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PERFORMANCE MANAGEMENT OF
UNITED KMK COMPANY LIMITED

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ABSTRACT

The study focuses on performance management of United KMK Company limited. The objectives of the study are to identify performance management practices of United KMK Co: Ltd and to analyze its financial and non-financial performance. Descriptive research method is mainly applied to this study. Primary data was collected from face to face interview with the management of United KMK Co; Ltd. Throughout the study, the results interpret that the usage of non-financial measurement in the United KMK Co; Ltd is going through the improvement in the performance. The study found that market share in frozen shrimp and prawn export increases year by year. It also found that the customer complaint rates decrease year by year. The internal business process measures pointed out that productivity ratio decreases year by year starting from 2013-2014 to 2015-2016 because of the labor migration over the years. The company should pay attention to the measurement of customer internal business process and learning and growth perspective as they have considerable effect on performance measurement.

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LIST OF ABBREBIATIONS

BSC	Balanced Scorecard
PM	Performance management
FY	Financial Year
GDP	Gross Domestic Product

CHAPTER I

INTRODUCTION

Fish and fisheries are an integral part of most societies and make important contributions to economic and social health and well-being in many countries and areas. It has been estimated that approximately 12.5 million people are employed in fishery-related activities, and in recent years global production from capture fisheries has tended to vary between approximately 85 and 90 million tonnes. The products from those fisheries are utilized in a wide variety of ways, ranging from subsistence use to worldwide exchange as relatively sought-after and distinctly-valued items. The value of fish traded across the world is approximately US\$40 billion per year.

Though the potential of fishery export is high, there was no fishery export of Myanmar during the twenty centuries. The business environment in Myanmar has changed in the past three decades. After nearly half a century of isolation, followed with the aid of five years of reform-pushed growth, Myanmar's financial system is currently expanding at a record rate. As of past due 2015 rising investment, developing exports and steadily growing foreign involvement have been predicted to push GDP increase to 9.3% during FY 2015/16, which results in March 2016, according to government estimates. This follows on five years of average annual GDP increase of around 7.5% since the current thaw began in 2011, which has had a positive impact on the daily lives of a large segment of the population (Oxford Business Group, 2017).

The length of economic expansion is a result of two main causes: a raft of new government liberalization regulations, that have made it a whole lot simpler to do business in the country, and the reality that Myanmar started from a low development base in 2011, which has supposed extensive scope for boom as its economic system performs capture-up. In 2017, the entire shrimp farming location in Myanmar became 241,718 acres. Three quarters of shrimp ponds are located in Rakhine, Ayeyarwady counts for 25% and Yangon for 8%(Oxford Business Group, 2017).

The shrimp area in Rakhine is dominated with the aid of small-scale producers. Farmers typically control large ponds with extensive production systems that are locally called trap and hold systems where in the main species is

Penaeus monodon (black tiger shrimp), but additionally *Penaeus indicus* (white shrimp) and other wild species can be located. The same type of systems is found in the southern parts of the Ayeyarwady delta. The semi-intensive shrimp farms are mostly located close to Yangon in Kayak Tan and in the west of the Ayeyarwady delta close to Ngwe Sung. Freshwater prawn is mostly grown in the Ayeyarwady delta in polyculture ponds where small and larger scale farmers grow rice and fish (Seafood Trade Intelligence Portal, 2017).

Although shrimp exports from Myanmar largely consist of peeled products that are raw block, semi-IQF or individually quick frozen (IQF), a number of the packers including United KMK Co., Ltd also process frozen products. The frozen products are mostly exported to Japan and the Hong Kong and are produced according to buyer's requirement. In tight fiscal times after the Rakhine crisis, many shrimp exporters started to face a decline in total export volume. Therefore, the study is intended to analyze the performance of United KMK Co., Ltd. in Myanmar using Balance Scorecard.

1.1 Rationale of the Study

The purpose of the performance measurement is to evaluate the performance of a company in the competitive business environment. Performance management plays a vital role to improve the performance of the company by identifying an obstacle in the system. Performance management of manufacturing firm has vital role in the improvement of performance. Performance measurement evaluates the organization profile in globalization market. It has component to measure performance one is financial and other is non-financial. Top management desires economic measure for control level decisions but lower management and employees need operational measure for daily business. There are various methods to measure performance measurement. In the present study, performance measurements mainly focus on the customer, internal business process, learning, and financial perspective known as Balance Scorecard (BSC) method.

