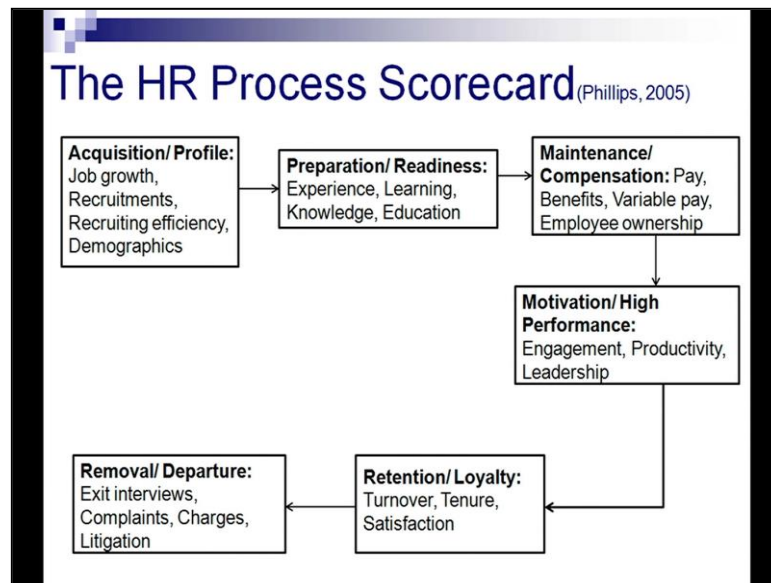
Because, i know, it is required. And, if i am not able to do something, there will be somebody, who will be willing to help me, do it. So, you know, these things, have a very high impact on, how things are evaluated, how things change. And, especially, in the case of maintenance of scorecards, when we have user data, how many people are logging in, on a daily basis, how many people are using, this new training, on a daily basis, etcetera.

So, that can help us evaluate, whether, we should invest in it, further or not. Then, the impact measures. So, ultimately, what is the output. Is it cutting down, on the time required, to process leave applications, or not. Is it cutting down, or is it opening up, new avenues to add more types of leave, within the same portal or not.

So, you know, all of that. Is the need for documentation, really there? If there is need for documentation, does it allow you to upload, any kind of documents, to the system or not. So, all of those things, considered. We see, what the impact of this new thing, that we have introduced, is on our employees. And then, we go further and see, whether we have got, any return on our investments.

So, we need to end up conducting, a study on the monetary benefits, that the new program or new technology, has brought to our organization. And, this whole detailed analysis, will constitute a causal chain scorecard.

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Then, we come to, what is known as the, HR process scorecard. Causal chain scorecard is, what impacts, what. Input process output scorecard is, how one thing, ends up in another. Causal chain is something, more detailed than an IPO. IPO is also related to, the cause-and-effect relationship. Now, we come to the HR process, human resources process scorecard. In this, we initially start with, the acquisition or profile. So, we list down, whatever we have, with us.

So, whatever we have taken in, as resources. Then, we move on to the preparation and readiness. So, we evaluate, how prepared our resources are, to contribute. We make a list of the resources, that we have acquired. Then, we find out, how prepared our resources are, to contribute to the organization. And so, we evaluate, how much experience, they have. How much, you know, how much, they know, how much, what their education is like, etcetera.

And, how much, they are learning. Then, we move on to, the maintenance or compensation. We find out, how much we are paying them. And, then we evaluate, what their engagement is. What, how much, how motivated they are. What their productivity levels are. Then, we also make a list of, the retention. How many people actually, stay with the organization. And, what their loyalty is.



What their tenures are. How satisfied they are. And then, we conduct exit interviews for people, who are leaving the organization. And, we evaluate everything here, in terms of this. Okay. So, we evaluate the whole process of, taking in resources, especially the human resources. We find out, what they are coming in with. How many, we are taking in. What they are coming in with. And then, we see, how much, we are paying them. How much, their motivation has been, in terms of this.

