

## Learning and growth perspective: Banking sectors evidence

Atefa Sonya Memon<sup>1</sup>, Nazish Baladi<sup>2</sup>

*Institute of Science, Technology and Development, Mehran University, Pakistan<sup>1,2</sup>*

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### Abstract

This study aims to measure learning and growth on employee performance through the Balanced Scorecard (BSC). The study has incorporated a quantitative research design that the research questionnaire adapted and modified based on the five Likert scale responses from 1 as strongly disagree to 5 as strongly agree. The primary data collection has been compiled for Habib Bank Limited and Allied Bank Limited in Hyderabad. The probability sampling has been used to conduct the study with a sample size of 40 employees selected for the study. The entire analysis of this research is carried out through analysis of variance (ANOVA) by SPSS. The result concluded that there is a significant difference in the mean values of different variables such as awareness, encourages employee accuracy, and enhances employee accountability. In contrast, other variables have no significant differences. The attentive focus on accountability, accuracy, and awareness of employees will improve employees' performance effectively. The targeted banks should explore the BSC for implementation to improve employee performance.

**Keywords:** Balanced Scorecard; performance measurement, employee performance

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<sup>1</sup> [aatifamemon@outlook.com](mailto:aatifamemon@outlook.com)

## Introduction

The Balanced Scorecard (BSC), a tool and management approach, was developed in the USA at the beginning of the 1990s by Kaplan and Norton. The BSC translates an organization's mission and strategy into a comprehensive set of performance measures that provide a measurement and management system framework. BSC has been applied in numerous firms and government organizations worldwide to preserve the record of activities and staff actions to control and monitor the result or other consequences. The BSC allows organizations to execute the strategy effectively by combining the measurement system with the management system.

The BSC system measures organizational performance in four perspectives: financial, customer, internal business process, and learning and growth (Muhenje et al., 2013). The perspective of learning and growth constitutes a basic perspective to support the other three perspectives (Utomo, Machmuddah, & Setiawanta, 2019). The learning and growth perspective is related to the organization's employees, and it measures the extent to which the organization exerts efforts to provide its employees with opportunities to grow and learn in their domain. This perspective looks at how an employee of an organization learns and grows in his/her career to improve the organization's performance.

Kaplan & Norton (2004) measured and described intangible assets for better performance in three categories: human, information, and organization capitals, which were perceived from learning and growth perspective. According to Kairu et al., 2013, the learning and growth perspective examines the ability of employees (skills, training, and knowledge), the quality of information systems (systems, databases, and networks), and the effects of organizational alignment (culture, leadership, and teamwork). The Balanced Scorecard's key differentiator in performance measurement of the organization is its ability to combine both lagging indicators (financial perspective) and leading indicators (customer and Growth perspectives). Four indicators used are employee satisfaction, employee retention, employee productivity, and information system capability.

Muhenje et al. (2013) define performance measurement as the process of determining the effectiveness and efficiency of action quantitatively. Several researchers state that performance measurement constitutes the most important activity within the performance management cycle. Nowadays, most organizations have a richly competitive environment, and firms devote significant time, energy, financial, and human resources to determine their performance to achieve strategic goals (Neely, 2017). Moreover, an employee's performance appraisal is one of the most important parts of his/her career job, which shows how an employee is working in the organization (Mejia et al., 1998).

Currently, the focal point of an organization is evolving to the ideal individuals for their activity. It is distinctive from the old hypothesis assuming human assets is the greatest association asset. In contrast to the past, the management responsibility is now more prominent to achieve efficiency in the organizations. Regarding this, the duty of management is to assess its employees' aptitude and capacity. Another test for the management board to transpose its human asset to be players giving business esteem with adhering to managerial standards. The commitment of workers to the achievement

must be estimated so its performance can be assessed dependent on measurable execution premise.

A study conducted by Candela (2009) found that administration upholds learning and growth. Additionally, work atmosphere investigation can be utilized in the learning and growth perspective of BSC. Khan & Halabi (2009) discovered experimental proof that learning and growth are informative management tools utilized to improve human inventiveness in an organization. After reviewing related articles, several research studies discussed the balanced scorecard comprising four perspectives: financial, customer, internal process, and learning and growth. Most of the research is generally conducted on all four perspectives. But in this study, one perspective, i.e., learning and growth, was deeply examined since the learning and growth perspective is based on employee knowledge, which measures organizational performance. This research was also carried out in detail in the local context at the city-regional level, especially in Pakistan's banking sector, which has not been widely found in various literature. Banking for developing countries is essential to ensure measurable and sustainable economic growth. Therefore, it is important to ensure that Pakistan's banking sector gets and manages its employees well. This research extends the BSC literature, especially in the banking sector in general and particularly in Pakistan.