The BSC is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization

performance against strategic goals. It became originated through Dr. Robert Kaplan (Harvard Business School) and David Norton as a overall performance measurement framework that added strategic non-financial overall performance measures to standard financial metrics to give managers and executives a more 'balanced' view of organizational performance (Balancedscorecard.org, 2019). While the phrase balance scorecard changed into coined within the early 1990s, the roots of the this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting within the 1950's and the work of French process engineers in the early a part of the 20th century(Hbr.org, 2019).

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic making plans and control system. The new balanced scorecard provides a framework that not only provides performance measurements, however facilitates planners become aware of what need to be carried out and measured. It allows executives to actually execute their strategies. Recognizing some of the weaknesses and vagueness of previous control methods, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective. In the turbulent business environment of today, many shrimp exporters are facing many problems due to frequent changes in the international and local context. This paper explores the use of the Balance Scorecard as a performance management of United KMK Co., Ltd.

1.2 Objective of the Study

The main objectives of the study are as follows:

- 1) To identify performance management practices of United KMK Co: Ltd
- 2) To analyze its financial and non-financial performance

1.3 Scope and Method of the Study

In this study, the main focus is on developing the financial and non-financial performance measures using the Balance Scorecard Framework for United KMK Co., Ltd during the period from financial year 2013-2014 to 2017-2018. Descriptive research method is mainly applied to this study. Primary data was collected from face-to-face interview with the management of United KMK Co., Ltd. Moreover,

secondary data was collected from company records, previous research studies and relevant international studies through education portal. All the data collected shall be utilized using the appropriate financial and non-financial ratios based on the Balance Scorecard of the performance measurement.

1.4 Organization of the Study

This study is organized into five main chapters. In chapter one, the content includes the introduction, rationale of the study, objectives of the study, scope and method of the study, and the organization of the study. Chapter two presents literature review of performance management and performance measurement using the Balance Scorecard tool. In chapter three, it contains the profile of United KMK Co., Ltd and its current management conduct. Chapter four is the analysis of performance management of United KMK Co., Ltd. Chapter five concludes the findings, recommendations and suggestion of the study.

CHAPTER II

LITERATURE REVIEW

This chapter provides the literature review concerning the theories and research finding from previous studies. The chapter includes overview of performance management, role of performance measurement, perspectives of the balance score card and balance score card as performance measurement tool.

2.1 Definition of Performance

The definition of performance is the process or method of acting or carrying out, the execution of fulfillment(of a responsibility) and many others, a person's fulfillment under test conditions etc and the return on an investment, esp in stocks and shares and so on.(Thompson Ed. 1995 p1015). Performance consists of such opportunity terms as accomplishment, achievement, realization and success. Performance is country, sector and culture specific. The whole factor of measuring results is to improve overall performance, through the intermediate process of creating individuals more accountable for the results of their actions.

2.2 Overview of Performance Management

Performance control has constituted a system of linking corporate strategies and objectives with the desired performance required by an organization (Nani, Dixon & Vollman 1992). Furthermore, performance could measure the utilization of resources by the agency while effectiveness measures the customer's requirement and needs which had to be fulfilled by way of the enterprise (Neely 1995).The traditional management control systems have been obsolete because of the lack of ability to provide the relevant information for decision-making (Johnson & Kaplan 1987).Hence, a new overall performance management system which could be relevant, timely and able to produce the necessary information has been located to be vital in this information era (Otley 1999).However, Otley (1999) proposed that there are two major roles for the performance management as follows: Firstly, performance management have to make sure that the employees usually comply with the rules and procedures at all times in order to protect the interests of the organization all the time.

Secondly, the new performance management must have the capability to motivate the employees to act in accordance with the organizational goal.

