Abstract

Balanced Scorecard is a management mechanism which is based on measurement and is regarded as a prerequisite for the strategic management. The present study aims to describe and measure the performance of Fayyaz Bakhsh Hospital based on the balanced scorecard model in the first half of 2014. To this end, it employs a descriptive-survey research. The population under study included 1200 hospital staffs; of whom 291 were included in the research sample as the participants in this study. The required data were collected using library and field methods through a questionnaire with acceptable level of validity and reliability. The results indicated that there is a significant relationship between four dimensions of the balanced scorecard on the organizational performance. Following the findings of research on the application of the balanced scorecard in other organizations, the use of this mechanism in performance evaluation enables managers to understand the shortcomings and the strengths and to make a real balance between four dimensions the balanced scorecard and the organizational performance when assessing short term and long-term goals. Based on the findings, managers are recommended to look for ways to make up for the shortcomings observed in these four perspectives.

Keywords: balanced scorecard, strategic management, performance evaluation, Fayyaz Bakhsh Hospital

Introduction

Performance evaluation is an activity that is tied to the formation of human group life. The use of performance evaluation systems at individual and organizational level has been common since 1800 by Rober Tawan in the textile industries of Scotland. To achieve growth, development, and sustainability in today’s competitive environment, all organizations, whether public or private, need a type of performance evaluation system to assess the efficiency and effectiveness of their programs, processes, and human resources. Efficient organizations do not suffice to collect and analyze data but they use them to improve the organization and achieve organizational missions and strategies. In other words, instead of evaluating their performance, these organizations manage their performance.

The bigger the organizations, the more need for control. Managers of such organizations are faced with high stress and nervousness. Managers in such organizations are confused as they do not know where the sectors under their control are moving, which branches or sectors need more supervision, and especially which sector or branch must be introduced as an index to other sectors.

The main problem in many institutions, especially those with many branches, or even with several units in the organization is that there is no reasonable and accurate method for their performance evaluation. The reason is that if they were equipped with reliable indices, they would be able to direct their employees and especially their units to achieve their strategic objectives, to determine motivational methods based on proper incentives, and to make answerable the sectors that postpone their duties. The balanced scorecard provides a set of measures and indices to evaluate the organization’s performance and health. Measurement is one of the core components of the management system and most managers have recognized its vital role in communication and the pursuit of the organization’s strategic goals.

The balanced scorecard helps the management to transform strategy into reality and objectivity and to link long term goals to short term operations, senior management to front-line operational employees, and organizational perspective to organizational activities. However, the lack of a coherent and reliable management system leads to numerous inconsistencies and inefficiencies in organizations as follows:
1. The lack of measurement and feedback concerning the results of operations undertaken by the organization.
2. Disregard for strategies and failure to correctly use quantitative techniques in the production and circulation of information within the organization.

Accordingly, the present study attempts to assess the performance of Fayyaz Bakhsh Hospital in achieving the strategic objectives using the balanced scorecard.

Research objectives

This study aimed to evaluate the performance of Fayyaz Bakhsh Hospital in achieving the strategic objectives using the balanced scorecard in 2014. The study pursues several objectives that can be divided into main and secondary objectives:

Main Objective

The main objective of this study is to determine factors affecting the performance evaluation in Fayyaz Bakhsh Hospital in Tehran using the balanced scorecard.

Secondary objectives

1. Determining the impact of the financial perspective on the performance of Fayyaz Bakhsh Hospital
2. Determining the impact of the customer perspective on the performance of Fayyaz Bakhsh Hospital
3. Determining the impact of the internal process perspective on the performance of Fayyaz Bakhsh Hospital
4. Determining the impact of growth and learning on the performance of Fayyaz Bakhsh Hospital

Research Hypotheses

Main Research Hypothesis

The main research hypothesis states: Four dimensions of the balanced scorecard affect the performance evaluation in Fayyaz Bakhsh Hospital.

Research Sub-Hypotheses

1. The financial perspective affects the performance evaluation in Fayyaz Bakhsh Hospital.
2. The customer perspective affects the performance evaluation in Fayyaz Bakhsh Hospital.
3. The internal process perspective affects the performance evaluation in Fayyaz Bakhsh Hospital.
4. Growth and learning affects the performance evaluation in Fayyaz Bakhsh Hospital.

Methodology

The present study is an applied research concerning the objectives it followed using a descriptive-survey method. The data were collected through library technique (note-taking) and filed method (questionnaires). In addition, a number of books and articles as well as the BSC standard questionnaire were used for the purpose of the data collection. The questionnaire was an anonymous closed questionnaire and the items were presented using a five-point Likert scale. Since the questionnaire was a standard questionnaire used in multiple studies, it had an acceptable level of reliability. In addition, the reliability of the performance evaluation questionnaire was determined using the Cronbach coefficient with a value of 0.82. The first section of the questionnaire contained some items to measure the respondents’ demographic characteristics.
Sampling

The population under study included 1200 hospital staffs; of whom 291 were selected based on the Morgan table as the participants in this study through simple random sampling.