How much, we are paying them, in terms of this. And then, we see, what their loyalty is, in terms of this. How many people, actually stay. If they are high performers, and they still go, then something is wrong, over here. If they are, their productivity is low, then this could be a reason. So, we find out. So, you know, we evaluate, each of these arrows, here.

And then, you know, so, retention, and loyalty, and job satisfaction, is evaluated. And, when they leave, we find out, where the problem was. Was it here. Was it here. Was it here. Was it here. So, where the problem lay. So, this is called, the human resources process scorecard. We keep, we quantify information, at every stage.

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Best Practice Scorecard: Common Human Capital Measures (Phillips, 2005)	
1. Innovation & creativity	7. Productivity:
2. Employee attitudes:	a. Unit productivity
a. Employee satisfaction	b. Gross productivity
b. Organizational commitment	8. Workforce profile: Profile
c. Employee engagement	9. Job creation & acquisition:
3. Workforce stability:	a. Job growth
a. Turnover & termination	b. Recruitment sourcing & effectiveness
b. Tenure & longevity	c. Recruiting efficiency
4. Employee capability:	10. Compensation & benefits:
a. Experience	a. Compensation
b. Learning	b. Employee benefits
c. Knowledge	c. Variable compensation
d. Competencies	d. Employee ownership
e. Educational level	11. Compliance & safety:
5. Human capital investment:	a. Complaints & grievances
a. HR department	b. Charges & litigation
b. Total HC investment	c. Health & safety
c. Investment by category	12. Employee relations:
6. Leadership:	a. Absenteeism & tardiness
a. 360 deg feedback	b. Work/life balance
b. Leadership inventories	
c. Leadership perception	

Then, we also can evaluate, the common human capital measures, taken by, or assessed by, various organizations. And, we can come up with the best practices scorecard, for our industry, and evaluate the progress of every employee, against this best practices scorecards. So, this helps us, set our expectations, from our employees. So, we can evaluate. And, these are some of the parameters, that have been given here, which is innovation and creativity.

How innovative, they are. How creative, they are. If we can quantify this, nothing like it. Then, employee attitudes, employee satisfaction, organizational commitment, employee engagement, all of this can be, you know, we can lay down some standards, for each of these measures. Then, workforce stability is another one. Turnover and termination is another one. Tenure and longevity adds to, or contributes to, the workforce stability.

Then, we have employee capability. We have, experience, learning, knowledge, competencies, etcetera. We have educational level, that helps us understand, how capable an employee is. Then, we have, human capital investment. What is the human resource department, investing into the development of human capital, within the organization?

The total human capital investment can be calculated, in terms of, what the human resource department is doing, you know, what we are doing, in terms of their benefits, how we are trying, to retain them, etcetera. Investment by category of inputs, that we are giving, to our human capital. Then, leadership can be assessed, by getting 360° feedback. Leadership inventories can be kept. Leadership perception. How people, perceive their leaders.

What, their understanding is of, what a leader should be like. Then, we can assess the productivity. The productivity of the unit, in which the employee is working, and the gross productivity of the organization, can be assessed. And, that can help us, get an idea of, and you know, we need to benchmark things. When we talk about the best practices scorecard, we need to set standards.

And, we can evaluate employees on, where they are, in terms of this. Then, the workforce profile, job creation, and acquisition. We have job growth. Recruitment, sourcing, and effectiveness. Efficiency, compensation, and benefits. How much, we are paying them. What benefits, they are getting. Variable compensation. How much is the variable compensation? Employee ownership plans, stock ownership plans, etcetera.