### **Research Method**

The research study of employee performance through BSC from a perspective of learning and growth and the research approach is quantitative. The study's targeted sample are employees of Allied Bank Limited (ABL) 5 branches and employees of Habib Bank Limited (HBL) 5 branches, Hyderabad Pakistan. The entire population or sample of the junior and senior employees, i.e., male and female of both bank branches working in different departments (sales and marketing, finance, remittances, clearing), are selected for the study. The questionnaire survey was adopted and modified from Agyeman et al. (2017) & Murith (2015). All questions that were asked as closed-ended used 5 points Likert scale response from 1 as strongly disagree to 5 as strongly agree.

### **Empirical Result**

Table 1 presents the figurative data of employee perception by analyzing the ANOVA test. The results show that there is a significant difference in the mean value of awareness ( $p = 0.029$ ). Simultaneously, there are no significant differences in the means value of other variables ( $p > 0.05$ ) such as financial measure, reward, training, and development, etc. It is well understood from the significant variable of awareness that the employees of two targeted bank branches indicate the impact on employees' performance since the awareness of employees affects organizations' overall performance significantly. The result is in line with several studies which show that awareness is directly proportional to performance (Barthwal & Juyal, 2012; Sadikoglu & Olcay, 2014).

Table 2 shows the analysis of employee performance through the ANOVA test. It shows two variables, BSC encourages coordination & integration of employee and BSC remove errors. The results show no significant differences in the means value of

variables ( $p > 0.05$ ). Meanwhile, Table 3 shows a significant difference in the mean values of the accuracy of employees ( $p = 0.024$ ) and enhances the accountability of employees ( $p = 0.021$ ), suggesting the impact on the performance. On the other hand, there are no significant differences in the means value of other variables ( $p > 0.05$ ) such as the best technique to evaluate employees' performance, enhanced availability of appropriate learning materials, and intensify learning process evaluation.

**Table 1 . Employee perception**

Variables	Sum of Squares	df	Mean Square	F	Sig.
Financial measure	1.600	1	1.600	2.211	.145
Accurate information	.900	1	.900	2.265	.141
Awareness	1.600	1	1.600	2.179	.029
Training and development	.025	1	.025	.041	.840
Reward	1.225	1	1.225	2.813	.102
Human resource performance appraisal	.025	1	.025	.046	.832
Punishment	3.025	1	3.025	5.143	.148
Motivation	.025	1	.025	.087	.770

**Table 2 Employee performance**

Variables	Sum of Squares	df	Mean Square	F	Sig.
BSC encourages coordination & integration of employee	.025	1	.025	.034	.855
BSC remove errors	.900	1	.900	1.385	.247

**Table 3. Effectiveness of employee performance**

Variables	Sum of Squares	df	Mean Square	F	Sig.
Encourages accuracy of employees	3.600	1	3.600	5.516	.024
Enhances accountability of Employees	3.025	1	3.025	5.762	.021
Best technique to evaluation employee's performance	.900	1	.900	1.114	.298
Enhanced availability of appropriate learning materials	.900	1	.900	.866	.358
Intensify learning process Evaluation	.625	1	.625	.416	.523

Ricks (2012) states that it is actually unfair for employees if management does not keep all staff accountable. This creates an environment where slackness thrives, and a handful of hardworking employees will have to carry the weight of a large number of

unreliable ones. It is also worth mentioning to express that the employees with low awareness lack coordination and problem-solving attributes. The banks creating awareness amongst its employees will ultimately induce accuracy and accountability. Some literature also shows that ethics such as accountability can improve performance (Han & Hong, 2019; Osibanjo, Akinbode, Falola, & Oludayo, 2018). However, this paper also does not rule out the existence of a paradox of accountability and performance (Dubnick, 2005).

This study is preliminary. Therefore, there is no justification for which bank is better based on the BSC perspective. However, each bank needs to evaluate its superior or its competitors when there are significant differences. We believe this is good for increasing banking human resources in Pakistan.

## Conclusions

This study desired an assessment of employees' performance through BSC from the perspective of learning and growth. The study had been conducted on employees of HBL & ABL Hyderabad branches through distributing the questionnaire. The findings show that there is a significant difference in the mean values of awareness on employee perception, enhances accountability of employees and enhanced accuracy of employee performance. While there are no significant differences in the means values of other variables such as financial measure, information about job satisfaction, training and development, reward, human resource performance appraisal, punishment and motivation, best techniques to evaluate employee performance, appropriate availability of learning materials and intensify the learning process.

It is drawn from this study on learning and growth that spreading awareness amongst the employees will produce improved results in the banking sector that will help in further growth of employees. Moreover, the attentive focus on employees' accountability and accuracy will further improve the performance of employees effectively. Thus, we have identified the significant variables that are considered to impact banks' overall performance within the city-regional level. The targeted banks should explore the BSC for implementation to ameliorate the employee performance.

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