

Improving Competitiveness for ABC HR Consulting Company Through The Application of The Balanced Scorecard

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II. Practical part

- Conduct analysis and assessment of the current situation of the ABC HR consulting.
- Prepare the application of the Balanced Scorecard to the ABC HR Consulting company.
- Identify cost, time, and risk associated with the application.

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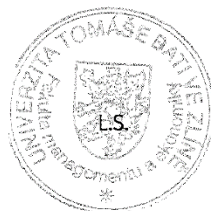
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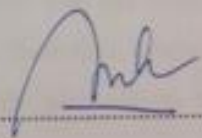
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ABSTRAKT

Rostoucí míra využití outsourcingu ve Vietnamských firmách vyvolala v posledních deseti letech významné změny v oblasti outsourcingu lidských zdrojů. Poptávka po využití služeb firem v oblasti outsourcingu lidských zdrojů soustavně vzrůstá a podminuje rozvoj tohoto odvětví do zcela nové fáze.

Vzrůstající poptávka, spolu atraktivitou jihovýchodní Asie, umožňuje Vietnamské ekonomice stát se více konkurenceschopnou a způsobuje nárůst počtu podnikatelských subjektů, které poskytují HR outsourcingové služby. Na druhé straně tento rostoucí počet firem v oboru způsobuje rostoucí konkurenci a snahu těchto firem identifikovat konkurenční výhodu s cílem vytlačit konkurenty z trhu.

Diplomová práce se zaměřuje na návrh metody měření výkonnosti označované jako „Balanced Scorecard“, která může hrát velmi významnou roli ve zvyšování konkurenceschopnosti organizace. Tato metoda je v práci využita pro vytvoření komplexního nástroje řízení výkonnosti. V rámci práce je zpracován komplexní projekt aplikace této metody v podmínkách vybrané firmy. V rámci práce jsou také podrobně popsány dopady aplikace této metody na podnikovou konkurenceschopnost

Klíčová slova: Performance Management System, Balanced Scorecard, konkurenceschopnost, Human Resource Outsourcing.

ABSTRACT

The increment in the use of outsourcing by a number of firms within Vietnam has produced significant changes over the last decade in the development of the human resource outsourcing industry. The demand of using HR outsourcing services has gradually increased, leading to boost the HR outsourcing industry to a new phase.

Higher demand, together with benefit of being an attractive and dynamic place in Asia has made Vietnam's market become more and more competitive with the increase of a great number of both foreign and local HR outsourcing providers. Therefore, firms should identify and develop themselves the competitive advantages to outdo other players as well as stay wealthy in the industry.

The paper aims to propose a method of performance management, so-called “the Balanced Scorecard” which is supposed to play an important role in helping the company to achieve

the competitiveness. Concerning methods used to build up the initiatives in the project, depth-interview with corporate executives and market research are conducted. Result achieved in the paper is the project build up with detailed plan and specific stages. The significance of the paper is it attempts to identify needed competitive advantages and to present the necessary activities that the company should focus on to achieve its objective in the long – term.

Key words: Performance Management System, The Balanced Scorecard, Competitiveness, Human Resource Outsourcing.

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INTRODUCTION

In the globalized world economy, the concept of competitiveness has gained an unprecedented importance, especially in recent years when information age or knowledge-based age has significantly emerged and the economy is rather knowledge and service than product driven. All businesses, both large and small and medium-sized enterprises are making hard effort to enhance core competitiveness to keep pace with rapid developments in modern production environment, such as the advances in information technology, the increase of local and international competition, and the diversity of customers' needs. Also, organizations in today market have really paid attention on achieving the excellent business process and intellectual capital as the sustainable competitive advantages (Roos & Roos, 1997). Coming along with the phenomenon of the constantly changing competitive environment, a proper concept to measure corporate efficiency and competitiveness level is being searched for since 1990s. As Young and O'Byrne (2001) described, it is a war of indicators where each approach is proving its correctness, simplicity and suitability in real environment. There have more and more opinions that criticize the use of an existing traditional performance measurement and evaluation system which was built around financial indicators. It is criticized as being neglectful or even totally unattached to the company's business strategy, which might lead to shortcomings in the management for the long-term. Managers in several organization have noted that when they were evaluated solely on a short term financial performance they often found it difficult to sustain investments to enhance the capability of their people, systems, and organization processes. Expenditure on such investment are treated as period expenses by the financial accounting model so that cutbacks in these investments are an easy way to produce incremental short-term earning. The adverse long term consequence of consistent failure to enhance employees, systems, organizational capabilities will not show up in the short run and when they do these managers reason, it may be on somebody else's watch (Kaplan & Norton, 1996). As a result, comprehensive performance measurement systems for the new era are believed that they should incorporate financial and non-financial measures (Kaplan & Norton, 1992).

Concerning the need for the new concept of firm's performance measurement system, there born a new approach where long-term view into corporation's efficiency is used, especially with the aim toward competitiveness. The approach is the combination of both financial and non-financial indicators, and one of the tools for achieving it is greatly known as "The Balanced Scorecard" (BSC). The Balanced Scorecard was designed and introduced by Kaplan

and Norton (1992). It is intended not only as a strategic measurement system but also as a strategic control system which can align departmental and personal goals to overall strategy. The most important concept of the BSC is the connection of the measure of the four perspectives in a causal chain which pass through all four perspectives. Thanks to the connection of these perspectives, BSC is seen as the most effective and suitable tool in assisting to monitor and measure intangible assets including knowledge, information and innovation which are the most concerned factors to be significantly taken into consideration in order to decide the competitiveness of companies. BSC can help firms to focus on the implementation of the business strategy, to integrate and to optimize the use of internal resources that will enhance the organizational strengths and power by accurately detecting if the strategic indicators that are part of the corporate objectives are met and if there is waste in activities of the organization.

Objective of the Thesis

With regard to implementing BSC to improve competitive advantages, the thesis is intended to launch a project to help the HR consulting company ABC to improve its competitiveness in Vietnam's market. In the context of highly competitive market with a changing increase of HR outsourcing firms, the company ABC is encountering the challenge of achieving competitive advantages to outdo competitors' capabilities and coping with the growing dynamic of the competitive environments in which they operate, and ensuring the strengthening of the competitiveness of the company. The thesis is organized as follows:

Theoretical part covers the introduction of the Balanced Scorecard, the concept of competitiveness and the use of BSC in achieving competitive advantages.

The analysis part introduces firstly an overview of global HR outsourcing and its impact on Vietnam's market. Pestle Analysis is used to evaluate how economic conditions in the country will drive and influence the current and future business operation. An outline of HR outsourcing service in which the company ABC is operating is described to identify historical growth and to predict the future trends of the industry to seek for potential opportunities. The description of the history of the company establishment, together with detailed organizational chart, SWOT analysis and the current situation of the company is also described in this part. The main purpose of the analysis part is firstly to reveal shortcomings that the company ABC is coping with and secondly to identify the needed competitive advantages which can help the company to achieve the optimal efficiency as well as its objectives in the

long-term. With the aim of becoming the leading HR outsourcing firm in the next coming years, the company ABC is absolutely required to achieve and obtain these competitive advantages. Then, the project of implementing the Balanced Scorecard to improve the competitiveness will be discussed in more detailed. The project part lastly comes to break down other important factors in the implementation of the Balanced Scorecard which is cost, time and risk analysis.

I. THEORY

1 PERFORMANCE MANAGEMENT SYSTEM

History and Definition of Performance Management System (PMS)

According to Folan and Browne (2005), organizational performance has always exerted significant influence on the actions of companies. Therefore, the ways and means to measure precisely this performance is perceived as being an increasingly important field of research for both organizations and academics alike. Especially in today's customer-focused economy, there is a great deal of concern about finding the best way to measure and report many types of activities that could lead to the improvement of the performance of an organization. Thus, most of the ambitious and organizations, either public or private, are, and must be, interested in developing and deploying effective performance measurement systems (PMS) since it is only through such systems that they can remain as high-performance organizations. Over the last 20 years, performance management systems have been popularized and seen to occupy the minds of academics in an ever-increasing number of fields. Performance Measurement System can be defined as the set of metrics used to quantify both the efficiency and effectiveness of actions. There have been existed and developed quite a few performance management systems whose dimensions of measurement are different. The table below shows the most popular and well established definition about PMS among research according to Franco-Santos and co-workers (Franco-Santos et al., 2007).

Author and date	Definition
Lynch and Cross (1991)	“A strategic performance measurement system is based on concepts of total quality management, industrial engineering, and activity accounting. A 2-way communications system is required to institute the strategic vision in the organization. Management accountants should be participating in the information revolution and suggestions on how to do this include: (1) providing the right information at the right time, (2) switching from scorekeeper to coach, and (3) focusing on what counts the most. Interpreting the financial and non-financial signals of the business and responding to them even when they do not agree is a management issue, not an accounting issue.”

Lebas (1995)	“Performance measurement is the system that supports a performance management philosophy”. A performance measurement system includes performance measures that can be key success factors, measures for detection of deviations, measures to track past achievements, measures to describe the status potential, measures of output, measures of input, etc. A performance measurement system should also include a component that will continuously check the validity of the cause-and-effect relationships among the measures.
Kaplan and Norton (1996)	A balanced scorecard is a comprehensive set of performance measures defined from four different measurement perspectives (financial, customer, internal, and learning and growth) that provides a framework for translating the business strategy into operational terms.
Atkinson et al. (1997)	“Our approach to performance measurement focuses on one output of strategic planning: senior management’s choice of the nature and scope of the contracts that it negotiates, both explicitly and implicitly, with its stakeholders. The performance measurement system is the tool the company uses to monitor those contractual relationships”
Bititci et al. (1997)	“A performance measurement system is the information system which is at the heart of the performance management process and it is of critical importance to the effective and efficient functioning of the performance management system”
Neely (1998)	A performance measurement system enables informed decisions to be made and actions to be taken because it quantifies the efficiency and effectiveness of past actions through the acquisition, collation, sorting, analysis, interpretation, and dissemination of appropriate data. Organizations measure their performance in order to check their position (as a means to establish position, compare position or benchmarking, monitor progress), communicate their position (as a means to communicate performance internally and with the regulator), confirm priorities (as a means to manage performance, cost and

	control, focus investment and actions), and compel progress (as a means of motivation and rewards).
Gates (1999)	“A strategic performance measurement system translates business strategies into deliverable results. Combine financial, strategic and operating measures to gauge how well a company meets its targets”.
Forza and Salvador (2000)	“A performance measurement system is an information system that supports managers in the performance management process mainly fulfilling two primary functions: the first one consists in enabling and structuring communication between all the organizational units (individuals, teams, processes, functions, etc.) involved in the process of target setting. The second one is that of collecting, processing and delivering information on the performance of people, activities, processes, products, business units, etc.”
Ittner et al. (2003)	“A strategic performance measurement system: (1) provides information that allows the firm to identify the strategies offering the highest potential for achieving the firm’s objectives, and (2) aligns management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives”.
Bourne et al. (2003)	“A business performance measurement system refers to the use of a multi-dimensional set of performance measures for the planning and management of a business”

Table 1: List of the most popular and well established definition about Performance Management System. Source: Franco-Santos et al., 2007.

Features in Performance Management System

Based on the definition extracted from research about PMS, number of features of PMS can be defined such as performance measures, causal relationship, supporting infrastructure (data acquisition, collocation, sorting, analysis, etc.). A proper PMS is supposed to include two main features: “performance measures” and “supporting infrastructure” (Franco-Santos et al., 2007). The performance measures refers to the selected measures, indicators, metrics, etc. which are under control to supply the outcome or the early warning signs about the most

important activities, business processes of an organization. Performance measures can be financial measures or non-financial measures. Supporting infrastructures refers to the way how an organization collect and processes the data for further analysis in PMS.

In the same vein, (Choong, 2013) also attempts to study and clarify the features of PMS by conducting a literature review about the PMS research. The research conclude that there are five main features of PMS which can be described in the following table:

Features	Characteristics
Data (variables)	Can be in quantitative or qualitative forms. Many of these authors suggest the use of non-financial data (e.g. use of customer data in Kaplan and Norton, 1996) but there are few concrete proposals on what kinds of data that can be used to measure nonfinancial performance.
Measures	Quantitative expression – that composes of a number. A measure is most suitable to be used for measurement, for example to find the exact purchase or sales value. Thus a measure resembles accounting values.
Metrics	Quantitative expression, and it is based on a standard or unit of measurement, like cost per unit. From these definitions, we can ascertain that a metric is more precise than a measure because the former is based on a standard unit of measurement – which is effectively a fraction.
Indicators	Consists of the combination of qualitative and quantitative attributes, collected and processed using multidimensional scaling and cluster analysis to create an unambiguous and valid tool to inform users of direction or measure. An indicator is most suitable to be used for “softer” or less precise performance measurement, for example to determine the level of customer satisfaction of a product.
Measurement methods	How to choose, collect and present all information in a meaningful way. It incorporates all the features of PMS into one common system or framework for achieving the objective of monitoring organization performance.

Table 2: Main features of Performance Management System. Source: Choong, 2013.

The measure attributes which include measures, metrics and indicators are usually used interchangeably in many general discussions about performance measurement. But for the aim of clarifying the features of PMS, measures attributes can be divided into three main categories as mentioned above. The metrics can also be divided into more subcategories according to the University of California – Developing Performance Metrics (UC–DPM, 2003):

- Quality of products and services;
- Timely delivery of products and services contracted;
- Cost reduction and/or avoidance;
- Cycle time reduction;
- Customer satisfaction;
- Meeting datelines;
- Meeting quality assurance;
- Meeting payment schedule, and
- Others.

The measurement methods feature is one of the most important and debatable one of PMS. The research on how to combine the measure attributes to design the proper PMS for organizations received much attention among academics. The evolution of PMS are considered in the next part to understand more about the development of PMS in the practice.

The evolution of PMS and the Role of the Balanced Scorecard.

The evolvement of PMS is considered to be evolved through two phases (Gomes, Yasin, & Lisboa, 2004). The first phase was started in the late 1880s, while the second phase in the late 1980s. The first phase was dominated by the PMS being a cost accounting orientation. This orientation aimed at aiding managers in evaluating the relevant costs of operating their firms. This approach was later modified in an attempt to incorporate some financial measures such as profit and return on investment. However, even with somewhat of a financial focus, this approach received considerable criticisms. Critics argued, with justification, about focusing solely on financial measures, when measuring performance tends to encourage short-term thinking. This argument was further reinforced on the ground that traditional financially-based performance measurement systems failed to measure and integrate all the factors critical to business success (Kaplan and Norton, 1992).

It is well accepted that the intensively competitive, dynamic technological environments and new approaches to manufacturing management (Just in time, for example) have pushed firms toward to the customer-focused strategy (Perera, Harrison, & Poole, 1997). It means that firms must now focus on those factors which are not only low cost but also outstanding product quality, flexible purchasing process and reliable after-sale service to create value for customers. As a result, organizations in today market have paid attention on achieving the excellent business process and intellectual capital as the sustainable competitive advantages. These changes have raised the question of whether traditional cost and financially-oriented performance measurements systems remain appropriate contemporarily. It is believed that comprehensive performance measurement systems for the new era should incorporate both financial and non-financial measures (Kaplan & Norton, 1992). With regard to that point, there are quite a lot of performance measurement systems which have been developed to combine both financial and non-financial measures (Bourne, Mills, Wilcox, Neely, & Platts, 2000). The mid-1980 was a turning point in the performance measurement literature, as it marked the beginning of the second phase. This phase was associated with the growth of global business activities and the changes brought about by such growth.

The main objective of these integrated performance measures system is to encourage a more balanced view which help and facilitate managers in strategic decision making. Therefore, in order to manage the most deeply rooted sources of creating the value and financial outcomes for stakeholders in long-term, the new concept of management system advises that the premium set of non-financial measures need to be identified and evaluated regularly for each organization. Beside the number of empirical research about the relationship between non-financial measures and financial measures, a number of conceptual frameworks which describe the principals for linking between these two types of measures were also developed such as the Balanced Scorecard, Service-Profit chain model and Action-Profit Linkage model. Among these frameworks, the Balanced Scorecard is considered to be one of the most popular performance measurement systems because of its easy-to-understand and holistic approach features.

