Management Motivation for Implementing the Balanced Scorecard in Indian Banking Sector

Sanjeev Kumar*

Department Commerce, A.S.College, Khanna, Punjab, India
Email Id: *skumar1962@gmail.com*

Abstract

Performance measurement and management system plays an important role in evaluating the strategic performance of the organization. Many managers agree that their measurement systems do not adequately perform this function. In the recent years, performance measurement has become a hot topic, and has witnessed continuous development and modifications by academicians and practitioners. The structural changes and emerging trends associated with the new open environment have rendered the traditional financial performance measures which concentrate only on financial performance (ignoring the non-financial aspect) ineffective. The interest in this topic is triggered by growing criticism of financial measures use in the performance measurement and management system. A shift towards Balanced Scorecard (BSC) has emerged as a managerial approach to evaluate strategic performance of the organization. The successful application of BSC does not come from vacuum; rather top management of the banks should demonstrate its commitment to the adoption of BSC.
Keywords: BSC, PMS (Performance Measurement System), Private and Public Banks.

*Corresponding Author

1. INTRODUCTION

In recent years, there has been a considerable widening and deepening of the Indian financial system, of which banking is a significant component. With greater liberalization, the financial system has come to play a much larger role in the allocation of resources than in the past and its role in future can be expected to much larger than at present. Given the significance of the Indian banking system in the allocation of resources, one cannot afford to underplay the importance of a strong and resilient banking system. The banks are performing better than others to keep ahead in race. The information age environment requires new capabilities for competitive success. The ability of the organization to mobilize and exploit its intangibles has become more decisive than investing in and managing of physical resources.

In the past few decades, performance measurement has become a hot topic and has witnessed continuous development and modifications by academicians and practitioners. The interest in this topic is triggered by growing criticism of financial measures use in the performance measurement and management system. Traditional financial ratios have worked as important tools of measuring organizational performance in the bygone years. It has however, been felt that the leading indicators of business performance cannot be found in financial data alone. The structural changes and emerging trends associated with the new open environment have rendered the traditional financial performance measures which concentrate only on financial performance (ignoring the non-financial aspect) ineffective. Managements have been trying to change their organization's/institution's performance measurement system to track non-financial measures in the process.

In the light of above developments and apparent challenges in the Indian banking industry, it is interesting to see how the banks have measured their performance and what are their parameters of performance measurement? True performance can be measured only by using financial and non-financial key performance indicators (KPIs) or key result indicators (KRIs). There is a need to examine whether the Indian banking sector is responding to these important developments in the area of performance measurement systems or not? The present paper titled, "Management motivation for implementing the balanced scorecard" is an attempt in this direction.

2. REVIEW OF LITERATURE

Kaplan and Norton (1992), in their paper, "The Balanced Scorecard: Measures that Drive Performance" revealed that what you measure is what you get. **Ashton (1998)** examined National Westminster Bank (Nat West Bank) and its use of BSC to, among other things, improve quality, service and speed. **McCunn(1998)** reported strong support among managers at a leading UK retail bank using the balanced scorecard to improve management of its branch network. **Malina and Selto (2001),** in their empirical study, made an attempt to find the effectiveness of the Balanced Scorecard (BSC) as a management control and strategy communication device. **Dennis Campbell et al. and (2002)**, in their paper titled, "Using the Balanced Scorecard as a Control System for Monitoring and Revising Corporate Strategy". **Gumbus et al. (2002)** showcases Philips Electronics Ltd, as an organization utilizing the BSC to improve its overall performance and become a $ 1 billion US Company. Philips Electronics used the BSC as a tool to align its strategies and to gain the commitment and participation of management and employees

