

Impact of Company Learning and Growth Capabilities on the Customer Perspective of the Balanced Scorecard

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Abstract

Most banking systems have come across some degree of inefficiency in their business operations and performance, especially in the quality of the buyer-seller relationship, with its marketing for service. Many studies have concluded that these are the results of circumstances such as when service in the transaction process is very complex and customized (Levitt, 1983; Lovelock, 1983); the external environment is dynamic rather than static; and marketing is uncertain, when sellers are not sure what the buyers want (Zeithaml, 1981).

To respond to this challenge, many studies have suggested considering the concept of the Balanced Scorecard (BSC). Kaplan & Norton (2001) presented their balanced scorecard to measure organizational performance from four perspectives: financial, customer, innovation and learning, and internal business. They claimed that the traditional financial accounting models were designed to control employee behaviors and, therefore, might not be appropriate for providing quality customer service. In "Customer Perspective," Kaplan & Norton (2001) suggested that there are three categories for value propositions: (a) product and service attributes, (b) customer relationships, and (c) image and reputation. The objective of this study is to investigate the customer relationship dimension of the BSC, such as the delivery of the product or service to the customer, including the response and delivery time dimension, and specifically, how the customers felt about the experience of purchasing from the company. In other words, this would also signify how the company had been managing the relationship with their customers to maintain product and service value. This aspect of value creation to satisfy customers' needs is well reflected in the internal business process perspective of the BSC.

The creators of the BSC, Kaplan & Norton suggested that each business has its unique set of processes for creating value for customers (Kaplan & Atkinson, 1998). By creating value that the customers would be looking for, the company could retain and acquire customers and satisfy their needs. Following the generic value chain model, Kaplan & Norton (1996) suggested that value creation efforts in the internal business process had the greatest impact on customer satisfaction. Kaplan & Norton's (2001) suggestion for marketing value relationships ties in closely with the core study of BSC performance in organizations. Based on Kaplan & Norton's (2001) four major perspectives of organizational performance, the considerable amount research points to the BSC's being able to measure performance competitiveness that could broadly include customer loyalty, internal process efficiency, channel management, and innovation.

This study, therefore, would help achieve a better understanding of a balanced scorecard (BSC) phenomenon, namely, the interaction effect of company learning and growth capabilities with human resource (HR) service capability, information technology (IT) service capability, and marketing knowledge (MK) service capability on the BSC process. A total of 400 questionnaires were distributed in the summer of 2006 to four Taiwanese banks that have applied the BSC perspective to their customer service operations. Multiple hierarchical regressions were applied to the results, and it was found that, when an institution uses the BSC perspective with web-based applications to establish and raise the combination levels of HR-service capability, IT-service capability,

and MK-service capability, these interaction effects result in a favorable relationship and thus help the organization achieve a higher level of performance. The lack of an interacting effect among these three service assets, it is argued, may not ensure a higher level of BSC performance.