Furthermore, some scholars have claimed that performance management has been found to involve some processes of quantifying action that should lead to performance (Neely, Gregory & Platts 1995). The limitation of the top down approach was discovered and suggested that the performance management should include conscious reflection of the strategy, objective and the organizational culture (Smith & Goddard 2002). However, Bitticci et al. (1997) have commented that the performance management should provide an insight on the review and planning procedures that have been linked to the overall objectives and mission of the organization with the individuals. Despite the increasing attention among scholars on Performance Management, the inclusion of both effectiveness and efficiency have found to be important because they would provide a greater insight on the performance level (Slack 1991). Prior research indicates the usage of the traditional Performance Management would not allow the firm to progress effectively due to the lack of useful information. Therefore, a decision could not be made effectively resulting in an ineffective mechanism to govern an organization (Johnson & Kaplan 1987). Later, Johnson and Scholes (1997) proposed that the use of the Balanced Scorecard (BSC) model by Kaplan and Norton in 1992 had been the most comprehensive because the BSC could combine both quantitative and qualitative measures and could also acknowledge the expectations of the stakeholders in the public sector.

2.3 Definitions of Performance Management

Performance management targets to get higher results for the organization via the measurement and evaluation of individual performance. Performance management is approach of having better outcomes by means of managing performance within an agreed framework of goals, standards and competence requirements. It is a process to establish a shared understanding about what is to be achieved, and an approach to managing and developing people in order to achieve it (ACCA, 2013).

Performance Management, as defined by Armstrong (2009) is a process designed to improve organizational, team and individual performance and this is owned and driven by the line manager. The process of performance management combines information gathered through the monitoring of goal completion, feed-back

and discussions. By analyzing successes, strengths, learning from mistakes and by examining ability for growth and improvement, organizations can develop talent, enhance individual overall performance and weed out problems but that is easier said than finished (Armstrong, M.& Baron, A, 1998). Armstrong and Baron (1998) described it as “A strategic and incorporated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by way of developing the capabilities of groups and individual contributors”. While Aunis (2009) views overall performance management as a continuous procedure of identifying, measuring and developing performance of individuals and groups and aligning performance with the strategic goals of the organization. It also evaluates the improvement being made toward the success of organizational strategic business objectives (Bridger, 2014).

2.4 Role of Performance Measurement

Performance measurement is a key function in organization, Performance measurers provide real added value, with feedback into the decision process and analysis of structural issues. Performance measures are in effect alternative risk controllers able to protect the firm from effects of failing to meet client expectations (Bacon, 2008). In larger and more complex corporations, measures are also expected to roll up from the bottom to the top of the business, to cascade down from top to bottom, and to facilitate performance comparisons throughout business and functional units the look ahead, look back, motivate, and compensate purposes of overall performance measures are placed outside the organizational pyramid because they are common from the smallest and least formal to the largest and most organized firms (Niven, P.2002). By contrast, the rollup, cascade-down, and compare purposes, which become significant as firms grow in size and complexity, are placed within the pyramid because they are artifacts of organization. Second, look ahead and look back are placed at the peak of the pyramid because measures having these purposes gauge the economic performance and past accomplishments of the firm as a whole, whereas motivate and compensate are at the bottom of the pyramid because measures having these purposes motivate and drive the compensation of individual people (Gumbus, A.& Moura E Sa, P,2001).

During early 1980s several organizational managements have been persuaded that traditional measures of financial performance do no longer help in effective management. Arguing that executives should track financial in addition to non-financial metrics, Robert Kaplan and David Norton (1992) in their first article “The Balanced Scorecard Measures That Drive Performance”, devised an organized Balanced Scorecard. They realized that even though traditional financial performance measures worked well for the industrial era, but were presenting to be inadequate in measuring the capabilities and competencies essential for survival in changing economic environment. The Balanced scorecard identifies the influence of non-financial factors upon strategic success and present advantages over historical performance measures. It is a set of measures that offers top managers a fast but comprehensive view of the business (Gumbus, A. & Lyons, B, 2002).

It is described that performance measurement is the procedure of quantifying the competence and achievement of past action. Through the years, the Balanced scorecard has developed, from the performance measurement tool which was introduced by Kaplan and Norton (1992), that may be a tool for implementing strategies (Kaplan and Norton, 1996) and a construction for determining the arrangement of organization’s information, human and organization capital with its strategy (Kaplan and Norton,2004).