Results

In order to find out if the research hypotheses were significant or not, the normality of the distribution of the participants’ scores was tested using the Kolmogorov-Smirnov test. The test is typically used to determine if a given population follows a particular distribution or not.

Research hypotheses

H0: The data follow a normal distribution.
H1: The data do not follow a normal distribution.

Table 1 shows the results of Kolmogorov-Smirnov test:

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>k-s value</th>
<th>Sig.</th>
<th>Normal/non-normal distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC index</td>
<td>291</td>
<td>0.685</td>
<td>0.000</td>
<td>Non-normal</td>
</tr>
<tr>
<td>Dimensions of performance evaluation based on Balanced Cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>291</td>
<td>0.772</td>
<td>0.00</td>
<td>Non-normal</td>
</tr>
<tr>
<td>Customers</td>
<td>291</td>
<td>1.120</td>
<td>0.000</td>
<td>Non-normal</td>
</tr>
<tr>
<td>Internal process</td>
<td>291</td>
<td>0.912</td>
<td>0.000</td>
<td>Non-normal</td>
</tr>
<tr>
<td>Growth and Learning</td>
<td>291</td>
<td>0.875</td>
<td>0.000</td>
<td>Non-normal</td>
</tr>
</tbody>
</table>

As can be seen in the above table, the normality assumption would be confirmed for each dimension with a significance level of higher than 0.05. The Pearson correlation test was used to analyze the normally distributed data and the Spearman correlation test was employed to test the data with non-normal distribution.

Testing Research Hypotheses

The main research hypothesis and sub-hypotheses addressed in this study are as follows:

Main Research Hypothesis

Main hypothesis: Four dimensions of the balanced scorecard affect the performance evaluation in Fayyaz Bakhsh Hospital.

Research Sub-Hypotheses

1. There is a significant relationship between financial perspective and performance evaluation in Fayyaz Bakhsh Hospital.
2. There is a significant relationship between customer perspective and performance evaluation in Fayyaz Bakhsh Hospital.
3. There is a significant relationship between internal process perspective and performance evaluation in Fayyaz Bakhsh Hospital.
4. There is a significant relationship between growth and learning and the performance evaluation in Fayyaz Bakhsh Hospital.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>N</th>
<th>Spearman coefficient</th>
<th>Sig.</th>
<th>Error rate</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>291</td>
<td>0.588</td>
<td>0.000</td>
<td>0.05</td>
<td>H1</td>
</tr>
<tr>
<td>Customers</td>
<td>291</td>
<td>0.587</td>
<td>0.000</td>
<td>0.05</td>
<td>H1</td>
</tr>
<tr>
<td>Internal process</td>
<td>291</td>
<td>0.586</td>
<td>0.000</td>
<td>0.05</td>
<td>H1</td>
</tr>
<tr>
<td>Growth and learning</td>
<td>291</td>
<td>0.560</td>
<td>0.000</td>
<td>0.05</td>
<td>H1</td>
</tr>
</tbody>
</table>

As shown in the above table, since the significance level is smaller than the error rate, H0 is rejected as the significance level of 0.05 and H1 is confirmed. In other words, the calculated coefficients are significant at the confidence level of 95%.

**Friedman test**

Friedman test was used to rate the components of the model under study:
- Rating out of any of the components are the same
- H0: The mean scores of all components are equal.
- H1: There is a significant difference between at least one pair of the mean scores of the components in question.

Table 3 presents the results of the Friedman test:

<table>
<thead>
<tr>
<th>Chi-square value</th>
<th>df</th>
<th>Sig.</th>
<th>Error rate</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>32.146</td>
<td>2</td>
<td>0.000</td>
<td>0.05</td>
<td>H0 is rejected.</td>
</tr>
</tbody>
</table>

As can be seen in the above table, H0 is rejected and H1 is confirmed. In other words, there is a significant difference between at least one pair of the mean scores of the components in question.

<table>
<thead>
<tr>
<th>Performance evaluation components</th>
<th>Mean</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>2.22</td>
<td>1</td>
</tr>
<tr>
<td>Customers</td>
<td>2.14</td>
<td>2</td>
</tr>
<tr>
<td>Internal Process</td>
<td>2.10</td>
<td>3</td>
</tr>
<tr>
<td>Growth and Learning</td>
<td>2.07</td>
<td>4</td>
</tr>
</tbody>
</table>