in achieving organizations objectives. **Anand (2004),** in his paper titled, "Achieving Breakthrough Performance Using the Balanced Scorecard", revealed that the balanced scorecard will benefit the organization in more than one way. **Gupta et al. (2004),** in their article titled, "Balanced Scorecard – An Emerging International Performance Measure". **Kochhar and Anand (2004),** while participating in the seminar on "Balanced Scorecard in Indian banks", organised by IBA – cedar consulting, Ms Chanda Kochhar, Executive Director, ICICI Bank highlighted the various challenges faced by banking industry and role of the scorecard. **Tapanya (2004)**, in his research study titled, "Examining the factors which influence Performance Measurement and Management in the Thai Banking Industry: An Application of Balanced Scorecard framework", examined the factors which affect the performance management systems in a highly uncertain and rapidly changing environment through the application of the BSC approach. Various performance measurement systems based on financial and non-financial measures. **Pandey (2005),** in his article titled, "Balanced Scorecard: Myth and Reality" highlighted the reason for the use of the BSC by the organisation and reported that the achievement of strategic objectives is highly driven by internal process improvement and that the non-financial variables surpassed the financial variables. **Anand et al. (2005),** in their research study, "Balanced Scorecard in Indian Companies" identified the extent of the usage of the BSC by corporate India. **Bhat (2006)** emphasized on the Balanced Scorecard as a tool of strategic management more on the financial aspect. The BSC was relevant to both manufacturing and service sector companies and similarly to both small and large organizations. **Chakraborty (2007),** in his article titled, "Balanced Scorecard – "A Comprehensive Guide to Performance Evaluation" described the Balanced Scorecard as a management system. It is a mirror, which shows how an organization's mission and vision can be decomposed into strategic components that are actionable, specific and measurable. **Zhang and Li (2009)** believe that performance management is an important aspect of banking business management. In their study they proposed the BSC as a tool to improve the performance of commercial banks in China. The authors proposed a mechanism and a strategy for application along with the limitations of the BSC.

3. RESEARCH METHODOLOGY

The present study examines various issues and challenges in implementation of contemporary performance measurement system (Balanced Scorecard) for the Indian banks so as to enable them to compete with other banks in the market in the present globalized and competitive environment. For this purpose, mainly primary data has been used and has been gathered through a structured questionnaire.

For this purpose, a sample of six banks consisting of top three public sector banks on the basis of size (assets) of each bank i.e. SBI and its associates SBOP, PNB and Canara bank and top three private sector banks on the basis of size (assets) of each bank i.e. ICICI bank, HDFC bank and AXIS bank has been taken. For the collection of data, a sample of 200 bankers selecting equal number (100 each) from both public sector and private sector banks has been drawn. The analysis of collected data has been done by using simple frequencies, percentages, averages, Weighted Average Scores (WAS), Mann-Whitney test (U-test), etc.

4. HYPOTHESES

H0 1: There is no significant difference in the perception of public and private sector bankers about the relative importance of management motivations for emphasis on non-financial measures of performance.

H0 2: There is no significant difference in the perception of public and private sector bankers about the satisfaction level of present performance measurement system.

H0 3: There is no significant difference in the perception of public and private sector bankers regarding various benchmarks used by the banks to analyse their performance based on financial and non-financial measures.

H0 4: There is no significant difference in the perception of public and private sector bankers with regard to various factors affecting performance measurement system.

5. RESULT AND DISCUSSION

Opinion of Bankers Regarding Relative Importance of Management Motivation for Emphasis on Non-financial Measures of Performance Measurement Systems.

In the present globalised environment, in order to compete and excel, every management should lay emphasis on intangibles (non-financial). For any organisation, particularly a service organisation, to achieve their objectives, an organisation should have strategies and to implement strategies, every organisation must emphasis on non-financial measures like customer, procedures and processes, innovation, technology, employees, environment, etc. For this purpose, management motivation is indispensable. To examine the relative importance of management motivation for emphasis on non-financial measures of performance measurement system, the bankers were asked to give their opinion regarding importance of management motivation for focus on non-financial measures while measuring and managing the overall performance of the banks. The response of bankers has been presented in Table 1.