2 INTRODUCTION TO THE BALANCED SCORECARD

2.1 Origin of the Balanced Scorecard Method

With the purpose of exploring the new methods of performance management, a research study of many companies was undertaken in 1990. The study was motivated by a growing belief that the existing performance approaches which were primarily based on financial accounting measures were becoming ineffective for the modern business enterprise. Together with representatives of the study companies, Robert Kaplan and David Norton (1992) found that reliance on financial measures of performance had an effect on their ability to create value. A number of possible alternatives were discussed and finally they settled on the idea of a scorecard which brought attention to performance measures capturing activities from throughout the organization. Kaplan and Robert introduced the new tool so-called the Balanced Scorecard that organized four distinct perspectives – financial, customers, internal process and learning & growth. As the name reflected, the Balanced Scorecard provided between short- and long-term objectives, between financial and non-financials measures and between lagging and leading indicators, and between external and internal performance perspectives. These evaluations provided from the Balanced Scorecard include not only traditional financial evaluation of management in the past but also the strategic evaluation for future competitive success. Today, organizations are competing in complex environments so that an accurate understanding of their goals and the methods for attaining those goals is important. That industrial competition is shifting to information age competition has produced changes in factors for competitive success. The information age environment requires new capabilities that exploitation of intangible assets or invisible assets has become far more decisive than investing and managing physical or tangible assets. The traditional performance measures are no longer strong enough to manage and evaluate the performance as well as responsibilities of departments in this modern competitive market. The Balanced Scorecard was born to help managers to have not only a balance view of all factors in an organization but navigate suitable instrumentation as well. The purpose of the introduction of the Balanced Scorecard is not to deliver a new evaluation system, but more effective.

2.2 What is the Balanced Scorecard?

The Balanced Scorecard is defined as a tool that translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for

a strategic measurement and management system. It is seen as a new synthesis which is created by the collision between the irresistible force to build long-range competitive capabilities and the immovable object of the historical-cost financial accounting model. The scorecard provides an enterprise view of an organization's overall performance by integrating financial measures with other key performance indicators around customer perspectives, internal business processes, and organizational growth, learning and innovation. Kaplan and Norton describe the innovation of the balanced scorecard as follows: “The Balanced Scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investment in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation” (Molleman, 2001).

The Balanced Scorecard integrates financial measures of past performances with measures of the drivers of future performance. The objectives and measures of the scorecard are developed from an organization’s vision and strategy. The objectives and measures view organizational performance from four perspectives: financial perspective, customer perspective, internal business process perspective, and learning & growth perspective. These four perspectives provide the framework for the Balanced Scorecard which can be seen in the below figure:

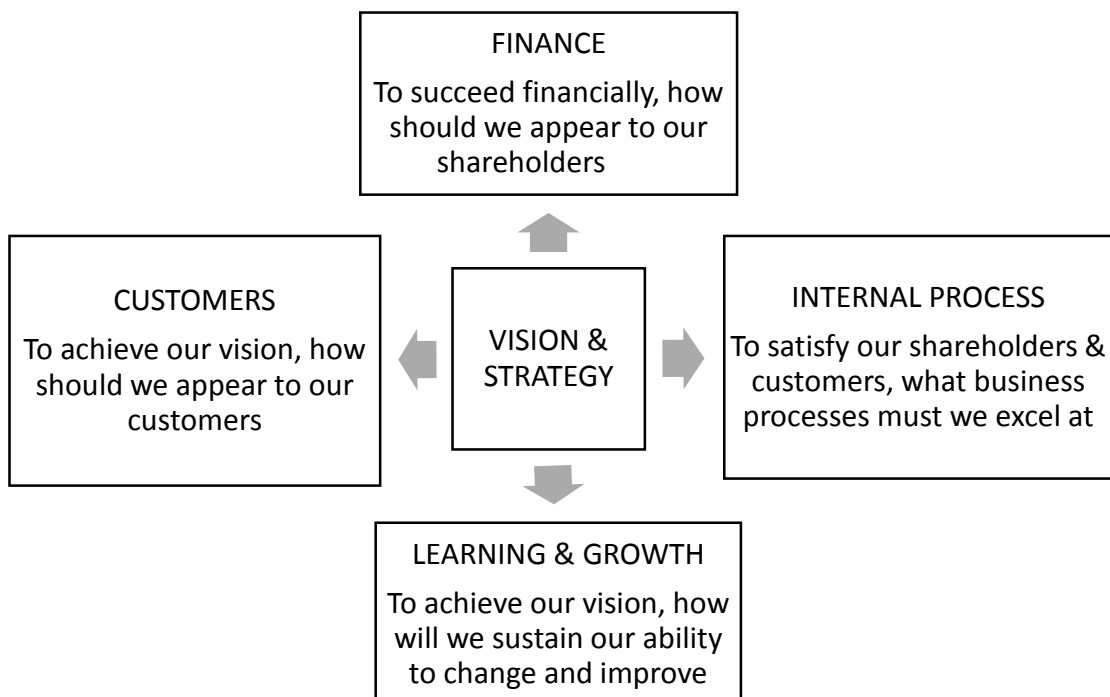


Figure 1: Four Perspective of the Balanced Scorecard. Source: Kaplan & Norton, 1996

Four Perspectives of the Balanced Scorecard

The scorecard translates the vision and strategy of a business unit into objectives and measures in four different areas:

Financial Perspective: In many organizations, financial indicators are very important. These organizations are trying to increase revenue, reduce costs and risks and increase productivity via a more efficient use of assets. In fact, obtaining good financial results in companies and economic institutions is necessary for their survival and growth. At the same time, the measurement and analysis of the financial results as a major function of the organization is a necessity in the study of organizational strengths and weaknesses. Therefore, financial perspective in the BSC is to satisfy shareholders and to answer what financial objectives the company must accomplish. Examples of this perspective include financial ratios and various cash flow measures.

Customer Perspective: Customer satisfaction is one of the most important business issues in today's world and plays a role in many fields management as most other indicators of products quality, price, waiting time and after sales service in this regard. Professional organizations are looking for customer satisfaction because customer loyalty provides long-term interests for organizations. This perspective in the BSC is to help to achieve the financial objectives and to focus on what customer's needs the company must excel. Examples of this perspective include the amount of time spent on customer calls and customer survey data.

Internal Process Perspective: The internal process perspective identifies internal business processes that enable the firm to meet the expectations of the customers in the target markets and those of the shareholders. This perspective aims to satisfy customers and shareholders' needs, and answer the question in which internal business process the company must excel. The internal business processes that are often classified as mission oriented and support oriented. Examples of this perspective include the length of time spent on prospecting and the amount of rework required.

Learning & Growth Perspective: This perspective describes learning and growth, intangible assets of organizations and their role in the strategy. An organization can grow and innovate when it is able to develop its skills and leadership and also learn from its mistakes

and other organization's behavior and be able to create new techniques for itself. Intangible assets are divided into three categories: human capital, information capital and organizational capital. In order to achieve the goals, how the organization must learn and innovate is the main purpose of this perspective in the BSC. Includes employee training and organizational attitudes related to both employee and organizational improvement. Examples of this perspective include the amount of revenue that comes from new ideas and measures of the types and length of time spent training staffs.

Cause-and-effect relationships in the Balanced Scorecard

The Balanced Scorecard relies on the concept of strategy developed by Michael Porter who argues that the essence of formulating a competitive strategy lies in relating a company to the competitive forces in the industry in which it competes (Molleman, 2001). The strategy is a set of hypotheses about cause and effect. The measurement system should make the relationships (hypotheses) among objectives (and measures) in the various perspectives explicit, so that they can be managed and validated. According to Kaplan and Norton (1996), the chain of cause and effect should pervade all four perspectives of a Balanced Scorecard. For example, the strategy of an automobile manufacturing company could be to perform excellent after-services because it provides a higher return. Return-on-investment (ROI) may be a scorecard measure in the financial perspective. The driver of this measure could be expanded sales to new and existing customers as a result of a high degree of loyalty among those customers. Thus, new customers and customer loyalty is included on the scorecard in the customer perspective because it is expected to have a strong influence on ROI. A market analysis may have revealed that there is a need for such activities as after-sale services. In this case, providing good after-sale services is expected to lead to new customers and higher customer loyalty, which, in turn, is expected to lead to higher financial performance. Therefore, new customers and customer loyalty could be included and incorporated into the customer perspective section of the scorecard. The process continues by asking which internal processes for the automobile manufacturing company are necessary in order to practice excellent after-sale services. To achieve this, the business may need to offer new quality after-sale services. The new products must first be developed and afterwards tested on quality. Developed after-sale services and process quality on those services are factors that could be scorecard measures in the internal perspective. The automobile manufacturing company can develop after-sale services by training its operating employees in the required skills. If the

company also engages experienced after-sale services staffs, this will shorten the development time of the new services. These experienced staffs in after-sale services can act as mentor for the trained employees. Experienced staffs and trained employees for after-sale services are objectives that would be candidates for the learning and growth perspective. After all, the entire chain of cause-and-effect relationship can be established through the four perspectives of the Balanced Scorecard.

2.3 Why to use the Balanced Scorecard?

The Balanced Scorecard is distinct from other strategic measurement systems in that it is more than an ad hoc collection of financial and non-financial measures which are allocated into four perspectives. The financial perspective identifies how the company wishes to be viewed by its shareholders. The customer perspective determines how the company wishes to be viewed by its customers. The internal-business-process perspective describes the business processes at which the company has to be particularly adept in order to satisfy its shareholders and customers. The organizational learning and growth perspective involves the changes and improvements which the company needs to realize if it is to make its vision come true (Kaplan and Norton, 1996). The balanced scorecard is intended not only as a strategic measurement system but also as a strategic control system which can align departmental and personal goals to overall strategy. The most important concept of the BSC is the connection of the measure of the four perspective in a causal chain which pass through all four perspective (Norreklit, 2000). The Balanced Scorecard is believed to be able to benefit the company and its goals in terms of following reasons:

Firstly, the Balanced Scorecard expands the set of business unit objectives beyond summary financial measures. It is seen as a very effective tool for managers because managers could measure how their business units create value for current and future customers and how they must enhance internal capabilities and the investment in people, system, and procedures necessary to improve future performance.

Secondly, the Balanced Scorecard provides “enablers” that focus on the achievement of strategic goals in the future (leading indicators) as well as results (lagging indicators) to depict the effectiveness and efficiency of measures in the past. Strategies can be usually interpreted as a set of hypotheses of causes and effects. So within a BSC the relevant goals and corresponding indicators are linked to each other revealing this structure of causal relationships. Such relationships are both relevant within each perspective and also between them.

Thirdly, the Balanced Scorecard translates mission and strategy into objectives and measures, organized into four different perspectives. The scorecard provides a framework, a language, to communicate mission and strategy. It uses measurement to inform employees about the drivers of current and future success. By articulating the outcomes the organization desires and the drivers of those outcomes, senior executives hope to channel the energies, the abilities, and the specific knowledge of people throughout the organization toward achieving the long-term goals (Kaplan & Norton, 1996).

2.4 How to build up the Balanced Scorecard

The starting point of the Balanced Scorecard is the vision and the strategy of a company. The BSC takes the vision and the strategy as a given - the BSC should translate a business unit's mission and strategy into tangible objectives and measures. The measurement focus of the BSC is used to accomplish the following management processes:

- + **Step 1:** Clarifying and translating vision & strategy
- + **Step 2:** Communicating and linking strategic objectives & measures
- + **Step 3:** Planning, setting targets and aligning strategic initiatives
- + **Step 4:** Enhancing strategic feedback and learning

The first process – clarifying and translating vision & strategy helps managers build a consensus around the organization's vision and strategy. Despite the best intentions of those at the top, lofty statement about becoming “best in class”, “the number one supplier”, or an “empowered organization” do not translate easily into operational terms that provide useful guides to action at the local level (Kaplan & Robert, 2001). For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success.

The second process – communicating and linking strategic objectives and measures, lets managers communicate their strategy up and down the organization and link it to departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short term financial goals. The scorecard gives managers a way of ensuring that all levels of the organization understand the long term strategy and that both departmental and individual objectives are aligned with it (Harvard Business Review, 2006).

The third process – business planning enables companies to integrate their business and financial plans. Almost all organizations today are implementing a variety of change programs, each with its own champions, and consultants, and each competing for senior executives' time, energy and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals – a situation that leads to frequent disappointments with the programs' results. But when managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long term strategic objectives (Kaplan & Norton, 2001).

The fourth process – feedback & learning – gives companies the capacity for what we call strategic learning. Existing feedback and review process focus on whether the company, its departments, or its individual employees have met their budgeted financial goals. With the Balanced Scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives – customers, internal, business processes and learning and growth and evaluate strategy in the light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time learning (Kaplan & Norton, 1996).

The measures function as a link between the strategy and operative action. The core question is the selection of goals and measures to monitor the implementation of the vision and the strategy. The BSC focuses on vision and strategy which clearly meant that was being increasingly used as a strategic tool. The emergence of the strategy map in 2000s as a way of identifying cause-and-relationship between different objectives allowing visually describe the strategy that could be followed, measured and actively managed. Kaplan & Norton (1996) stated that the strategy is a set of hypothesis about cause-and-effect. The strategy map is a communication tool used to guide the organization on the process of value creation and show the logical step-by-step connection between strategic objectives in the form of a cause-and-effect chain. The strategy map gives to business units and to employees a clear sight into how their jobs are linked to the overall organization objectives, enabling them to work in coordination toward the organization desired goal. The figure below would help to visualize a cause-and-effect relationship in the strategic map.

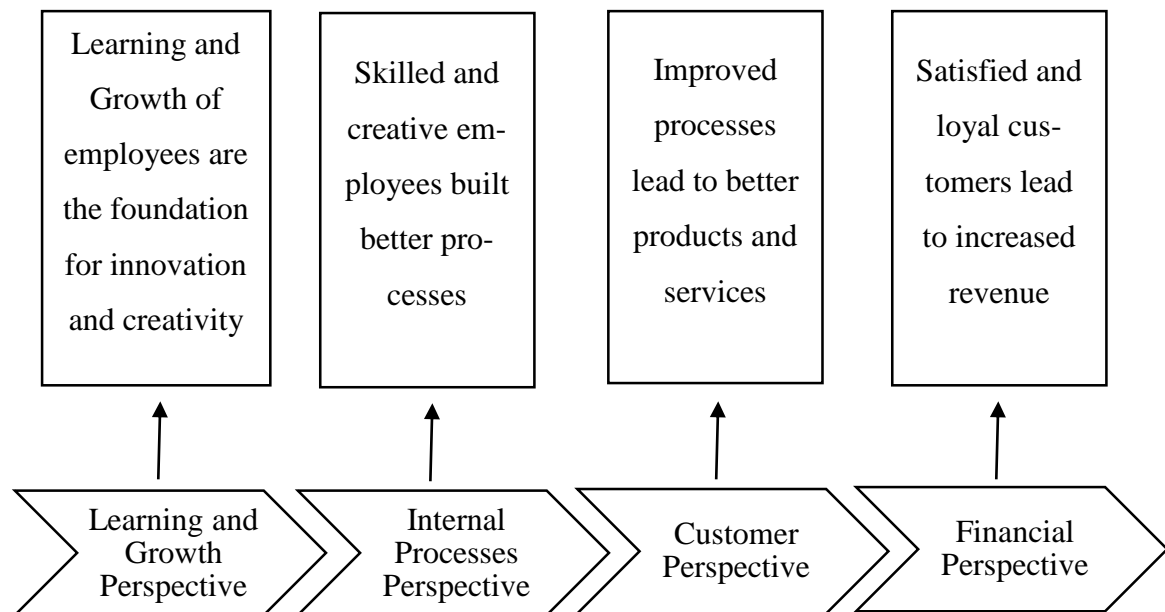


Figure 2: Cause-and-Effect Relationship of the BSC. Source: Gomes and Romao, 2014

Kaplan & Norton also recommend a nine-step process for creating and implementing the Balanced Scorecard in an organization:

- Perform an overall organizational assessment
- Identify strategic themes
- Develop a strategy map
- Drive performance metrics
- Refine & prioritize strategic initiatives
- Automate and communicate
- Implement the Balanced Scorecard throughout the organization
- Collect data, evaluate and revise

Each business unit in the organization develops its own balanced scorecard measures to reflect its goals and strategy. While some of these measures are likely to be common across all subsidiaries or units, other measures will be unique to each business unit (Kaplan and Norton, 2001).

2.5 Benefits and Challenges to the Balanced Scorecard

2.5.1 Benefits

The primary benefit is that it helps organizations translate strategy into action (Frigo & Krumwiede, 2000). By defining and communicating performance metrics related to the overall strategy of the company, the balanced scorecard brings the strategy to life. It also enables employees at all levels of the organization to focus on important business drivers. According to Pandey (2005), BSC allows employees understand the strategy and objectives making the connection to your company's day-to-day. Facilitates assessment and feedback on an ongoing basis. It helps to increase understanding, awareness and alignment about operations across the whole management team arising from the discussions during the design process.