Over the beyond few many years, the complicated international business surroundings and increasing business competitiveness have highlighted the importance of performance measurement. Performance measurement methods have been extensively followed in many industries and they had acquired an increasing number of interest (Yang, John, Albert, Chiang & Daniel, 2010).Owing to current pressures attributed to technological and competitive changes faced by all sectors, overall performance measures and measurement continue to be critical to the tracking, control and improvement of the competitive performance of organizations. In this context, understanding the scope, frequency and relevance of different performance measures available to executives is essential to the process of integrating the different dimensions of organizational performance.(Gomes, Jabbour, Adriana & Charbel, 2011).The performance management (PM) approach is used most often in the workplace but applies anywhere people interact—schools, church buildings,

community meetings, sports activities, health setting, governmental corporations, and even political settings. Performance management principles are needed wherever in the world people interact with their environments to provide desired results. Cultures are totally different but the laws of behavior are the same worldwide.

2.5 Definitions and Purpose of Balance Score Card

The BSC was first developed by Robert Kaplan, and Professor David Norton in 1992. BSC was first mentioned by Johnson and Kaplan (1987) in their book "Relevance Loss". The roots of BSC were further documented in 1990, when the Nolan Norton Institute, the research arm of KPMG auditing company, sponsored a one-year, multi company study, called "Measuring Performance in the Organizations of the Future" (Kaplan and Norton, 1996). The study, according to Kaplan and Norton (1996), was motivated by a belief that existing performance measurement tools, mainly focusing on financial accounting measures, were becoming outdated.

The term "balanced" means that each indicator or measure has its own weight that shows its relative importance. These weights help companies know which goals, indicators, and tasks are most important to their strategy. In addition, the term also leads firms to have a balanced view of business activities as whole. This includes internal processes, customer relationships, learning and growth, as well as finance. In this view and according to Kaplan and Norton (1996), companies should balance financial and non-financial perspectives. Consequently, this balanced view provides an objective benchmarking indicator for evaluating the progress in achieving an organization's strategic objectives. The balanced also means that companies should balance their objectives. Furthermore, BSC enables companies to develop a more comprehensive view of their strategic and operations management.

The BSC considers objective and subjective indicators since it balances lag (past) and lead (future) perspectives. The lag perspectives generally recognize the importance of the past performance (i.e., customer satisfaction and profit). These indicators are objective and firms can easily access them, but they are inadequate for predicting the future. On the contrary, the leading indicators are subjective indicators. Thus, BSC includes a mix of lead and lag indicators to complement and benefit the shortcomings of one another. On one hand, lag indicators without leading measures

do not communicate how objectives are going to be achieved. On the other hand, leading indicators without lag measures may demonstrate short-term improvements but do not identify whether these improvements, translated into results for customers, ultimately allowing firms to achieve their mission. In summary, failure to keep balance among the four perspectives may result in a continuous decline in business performance due to a lack of investment in process and customer perspectives. This failure may inhibit the achievement of short-term financial returns, leading to the discouragement of employees who are unable to effectively survive the decline in the future strategic objectives. Kaplan and Norton (1996) claim that a balanced view protects companies from ultimate failure by supporting a worthy circle of investment in the future of the organization. This leads to an improvement in a company's services and enhances the customer relations. This in turn produces better financial results. Furthermore, the balanced view helps companies understand the needs internal and external stakeholders resulting from investment in research and development, which in turn improves the competitive environment.