Table 1: Opinion of Bankers regarding Relative Importance of Management's Motivation for Emphasis on Non-financial Measures of Performance N=200

Motivation	Most Important	Important	Neutral	Unimportant	Most Unimportant	WAS
To Facilitate the Integration of Business Plans with the Financial Plans	118 (59.0)	66 (33.0)	12 (6.0)	4 (2.0)	0 (0.0)	4.49
To Become a World Class Bank	124 (62.0)	62 (31.0)	12 (6.0)	1 (0.5)	1 (0.5)	4.54
Creating Stakeholders Value through Concern, Care and Competence.	100 (50.0)	63 (31.5)	35 (17.5)	1 (0.5)	1 (0.5)	4.30
Retaining and Attracting High Value Delighted Customers.	127 (63.5)	55 (27.5)	17 (8.5)	0 (0.0)	1 (0.5)	4.54

Source: Primary Data

Note: The figures given in parentheses indicate the percentages.

Table 1 reveals that all the bankers considered all the motivation measures important such as to become a world class bank (93.00%), to facilitate the integration of business plans with financial plans (92.00%), retaining and attracting high value delighted customers (91.00%) and creating stakeholders value through concern, care and competence (81.50%) for laying emphasis on non-financial measures as a part of performance measurement system. A small proportion of the bankers considered the measures such as, to facilitate the integration of business plans with financial plans (2.00%), to become a world class bank, and creating stakeholders value through concern, care and competence (1.00% each), and retaining and attracting high value delighted customers (0.5%) as unimportant. Similarly, few bankers were indifferent towards motivations like creating stakeholders value through concern, care and competence (17.50%) followed by retaining and attracting high value delighted customers (8.50%), to become a world class bank, and to facilitate the integration of business plans with financial plans (6.00% each) for emphasis on non-financial measures.

Weighted average scores have been calculated for the bankers regarding various motivations by the management for emphasis on non-financial measures. The weighted average scores clearly show that management motivations like to become a world class bank and retaining and attracting high value delighted customers (4.54 each) have appeared as the most important non-financial measures followed by the facilitation of the integration of business plans with financial plans (4.49), and creating stakeholders value through concern, care and competence (4.30).

Further, weighted average scores have also been calculated with regard to each variable for the selected banks of the study. Bank-wise analysis of both public and private sector banks regarding relative importance of management motivations for emphasis on non-financial measures of performance measurement system has been shown in Table 2. An overview of weighted average scores as shown in the table reveals that the banks from both the public and private sectors accord importance to various motivations by the management. The public sector banks gave higher importance to integration of business plans with financial plans (4.60) and creating stakeholders value through concern, care and competence (4.33), while private sector banks accorded greater importance to the motivation, viz. to become a world class bank and retaining and attracting high value delighted customers (4.54 each).

Table 2: Weighted Average Scores Corresponding to Relative Importance of Management's Motivation for Emphasis on Non-financial Measures (Bank-wise Distribution)

Motivation	Public Sector Banks				Private Sector Banks				WAS	p-values
	SBI	PNB	CB	Total	ICICI	AXIS	HDFC	Total		
To Facilitate the Integration of Business Plans with the Financial Plans	4.46	4.57	4.80	4.60	4.26	4.37	4.51	4.38	4.49	0.014*
To Become a World Class Bank	4.51	4.60	4.47	4.53	4.49	4.60	4.54	4.54	4.54	0.848
Creating Stakehers Value through Concern, Care and Competence.	4.23	4.34	4.43	4.33	4.17	4.27	4.37	4.27	4.30	0.678

Retaining and Attracting High Value Delighted Customers.	4.57	4.51	4.50	4.53	4.63	4.47	4.51	4.54	4.54	0.704

Source: Primary data

* Significant at 5 per cent level of significance.