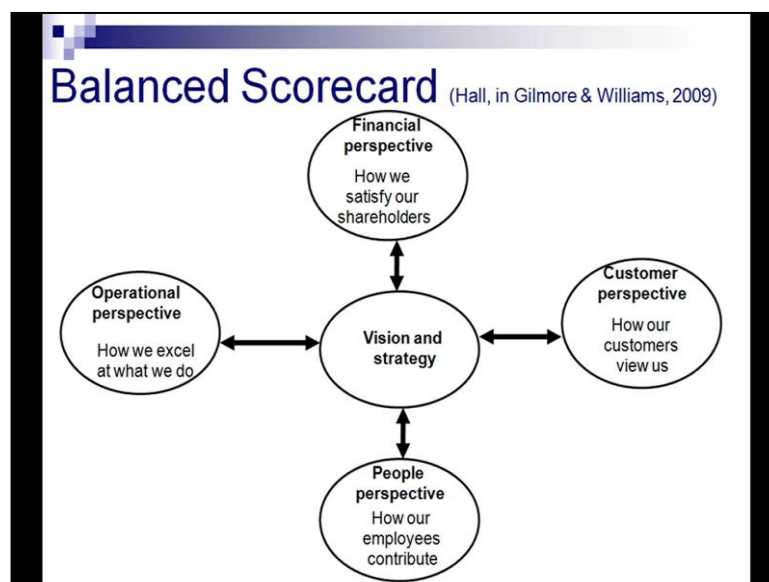
So, how much involved, the employee is, within the organization, in the decision-making process, etcetera. Compliance and safety. So, complaints and grievances. Health and safety charges, and litigation. How many times, employees complain. How many employees, sue the organization. All those records, can be maintained. What is considered okay, acceptable.

What is considered bad, here. You know, how many people, if for example, in a factory, that has high levels of, a very, you know, very sensitive machinery, that has to be handled by, very skilled people. Occasionally, you may have accidents. And, a certain number of accidents, are considered to be, they are not acceptable, but we say, okay. You know, so many processes are going on. So, these many accidents, will be an acceptable norm, for the rate of accidents.

Anything, more than this, is bad. Anything, less than this, is good for us. So, how many people sue the organization, for something like that. Sometimes, it may be out of your control. People are just not dealing with their machines, in a very safe and cautious manner. And, they get hurt. And, the organization get sued. Or, the machines are old. And, the organization has not got, the feedback for it. Or, the organization has not, had the money to invest, in good quality machinery.

So, how many times, has this happened. And, where the organization stands, in terms of these things. So, all of that, needs to be considered here. And, some measures, some standards, needs to be laid down. And, your own organizations working, needs to be assessed, in terms of that. Then, employee relations. How many people are absent, without leave tardiness, how many people are late, work life balance of the employee's, etcetera.

So, this is the best practices scorecard. Now, let us come to the, more acceptable form of scorecards, which is the balanced scorecard, which is used, most often in an organization, in most organizations, these days. This was developed by, Kaplan and Norton. And, it has been evaluated, in various ways. I will show you a paper, towards the end of this presentation.



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That was written by, Kaplan and Norton. I have a link to it. And, i will show you that link, towards the end of the presentation, anyway. So, balanced scorecard is a scorecard of individual employees, of individual processes, of units of activity, that is evaluated, in terms of the, i mean, so you know, we take the vision and strategy of the organization, as the core.

And, this vision and strategy is evaluated, in terms of the financial perspective, the customer perspective, the people perspective, and the operational perspective. Financial perspective is, how do we satisfy our shareholders. The difference between shareholders and stakeholders is, that shareholders are people, who actually get a piece of the pie, who are part owners of the organization.

So, their connection with the organization, is in terms of money, only. When we talk about stakeholders, we say stakeholders are people, who have any stake in the organization, who are connected to the organization, in some way, may be money, may be satisfaction, maybe location, may be anything. Stakeholders are people, who are affected, by the workings of the organization.

They could be, neighbors, physical neighbors of the organization, people living in the vicinity of the factory, who get affected by the effluents, by the pollution, the factory is producing, who are benefited by the factories, own hospital and own school, etcetera. So, all of these people, even though they are not getting money, or they are not, they do not have a money involvement in the organization, they still are getting affected by the organization.

So, that is the stakeholders. Okay. So, that is the financial perspective. Customer perspective is, how our customers view us, in terms of vision and strategy. What is our ultimate goal? That is the whole point of the balanced scorecard. We evaluate these parameters, in terms of, what our ultimate goal is. From these perspectives, what do our customers say, about us. We may be making, tons of money.