Another advantage of using the balanced scorecard method is that by looking at four aspects of a company's performance, managers really do get a balanced view of company performance. The Balanced Scorecard is balanced in both internal and external aspects of the business. It highlights the importance of internal processes to achieve business results, but also the external view from customers and market position (Olve et al., 2003). Unlike traditional methods of tracking the financial health of a business, the Balanced Scorecard gives corporate executives a full picture as to whether their company is meeting its objectives. While it may seem that a company is doing well financially, it may be that customer satisfaction is down, employee training is inadequate, or that the processes are outdated.

Furthermore, by using a balanced scorecard approach, the immediate future is not the only thing being evaluated. Often, when an accountant sees the financial bottom line (perhaps the company isn't doing well), suggestions are given that are immediate, but do not look at the long-term. As Figge et al. (2002) stated, the BSC is a hierarchical system of strategic objectives spread over four prospects, less strategy and aligned with the financial perspective. Using the Balanced Scorecard allows stakeholders to determine the health of short, medium, and long term objectives at a glance.

Finally, by using a balanced scorecard, a company can be sure that any strategic action implemented matches the desired outcomes. Once the BSC requires company concretely define a mission, a vision and an organizational strategy, then the BSC can be seen as a means of

communication and strategy implementation (Tayler, 2010). Will raising the price of a product help the bottom line of the company in the long run? It might, if the customer is satisfied with that product, or if the processes involved with creating that product make the product of a higher quality.

2.5.2 Challenges

The main challenge of this system is that it can be difficult and time-consuming to implement. Kaplan and Norton originally estimated that it would take an organization a little more than two years to fully implement the system throughout the organization. As the implementation process takes quite long, then it could happen, in meanwhile, that the strategy could change and the indicators become obsolete (Kaplan & Norton, 2001).

The second challenge to any organization to implement the Balanced Scorecard is relevant to the strategy. Strategies tend to be high-level, future looking with ideals and aspirations. While valid to fuel the soul of the organization, they run the risk of diluting the ability for translation into an effective Balanced Scorecard. The best remedy for these situations is to revisit and refine the strategy with the owners and get clearer direction on the aspirations of the business. Some of the key components required for an effective translation include financial targets over the medium and long-terms, markets and customer segments, aspirations for brand perception, and customer value. These should be statements of the desired organization's end state for the planning horizon.

Besides, any organization would have obstacles in defining metrics in the Balanced Scorecard. Metrics are required to be relevant and clear. They should be depicted with visual indicators that are easily understood. Also, these metrics need to be collected at the ideal frequency for making decisions, and defined in such a way that the measurement can be consistently applied across the firm, even if their targets of performance differ (and they should). A system that has sloppy or inconsistently defined metrics will be vulnerable to criticism by people who want to avoid accountability for results.

Last but not least, an inefficient data collection and reporting could represent a challenge for any organization implementing the Balances Scorecard. It is a simple fact that almost systems already exist for collecting and reporting financial measures, therefore companies probably overemphasize financial metrics at the expense of other important operating variables. Companies that deliberately plan to define the vital few metrics and commit the resources to

automate data collection and subsequent reporting tend to achieve good results. Unfortunately, in most organizations, if collecting metrics data consumes too much time and energy, they will not be captured. That is why it is important to prioritize key performance indicators so the company can be confident that its investment in metrics is spent on the information that will be most relevant to improving organizational performance.

2.6 Concept of Company's Competitiveness

There exists multiple perception of the concept of competitiveness. According to Mavlutova and Babauska (2003), competitiveness depends on different variables, but by summarizing the definitions, it came to conclusion that competitiveness is as strategic management comparison tool that shows the existing performance of the company and further ability to complete in a certain market. The competitiveness probably lies in the skill, technique or the outstanding source which allow company to produce values and benefits for customers more than what the competitors can offer, and emphasizes its excellence and difference from those competitors' point of view who accept this difference and excellence because it brings them more benefits and values that are superior to what other competitors offer them (Abdul, 2014). Competitiveness reflects in the company's flexibility and its ability to maintain or to improve the position within the changing environment in the particular market. Also, it presents the company's position in the market through the possibility of being evaluated company's overall performance and compared with other players in the local and global market.

Competitiveness is playing the basis part in the basic part in the existing economic, political and social transformation of developing countries and countries with the developed infrastructure as well. Ma (1999) argues that the competitive advantage arises from the differential among firms along any dimension of firm attributes and characteristics that allows one firm to better create customers value than do others. In the 21st century, knowledge, information and innovation-oriented economy are those concerned factors which are significantly taken consideration to decide the competitiveness of companies, especially in the service industry.

Organization should focus on their capacity of renewing competences in order to adjust to the changing business environment (Teece et al., 1994). By competing, the company uses its capabilities, particularly its effective resource management which is supposed to base on company's employees and their knowledge (Hamel & Prahalad, 1994). The knowledge is seen as a very significant factor in contributing to company's intangible assets which are

very important in the perspective of any service company's competitiveness. Creating competitive advantage is supposed to be an often matter of selecting an appropriate basis on which compete (Swayne, Duncan & Ginter, 2006). Firms used to seek to develop cost advantage or to differentiate itself from other organizations. In other words, firms might focus on image, higher quality services, as well as excellent and widely recognized personnel. For corporate executives or managers, the challenge is to identify, develop, protect and allocate resources and capabilities in order to provide the company with a sustainable competitive advantage and thus a higher return on capital (Amit & Shoemaker, 1993). According to previously mentioned authors, the main question that arises is how a company can choose and develop itself the competitive advantages as well as suitable methods to build them up for a long-term sustainable development.

2.7 Literature Review

The Balanced Scorecard

There is a great deal of research about the application of the BSC into practice. Figge, Hahn, Schaltegger and Wagner (2002) raised the question about integrating the non-market perspective into the traditional BSC because business units do not only operate in the commercial market environment. They suggested the process for incorporating environmental and social issues into the BSC to form the Sustainable Balanced Scorecard (SBSC). Davis and Albright (2004) investigated the effectiveness of the BSC in improving financial performance by comparing bank branches implementing the BSC and the ones without BSC. They found evidence of superior financial performance for branches implemented the BSC when compared to non-BSC implemented branches. Braam and Nijssen (2004) developed a model to test the effectiveness of using the BSC in the Dutch organizations. They found empirical evidence from Dutch firms suggesting that the BSC use will not automatically improve company performance, but that the manner of its use matters: the BSC use that complements corporate strategy positively influences company performance, while the BSC use that is not related to the strategy may decrease it. Speckbacher, Bischof and Pfeiffer (2003) investigated the implementation of BSC in German-Speaking countries and categorized the use of BSC into three groups. Type I BSCs: BSC as a specific strategic performance measurement system containing financial and non-financial strategic measures and/or objectives grouped into perspectives. Type II BSCs: Type I BSCs that employ a specific approach to describe the company's strategy using a sequential cause-and-effect logic to link tangible and intangible

assets. Type III BSCs: Type II BSCs that additionally implement the organization's strategy through action plans and/or target setting and by linked incentives. Beside the studies which advocate for the use of the BSC, some researchers find evidence that BSC still have some limitations when applying. Rompho (2011) evaluated a company as a case study about using the BSC and found that frequent changes in strategy was a major factor leading to the failure of the Balanced Scorecard in SMEs.

The Balanced Scorecard and Competitiveness

Application of the Balanced Scorecard was researched by many authors and many of them pointed out that the Balanced Scorecard plays an important role in strengthen the competitiveness of companies. Abdul (2014) investigated that the Balanced Scorecard method is seen as one of the management and it evaluates strategic performance methods, the impact on achieving success in the competitive field of companies, achieving competitive advantages through the company to outdo competitors' capabilities, coping with the growing dynamics of the competitive environments in which they operate, and ensuring the strengthening of the competitiveness of the company. Also, as proposed by Kaplan & Norton (1996), the concept of the Balanced Scorecard is a means of correctly reflecting and evaluating immaterial assets in corporate performance evaluation management, and as a basis for formulating performance evaluation measures that support the practice of strategic goals. Through the statement above, the Balanced Scorecard is seen as a series of performance evaluation indicators that enable implementation of management strategies and especially the adaption to competition.

The question of how the firm can achieve its competitive advantage has emerged as an intense debate in the field of strategic management because competitive advantage is seen as the main source to explain the superior firm's performance, and thus comes to represent the fundamental aim of strategic management. Most business are now competing in an environment where value, not price is the key driver (Gomes & Romao, 2014) conducted a research and came up with the idea that in today's economy, where intangible assets have become the main reason of competitive advantage, the organizations require tools such as the Balanced Scorecard to monitor and measure the strategy implementation. The intangible assets can be defined as intangible value of a company that shows the company's performance. All the Balanced Scorecard aspects can assist in intangible asset evaluation and to develop company's strategy in compliance with company's objectives. According to Kaplan and Norton (2004), the three following asset contributors usually relate to the intangible assets. Firstly,

human capital represents employee knowledge, skills and talent. Secondly, information capital embodies technology infrastructure, databases, information networks and system. Thirdly, organizational capital is as to knowledge management, organizational culture, team work, and employee learning ability. As mentioned above, these intangible assets can be measured and analyzed through the Balanced Scorecard. With the global trend that economy is rather knowledge and service than product driven, intangible assets which are not measured by financial system should be really concerned and needed more focus to increase a company's competitiveness as well as its core value. Mavlutova and Babauska (2013) came to a conclusion that if the company's value mostly consists of intangible asset contribution then the company's strategy should also be based on intangible asset maintenance and improvement and a Balanced Scorecard can be a powerful system that can lead to higher company's market value. In order to have a whole picture of the company's performance the company should focus its evaluation in four mentioned perspectives in the Balanced Scorecard. The measure system can provide managing company in a more accurate way.

II. ANALYSIS

3 OVERVIEW OF HR OUTSOURCING INDUSTRY

3.1 Global Trend - HR Outsourcing

Human capital is one of the key points for any organizations' development and the born of human resources management (HRM) become definitely fundamental and necessary tool for them. The HR function traditionally maintained large staffs with responsibility for a broad range of administrative and strategic HR activities (Cook 1999, Greer, Youngblood and Gray 1999). As the typical features of HR function that really involves many different categories of staffs, there includes individually various tasks for each, either administrative positions, technical positions or strategic positions. However, recently there has been a growing trend towards outsourcing HR activities that enables HR Department to perform themselves better by eliminating numerous administrative or transactional positions and handing to a third-party. Consequently, the introduction of outsourcing trend allows enterprises to focus more on their strategic activities in developing human capital, hence they would have better chance to add value within the firm.

As explained by some scholars, there exists two theories that are applicable for firms to make their decision to outsource HR activities: transaction cost economics and the resource-based view of the firm. According to Williamson (1993), firms choose the form of governance with the expectation of both minimizing the total transaction and acquiring a good or service with specific characteristics. Transaction cost scholars stress that organization will give consideration not only to the immediate cost of obtaining a good or service but also to the costs associated with monitoring performance, managing contractual relationships, and managing a staff of employees (Walker and Weber 1984, Masten and Crocker 1985). Also, according to Klaas, McClendon and Gainey 1999, transaction cost economics emphasizes that the relative merits of organizational governance versus market contracting will depend on the nature of the task or activity under consideration. The nature of HR activities requires many employees which might unexpectedly incur high cost and limit the effectiveness of the firms. Thus, it is potentially influential for firms to take consideration of managing cost for HR Department effectively. Further, human capital is seen as an intangible assets, it would be difficult for any firms to estimate the balance between cost and benefit if they operate in-house HR activities. In fact, market contracting offers obvious advantages in terms greater incentive intensity. HR outsourcing, as a type of market contracting, would really bring advantages to firms in terms of efficiency or performance because they are making contracts

with benefits and they are encouraged to deliver service as best as possible. Eventually, the emergence of HR outsourcing seems to be a feasible solutions for any firms in terms of cost efficiency.

With the resource-based view, researchers explain how the firms gain sustainable competitive advantage via the acquisition and development of resources, it is also used to understand firm behavior with regard to outsourcing (Klass, 2008). For any organizations, there always two types of activities: core elements and routines or organizational processes. While the former is as to strategic tasks which are part of company’s success or company’s core competencies, should generally be perform in-house, the later should be relied on market contracting or outsourcing because it may offer a chance to become the core competencies of other firms, subsequently leading to higher levels of service quality (Klass, 2001). For HR activities, there also include strategic tasks and operational routine tasks which are seen as non – essential elements and are suggested to outsource to other vendors (i.e. HR service providers) who recognize such activities as their core competencies. As such, they are all able to achieve the most efficiency level.

According to Gurchiek (2005), there exists a lot of surveys to show that nearly all organizations have outsourced parts of their HR functions and over half of these organization plan to outsource even more functions. Globally, HR outsourcing providers have progressively delivered a numerous of services in response with the customer’s demands, both small and large firms. As listed by Belcourt (2006), HR functions that may be outsourced are shown in the table below:

HR functions	Offered Services
Compensation	<ul style="list-style-type: none"> • Payroll • Benefits • Compensation Administration • Pension
Training	<ul style="list-style-type: none"> • Program Delivery • Program design and Development • Training Consulting to line Departments • Training Needs Analysis • Program Evaluation

	<ul style="list-style-type: none"> • Strategic Planning for T&D • Administration • Developing Training Policy
Recruitment and Selection	<ul style="list-style-type: none"> • Advertisements • Screening of Applications • Testing • Reference Checking • Preliminary interviews • Salary negotiations – at the executive level • Exit Interviews
Health and Safety	<ul style="list-style-type: none"> • Employee assistance programs • Wellness Programs

Table 3: List of outsourced HR services. Source: Belcourt, 2006.

As a matter of fact, the industry has become more competitive with the participation of a bunch of HR outsourcing firms in the market and their various types of services. Having emerged as a new industry and still being in the growth phase of its life cycle, HR Outsourcing industry is quite attractive for any players to get in with potentially high profitability. Together with low barrier to entry to the market as it does not require so much resources, HR Outsourcing providers eventually become a promising industry for many players as they have room to develop and get advantage. Also, it is obvious that they need to stay improved and competitive to survive and get the big market share as much as possible. With their own strategies, they could choose themselves key elements to get competitive advantage in the industry. These firms do compete in their attractive price, their high quality, their diversified services, and their efficiency delivery time. According to the report “Global Human Resource Outsourcing Market 2014-2018”, as a result of slower economic growth, organizations need to ensure maximum productivity with minimum expenditure, and given the highly competitive business environment, companies are looking at methods to reduce hiring and recruitment costs. Therefore, the need to decrease operational expenditure is one of the major drivers in the market. It would be the key point for HR Outsourcing providers to rely on to create themselves competitive advantage. In fact, quite a few global HR outsourcing chose to offer their customer competitive price as one of their main goals.

Additionally, globalization brings change in the way that many companies run their business as they are no longer self-contained units but towards a more integrated world. It is also coming up with the idea of higher competitiveness in any market in the world that requires companies to have high flexibility with their products or services. For HR outsourcing market, firms are expected to diversify their provided services to meet the gradually increasing demand of customers. At present, the majority of HR outsourcing providers have offered their customer end-to-end service as it is the most significant trend in HR outsourcing over the last decade. Otherwise there still have firms who exclusively and selectively deliver specific part of HR functions, for example they only specialize in recruiting service or payroll services. According to Baron, Burton and Hennen (1996); Fabo, Louis and Lacoursiere (2007), formal HR programs and investment in workforce development has traditionally been emphasized more within larger firms, therefore HR activities used to be outsourced within large firms rather than small and medium firms. However, based on theory of transactional cost economy and resourced-based view, regardless of any firms size, they should use outsourcing service if their benefit gained is larger than cost. The number of customers who demand outsourcing service is obviously going to increase that would be both opportunity and challenge for HR outsourcing providers because they need to be more flexible in providing services and develop suitable models to satisfy the new customer segment. These days, HR outsourcing providers goes towards a trend of diversifying their services to serve for not only large firms but small and medium-sized firms as well.

With the introduction of advanced technology, our world has changed in a way that helps to make things become easier and more convenient. HR outsourcing providers are not exception of getting such benefits. Technology application is one of the most vital elements for service industry in general and for HR outsourcing providers in particular. Many HR outsourcing providers have properly exploited the strength of technology in terms of using effectively specific systems that are really helpful for their business. Database System and Customer Relationship Management System (CRMS) are the most commonly essential tools that are used to maintain and manage company's interaction with their current and future customers. As the typical feature of service industry and particularly the distinct character of HR outsourcing that involve managing thousands of customers, therefore it would be very complicated and ineffective if such business does not have their own a good tool to manage their customer relationship. According to Faranda, (1994) and Hubbert, (1995), customer participation plays an important role and significantly affects satisfaction of service firms. It

is obviously crucial that customers are the most valuable assets for any firms in service industry. As such, effective customer management seems to be a compulsory requirement for all business. Apparently, advanced technology is expected to apply in all service firms to get the optimal efficiency.