Among the selected public sector banks, Canara Bank accorded importance to integration of financial plans with business plans (4.80) and creating stakeholders value through concern, and care and competence (4.43) whereas PNB accorded importance to measure like to become a world class bank (4.60). However, bankers from SBI have rated retaining and attracting high value delighted customers (4.57) as important measure. Similarly, among the selected private sector banks, ICICI Bank assigned importance to motivations like retaining and attracting high value customers (4.63) followed by Axis Bank which accord importance to measure like to become a world class bank (4.60). On the other hand, the integration of financial plans with business plans (4.51) and creating stakeholders value through concern and care and competence (4.37) have been rated more important by the bankers from HDFC Bank.

The estimated p-values obtained after using Mann-Whitney U-test with regard to all the management motivations show that there is a significant difference among both public and private sector banks regarding importance of management motivation with regard to facilitation of the integration of business plans with financial plans (p-values<0.05). As regards other motivations by the management, there is no significant difference between public and private sector banks as shown by their respective p-values>0.05. In other words, both the public and private sector banks accord equal importance to management motivation for emphasis on non-financial measures of performance measurement system (PMS).

The null hypothesis is that there is no significant difference in the perception of public and private sector bankers about the relative importance of various management motivations for emphasis on non-financial measures of performance. The null hypothesis is accepted regarding relative importance of various management motivations for emphasis on non-financial measures of performance measurement systems except to facilitate the integration of business plans with the financial plans amongst the perception of public and private sector bankers.

Opinion of Bankers Regarding Satisfaction Level with the Present Performance Measurement System

To ascertain the satisfaction level regarding the present performance measurement system, the bankers were asked to indicate their opinion on a five- point likert scale (ranging from highly satisfied, satisfied, reasonably satisfied, dissatisfied and can't say). The response of bankers with regard to the satisfaction level about present performance measurement system has been presented in Table 3.

Table 3: Opinion of Bankers regarding Satisfaction with the Present Performance Measurement System N=200

Factors	Highly Satisfied		Satisfied		Neutral		Unsatisfied		Highly Dissatisfied		WAS
	Public	Private	Public	Private	Public	Private	Public	Private	Public	Private	
Satisfaction with Present Performance	18 (18.00)	26 (26.00)	40 (40.00)	37 (37.00)	2 (2.00)	2 (2.00)	38 (38.00)	33 (33.00)	2 (2.00)	2 (2.00)	3.76

Measurement System.											

Source: Primary data obtained by field survey

Note: The figures given in parentheses indicate the percentages.

The table shows that majority of the bankers (60.50%) were 'satisfied' with the present performance measurement system followed by their bank. However, 35.50 percent of the bankers were found to be neutral about the present performance measurement system used by their banks. The weighted average scores shown in the table indicate that bankers are reasonably satisfied with the present performance measurement system (WAS=3.76).

Further, weighted average scores have also been calculated for both the public and private sector banks and presented in Table 4. The table shows that satisfaction level of the bankers from private sector banks (3.83) in relation to the present performance measurement system has been higher as compared to the public sector banks (3.70). Bank-wise analysis shows that among the selected public sector banks, bankers from PNB and Canara Bank are equally satisfied (3.77 each) followed by SBI Bank (3.57). On the other hand, among the selected private sector banks, bankers from HDFC Bank are highly satisfied (3.94) followed by ICICI Bank (3.83) and AXIS Bank (3.70).

Table 4: Weighted Average Scores Corresponding to the Satisfaction of the Present Performance Measurement System (Bank-wise Distribution)

Factors	Public Sector Banks				Private Sector Banks				WAS	p-values
	SBI	PNB	CB	Total	ICICI	AXIS	HDFC	Total		
Satisfaction with Present Performance Measurement System	3.57	3.77	3.77	3.70	3.83	3.70	3.94	3.83	3.76	0.268

Source: Primary data obtained by field survey

Note: The p-value in the above table is not significant at 5 per cent level of significance.

The estimated p-value obtained after using Mann-Whitney U-test with regard to satisfaction with the present performance measurement system show that no significant difference exists among the banks from both the public and private sectors as far as satisfaction level about present performance measurement system for measuring the performance of the banks is concerned.