But, if our customers are not satisfied with, either what we do, or, with how we behave. They may be buying things, from us. Because, we are the only ones, producing this, or for various reasons. But, if they are not satisfied, with the way we do things, then we need to do

something, about it. So, people perspective. How our employees contribute, how our employees see us, is the people perspective.

And, the operational perspective. How do we excel, at what we do. What do we do. How do we carry out, our different processes? And, how are these processes, then connected, to the ultimate. How do these processes, then leads to the, ultimate vision and strategy, of the organization? How these things are, constantly influenced by each other.

The vision and strategy is influenced by, how we are able to do things. And, what we do is influenced by, the vision and strategy of the organization. So, the ultimate goal and the plans, that are made to achieve that, ultimate goal. Similarly, how much money, we have currently will determine, what kind of strategy, we can adopt. And, the strategy, that we adopt will ultimately influence, how much money, we are able to spend on various things.

Similarly, our customers will be influenced by, what our vision is. Our market will be decided, the customers who buy, whatever we are producing, either product or service, will be decided by, our ultimate vision. In similarly, the vision will depend on, who, what kind of customer base, exists out there. We may be thinking of, one type of customer base.

But, if it does not exist, we may have to adapt to the existing customer base, and modify our offerings in a way, that we get maximum customers from, who can buy, whatever we are able to produce or give them. And, people perspective. The people, who actually do the work for us, in the organization, influence, what, how, we. The vision has to be adapted, according to what we have, in terms of, people resources also. So, all those things are interconnected.

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## Example of a Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

Goal (Broad objective)	Measure or 'metric'	Objective/ target	Development actions
Achieve 'excellent' customer satisfaction	% of customers lost over 12 months	Less than 10% loss of customers in 6 months time	Develop 'lost customers' report
	% of customers completed a CS survey in past 6 months	More than 80% of customers complete a CS survey this year	Use customer feedback to improve CS survey
	Level of CS	More than 75% of customers to rate our service as 'excellent'	Develop employee competencies in CS
	Quartile for CS compared to sector	Upper quartile in industry sector by end of financial year	Develop benchmarking within sector

Okay. This is the example of a balanced scorecard. For example, you have a goal here. Achieving, excellent customer satisfaction, measure, or metric, percentage of customers, lost over 12 months. Less, the target here is, to ensure that, less than 10% loss of customers occurs in six month's time. And, the development actions, that we can take are, develop lost customers report, find out, how many customers were lost, for what reason.

And then, we decide to take the measures, to prevent further loss of customers. Similarly, you know, when we are trying to achieve excellent customer satisfaction, the second measure or metric that we can adopt is, the percentage of customers, who completed a customer satisfac. CS means, customer satisfaction survey. So, who completed a customer satisfaction survey, in the past six months.

The target is that, more than 80% of our customers, complete a customer satisfaction survey, this year. We want to ensure that, this happens. And, what do we do, with this. We use customer feedback, to improve customer satisfaction survey. Then, level of customer satisfaction. And, quartile for customer satisfaction, compared to the sector, that we operate in. So, this is an example, of a balanced scorecard.

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## Criticisms of Balanced Scorecard

(Hall, in Gilmore & Williams, 2009)

- Issues related to its interpretation and implementation
- Issues related to time/ level of implementation
  - Individual
  - Reporting tool
- Distraction from business activities
- Lack of ownership and accountability
- Difficult to establish 'cause & effect'

Okay. Some criticisms, that have come up, regarding a balanced scorecard are, issues related to its interpretation and implementation. People feel, it is very difficult to interpret and implement. There are issues, related to time and level of implementation. So, you know, one, it has to be done on an individual to a level.

And, the second thing is that, it is a reporting tool. It is used as a reporting tool. People also feel that, because it is so complicated. The people, who are filling up this scorecard, are being distracted from their business activities. They feel that, there is lack of ownership and accountability. People have to write, something in the scorecards. So, they just write it, and get on with it.

But, the level of responsibility or accountability, seems to be missing. And, this is, you know, based on years of experience and study. And, it is in many cases, it becomes very difficult to establish, a direct cause and effect, measurable cause-and-effect, relationship.