That key players in global Human Resource Outsourcing Market (The Survey of Human Resources Outsourcing Market) include: Accenture, Aon plc, Automatic Data Processing Inc., IBM Corp., Randstad, Adecco, Affiliated Computer Services Inc., Ceridian Corp., Empower Software Solutions Inc., Excellerate HRO Corp., General Outsourcing Co. Ltd., Mercer LLC, Northgate Arinso UK Ltd., Paychex Inc., Pinstripe Inc., TriCore Inc., Ultimate Software are precise examples of being pioneers in following these trends above.

3.2 HR Outsourcing Providers in Vietnam’s Market

In the late 1990s, HR outsourcing was still the new concept in Vietnam’s service market. There were only a few new-born HR outsourcing firms established with narrow range of provided services. During recent years, because of strong economic growth together with experienced benefits of demographic dividend, Vietnam has changed its situation that become an attractive place in Asia for foreign businesses of all types and investors. With a great number of established private enterprises, the demand of using HR outsourcing services has gradually increased that boosts HR outsourcing industry to a new phase. There has been a significant increase in the number of HR outsourcing providers entering to the market. As estimated from a report “Vietnam Briefing”, more than 150 HR outsourcing providers both small and medium-sized are listed. Nearly ten out of the total HR outsourcing providers are big players in terms of its scale and long-standing existence. The table below lists out big names HR outsourcing providers in Vietnam market.

No	Name	Size	Provided Services
1	Robert Walters	Small	Recruiting, Payroll, Advisory
2	Navigos Search	Medium	Recruiting
3	Talent Recruitment JSC	Medium	Payroll, Recruiting, Training, Advisory
4	Manpower	Medium	Recruiting, Training, Advisory
5	Job Street	Small	Recruiting

6	Career Builder	Small	Recruiting
7	Harvey Nash	Medium	Recruiting, Training, Advisory
8	Nic Vietnam	Small	Payroll, Staffing, Recruiting

Table 4: Top HR outsourcing providers in Vietnam's market. Source: Robert Walter's Annual Report, 2013.

The increased participation of providers do make the industry become more and more competitive. As such, firms should find themselves competitive advantages to compete and stay wealthy in the industry. As the matter of fact, many HR outsourcing providers have expanded and developed their provided services. The most functions likely to be focused by key players are payroll, training, recruiting, and staffing. Apparently, services are diversified to meet the increased demand of customers.

In comparison with global market, HR outsourcing providers in Vietnam have not been really matured yet and they are now at the early phase of its growth, therefore it is very potential for new-comers to join the industry. Additionally, Vietnam's HR outsourcing firms have not actively and effectively applied advanced technology in their business. Almost current Vietnam's HR outsourcing providers have not developed such innovation system as CRM system, mobile HR, cloud application which are currently implemented by other key global HR outsourcing providers. This technology application trend in HR outsourcing services has changed the fundamentally of how key global players are competing to each other in terms of service quality and cost efficiency.

The typical character of Vietnam's market is that the ratio of small and medium sized private enterprises is bigger than large firms, therefore HR outsourcing providers in Vietnam really need to take into account the unique feature of large number of SMEs to adjust and meet the customer's demand in Vietnam market. Also, one of the shortcoming in the market with a large number of SMEs is that these small firms have not been even aware of and appreciated the benefit from using outsourcing service. According to Klaas, McClendon and Gainey (2000), Burton (2001), Sorensen and Beckman (2002), that HR outsourcing services are usually used in small firms often takes a very different forms. Cook (1999) and Hirschman (2000) stated that small firms focused on activities such as payroll administration and employee benefits and insurance. As such, HR outsourcing providers need to conduct extensive research on which services should be focused for SMEs in Vietnam market.

4 COMPANY INTRODUCTION

With the idea of bringing human resources management practices to Vietnamese organizations, ABC was born in 2003 with a few members. Back then their core business was management consulting, however, clients kept coming with the same need, to find them talented Vietnamese managers and professionals who would add value to their business.

In July 2003 ABC began Executive Search Service with a staff of two professionals and version 1.0 of our Executive Search and Selection Information System (ESSiS). Their focus was on General Director / Director level positions. Their first 'multi-job' client was Avon (Vietnam) Ltd where they placed 5 out of 7 directors against stiff competition from Ernst and Young. By the end of the year they had picked up Metro Cash and Carry and AIG (AIA) Life insurance as multi-job clients.

During 2004 they continued to add international clients such as Coca Cola, DHL, Unilever and Prudential and began to serve large Vietnamese organizations such as FPT, Sovico, Thien Long Pen and Dong Tam ceramic company.

By 2005 ABC had nearly 100 customers and they were growing in the IT, Telecoms and Banking industries. In order to serve these clients ABC established the Hanoi office with 2 staff sharing a desk. Now ABC is in an A grade building with 15 staff.

ABC began Payroll Processing in 2006 and their first customer was the Swinburne University with 4 payees in Ho Chi Minh City. Now the payroll team has over 20 staff serving 40+ clients and thousands of payees nationwide.

Veyance, Spraying Systems and LinkSys were ABC first Staff Outsourcing customers. Originally an extension of their Payroll Processing service, Staff Outsourcing is now a separate team. This professional HR service gives their customers flexibility in hiring. ABC handles all the contract administration and payments.

In 2010 ABC acquired the local company MeKong International Services (MIS) from a competitor. MIS expanded the Staff Outsourcing customer list by 600% and allowed ABC to build up this service faster than they could have done with organic growth. The customer services team from MIS joined with the ABC team, expanding their ability to serve customers large and small.

B made it is the first placement in Danang with AIA Life Insurance Company in 2004. By 2012 the demand from the central economic zone was increasing to the point where we decided to open an office there. ABC Danang opened in October 2012 and the first placement from the team there was a position with VBL in December 2012.

In March 2013, ABC became the Vietnam office of IRC International Search Partners. This unique partnership of over 70 offices in 35 countries and 250+ consultants, gives ABC customers global reach when requesting very high level retained search services.

In the last 10 years ABC has grown from being a small company run from my home, to a large talented organization with over 70+ staff and three offices. There have been a lot of changes.

The thing that has not changed is ABC service pledge to our customers which is in every contract, and an integral part of our staff training.

4.1 Vision

The company's vision is to become the leading HR outsourcing company in Vietnam market. At present, the company is on the list of top 10 best HR outsourcing firms in Vietnam that makes a great contribution in helping a lot of enterprises with their human resources management needs. With the combination of deep market knowledge, strict process control and international standard customer care, the company has earned strong reputation as a valued business partner. The company's current performance is still keeping on track to pursue the vision that they created. Obviously, the company should follow up making effort and adapt to new business environment to create their own competitive advantage and fulfill their vision.

4.2 Mission

Bringing customers the best quality service together with the most competitive price is the company's mission. In order to understand as well as fulfill the customer's demand, company keeps continually improve their system of customer care, regularly update changes and increase the accuracy of the information and timeliness.

4.3 Organization Chart

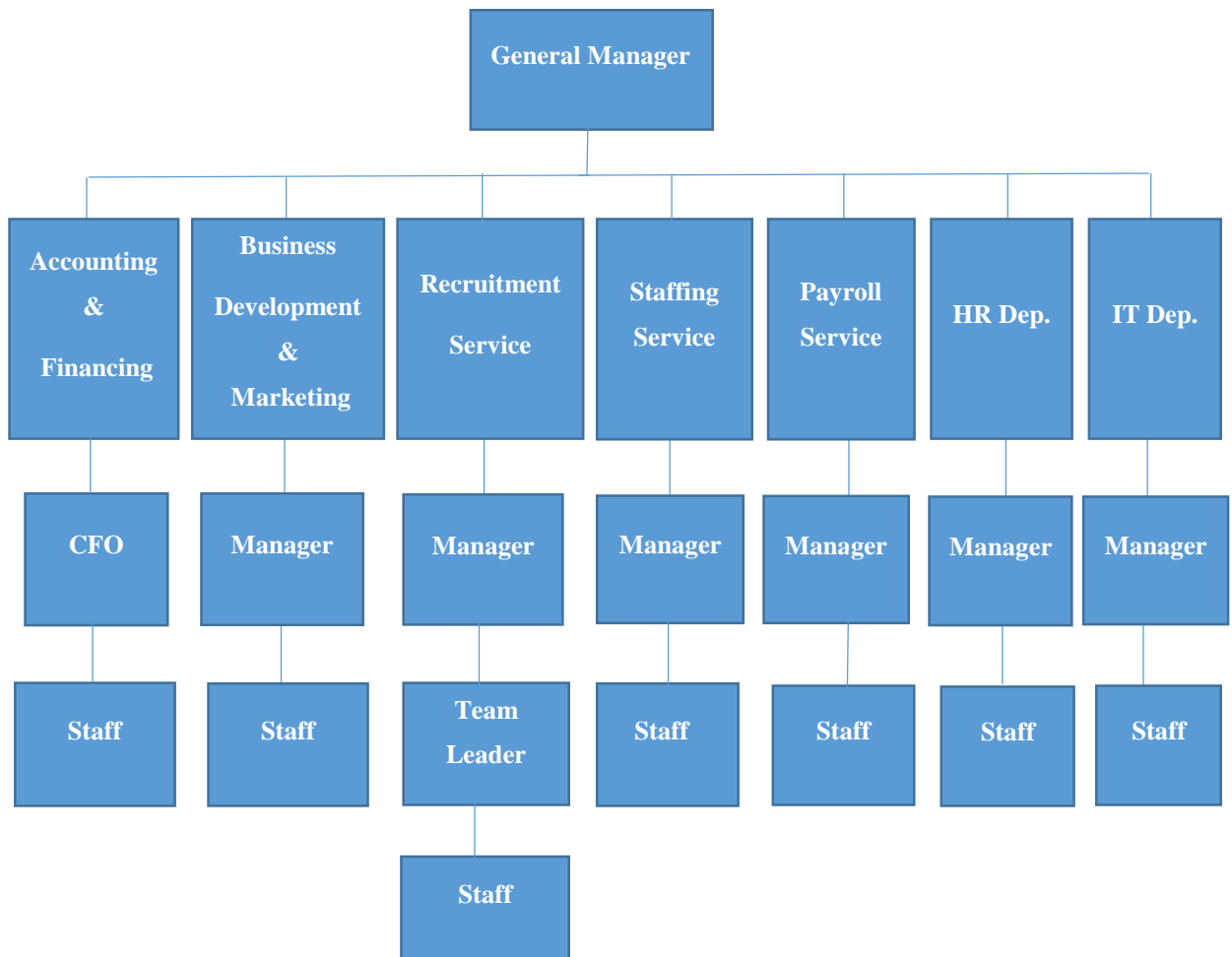


Figure 3: Organizational Chart. Source: Company ABC.

As a medium-sized company, ABC has a staff of nearly 70 people. The company is divided into five main departments under the management of General Director.

+ Recruitment Service Department, a core competence business, is the biggest one in the company with mostly 30 staffs as it holds the majority of customers of the company.

+ Established a bit later, Staffing and Payroll Service Department are smaller with just 10 staffs in each and those two department are still at the stage of expanding its share on the market.

+ As a service firm, the company's accounting and financing department does not need so many staffs, with only 4 staffs.

+ HR Department consists of 5 staffs who are responsible for administrative works and employees issues.

+ IT Department currently has 4 staffs.

+ Finally, development and marketing department are recently increased as it is considered as one of the important activities to concentrate based on the company's objectives. Services department usually works separately even though they sometimes have the same customers.

5 COMPANY ANALYSIS

5.1 Financial Performance

The table below provides information of financial performance of the company in the recent two years 2013 and 2014. Not only total revenue is presented but the revenue from specific services are reported as well. It also reveals the change of results in the two years which would be helpful to make a comparison.

	2013	2014	% growth
Total Revenue	29,463,323	35,355,598	+ 12,1%
Cost of Goods & Services	10,726,932	11,370,547	+ 6,05%
Gross Profit	18,736,391	23,985,051	+ 28,01%
Net Profit	14,052,293	17,988,788	+ 28,01%

Table 5: Financial Performance (Thousand VND),

1000 VND = 1.2 CZK (April 2015). Source: Company ABC

Business Performance

The table below will provide several example of real data of number of contracts, number of new customers, number of customer complaints from the three main services of the company: Executive Search Specialist (ESS), Staffing and Payroll.

	Services	2013	2014
Number of Contracts	ESS	124	155
	Staffing	45	60
	Payroll	32	43
Number of Paying Customers	ESS	106	130
	Staffing	40	51
	Payroll	29	41
Number of Customer complaints	ESS	15	12
	Staffing	3	2
	Payroll	2	2

Table 6: Data of number of contracts, customers and customers' complaints.

Source: Company ABC.

	2013	2014	% growth
Recruitment Increase	over 2013	+8%	slow
Staffing Increase	over 2013	+40%	above expectations
Payroll Increase	over 2013	-1%	below expectations

Table 7: Revenue from different provided services.

Source: Company ABC.

The table above briefly points out how the company's financial performance is during the recent two years 2013 and 2014. With the objective of increasing revenue by 20% in 2014, ABC would have not been satisfied with the result of 12.1% of growth. The total revenue is the contribution of all three services: Recruiting, Staffing and Payroll which respectively comprises of 62%, 20%, 18% in 2013 and 60%, 23%, 18% in 2014. Obviously, recruiting service is taken consideration as a core-competence of the business that accounts for the largest part of the total revenue. Although Staffing and Payroll services have approximately the same share of the revenue, the table 7 shows that staffing service have a really high proportion of its growth in 2014, compared with 2013 while payroll service was below expectation by its small decrease of 1% in 2014. The table of financial performance above also gives a good sign for the company as its growth of cost of goods and services is much lower than the growth of revenue, only 6.05%. As such, the company's profit is ultimately improved by growing 28.01%. Based on the financial performance table above, it could be concluded that ABC is good at bringing down the cost, and financial results show that company's profitability still grows but small margin. The target of increasing revenue is initially expected to reach by 20%, therefore company should make more effort to fulfill the objective.

5.2 Marketing Activities

At present, company is serving a great amount of customers from numerous different industries. According to the company's report, there is a big difference in customer profiles of different industries. Customers who are big companies in such industry as manufacturing, banking and IT comprise of the biggest share of the total revenue, therefore they are targeted customers that company currently sets priority. Besides, on purpose of expanding its market

share, company also aims to other industries as their new targeted customers. Namely, companies in such industries as construction, education, insurance, and logistics are considered as potentially new targeted markets.

Following up with the common objective of expanding market share as well as increasing revenue, company is running quite a few marketing activities that include: website marketing, email marketing, event marketing, and advertising. The table below lists out and describes all these current activities:

Marketing Activities	Status	Activities	Objectives
Website Marketing	Newly upgraded	+ Set up new functions and improve interaction. + Allow “opt-in” function on the website.	+ Provide a convenient channel to communicate with users (both candidates and customers). + Increase brand image together with attract more new customers through “search engine” function.
Email Marketing	Newly Established	+ Set up the system and build up contact list. + Develop email content and schedule for shortlisted customers.	+ Keep customers always updated and informed of company’s new offers and services. + Get customers’ review and building up stronger customer relationship.
Event Marketing	On - going	Gift giving and customers’ meeting	+ Attract customers’ attention and increase their satisfaction by showing them how much they are cared.

Advertising	On – going	Advertise on newspaper	+ Increase brand image
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Table 8: Current marketing activities of the company. Source: Company ABC

With the current targeted market, company is implementing quite effectively these above marketing activities. In the context of B2B, email marketing is a very useful tool that it allows to personalize the content which would be differently suitable for each individual customers. Therefore, it is essentially necessary for the company to implement email marketing. Besides, in search of new customers, website marketing also plays an important role in helping company to expand its brand image, as such it would get more attention from customers. Event marketing and advertising are activities which company always keep running to both retain and develop customer's segments.

From those current marketing activities that company has been conducting, it is possibly stated that it has a quite good approach to expand its brand image and attract customer's attention. As the matter of fact, according to company's report, it eventually has increased its amount of paying customers by 3% in 2014 (204 customers), compared with 2013 (197 customers). In order to get better result, company would be suggested to apply marketing mix that includes other channels such as people and promotion.