 The null hypothesis is that there is no significant difference in the perception of public and private sector bank managers with regard to satisfaction level with the present performance measurement system. The null hypothesis is accepted regarding satisfaction level with the present performance measurement system amongst the perception of public and private sector bankers.

Bankers Opinion about Various Benchmarks used by their Bank to Analyse the Performance based on Financial and Non-financial Measures

The banks used different benchmarks for analysing their performance in comparison to the other banks as well as with the global players. The various benchmarks used by the banks to analyse their performance based on financial and non-financial measures have been examined. These include comparison with internal benchmarks, comparison with banking industry/other financial players, comparison with rating agencies and comparison with global players. The bankers were

asked to express their opinion on a five-point likert score (ranging from always, often, sometime, in the beginning and never). The response of bankers obtained in this regard has been presented in Table 5.

Table 5: Opinion of Bankers about Various Benchmarks used by their Bank to Analyse the Performance based on Financial and Non-financial Measures N=200

Benchmark	Always	Often	Sometime	In the Beginning	Never	WAS
Comparison with Internal Benchmarks	132 (66.0)	54 (27.0)	10 (5.0)	4 (2.0)	0 (0.0)	4.57
Comparison with Banking Industry/Other Financial Players	108 (54.0)	70 (35.0)	19 (9.5)	3 (1.5)	0 (0.0)	4.42
Comparison with Rating Agencies	66 (33.0)	76 (38.0)	42 (21.0)	7 (3.5)	9 (4.5)	3.92
Comparison with Global Players	60 (30.0)	69 (34.5)	53 (26.5)	4 (2.0)	14 (7.0)	3.79

Source: Primary data

Note: The figures given in parentheses show the percentages.

The table depicts that majority of the bankers have considered all the benchmarks used by their banks. However, comparison with internal benchmarks (93.00%) and comparison with banking industry/other financial players (89.00%) have been most often used benchmarks followed by comparison with rating agencies (71.00%) and compare with global players (64.50%). Further, some of the bankers have revealed that their banks used these benchmarks rarely, such as comparison with global players (28.50%), comparison with rating agencies (24.50%) followed by comparison with industry/other financial players (11.00) and comparison with internal benchmarks (7.00%). Similarly, a small number of bankers have revealed that their banks never used any benchmark for comparing their performance based on financial and non-financial measures with the global players (7.00%), and comparison with rating agencies (4.50%). It is pertinent to note that none of the bankers revealed that their bank never used the benchmark of comparison with internal benchmarks and banking industry/other financial players.

Overall weighted average scores have been calculated for all the bankers by assigning weights as 5, 4, 3, 2 and 1 to always, often, sometime, in the beginning and never respectively. On the basis of these scores, benchmarks like comparison with internal benchmarks (4.57), comparison with banking industry/ other financial players (4.42), comparison with rating agencies (3.92) and comparison with global players (3.79) have been used by the banks to analyse their performance. Weighted average scores have also been calculated for the selected banks.

Bank-wise analysis of both public and private sector banks with regard to various benchmarks used by them to analyse their performance based on financial and non-financial measure have been shown in Table 6. An overview of the weighted average scores as shown in the table reveals that private sector banks are on the higher side with regard to all the benchmarks as compared with the public sector banks.

Table 6: Weighted Average Scores Corresponding to Various Benchmarks used by the Bank to Analyse the Performance based on both Financial and Non-financial Measures (Bank-wise Distribution)

Benchmark	Public Sector Banks				Private Sector Banks				WAS	p-values
	SBI	PNB	CB	Total	ICICI	AXIS	HDFC	Total		
Comparison with Internal Benchmarks	4.71	4.31	4.70	4.57	4.51	4.57	4.63	4.57	4.57	0.941
Comparison with Banking Industry/Other Financial Players	4.34	4.31	4.53	4.39	4.46	4.60	4.29	4.44	4.42	0.386
Comparison with Rating Agencies	3.69	4.06	3.67	3.81	4.14	4.07	3.86	4.02	3.92	0.261
Comparison with Global Players	3.63	3.71	3.40	3.59	4.14	3.83	3.94	3.98	3.79	0.008*

Source: Primary data

* Significant at 5 per cent level of significance.

