HUMAN RESOURCE SCORECARD, NEW WAY OF DEVELOPING ORGANIZATION

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ABSTRACT

This paper focuses on developing the concept of personal scorecard as an integral part of organizational scorecard, and show that it is an edge over the concepts of traditional improvement, change management, and strategy development when it comes to evaluate performance of human resources in an organization. The labour theory of value suggests that value of any commodity is equivalent to the labour involved in the production of the commodity. Thus, traditionally price determination of a commodity depended on the use of labour in a particular production process. However, with the industrial revolution, and increasing significance of capital and technology in the production process, this theory seems to be forgotten. Consequently, hardly any effort is made to recognize the contribution of these human resources in a production process. Innovations and long-term growth in all organizations are inevitably due to the skills of the human resources. Moreover, it is widely recognized that skillful human resources are extremely scarce, and they require additional care when it comes to maintaining their high levels of productivity. This calls for personalized reward mechanism based on the performance of the individual employees within an organization. Following human psychology, this kind of a mechanism will give immense satisfaction to the employees and encourages them to perform better in future. In practice, however, though human resources form an integral part of any organization, traditional business management concepts rarely take into account the specific personal ambitions of employees. Normally all such concepts are superficial and they suggest only cosmetic changes. Hence there is a need for a new concept where personal and organizational performances as well as learning mutually reinforce each other on sustainable basis. The present work introduces a new concept of business management through holistic approach as developed by Dr. Herbert Rampersad. Known as the Total Performance Scorecard (TPS), it stresses the significance of and the need to develop an organizational structure and philosophy that combine the goal and aspirations of the individuals with those of the organization. It is a melting process, which results in a corporate culture that is both individually and organizationally driven. The starting point in this holistic concept is the
'individual’. The concept works on philosophy that if employees within the organization are not able to achieve their own objectives, they cannot work efficiently for the organization. Thus the process of improvement should start from the bottom line within an organization.

In this sense, the concept of TPS is superior to the concept of Balanced Scorecard (BSC). The concept of BSC is based on strategy formulation and implementation in the top-down manner. However, the top level management may not always be in a position to understand the performance drivers of the bottom level employees. In this context, if the top level designs the organizational strategy without considering the personal ambition of the employees, the strategy fails in attaining desired goals. The alternative can be found in designing a performance scorecard for every individual employee or a limited group of employees in an organization and incorporating it in the strategy design and target setting exercise of the organization as a whole. This implies recognition of a linkage between individual performance and organizational performance. This is bound to have a two-way impact: one; the top level management understands the employee behavior and their performance drivers better and two; bottom level employees understand how their own actions get translated into the growth and development of the organization in the long-term. However, laying more emphasis on personal scorecard in organization scorecard does not mean neglecting the other perspectives of the organizational performance. In fact, personal scorecard is developed as an integrated part of the organizational performance evaluation system that encompasses all the four perspectives included in the balanced scorecard mechanism, namely, financial, customer interface, internal business processes and knowledge and learning. It is recognized that the individual performance of an employee contributes to any one or more of these perspectives for which the organizational strategy operates and performance can be evaluated. In the globalized world of twenty first century, where business processes are reviewed continuously based on performance measures and feedback. Human resource teams are built with a stress on continuous evaluation, understanding of the past mistakes, willingness to learn and rapid implementation of new techniques for improvement. Efficient leaders in such teams lead from the front, and are always willing to share their expertise so that team members can improve. Undoubtedly, in such organizations, which focus on knowledge skills, the concept of personal scorecard as an integrated part of total performance scorecard has gained considerable importance, especially because it ensures integrated and healthy growth of both the individuals and the organization.

KEYWORDS: Total Performance Scorecard, Performance Evaluation, Balanced Scorecard, Personal Scorecard