5.3 Business Process Cycle

At present, the company is applying a business process cycle which includes six main steps. The figure below would describe the circle of these steps which are orderly implemented by the company.

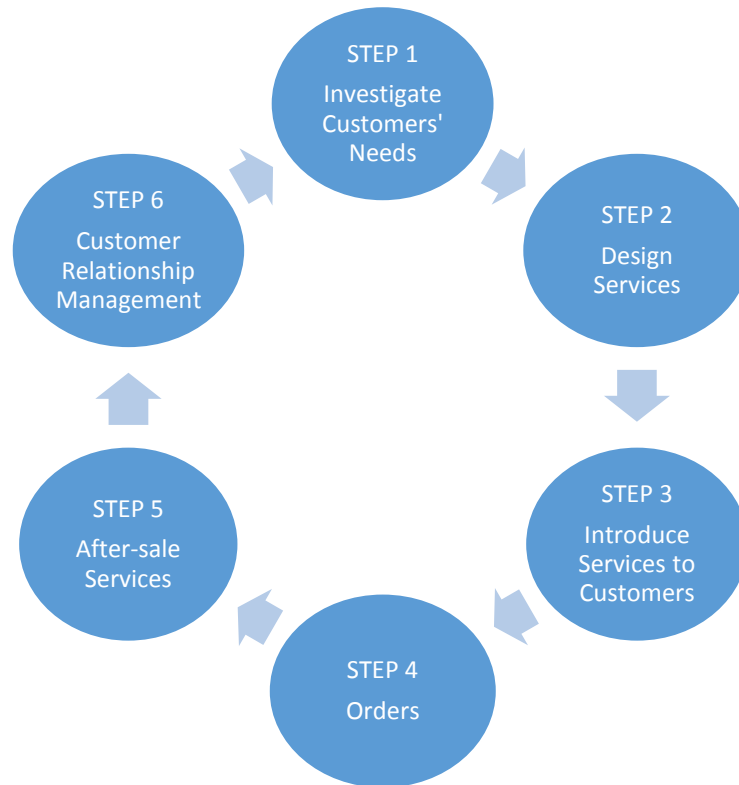


Figure 4: Current Business Process Cycle of the company ABC. Source: Company ABC.

As briefly described in the cycle above, at present the company's business process is usually taken into six main steps. Starting with investigation of customers' needs, company is used to collecting customer's evaluations and reviews from its database and through direct interviews with customers of how the service is delivered. Instead of building up a specific team to carry out such activities, company gives the chance to individual consultants to approach customers who they are responsible for. Also, company has spent a fixed budget for in-depth reports on new demands that customers might require. Based on real collected data of customers' requirements and other elements, management board of the company would be in charge of designing services to match up with the market. At present, company are known to provide three main packages: Recruiting, Staffing and Payroll. By running a numerous of marketing activities, company has made effort to introduce its services to the market as well as customers. As the difference in function of individual services, company has separately implemented its internal process. Received orders would be transfer to the department in charge of. Discussions and negotiations between customers and company then are conducted to achieve the common goals. For any service companies, that a deal is done does not mean they complete their tasks. Taking care of customer and delivering service after sale are really

necessary to enhance prestige as well as retain customer's loyalty. Finally, company built up a program of customer relationship management in order to not only keep closely in touch with customers but keep their requirements updated as well.

5.4 PESTLE ANALYSIS

Pestle analysis is used to have a view of the whole environment from many different angles. It is also a tool for understanding the big picture of the environment in which the company is operating and for thinking about the opportunities and threats that lie within it. By understanding your environment, the company can take advantage of the opportunities and minimize the threats. The analysis provides the context within which more detailed planning can take place, so that the company can take full advantage of the opportunities that present itself. Particularly, pestle analysis will help to understand the context of Vietnam's market.

Political

As a one-party communist state, Vietnam is known as one of the most stable political country in the South-East Asia. Vietnam has not recently faced any serious threat to its power and the situation is also expected to remain the same in the coming year (Data Monitor 2009). Operating under the leadership of the communist party, together with renovation policies, Vietnam has a very receptive attitude towards welcoming FDI and developing Trade relations. Vietnam has been an official member of over 63 international organizations such as WTO, APEC and so on. In fact, government is committed to improving the country's business and investment climate. As indicated by World Bank, political stability index of Vietnam ranks well above most of its Asian neighbor countries, including China, India, Malaysia, Indonesia, Thailand and Philippines. Over 30 years of political stability without any severe problems with neighbor's countries, Vietnam becomes a promising market for either any organizations or any industries wishing to enter.

For recent decades, Vietnam has also caught up with the rapid development of service sectors. With effective policies, Vietnam was successful in encouraging and supporting many enterprises to run their business efficiently.

Economic

Vietnam is seen as a rapidly rising power in term of economic field. Vietnam's economic growth has been steadily improving due to strong growth in trade. After registering annual growth of 5.4 percent in 2013, GDP grew 5.98 percent in 2014. Amid the increase of the

economy, the growth rate of the agricultural, forestry and aquaculture sectors rose to 3.9%, industry and construction 7.6% and especially services 10.6%.

GDP structure changed for the better. Industry and construction proportion was estimated to reach 38.5%; service sector achieved 43.38% and the agricultural, forestry and aquaculture sector 18.12%. The service sector continued to make major contribution to economic growth with highest increasing rate among other components of GDP.

Concurrently, Inflation was under control. As the lowest index in 10 years, the consumer price index (CPI) increased to 4.09% in December 2014 as compared to the same period of 2013. Bank interest rates also decreased; gold price and US\$ exchange rate were stable. The objective of inflation control was achieved contributing to stabilizing the macro economy. This was a remarkable achievement in State management of macroeconomic policy, branches and levels in 2014

Social

With the population of 89.7 million, human capital is seen as the third major strength of Vietnam. Over 75% of the total population is under 40 years of age that makes a great contribution to the labor force, Vietnam is not confronting population aging problem as many other developed countries. Vietnam is enjoying its favorable demographic structure as a large young population is joining the labor force and adding fuel to the economic growth. The higher income from young generation leads to stronger domestic consumption.

Otherwise, Vietnam's population also enjoys a relatively high standard of education. Education has been still considered as one of the most important issues that the country has to pay great attention. As such, it would help the country to rapidly adapt with the changes in the world that is moving towards to knowledge – based society focusing on service sectors. As the matter of fact, Vietnam is really an attractive land for global investors because not only its political stability but average labor wage which is still relatively lower than other countries as well.

With low employment rate of 2.14 percent in 2014, Vietnam is in the list of lowest ranking unemployment rate around the world that is a really significant achievement for Vietnam.

Technology

As said by Victoria Kwakwa, World Bank Country Director for Vietnam, the increased competition in globalizing markets means that it is crucially important than ever to invest early

in advanced technological capabilities. This really helps Vietnamese enterprises better their positions in global value chains. As a matter of fact, Vietnam is indeed a rapidly developing country in terms of technology. With quite a few of strategic plan of economic and social development for period 2011 – 2020, Vietnam has been focusing and building strong networks which are essentially enhanced to qualify itself, satisfy the need of rural industrialization and modernization and connect with the whole national system.

Being aware of the country's weak science, technology and innovation capabilities, Vietnam has tried itself and made effort to improve the framework conditions, foster innovation and increase the contribution to the national system by many supportive and effective policies. Additionally, with the support from other developed countries, Vietnam has reaped major achievement in technology innovation making contribution to the development of the country. Apparently, Vietnam is expected to become a dynamic and emerging market for any investors with its friendly business environment, supportive government, skilled and knowledgeable labor force and especially technology innovation.

Legal

Since Doi Moi (Renovation) in 1986, Vietnam legal system has been gradually improved mainly based on aspects of economic and social development. The country has introduced and enacted many specific regulations for different industries that would particularly help to create favor for enterprises to adapt to. With the great contribution of service industry into GDP structure and awareness of its important role, Vietnam has issued considerable supervision and adjustment that strongly support for the industry, especially labor law is mostly concerned. For recent decades, with the emergence of dynamic outsourcing service, Vietnam has welcomed a number of enterprises as well as global investors creating a competitive market that might need more and more effective management and regulations. For corporations and companies, Vietnam has really been active in making its policies, so-called “corporate governance law” that helps the country to administer better.

Environment

As a result of high rate of population growth, climate change and rapid industrialization and urbanization, Vietnam is also facing a common environmental problem of being polluted. However, service industry in general and HR outsourcing service in particular are not seen as a potential element that have impact on environmental problem. Instead of analyzing the nature environmental pollution of the country, this part is going to discuss about how the

working environment in Vietnam has influenced directly on labor force and productivity. Vietnam is well known for a disciplined, hard-working, and fast-learning population. With the traditions emphasizing learning and respect for authority as well as low wages and a high adult literacy rate, the country is used to be an attractive investment environment for any investors. As to working conditions, normal work hours are limited by law to not more than eight hours a day and 48 hours a week. Wage rates are variously different from company to company depending on the workers' experience, their skills and their ages. Generally, Vietnam really offers an actively dynamic working environment for people, making improvement in productivity for any enterprises.

5.5 SWOT Analysis

SWOT Analysis is a detailed analysis of the company's strengths, weakness, opportunities and threats. Gaining key insights into the company by understanding the company's core strengths and weaknesses equip the management board with information that enables them to define direction for the company, sharpen strategies and transform business operations profitably. Opportunities and threats from external environment that the company can explore are sized up and stay updated to foresee possible occurrences that can happen and influence company marketing objectives, and then formulate effective strategies to adapt to the environment. The main strengths, weaknesses, opportunities and threats that company have and faced are as follows:

Strengths

- On the market for 11 years
- Good brand name
- Supportive management
- Good customer service & marketing ideas
- Focus on multiple industries
- Flexible working time, friendly environment
- Good benefit package to support consultants

Weakness

- Not very aggressive
- Lack of specialized knowledge and skills to well understand the market.

- The internal system is inadequate for staff to smooth out their work
- Out of date database
- Overloaded administration work leading to high lead time

Opportunities

- Increasing the use of HR outsourcing services in Vietnam
- Increasing number of M&A deals, company expansion & start-ups
- High technology provides new application for better and effective operation

Threats

- High competitive environment from other HR outsourcing firms & internal HR Department
- Number of clients can have budget for 3rd party recruitment service just increase a little bit year by year, meanwhile many clients cut cost for external recruitment service.

5.6 Business Strategy

At present, company is pursuing the objective of expanding its market share in Vietnam by enhancing its quality service and increasing brand value through a number of marketing effort. As analyzed above, with the aim of improving service quality, the company has invested to upgrade the customer management system in order to effectively and successfully fulfill the customers' demands. In addition, a numerous marketing activities have been conducted for the purpose of bolstering the company's image and widely developing customer network. Concurrently, the company set up other offices in two big cities intending to expand its network as much as possible. In pursuance of the objective, even though the company's current strategy has partially helped to reap achievement of boosting its brand image, it seems to be not completely effective as the expected result has not been obtained yet. Particularly, although the amount of existing customers has not decreased, it is barely increased in 2014 (only 3%). Otherwise, there has still existed other fundamental elements influencing company's effectiveness that current company's strategy have not addressed. Firstly, high service price caused by ineffective internal operation prevents company getting cost advantage that compares to other competitors in the industry. Moreover, the high staff turnover rate not only forces company to spend an expense for retraining new staffs but also causes instability

for company in maintaining customer network as well as fulfilling the customers’ demand. Therefore, the company has not achieved the expected result.

5.7 Benchmarking - Competitiveness

In fact, quite a few HR outsourcings are set up and operated in Vietnam’s market, table 9 shortlists several well-known firms in terms of its reputation, size, years in the market, and provided services. There also lists out criteria to evaluate and compare among HR outsourcing firms in Vietnam’s market. The table shows benchmarking score on 1-to-5-scale which can be used as a reference to compare ABC with other key players in terms of price, service provided, delivery time, coverability, and profitability. The highest score is 5 which represents the excellent performance, and the lowest score is 1 which represents the poorest one among selected firms.

The researchers believe that enhancing competitive advantage requires the usage of the company’s strengths and unique capabilities to achieve their expected outcomes. Therefore, through comparing with key players in the market, company not only can find itself the current position but recognize what it should improve and focus on to get its competitive advantages.

	Manpower	Navigos Search	Harvey Nash	Talentnet Corporation	ABC
Price	4	4	4	3	3
Services Provided	5	2	5	5	5
Delivery Time	3	4	3	4	3
Coverability	2	4	2	3	4
Profitability	4	4	3	3	3

Table 9: Benchmarking between ABC and other key HR providers.

Source: Own Research

In comparison with other competitors in Vietnam’s market, ABC could be seen as a potential player. The evaluation table above has shown that ABC’s current strengths is the diversity in provided services and coverability, but factor of price. However, the disparities of those

factors among firms are not so significant that they could be seen as competitive advantages for the company to take consideration and run for in the long-term.

According to some researcher's perspectives, internal capabilities are the **key point to evaluate company's strength, weakness and to compare with other competitors, therefore firms are required to solve more fundamental problems within its internal capabilities. In other words, competitive advantages which should be gained lie on internal capabilities of an individual firm.** Competitiveness or core competence is a capability or skill that a firm emphasizes and excels in doing while in pursuit of its overall mission. Core competencies that differ from those found in competing firms would be considered distinctive competencies. Distinctive competencies that are identified and nurtured throughout the firm, allowing it to execute effectively so as to provide products or services to customers that are superior to competitor's offering, become the basis for a lasting competitive advantage. In order to examine and identify a firm's strategic advantages, the resource – based view creates an approach that analyzes the combination of assets, skills, capabilities and intangible assets of the organization. Those criteria in the table above really play role as tangible competitive factors that helps a firm to compete in the market. However, the disparity in terms of the criteria among firms is not considerably wide, and in the long – term they would not be distinctive when firms reach to the mature stage that they all have the same conventional business operation. Moreover, tangible competitive factors could not be gained without organizational capabilities which are the ability and ways of combining assets, people and processes (Divandri and Yousefi, 2011). Hence, firms should focus on their organizational capabilities to gain competitive advantages in the long-term. Personal skills are always a decisive factor in winning customers and retaining their loyalty for any service providers. Besides, decreasing operation expenditure and innovation focus are the very global trend in HR outsourcing industry that helps a firm to sustain and grow in the long-term. **Therefore, the factors of people, processes and innovation are taken as the most important ones in HR outsourcing industry in general and for the company in particular. They are key elements that the company should focus to develop in order to gain its competitive advantages.**

5.8 Limitation of the Company's Performance

- + The company has not taken any specific actions to identify and implement competitive advantages for itself yet. Competitive advantages are essentially necessary for the company to have in order to compete with other players in the market.
- + Although the company has identified and kept on the right track with its strategy, its process of allocating resources in driving towards the strategy has not been effectively implemented. Besides, the company has not made any specific business model to clearly reveal value creation process in each department so that employees could not be aware of what they have done to make contribution in implementing the company's strategy.
- + The company has not successfully executed its strategy that it has not focused on customer satisfaction. It only concentrates on revenue growth, profitability and target given for employees, which are supposed to be the current measure to assess its efficiency.
- + The company has not seriously taken consideration into their employees which are believed to be the main and important source for the development of the company. In addition, the company has not applied and followed any methods to measure the employee satisfaction which is a very important factor directly influencing in customer satisfaction and customer retention.
- + The company has not collaborated actively its whole system and all processes have not been consistent causing wastes and inefficiency in delivering services.
- + The company has not fully exploited the benefits of technology application to support and stimulate collaborative process as well as develop and attract more new customers.

5.9 Company's current performance management system

At present time, the company does not apply a specific performance management system to monitor their business. The current system simply applies the traditional method of individually checking and reporting without collaboration among the departments, therefore the company has not absolutely solved the existing problems as to performance management as well as the problem of optimizing efficiency in the long-term. Inadequate preparation of effective tool to monitor and measure performance also causes the problem that the company could not identify its core-competence activities to focus on as well as clarify its competitive advantages to outperform other players in the market.

6 ESTABLISHING THE BALANCED SCORECARD FOR DEVELOPING COMPETITIVE ADVANTAGES

The main goal of this project is to define the essential steps to formulate the Balanced Scorecard for the company ABC. Besides, elements need focusing in the Balanced Scorecard are also identified. There are five main steps of establishing the Balanced Scorecard:

- + The first: Determining the company's strategy which would be applied in the BSC
- + The second: The strategy map is set up with the connection among measures of the perspectives
- + The third: The balanced scorecard
- + The fourth: Initiatives with detailed activities of for each elements are suggested and described in the table
- + The fifth: Review of the Balanced Scorecard reveals the process of review and feedbacks after the implementation of activities.