Among the selected public sector banks, bankers from PNB have revealed that their banks used benchmarks like comparison with rating agencies (4.06) and comparison with global players (3.71), while SBI and Canara Bank used comparison with internal benchmarks (4.71) and comparison with banking industry/other financial players (4.53) respectively. Similarly, among the selected private sector banks, ICICI Bank used benchmarks like comparison with rating agencies and global players (4.14 each), while HDFC Bank and Axis Bank used comparison with internal benchmarks (4.63) and used comparison with banking industry/other financial players (4.60) respectively.

The estimated p-values using Mann-Whitney U-test with regard to various benchmarks show that there is a significant difference among public and private sector banks with regard to comparison with global players (p-value<0.05). Regarding other benchmarks like comparison with banking industry/other financial players, comparison with internal benchmarks and comparison with rating agencies, there is no significant difference between public and private sector banks while analysing their performance based on financial and non-financial measures of performance measurement system (p-values>0.05). Both the banks gave equal importance to all the listed benchmarks while analysing their performance. The null hypothesis is accepted regarding various benchmarks used by the bank to measure their performance based on financial and non-financial measures except comparison with global players amongst the perception of public and private sector bankers.

Opinion of Bankers Regarding Various Factors Affecting Performance Measurement System (PMS)

A number of factors affect the performance of banks viz-a-viz their performance measurement system, such as technology, competition, banking liberalization, privatization, globalization,

economic growth, banking policies etc. To examine the importance of various factors affecting performance measurement systems, the bankers were asked to give their opinion regarding various factors affecting such performance. In this context, the response of bankers has been depicted in Table 7.

Table 7 shows that a vast majority of bankers have considered the factors such as technology (94.00%) and competition (92.00%) as most important followed by banking liberalization (81.50%), economic growth (81.00%), globalization (76.50%) and privatization (76.00%) affecting the performance measurement system. Further, a small proportion of bankers have considered the factors like banking liberalization and privatization (4.50% each), globalization (3.50%), economic growth (2.50%), competition (2.00%) and technology (1.00%) as unimportant. Similarly, few bankers were indifferent towards factors like globalization (20.00%), privatization (19.50%), economic growth (16.50%), banking liberalization (14.00%), competition (6.00%) and technology (5.00%). For them these factors were neither important nor unimportant for affecting the performance measurement system of the banks.

Table 7: Bankers Opinion Regarding Various Factors Affecting Performance Measurement System (PMS) N=200

Factors	Most Important	Important	Neutral	Unimportant	Most Unimportant	WAS
Technology	144 (72.0)	44 (22.0)	10 (5.0)	2 (1.0)	0 (0.0)	4.65
Competition	125 (62.5)	59 (29.5)	12 (6.0)	4 (2.0)	0 (0.0)	4.53
Banking Liberalization	88 (44.0)	75 (37.5)	28 (14.0)	9 (4.5)	0 (0.0)	4.21
Privatization	81 (40.5)	71 (35.5)	39 (19.5)	8 (4.0)	1 (0.5)	4.12
Globalization	91 (45.5)	62 (31.0)	40 (20.0)	6 (3.0)	1 (0.5)	4.18
Economic Growth	79 (39.5)	83 (41.5)	33 (16.5)	4 (2.0)	1 (0.5)	4.18

Source: Primary data

Note: The figures given in parentheses indicate the percentages.

Further, weighted average scores have been calculated for all the bankers by assigning weights. On the basis of average weighted scores, technology (4.65) and competition (4.53) have appeared as the most important factors affecting performance measurement system of banks followed by banking liberalization (4.21), globalization and economic growth (4.18 each) and privatization (4.12).