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## Using the scorecard (Phillips, 2005)

- Select the measures & ensure that all stakeholders agree
- Set the target from minimum acceptable levels to ideal levels of performance
- Monitor the data
- Conduct a gap analysis regarding the gap in a specific measure
- Identify/ select action/ solution
- Implement action/ solution
- Forecast the value
- Monitor the progress
- Show the value by calculating the impact of the solution to close the gap.
- Repeat the process

Now, let me show you, how to use this scorecard. When you use this scorecard, it is very important to select the measures, and ensure that, all stakeholders agree. Set the target from, minimum acceptable levels, to ideal levels of performance. Monitor the data, that is coming in. Conduct a gap analysis, regarding the gap, in a specific measure. Identify or select the action or solution.

Implement the action or solution. Forecast the value, that you will use, to evaluate different parameters. Monitor the progress. And then, show the value, by calculating the impact of the solution, to close the gaps. So, this is how, you can use the, any type of scorecard, by maintaining clear-cut records at every stage, and trying to establish a cause-and-effect relationship.

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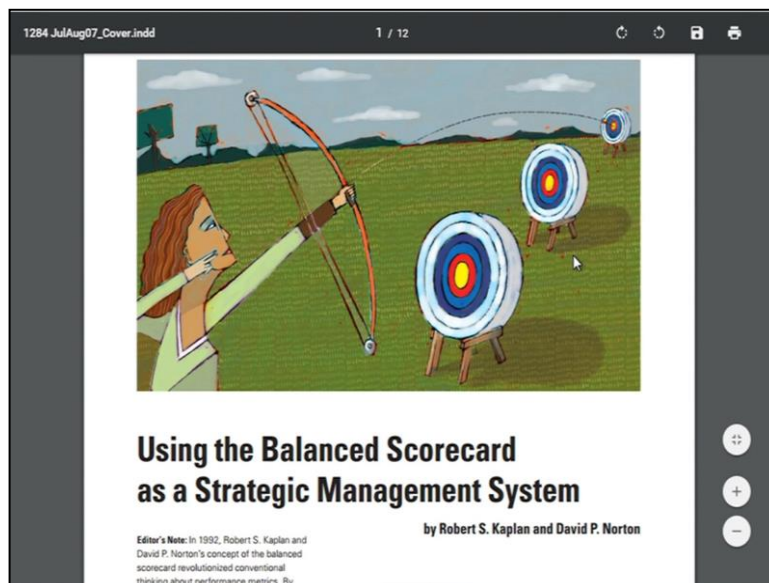


## Useful Links

- Balanced Scorecard Institute:  
[balancedscorecard.org](http://balancedscorecard.org)
- [Kaplan & Norton 2007: Using the balanced scorecard as a strategic management system](#)

Some links are, there is, you know, there is this paper by, Kaplan and Norton. And, let me show you this. So, i will just quickly show this, to you.

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And, this is what, i have for you, over here. Yeah, i have this paper, up here. Okay. So, this is the paper. This is one paper, that beautifully outlines, how the balanced scorecard can be used, as a strategic management system tool. And, this paper was written by, Kaplan and Norton, the people, who actually designed and developed, the balanced scorecard.

The paper has been published in, Howard Business Review in, July and August 2007. So, if you can lay your hands on this paper, it will be a very helpful for you in understanding, what

the balanced scorecard is, and how it can be used in your organization. The other thing, that i can show you here is, the website. This is the website, of the balanced scorecard institute.



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And, you can go through this website. And, it gives you, all kinds of information, about the balanced scorecard. So, see, there is, there are white papers, all kinds of information regarding, what the balanced scorecard is, and how it can be used in your organization. It has been studied by various people.

And, see, here is an example of, how strategy can be mapped, using the balanced scorecard. So, this is a free website. You can go to it. And, you can read up, more about it, if you are interested in knowing, what this is. And, that is all, i have for you, for this lecture. We will continue with, some more HR discussion, in the next class. So, thank you very much, for listening.