6.1 Determining Company's Strategy

Having such features as increasing revenue, increasing cost, higher investment and especially profitability together with a stable amount of customers, company is assessed of being at the growth stage and its current strategy of expanding market share in the high competitive market is supposed to be on the right track. With the strategy of expanding the market share, there would come up with another business plan that helps the company to achieve the expected objectives of increasing total revenue by 20% and increasing the amount of customers by 20% in the next two years.

However, the current result achieved has been still below expectation and obviously the company has not implemented its current strategy effectively and efficiently. It is likely due to the fact that the company has not yet successfully identified and gained competitive advantages for the sake of playing with other potential competitors. Through the analysis and evaluation above, organizational capabilities could be taken consideration as important and decisive factors that enable company to have its own competitive advantages as well as to achieve the better result with the current strategy.

In the context of rising highly competitive market, the project with the aim to set out a detailed plan based on given competitive factors is expected to help company to win the competitiveness as well as achieve efficiency in the long – term. By using the Balanced Scorecard (BSC) to develop organizational capabilities, project would define and build up the correlation among the most important factors to help the company focus on achieving competitive advantages. Through the Balanced Scorecard, manager of the company would correctly recognize and rigorously evaluate its current situation as well as problems that company is facing with. Concurrently, the Balanced Scorecard enables manager to properly execute and collaboratively manage departments in the company so as to boost them to be more efficient and profitable.

6.2 Identify organizational capabilities: people, process and innovation

According to the resourced – based view, organizational capabilities are generally including factors of people, process, and innovation in the company. In the age of information technology and knowledge-based society, those factors are supposed to be the most influential ones that could drive a company to be successful. With the typical features of a service company that is particularly relevant to people – oriented business, it is obvious that they are also crucial elements in HR outsourcing industry. These factors eventually need specific requirements matching with company's objective and with the aim to expand its market share, ABC would need to set out itself necessary requirements for each elements which should be satisfied as following:

Human Factor

Firstly, the human factor is considered as one of the most influential parts in HR outsourcing company because they directly deliver the service, therefore has an important impact on the quality as well as effectiveness.

+ Working experience: any new staffs or beginners in ABC should have at least 2 years in the same industry because those staffs might have their own personal network as well as database that would benefit company in expanding its market share.

+ Skills: Following direction of expanding market share, it should be essentially necessary for staffs to have analytical and interpersonal skills because they are very valuable and helpful in finding new customers, collecting market information, supporting database for the company. Besides, playing in a highly competitive market with integration of both local and

foreign enterprises, that staffs need equipping themselves linguistic skills helps company to gain higher amount of customers. Interpersonal and social skills are also significant for staffs to help company retain good relationships with their customers.

+ **Knowledge:** Knowledge of business development should be desired because with the aim of expanding the market share, the company needs staffs who understand and independently make their work and consider it as their own business by attracting and getting more customers as well as retaining a good relationship with them. In addition, knowledge in specific industries would be very advantageous as staffs could make critical evaluation, therefore enable them to deliver better quality of services.

+ **Employee Satisfaction:** In search of qualified staffs is not as challenging as successfully retaining them because they are fairly valuable to the company, especially in the phase of growing and expecting to expand the market share. Providing attractive benefit package, clear career path, healthy work relationship and favorable working environment should be done.

Business Process

Secondly, streamlining process is another vital element in improving organizational capabilities. In a highly competitive market, HR outsourcing companies need to be as fast as possible in delivering their service. Moreover, an effectively process would help company utilize its resource as well as save the cost.

+ **Collaborative processes** actually enables company to reduce its waste in term of time-consuming and unexpected expense, for example administrative work. As company aims to expand its market share, it needs to focus on core-competencies to grow the business rather than waste time in non-core activities. Collaborative process would assist company in recognizing how activities and phased should be arranged, so that service would be delivered faster without any impact on quality. The faster service is delivered, the better company gets chance to serve more customers. Furthermore, collaborative process enables company to save expense for unnecessary activities.

+ **After - sale service process** should be focused as it is supposed to be a very potentially valuable for company in retaining customers and expanding its market share. According to Prahalad, Ramaswamy, and Venkartram (2004), it is possible to learn experience of other customers and their opinions of service professionals, thus customers play role in determining the “value bundle” that is more appropriate for them. How the customers can actively

participate in process and how the customers' interactions with the staffs can affect the quality of their overall experience. It is obviously true that the company would get more and more customers' trust and gain benefits if their feedbacks are supportive and positive, then company could not only well retain its customers but get more new ones as well.

+ With the aim of expanding the market share, it is necessary for the company to intensify customers search process. There should have a specific team who is responsible for searching new customers and updating customer's demands and market information in order to know which sectors company should make effort in a given time.

Innovation

Thirdly, in the age of information technology, the company could not ignore innovation factor in developing its business as well as expanding its market share. Especially, for HR outsourcing company, technology plays an important role in speeding up the processes as well as saving expense without any impact on its quality. Importantly, with the aim to expand the market share, ABC needs to exploit the technology as well as apply innovation to serve customers better and attract more and more customers to the company.

+ Database is not only the very enormously important asset but also the key element which play the essential role to any technology application and innovation. It is necessary to keep the database updated as always because there will have usual changes in a sensitive market like Vietnam.

+ Customer Relationship Management system is also required to manage company's interaction with its current customers. Good interaction with customers would benefit company in retaining customers' loyalty and enhancing its prestige in the market. Concurrently, understanding and meeting customers' demands would be quickly and steadily progressed.

+ HR cloud application is suggested as it helps the business process run collaboratively. That staffs would be informed if any changes helps them to save both time and cost. For the purpose of growing market share, ABC probably needs to streamline process as effectively and fast as possible.

6.3 Strategy Map

The strategy map which is integrated with assumed competitiveness advantages describes the cause and effect relationship among elements from four perspectives of the BSC as well as how they fully cooperate with each other in helping company to achieve the objective.

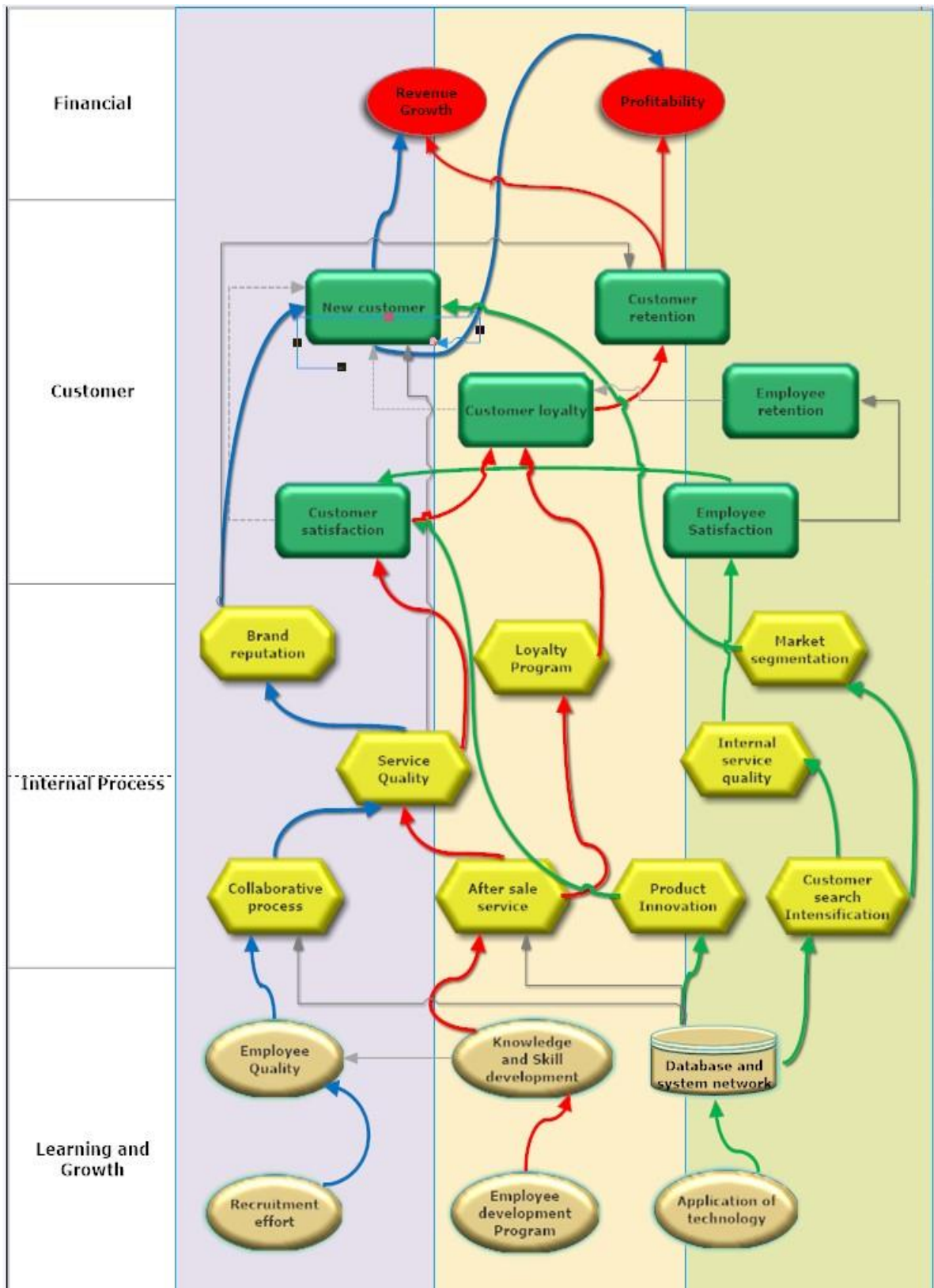


Figure 5: Strategy Map. Source: Own Research.

With the aim of expanding the market share, the measures expected in financial perspective are both revenue growth and profitability. Revenue growth is desired to increase by 20% within one year after applying the BSC. The company also wishes to attract more customers without significant adjustment of price factor that means company does not compete in price with other competitors; therefore its profit margin is not negatively influenced. In order to have revenue growth and profitability, it is obvious that the company should both retain its current customers and increase the amount of new customers, which are supposed to be the targeted objective or generic measures for customer perspective. With the company's objective of expanding the market share, the core measurement group of the customer perspective includes measures of market share, customer retention, customer loyalty, customer satisfaction and employee satisfaction. In fact, it is believed that profit and growth actually are stimulated by customer loyalty which is a direct result of customer satisfaction. Satisfaction is significantly driven by the value of services provided to customers. In addition to external customers, employee satisfaction is considered as internal customers who are believed to be the heart of business because satisfied, loyal and productive employees play immensely important role in creating value for the company. These customer perspective's generic measures show how customers perceive value proposition which should be well – formulated and implemented by internal processes. Internal business processes measures focus on the internal processes that will have the greatest impact on customer satisfaction and achieving an organization's financial objectives. It enables the business to deliver the value propositions that will attract and retain customers in targeted market and concurrently satisfy the shareholder expectation of excellent financial returns. Therefore, how to achieve the three mentioned perspective's objectives, learning and growth perspective would help to provide infrastructure to answer the concern.

In order to get value proposition more extraordinarily outstanding than other competitors, requirements of competitive advantages above must be gained. These requirements are the very foundation to build up generic measures in internal process perspectives and learning and growth perspective. The measures would be listed out and explain in detail as follow:

INTERNAL PROCESS	
Brand Reputation	Image of the company inside customer's minds
Market Segmentation	Different categories of consumers who perceive the full value of services differently from one another

Loyalty Program	Effort that reward and encourage loyal using behavior that is beneficial to the company
Service Quality	A comparison of expectation with performance
Product Innovation	Either new or improved version of offered services
Customer - Search Intensification	A focus on sorting out and gaining customers
Collaborative Process	Process is well arranged and properly combined together
After – Sale Service	Services offer during and after the warranty period
LEARNING & GROWTH	
Employee Quality	Measure productivity of employees in the company
Recruitment Effort	Measure how effectively recruitment based on given standards could bring
Knowledge and Skills Development	Specific knowledge and particular skills necessarily used for the staffs
Employee Development Program	Programs to narrow the gap between current and expected abilities
Database & System Network	Measure how supportive database and system network could be
Application of Technology	Measure level of technology using in different processes which help to boost up efficiency

According to Robert. S. Kaplan and David. P. Norton (1996), a properly constructed scorecard should tell the story of the business unit's strategy through such a sequence of cause-and-effect relationships. Every measure selected for a Balanced Scorecard should be an element of a chain of cause-and-effect relationships that communicates the meaning of the business units' strategy to the organization. Based on this idea, all generic measures above are set up as core outcome measures, which reflect the common goal of the company. Particularly, causal paths from all the measures on a scorecard should be linked to financial objectives which are revenue growth and profitability. Importantly, those linkages which are build

up in the scorecard are based on suggested competitive advantages: factor of human, process and innovation. The linkages play important role in helping these competitive advantages integrate to the company's objective as well as be effectively implemented. The three most important paths in the strategy map would be properly explained as follows:

Path 1: Recruitment Effort → Employee Quality → Collaborative Process → Service Quality → New Customers → Revenue Growth and Profitability.

The competitive advantage in this path is improved employee quality which is supposed to stimulate collaborative process and improve service quality, and implies to increase amount of new customers and achieve revenue growth.

+ Recruitment Effort → Employee Quality: Recruitment Effort would help to clarify needed standards for employees as well as align these standards with company's strategy, backing them in achieving the desired outcomes. Otherwise, company would have to take further time and expense for unnecessarily preliminary trainings for their employees.

+ Employee quality → Collaborative Process: Qualified employees would bring good results for the company and well – performed employees means that they work efficiently and collaboratively in term of time-consuming and quality delivery, benefiting company in saving cost and time without impact on quality delivery. Obviously, the company could reduce cycle – time and unnecessary wastes, boosting efficiency if its whole system could be processed collaboratively and cooperatively. More important, those good employees could work together in an organization would achieve a breakthrough and be extremely beneficial to the company.

+ Collaborative Process → Service Quality: That employees works collaboratively and effectively creates good chances for company to spend time focusing on core-competencies in terms of innovative ideas for quality enhancement rather than wasting time on non – core activities. Concurrently, it enables the company to exploit its sources for boosting and maximizing efficiency in terms of diversifying skills, engaging staffs, building up trust, developing a shared version, and especially driving employees towards common goal of the company, hence encouraging them to make effort in enhancing service quality delivery.

+ Service Quality → Brand Reputation → New Customers: It is obviously true that customers would prefer and come to good provided services, therefore it is important to ensure qualified service delivery to fulfill customer's demands and also get good evaluation from

customers. A good service quality definitely build up a good brand reputation for any company. In the highly competitive market, it is probable that company gets lost in the crowd. Therefore, the company needs to have something different that stands out above the rest if it wants to be different. A positive brand reputation is a good weapon to tell the customers that the business could be the best, the most reliable and impeccable to visit. Also, the customers' opinions could quickly spread out and largely influence in the amount of customers that company could attract.

+ New Customers → Revenue Growth & Profitability: Getting more users of provided services means that company would have higher probability to get higher revenue, hence better chance to get profitability.

Path 2: Knowledge and Skills Development → After-sale service → Service Quality & Loyalty Program → Customer Satisfaction → Customer Retention → Revenue Growth & Profitability.

+ Employee Development Program → Knowledge & Skills Development: Through training course and performance evaluation session, staffs could be aware of their ability as well as knowledge and skills they lack and need enhancing. Especially, that HR outsourcing company is running service requires regularly updated information in the market to adapt with customers' needs.

+ Knowledge & Skills Development → After-Sale Service: One of the important stages in service industry is to offer after-sale service for customers. After-sale service is to handle all problems during and after warranty period and it might be very helpful in building up customers' trust as well as loyalty to the company. In fact, not so many companies can launch this service process adequately because either they are too neglectful to well understand its importance or they do not have enough capabilities in terms of qualified and skills staffs to iron out. In fact, it requires staffs to have problem-solving and critical- thinking skills to handle any issues effectively, therefore it is absolutely indispensable to support and encourage knowledge and skills development program for staffs.

+ After – Sale Service → Service Quality: Being an important stage of business operation, it is necessary to run proper after-sale service so that company would obviously enhance its image in terms of quality of service delivery. Service quality is not only evaluated during period that company processes with customers but after that as well. Certainly, company's

service quality would be highly appreciated and properly assessed if it could serve and launch after - sale service successfully.

+ After – Sale Service → Loyalty Program: After - sale service is considered as an important part in building the customer trust and customer loyalty. It should be listed out in loyalty program which help to retain customers and remind them of how good provided services are.