Bank- wise weighted average scores of the selected banks have been calculated. Bank-wise analysis of both public and private sector banks with regard to significance of various factors affecting performance measurement system of the banks has been presented in Table 8. The table reveals that bankers from both public and private sector banks have considered all the factors affecting performance measurement system. However, factors like technology (4.69), competition

(4.53) and banking liberalization (4.21) have been rated more significant by the bankers of public sector banks as compared to the private sector banks. Rest of the factors, such as globalization (4.29), privatization (4.23) and economic growth (4.22) have been rated more significant by the bankers of private sector banks as compared to public sector banks.

Table 8: Weighted Average Scores Corresponding to Various Factors Affecting Performance Measurement System (PMS) (Bank-wise Distribution)

Factors	Public Sector Banks				Private Sector Banks				WAS	p-values
	SBI	PNB	CB	Total	ICICI	AXIS	HDFC	Total		
Technology	4.83	4.60	4.63	4.69	4.69	4.60	4.54	4.61	4.65	0.491
Competition	4.69	4.29	4.63	4.53	4.66	4.53	4.37	4.52	4.53	0.610
Banking Liberalization	4.54	4.03	4.03	4.21	4.37	3.90	4.31	4.21	4.21	0.713
Privatization	4.11	4.00	3.87	4.00	4.40	4.13	4.14	4.23	4.12	0.080
Globalization	4.09	4.23	3.87	4.07	4.60	4.03	4.20	4.29	4.18	0.032*
Economic Growth	4.17	4.20	4.00	4.12	4.37	4.23	4.06	4.22	4.18	0.228

Source: Primary data

* Significant at 5 per cent level of significance.

Among the selected public sector banks, bankers from SBI Bank have given more significance to all the listed factors affecting performance measurement system as compared to PNB and Canara Bank as shown by their weighted average scores. Similarly, among selected private sector banks, bankers from ICICI Bank have given more significance to all the listed factors as compared to Axis Bank and HDFC Bank as shown by their weighted average scores.

The estimated p-values using Mann-Whitney U-test with regard to various factors affecting performance measurement system show that there is a significant difference among public and private sector banks as far as globalization is concerned (p-value<0.05). Private sector banks gave more importance to globalization factor as compared to public sector banks as reflected by their weighted average score. Regarding other factors, like technology, competition, banking liberalization, privatization and economic growth, there is no significant difference between both the public and private sector banks (p-values>0.05). Both the banks accorded equal significance to all the above listed factors affecting performance measurement system of the banks. The null hypothesis is accepted regarding various factors affecting performance measurement system except globalization amongst the perception of public and private sector bankers.

6. CONCLUSION AND SUGGESTION

This study has highlighted the importance of viewing performance from non-financial perspectives in addition to financial perspective. The bank's management should realized the importance of this tool as a strategic and valuable performance measurement and management system. The successful application of BSC does not come from vacuum; rather top management of the banks should demonstrate its commitment to the adoption of BSC. Regarding relative importance of management motivation for emphasis on non-financial measures, private sector banks should facilitate the integration of business plans with financial plans so as to achieve the

desired goals for the banks. In this competitive and globalized era, both the public and private sector banks should lay more emphasis on various management motivations like creating stakeholders' value through concern, care and competence; retaining and attracting high value customers; and to become a world class bank. While assessing their performance and comparing it with their competitors in India and at global level, banks should use more and more benchmarks in order to have a comparison with global players as well as the rating agencies. Public sector banks should lay more emphasis on these benchmarks as compared to the private sector banks so as to grab the top position in the Indian banking sector. Moreover, these benchmarks motivate the bankers how to compete with their peers. Both the public and private sector banks should give due attention and importance to the various factors affecting performance measurement system in the Indian banking sector. Future researches in the banking sector in India are needed in this domain.

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