**Discussion of Findings**

The results of testing the first hypothesis indicated that the main reasons for failing to achieve the financial goals are the economic downturn and crisis, the payment of loans by the public sector to the related entities without making appropriate investments as well as external threats that caused a number of problems for our economic system in the last few years. In addition, the budgeting goals set at the beginning of each year for hospitals are not implemented and they actually follow the wrong policies made in recent years as a percentage is added to the previous budget at the end of the fiscal year without any relevance between the budget assigned and expenditures. One of the other reasons that have caused the hospitals fails to achieve the desired objectives is related to rules and regulations and the lengthy time needed to apply rules concerning financial contributions and deferred receivables which have caused many problems faced by hospitals. Based on the findings, the hospital budgeting must be revised so that the organizational goals are set according the needs of the
community, internal strengths and weaknesses, opportunities and external threats. In addition, the hospital performance at the end of the financial year must be compared to the budget announced and be used as an index to pay rewards and promotions. Given the economic downturn and restrictive payment policies in the last few years due to the high costs of state-owned hospitals and also the inequality that exists between public and private hospitals, it is recommended that customer needs, the provision of new services to meet their needs, and the establishment of new markets must be taken into account by organizations. This shows the importance of planning and attention to sound and scientific management. Aimless spending causes irreparable damage to the hospitals. Understanding the situation and making optimum use of the available opportunities and potentials will improve the hospital positions and will help them achieve greater success. The employment of honest and competent people and training them on how to deal with customers, the identification of the clients’ new needs, attempting to meet them, providing medical equipment, and the identification of areas suitable for the construction of various different parts in the hospital to meet the clients’ needs all have made Fayyaz Bakhsh Hospital in recent years as one of the best hospitals in the successful implementation of the Clients’ Veneration Scheme and the delivery of quality services. According to the respondents, the existence of honest, faithful, and dutiful employees has made many clients be satisfied with the services offered by the hospital. The emergence of different rivals and providing higher quality services has made great changes in the clients’ demands and needs, therefore, the disregard for such needs and demands will cause irreparable damages to the hospital position and reputation.

Fayyaz Bakhsh Hospital has always tried to meet the new clients’ needs. Policies and objectives should be devised in a way that they facilitate the identification of needs and delivery of new services. Besides, the hospital is needed to make progress and complement its products as the market is highly competitive and new services are rapidly imitated by competitors. In addition, holding training courses, knowing how to deal with patients who suffer from the most psychologically unsuitable conditions and the familiarity of the newly-employed staffs with their duties and what the hospital expect from them can facilitate meeting most of customers’ expectations and demands. Paying attention to the hygienic conditions of the hospital, having well-ordered and organized staff who have always been known as decent and orderly individuals in Iranian society, as well as cleaning and preparing the office space with water coolers, toll-free telephones, etc. which is perhaps the same as the establishment of 5S system in the hospital are very effective at satisfying customers. The development of electronic facilities, increasing the number of personnel in working shifts at the hospital will meet the needs of customers at different times. The indices have been defined for the purpose of the safety and health factor of the hospital system. The clarity of rules and regulations is one of the most important factors for the correct performance of the assigned tasks and the prevention of errors and violations. It can be said that the timely and accurate announcement of circulars and guidelines for hospital administrators and staff, holding training sessions and courses to resolve ambiguities and the total understanding of the rules and regulations of the hospital play an important role in clarification of issues. One of the main reasons for the satisfaction of the administrative health is a total awareness of the rules and regulations. The proper selection of the right people at the beginning of the recruitment and deployment of reliable and competent individuals as well as the use of an accurate and successful control and monitoring system in the hospital are among the factors that make the hospital make the least offense offices among other hospitals. Concerning the organizational change, it can be said that that more than half of employees have relatively high university education and approximately most of them have a high job experience. The findings also suggested that in recent years the staffs were less willing to continue their studies because of the difficult conditions and the lack of the hospital support in this regard. At the beginning of the employment process, employees must sign an underwrite in order not continue their studies and if an employee violates the underwrite he will face a lot of problems. Other reasons that cause the loss of motivation and interest in pursuing the higher studies among employees is the slight increase in salary and compensations for having higher educational degrees as well as the lack of the management attention to skills and knowledge obtained by employees. Most of educated people are employed in sectors that are not associated with their education and field of study. Other reasons that increase managers’ unwillingness for the staffs to continue their studies are working conditions, the shortage of staffs, the threats felt by managers concerning the staffs who are doing their studies at higher levels. All staff at the beginning and during the term of service shall pass in-service training courses that they are not satisfactory for offering services as stated by the respondents in this study. The reason is the low number of training courses and not offering update course given the variable external conditions. Training employees on how to perform their tasks and their familiarity with new systems will facilitate the performance of tasks. In addition, the growth and the development of such systems will save time and prevent reworking. The findings of the study indicated that the revision of the hospital performance evaluation indices and the reformation of rules that lead to red tape and officialism in addition to the delivery of
new services to reduce red tape and officialism can be of great help in reducing the current problems in the hospital. If the hospital staffs and human capital possess higher knowledge and expertise, they will make more contributions for the effective achievement of organizational goals. In addition, the provision of facilities for employees who are doing their studies and cooperation with them during working hours, paying attention to their expertise and knowledge, the employment of the staff in positions relevant to their expertise and education, and promoting the staffs based on a merit system will motivate employees to continue their studies.

References