+ Service Quality → Customer Satisfaction: Quality is one of the most decisive factors that bring success for any firms. In a service firm, quality of service delivery is always the first priority as it directly influence in customers' benefits as well as their evaluation. That customer is satisfied with what they are using mainly depends on the quality of provided service.

+ Loyalty Program → Customer Loyalty: Customer would believe in the provided service and come back to use the service because company not only offer them what they really need but thoughtfully take care of how customers use and if service delivery would meet the customer's demands. Through loyalty programs, company would obviously remind customers of its brand in the competitive market, hence keep them be loyal with the company.

+ Customer Satisfaction → Customer Loyalty → Customer Retention: It is undeniable that when customer is fully satisfied with the provided services, there is no reason encouraging them to find out other services to use. Even they receive offers from other competitors, they at least have in their mind of an existed service partner that they get used to working with. They would be loyal to the service supplier and therefore customer retention would be gained.

+ Customer Retention → Revenue Growth & Profitability: Being able to retain the amount of customers who are using the service is one of the good way to generate revenue for any company. When company could improve its retention of customers, its revenue would be obviously increased and probably gain profit.

Path 3: Application of Technology → Product Innovation → Customer Satisfaction & Application of Technology → Intensified Customer Search → Market Segmentation → New Customer → Revenue Growth and Profitability

+ Application of Technology → Database & System Network: Company is aware of the importance of technology application in running business as in a highly competitive market,

application of technology would help them to serve customers faster and better. Database and system network is the most essential tools to help company boost up their efficiency.

+ Database & System Network → Customer Search Intensification: Database and system networks are effective tools to provide company necessary and updated information so that company could focus on searching their customers. Database and system network probably help to precisely collect and sort out customers' profiles as well as information of different industries in the market so that searching for customers would be implemented fast, widely, deeply and more accurately. As a matter of fact, Vietnam is a very dynamic market with increasingly new growth of enterprises, therefore it is challenging to keep updated without support from intellectual system such as database and other network.

+ Database & System Network → Product Innovation: Database and system network are the very good sources of customers' information or profiles. Database and system network could support staffs to understand customers' demands and be aware of what they should do to satisfy customer's requirements. Then, the company could create and develop themselves innovative products that would be more suitable and convenient for their customers.

+ Customer Search Intensification → Market Segmentation: Customer search intensification would help the company to update itself the information of customers as well as their specific needs and demands. Therefore, the company could identify different market segment that they should focus on and develop suitable services for them. Market segmentation is to involve dividing a board target market into subsets of consumers, businesses, or countries who have common needs and priorities, and then designing and implementing strategies to target them.

+ Market Segmentation → New Customers: During and after identification period, company may collect information of not only current customers but other new firms as well. It is potential for company to find out and gain more customers. With the aim of developing the market share, company would need to attract customers as much as possible.

+ Customer Search Intensification → Internal Service Quality: When intensively conduct customer search, employees would be beneficial of experiencing and recognizing more customers' information as well as their demands. Productivity would have been improved as employees could focus on serving well customers' requirement because they are fully aware of what they should do rather than waste time in unnecessary processes. Wastes are reduced, therefore it enables to improve internal service quality.

+ Internal Service Quality → Employee Satisfaction: That productivity is improving encourages employees to work better and bring them satisfaction. Otherwise, when unnecessary processes and wastes are reduced, employees would be compensated and fulfilled because their time and their energy could be save for core activities.

+ Employee Satisfaction → Customer Satisfaction: If employees are engaged with their jobs, they probably representing organization well. A number of studies have shown that satisfied employees is likely to provide good customer service. Employee satisfactions have great impact on employee commitment and loyalty. Also they might have high energy and willingness to give good service that they can deliver a more positive perception of the service provided.

+ Product Innovation → Customer Satisfaction: When a company makes innovative product, customer satisfaction is achieved and the loyalty of customers also increases towards their product. The value of the innovative product in the view of customer also maximizes. Particularly, customers – the users of products would be satisfied when their expectation meet the performance of the service which should be innovative, creative and especially suitable with customers. Hence, product innovation is one of the importantly necessary factors making contribution to customer satisfaction.

6.4 The Balanced Scorecard

The table below identifies the objectives, measures and targets of the four perspectives of the Balanced Scorecard: financial perspective, customer perspective, internal Process Perspective and learning & growth perspective.

Objective	Measure	Target
Financial Perspective		
<ul style="list-style-type: none"> • Revenue Growth • Profitability 	<ul style="list-style-type: none"> • Percent of revenue growth from new customers • Percent of revenue growth from current customers • ROI, ROA 	<ul style="list-style-type: none"> • Increase by 20% • Increase by 20% • 25% and 20%
Customer Perspective		
<ul style="list-style-type: none"> • New Customers • Customer Retention • Customer Loyalty • Customer Satisfaction • Employee Satisfaction 	<ul style="list-style-type: none"> • Amount of signed contracts from new customers • Percent of business from customer referrals • Numbers of retained customers • Numbers of suggestions for services enhancement from loyal customers • Percent of customers highly satisfied (survey) • Staff turnover rate • Employee satisfaction survey 	<ul style="list-style-type: none"> • Increase by 20% • 20% • 100% • 100% ideas are collected and considered for positive change • 90% • 10% • 90%

Internal Process Perspective		
<ul style="list-style-type: none"> • Brand Reputation • Market Segmentation • Loyalty Program • Service Quality • Product Innovation • Intensive Customer Search • Collaborative Process 	<ul style="list-style-type: none"> • Tolerance of price (Survey) • Brand awareness (Survey) • Number of different targeted groups of customers in the market. • Quality of relationship with customers • Numbers of customers engaged in company's activities. • Service levels (by channels) • Number of new provided services and used by customers • Number of updated information of customers • Productivity level (Number of signed contracts/ employee in one month) • Hours to deliver service 	<ul style="list-style-type: none"> • App. 70% customers would accept the increasing level of price of 10% • 80% evaluation of brand awareness in the top 5 • 90% information collected meet the company's requirement • 100% good feedback from customers • 80% customers' attendance • Over 90% of good evaluation from customers • 80% customer would satisfied with innovative services • 90% collected information is new and useful • 6 – 8 contracts • Decrease by 40%

<ul style="list-style-type: none"> • Excellent after-sale service 	<ul style="list-style-type: none"> • Number of complaints • Number of solved complaints • Customers' evaluation (survey) 	<ul style="list-style-type: none"> • 0% • 100% • 100% good feedbacks
<p>Learning and Growth Perspective</p>		
<ul style="list-style-type: none"> • Employee Quality • Recruitment Effort • Knowledge and Skills Development • Employee Development Program • Database & System Network • Application of Technology 	<ul style="list-style-type: none"> • Key Performance Indicator • Alignment of recruitment policy to the business strategy & number of qualified employees • Test results after training courses. • Number of training courses, and promotion rewards • Number of completed customers' profiles added to the systems • Number of application effectively used 	<ul style="list-style-type: none"> • 100% hit the required target • 100% employees are qualified and match company's requirements • 100% pass • Periodically and special training if necessary • 100% customers' profiles are strongly developed • 100% used applications are effective and supportive

Table 10: The Balanced Scorecard. Source: Own Research.

6.5 Initiatives – Implementation Plan

A detailed plan of how to implement specific necessary activities for the project is clarified in the table below. Different activities will be assigned to response by different departments. Tasks are appointed to individual department based on their functions and roles in the company.

Objectives	Initiatives	In-charge by
Financial Perspective		
<ul style="list-style-type: none"> • Revenue Growth • Profitability 		
Customer Perspective		
<ul style="list-style-type: none"> • New Customers • Customer Retention • Customer Loyalty • Customer Satisfaction 	<ul style="list-style-type: none"> • Giving awards and priority for clients who refer services to other customers, keep regular report of which sources of getting new customers is the most effective • Approach customers regularly every two weeks to keep in touch closely • Loyalty programs for premium customers • Occasional meeting with customers and present giving on special occasions. • Designing and distributing questionnaires to measure customer satisfaction and loyalty as well as receiving their feedbacks through online and offline channels. At least 80% customers should be surveyed. • Quarterly collect feedbacks as well as suggestions from customers to monitor customer satisfaction 	<ul style="list-style-type: none"> • Business Development Team • Business Development Team • Business Development Team • Business Development Team • HR Department

<ul style="list-style-type: none"> • Employee Satisfaction • Brand Reputation 	<ul style="list-style-type: none"> • Monthly collect employees' feedbacks. If any problems, they need solving immediately and avoid lasting over 1 week. • Quarterly implement team-building to encourage social connection among employees 	<ul style="list-style-type: none"> • Marketing Team
<p>Internal Process Perspective</p>		
<ul style="list-style-type: none"> • Market Segmentation • Loyalty Program • Service Quality 	<ul style="list-style-type: none"> • Identify the image that the company expects to become, then choose suitable marketing activities to communicate and recall the image regularly. • Be active in social networks by increasing attendance in network events and other occasional important meetings. • Build up professional staffs. • Annual review, analyze and evaluate the market based on developed database and system network. Conduct research on market segmentation if any big change using cluster analysis and segmentation tree. • Set up simple points system that rewards frequent customers • Staffs are required to daily keep updated information of customers and keep them posted in the database. Importantly customers' complaints are regularly updated and immediately solved. • Create and implement service mapping to visually define service system and display each sub-process in the system. Service mapping includes: lines of visibility 	<ul style="list-style-type: none"> • Marketing Team • Marketing Team • Business Development Team

<ul style="list-style-type: none"> • Product Innovation • Intensive Customer Search • Collaborative Process • Excellent after-sale service 	<p>which separates visible processes to the customers and fail points which leads to system redesign.</p> <ul style="list-style-type: none"> • Weekly meeting among staffs in each department to share knowledge, experience and especially specific challenging cases that staffs have to solve themselves. • Employee satisfaction is always prioritized through recognition and awards, positive working environment, promising career path, and competitive benefits. • Carry out regularly annual research on different market segment to identify customers' needs and deliver the most suitable services to their demands. • Encourage loyal customers to suggest enhancement service for the company. • Make use of the benefit of database system to group common customers' profiles so that provided service could be better and more suitable. • Set up a specific team to have an in-depth work that focuses on customer search • Monthly review the whole work system and redesign working process to reduce unnecessary work and other wastes. • Different departments need to hold monthly meeting with individual staffs to review their work as well as their results. • Weekly review customers' complaints and come up with solutions at the soonest time. 	<ul style="list-style-type: none"> • All departments • Marketing Team • Marketing Team • All Departments • Business Development Team • IT Team
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	<ul style="list-style-type: none"> • Network system must always be an effective channel to communicate as well as receive feedbacks from customers. Set up system of automatic letters to respond to customers and to confirm to receive their requirements. 	
Learning and Growth Perspective		
<ul style="list-style-type: none"> • Employee Quality • Excellent Recruitment Effort • Knowledge and Skills Development • Employee Development Program • Database & System Network 	<ul style="list-style-type: none"> • Place employees in the right positions which are potentially suitable with their abilities. • Carefully sort-out staffs in the recruitment process. Candidates from HR department, HR companies and Sale Department are always preferable. • Set up occasional trainings for staffs and encourage social connection in the company through weekly review session among staffs in order to spread knowledge and skills tacitly. • Exploit the benefits of training on jobs for new staffs. • Monthly require staffs self – assessment • Implement and develop programs of career development, management development for staffs. • Drive employees toward customer- oriented attitude. • Weekly check system status in order to avoid technical error. If any problems, need to be reported and solved immediately. • The database system security needs upgrading and improving and strictly protected to ensure customer profiles be confidential. 	<ul style="list-style-type: none"> • HR Department • HR Department • HR Department • HR Department • IT Team

<ul style="list-style-type: none">• Application of Technology	<ul style="list-style-type: none">• Apply HR cloud application, Customer Relationship Management System and strongly develop internal database.	<ul style="list-style-type: none">• IT Team
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Table 11: Implementation Plan. Source: Own Research

6.6 Review of the Balanced Scorecard

In order to ensure the quality of all activities implemented in the project, it is necessary a reviewing step that would be done quarterly. This review stage would help to avoid mistakes that probably cause inefficiency in the long term because in case there is any unexpected results happen to affect the whole process, managers should take actions immediately. Concurrently, the review step is very important to identify and evaluate which activities are essentially crucial to focus on and which are unnecessary, then the company could adjust and manage itself.

The review process includes three main steps which are respectively arranged as followed:

+ Firstly, feedbacks could be received via several channels such as email, hotline and the website of the company. All feedbacks would be weekly collected and sorted into main groups that need to be noticed. This step should be implemented by the HR Department as part of their administrative tasks.

+ Secondly, all the main issues will be quarterly reviewed by the board of management including both senior managers and middle managers. Discussion of those problems would be took place and assigned to a specific department to solve.

+ Thirdly, managers of each department would be responsible for figuring out the root cause of the problem and fixing them by working out with their staffs.

6.7 RISK ANALYSIS

The company should be aware of risks when implementing the Balanced Scorecard as they might have impact on the results as well as the efficiency of the project. Risks that company should take consideration to ensure the success of the project are listed as follows:

Lack of middle management commitment

The balanced scorecard requires middle management team actively engage in the project as they are directly involve in transforming and aligning organizational processes and system to the strategy. Firstly, they have to articulate the organization's strategy, so company might face the risk that the middle management do not well understand the organization's strategy when building the Balanced Scorecard. Otherwise, middle management team is unlikely to have enough knowledge and skills to formulate the Balanced Scorecard and link to the business's strategy. But even more important than that, the process of building an effective scorecard

requires an emotional commitment from them. They are expected to invest their effort and time to the project. Particularly, there are hours of their time for meeting, discussing about the objectives and measures on the organizational scorecard and the cause-and-effect linkages. Besides, they are responsible for assigning tasks for staffs and guiding them in specific activities in the development of scorecard process. Therefore, it is necessary to build up and maintain commitment of middle management level.

Change in the Top Management Board

As the Balanced Scorecard is a strategic management, it needs to be involved from the top level down to all lower level in the company. In fact, the scorecard is designed and implemented from senior management level, therefore the objectives, the measures and the target in the Balanced Scorecard would be adjusted if there is change in the top management board. Different managers would have different perspectives in the ways of running business, hence leading to differences in the goals as well as the way of reaching the goal. The Balanced Scorecard above is set to the current structure with fixed positions of top management board, thus it might carry the risk if any change of top management board, which might lead to different management perspectives, then cause mistakes in choosing objectives and measures.

Too few individuals involved

Building the balanced scorecard requires a consensus from the top level down to divisions, business units and departments. The company need to involve a broader set of people in the scorecard creation process, therefore the company probably has to face the risk of getting too few participants involve in the project. As a matter of fact, people are expected to attend more meetings, and arrange more schedule to review, discuss, and then drive the scorecard development process. Obviously, too many meetings that needs the regular involvement of staffs would cause difficulties as well as challenging for them. Hence, intensive interactions among staffs in the creation process of the balanced scorecard might get some obstacles at the initial stages.

Treating the Balanced Scorecard as a System Project

One of the most common risks that many companies have to face when implementing the Balanced Scorecard is their ways of doing the Balanced Scorecard as a system project rather than as a management project. The balanced scorecard might require all staffs to be familiar with a new system that they are not used to working before. Thousands and millions of observations

data would be collected and require staffs to get to know it. Therefore, automating and facilitating access to the extensive data is probably what staffs have in mind rather than develop the Balanced Scorecard.

Treating the Balanced Scorecard as onetime event

The scorecard should not be seen as a one-time event because it is a continuous management process. The objectives, the measure, and the data collection will be modified over time, based on organizational learning. The team might believe that it must have valid data for every measure on the scorecard, so it spends months refining the measures, improving data collection processes, and establishing baselines for the scorecard measures. It probably happens to the company that its staffs do not take it serious consideration as a long-term development of the company, therefore their participation or their implementation are not sufficient and effective enough to gain the good results. In fact, the scorecard is a living documents which help the management board of the company to review and resource allocation processes. However, how to encourage people fully involve and actively work with it is a challenging task.

6.8 COST ANALYSIS

With the aim of building the Balanced Scorecard to gain competitive advantages, the company might have to take consideration of costs that the project would bring along. The table below lists out all relevant costs to the Balanced Scorecard.

Type of Costs	Cost Description	Estimated Cost
Variable Costs	<ul style="list-style-type: none"> • Training cost for employees • Occasional presents for customers • Occasional networking events 	<ul style="list-style-type: none"> • \$4000 • \$2000 • \$3000
Fixed Costs	<ul style="list-style-type: none"> • Set up new team for Intensive Customer Search • Conduct intensive research • Set up HR Cloud Application • Set up CRM • Upgraded Database System 	<ul style="list-style-type: none"> • \$21600 • \$2000 • \$6000 • \$3700 • \$10000

Total Cost		\$52300
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Table 12: Estimated Cost. Source: Own Research.

Variable Costs

Variable costs are costs which are dependent on the number of activities might be occurred during the time implementing the project. There are three main variable costs that the company should be aware of:

+ **Training cost for employees:** Depending on the number of employees who need to be trained as well as the necessity of each training session.

+ **Occasional presents for customers:** Except for the cost for annual gifts that the company currently uses and applies for their customers, the company might increase their expense for other occasional gifts for their customers to build up the relationship as well as strengthen the connection with customers. Hence, they have to cover the cost of those extra presents which would depend on specific occasions. Those occasion of giving gift might be the foundation anniversary of customers or congratulation on a special event of an individual customer.

+ **Occasional networking events:** As planned in the project, the company needs to increase its participant in networking events, therefore the company might need to allocate more their expense on it. Except for the annual HR Day regularly celebrated in Vietnam, the company is suggested to take part in monthly business meetings where network connection could be widely share and the opportunity to spread out the brand name would be higher

Fixed Costs

+ **Set up new team for Intensive Customer Search:** There requires a team of at least 3 staffs to intensively focus on searching for customer as well as investigate their demands. Those staffs would be in charge of searching in different industries. Their wages are estimated around \$600/month/employee, which could be calculated as: $3 * \$600 * 12 = \$21,600$.

+ **Conduct intensive research:** if the company used to conduct short research every two years, the project requires to conduct research in-depth research every year to keep all the information as to the market updated. The marketing department needs a team of 3 staffs who would be mainly responsible for researching, collecting and analyzing data and information. Expense used for these processes are estimated in a package of \$2000, including: transportation expense, and other allowance during the field trips.

+ **Set up HR Cloud Application:** HR Cloud is a new concept as well as a new system that the company need to invest to enhance the collaboration among processes as well as increase efficiency. The offered price from different suppliers for the company is estimated around 10\$/month/employee. The HR cloud is supportive for department directly delivering services, therefore company needs to pay for 50 staffs. Therefore the cost for 1 year would be calculated as: $50 * 10 * 12 = \$6000$

+ **Set up Customer Relationship Management System (CRM)**

Running CRM system is not an easy task for any service company and ABC is not an exceptional. It takes time and effort to both set up and work with the system. The company is suggested to use CRM Software from Oracle (Base Option): \$3700. Besides, it requires a project manager who would be responsible for setting up and guiding all the employees to get to work with the system for first 2 months. IT Department also needs to involve in term of technical problem with the system.

+ **Upgraded Database System**

As suggested from the IT department, there are some functions of the database need improving and upgrading

+ Code fixing to improve the working speed of the system: \$2000

+ Upgrade version with more functions and new features: \$6000

+ Upgrade hardware: \$2000

In total, it requires at least \$10,000 to upgrade the database system in term of speed, features and functions. It is necessary for the company to improve as it really help to save time for their staffs as well as the total cost in the long-term.

6.9 TIME ANALYSIS

Building up the Balanced Scorecard to improve the competitiveness encompasses quite a few activities as well as tasks which are closely interact with each other. In other words, they might be dependent on each other to complete the project. Therefore, it is important to have a good plan in which the activities should be orderly arranged. Critical Path Method (CPM) will be used in the project of building the Balanced Scorecard in order to identify which tasks care critical and non-critical and also the shorted time by which the project could be completed.

In order to implement the Balanced Scorecard, ABC must finish the following activities with the required predecessors:

Activities	Description	Predecessor
A	Analysis the current strategy of the company	
B	Analysis the current performance management of the company	A
C	Defining business strategy for the company for the next year	B
D	Identifying competitive advantages for the company	C
E	Setting the objectives for four perspectives: Finance, Customers, Internal Process and Learning & Growth based on given competitive advantages	D
F	Linking all the defined objectives of the four perspectives in order to achieve the suggested competitive advantages.	E
G	Forming the strategy map	F
H	Identifying the measures for each objectives	G
I	Proposing implementation plan for individual measures in the previous step	H
J	Upgrading database system in the company	I
K	Setting up CRM system and linking with the database	J
L	Setting up HR Cloud System and linking with the database	J
M	Proposing an effective recruitment policy	J
N	Conducting research and proposing training plans for staffs	K
O	Setting up system of automatic letters to respond to customers and to confirm to receive their requirements	K
P	Conducting research on market segmentation	L
Q	Setting up simple points system that rewards frequent customers	M

R	Setting up a specific team to have an in-depth work that focuses on customer search	L
S	Designing and distributing questionnaires to measure customer satisfaction	L
T	Reviewing all the activities	I,J,K,L,M

Table 13: Key tasks and activities with predecessors for implementation of the Balanced Scorecard. Source: Own Research.

The above activities and their predecessors with three possible situations – optimistic, most likely and pessimistic times to complete each activity will be shown in the following Figure 6 Appendix I will represent the optimum solution of PERT method for the completion time for the Balanced Scorecard. The earliest start, earliest finish, latest start and latest finish of all activities are also mentioned and the completion time is 27.5 weeks

Activity Number	Activity Name	Immediate Predecessor (list number/name, separated by ',')	Optimistic time (a)	Most likely time (m)	Pessimistic time (b)
1	A		1	1	2
2	B	A	2	2	3
3	C	B	1	1	2
4	D	C	1	1	2
5	E	D	2	3	4
6	F	E	1	1	2
7	G	F	1	1	2
8	H	G	2	3	4
9	I	H	2	3	5
10	J	I	3	4	6
11	K	J	3	3	4
12	L	J	2	3	4
13	M	J	1	1	2
14	N	K	2	2	3
15	O	K	1	2	3
16	P	L	2	3	4
17	Q	M	1	1	2
18	R	L	1	2	3
19	S	L	1	2	3
20	T	I,J,K,L,M	2	3	4

Figure 6: Activities, predecessors and the three possible completion times for each activities (in week). Source: Own Research.

PERT analysis also points out the three critical paths that the company is able to choose one of them in order to establish and implement the project with the same completion time in 27.5 weeks.

03-18-2015	Critical Path 1	Critical Path 2	Critical Path 3
1	A	A	A
2	B	B	B
3	C	C	C
4	D	D	D
5	E	E	E
6	F	F	F
7	G	G	G
8	H	H	H
9	I	I	I
10	J	J	T
11	K	T	
12	T		
Completion Time	27.50	27.50	27.50
Std. Dev.	1.01	1	0.87

Figure 7: Critical Paths of Activities for the Project. Source: Own Research.

6.10 PROJECT EVALUATION

Project implementation is expected to help the company to get its competitive advantages and be able to achieve better results in the near future. The two main tasks that need implementing in the project include: the former one is an analysis of the strategy as well as the performance management of the company and the latter is to build up and implement the Balanced Scorecard based on identified competitive factors for the company. From the analysis part, the company is evaluated that its current strategy is on the right track, however its outcome has not been expected and it has not been strong enough to compete with other competitors in the market. As a matter of fact, company has not identified and gained itself the competitive advantages. Therefore, the second part of the project is to build up and implement the Balanced Scorecard to help company to have competitive advantages as well as improve its performance. The objectives, together with measures and initiatives are strongly suggested in the project, especially the linkages among objectives with cause-and-effect relationship are significantly important to help the company to achieve the best results. All the activities are required to have review in order to ensure the success of the project. Besides, cost, time and risk analysis are precisely discussed and revealed in the project.

CONCLUSION

The thesis aims to propose the implementation project of the Balanced Scorecard to improve the competitiveness for the company ABC. Existing in a growing dynamic and highly competitive business environment, in order to achieve the leading position as well as maximize the efficiency, the company ABC needs to identify and develop its own competitive advantages. The 21st century has witnessed the emergence of information age or knowledge-based age and the economy is rather knowledge and service than product driven. The fact that industrial competition is shifting to information age competition has produced changes in factors for competitive success. The information age environment requires new capabilities that exploitation of intangible assets or invisible assets has become far more decisive than investing and managing physical or tangible assets. Intangible assets mentioned in the thesis are divided into three main factors: human, process and innovation. The Balanced Scorecard is believed to be one of the most effective tools with its four main perspectives: financial perspective, customer perspective, internal process perspective and learning & growth perspective to greatly and actively assist in monitor and measure such intangible assets. Therefore, the implementation of the Balanced Scorecard to improve the competitiveness of the company ABC is supposed to be suitable and applicable to the objective of pursuing the leading position of the company in the next coming years.

The thesis consists of the two main parts which are theoretical part and analysis part. The former introduces the Balanced Scorecard method, the concept of competitiveness and reveal how the Balanced Scorecard is able to assist in improving the competitiveness. The latter firstly comes up with practical analysis of the current situation of the company and points out competitive advantages that the company needs to focus on and develop. Factors of human, process and innovation are chosen to be the important and decisive elements and needed focusing to help the company to achieve its objectives. The implementation of the Balanced Scorecard consists of four main stages are to intend to help the company enhance and boost up those mentioned factors. Firstly, company's vision and strategy are clearly defined. Secondly, objectives and generic measures for the four perspectives are identified and linked together in the manner of cause-and-effect relationship to translate the defined strategy in the 1st stage. Thirdly, a table of specific and detailed initiatives to implement those mentioned objectives is planned and set with the particular targets. Finally, the project comes up with the evaluation stage which requires review and feedbacks from all the activities carried out in previous steps.

With the focus on intangible assets, almost key activities are suggested to implement in the Balanced Scorecard lies in internal perspective and learning & growth perspective. A detailed plan and initiatives are developed in the Balanced Scorecard, so that the company is believed to achieve its expected competitive advantages if they could successfully and properly implement the project.

At the end of the thesis, cost analysis, time schedule and risk management are discussed to complete the project of implementation of the Balanced Scorecard. The cost for the project is estimated and it is supposed to be reasonable with the size of the company. The project will face with some risks in which lacking of middle management commitment and treating the Balanced Scorecard as a onetime event are supposed to be the highest one. The company can limit the risks by firstly be aware of its existence and making suitable adjustment if any change might happen.

In a nutshell, the project of implementation of the Balanced Scorecard to improve the competitiveness of the company ABC is believed to be very suitable and applicable. Based on the analysis of the current situation of the company ABC, it is the right time for carrying out the project to help to company to gain competitive advantages and achieve its desire to become the leading HR outsourcing firm available in the market. The implementation of the project for the company is also considered as a necessary step for the new cycle of the development.

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LIST OF ABBREVIATIONS

BSC Balanced Scorecard

HR Human resource

CRM Customer Relationship Management

PMS Performance Management System

ESS Executive Search Specialist

WTO World Trade Organization

APEC Asia Pacific Economic Cooperation

GDP Gross Domestic Product

CPI Consumer Price Index

ROI Return on Investment

ROA Return on Assets

PERT Program Evaluation and Review Technique

CPM Critical Path Method

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APPENDICES

Appendix I: Result of PERT method for activities in the project of implementation the BSC

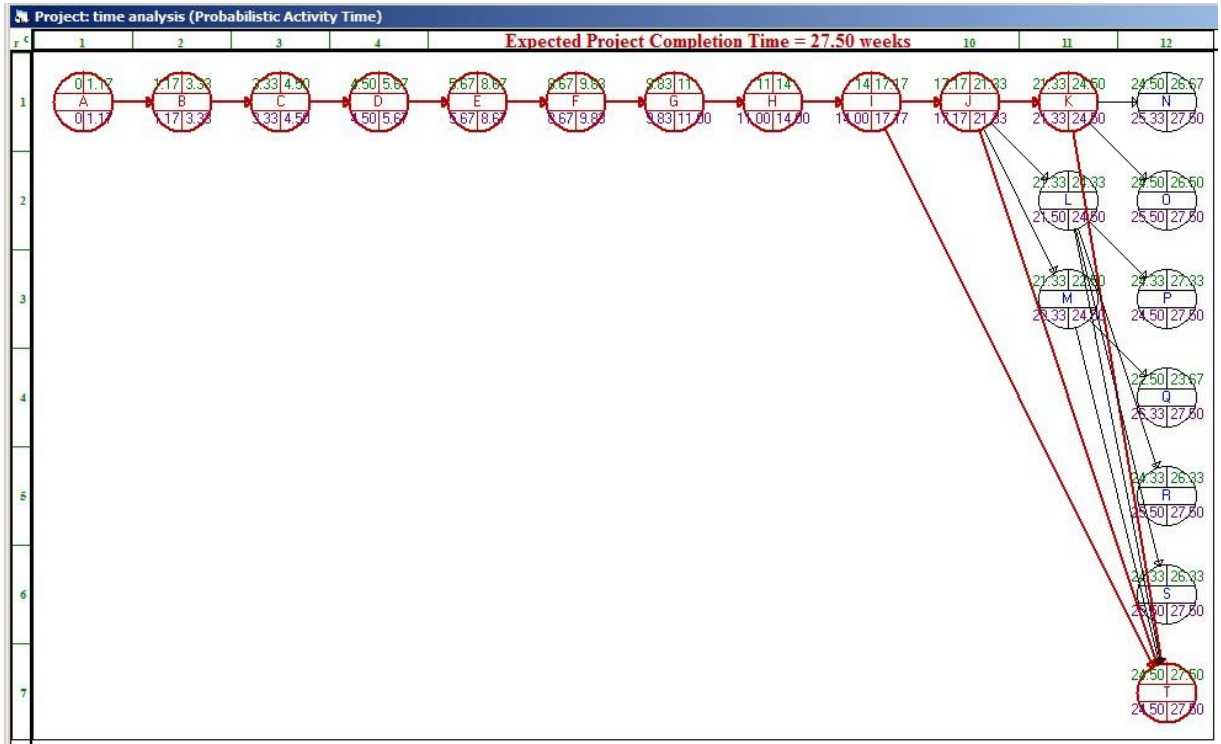
Appendix II: Graphic solution for the project of implementation the BSC

Appendix III: Gantt chart solution for the project of implementation the BSC

Appendix I: Result of PERT method for activities in the project of implementation the BSC

04-11-2015 13:45:52	Activity Name	On Critical Path	Activity Mean Time	Earliest Start	Earliest Finish	Latest Start	Latest Finish	Slack (LS-ES)	Activity Time Distribution	Standard Deviation
1	A	Yes	1.1667	0	1.1667	0	1.1667	0	3-Time estimate	0.1667
2	B	Yes	2.1667	1.1667	3.3333	1.1667	3.3333	0	3-Time estimate	0.1667
3	C	Yes	1.1667	3.3333	4.5	3.3333	4.5	0	3-Time estimate	0.1667
4	D	Yes	1.1667	4.5	5.6667	4.5	5.6667	0	3-Time estimate	0.1667
5	E	Yes	3	5.6667	8.6667	5.6667	8.6667	0	3-Time estimate	0.3333
6	F	Yes	1.1667	8.6667	9.8333	8.6667	9.8333	0	3-Time estimate	0.1667
7	G	Yes	1.1667	9.8333	11	9.8333	11	0	3-Time estimate	0.1667
8	H	Yes	3	11	14	11	14	0	3-Time estimate	0.3333
9	I	Yes	3.1667	14	17.1667	14	17.1667	0	3-Time estimate	0.5
10	J	Yes	4.1667	17.1667	21.3333	17.1667	21.3333	0	3-Time estimate	0.5
11	K	Yes	3.1667	21.3333	24.5	21.3333	24.5	0	3-Time estimate	0.1667
12	L	no	3	21.3333	24.3333	21.5	24.5	0.1667	3-Time estimate	0.3333
13	M	no	1.1667	21.3333	22.5	23.3333	24.5	2	3-Time estimate	0.1667
14	N	no	2.1667	24.5	26.6667	25.3333	27.5	0.8333	3-Time estimate	0.1667
15	O	no	2	24.5	26.5	25.5	27.5	1	3-Time estimate	0.3333
16	P	no	3	24.3333	27.3333	24.5	27.5	0.1667	3-Time estimate	0.3333
17	Q	no	1.1667	22.5	23.6667	26.3333	27.5	3.8333	3-Time estimate	0.1667
18	R	no	2	24.3333	26.3333	25.5	27.5	1.1667	3-Time estimate	0.3333
19	S	no	2	24.3333	26.3333	25.5	27.5	1.1667	3-Time estimate	0.3333
20	T	Yes	3	24.5	27.5	24.5	27.5	0	3-Time estimate	0.3333
	Project Completion Time	=	27.50	weeks						
	Number of Critical Path(s)	=	3							

Appendix II: Graphic solution for the project of implementation the BSC



Appendix III: Gantt chart solution for the project of implementation the BSC