Table 2.1 The Main Objectives of Each BSC Perspective

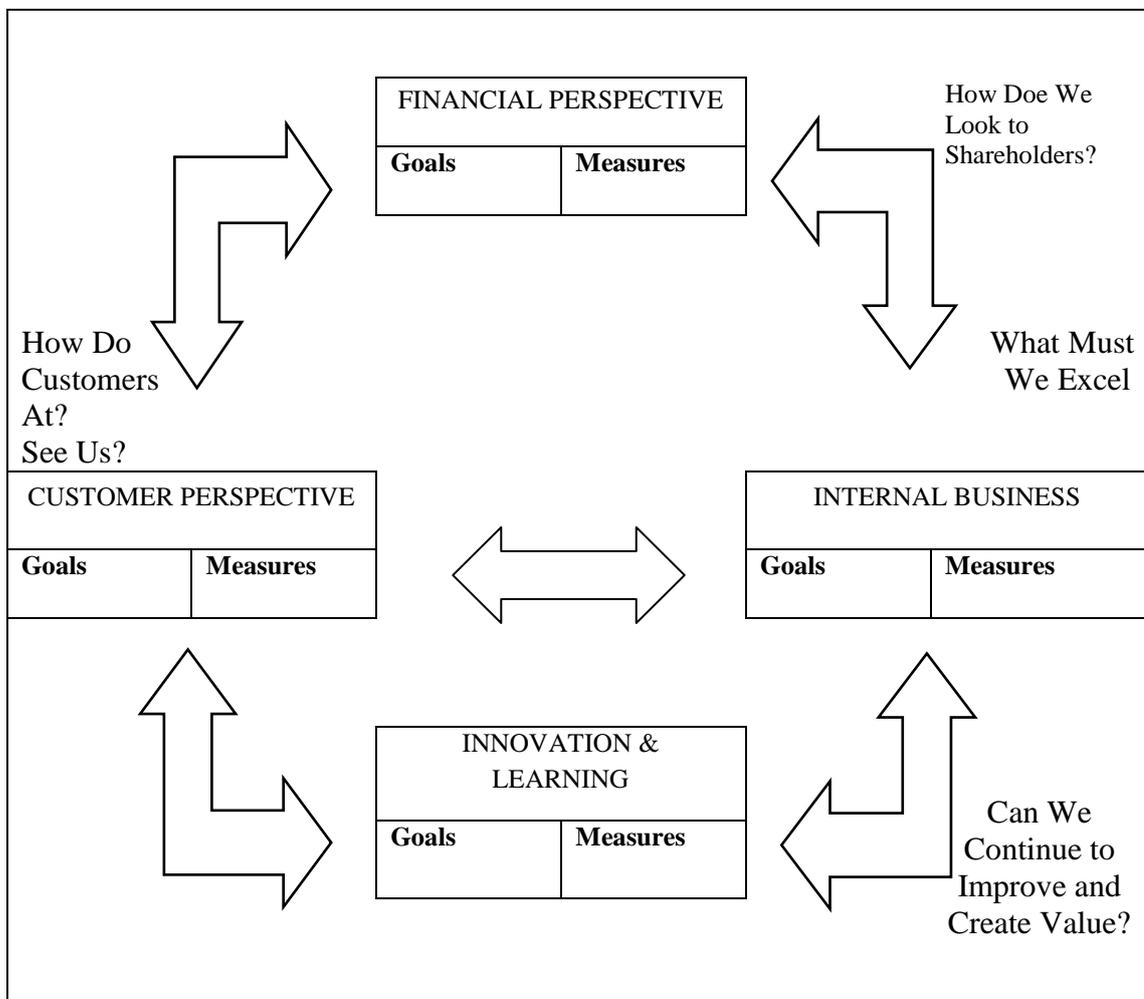
BSC Perspectives	Objectives	Stakeholder
Financial perspective	Profitability	Shareholder
Customer perspective	Market share	Customer
Internal process perspective	Productivity, product leadership and public responsibility (legal and ethical behaviour, and responsibility to stakeholders including shareholders, vendors, dealers, distributors, and communities)	Customer and shareholder
Learning and growth Perspective	Personnel development, employee attitudes, balance between short-range and long-range objectives	Employees

Source: Kaplan (2010)

Performance Measurement Using Score Card: The goal of a scorecard in an organization is to provide decision makers with data they need to identify and solve

problems and to improve performance where necessary. The mission faced by way of maximum designers of scorecards is coming up with meaningful measures which have integrity. Most measures which are easy to track are of dubious value and are sometimes worse than no longer having any data at all. Another problem is that such a measurement can be time consuming and expensive. Kaplan and Norton (1992) introduced the BSC as a multi-faceted management tool. They aimed to provide a strategic tool to overcome the shortages of previous methods for performance management. Kaplan and Norton (2001) consider that BSC is not only a performance measurement system, but also a step towards a strategic performance measurement and management system.

Figure 2.1 First & second generations of BSC



Source : Lawrie and Cobbold (2004)

According to figure (2.1) Lawrie and Cobbold has been developed BSC

through three generations or versions. The first generation of BSC introduces four perspectives: financial, learning and growth, internal process, and customer perspectives. In this version, companies use specific multi-dimensional perspectives for strategic performance measurement that combines financial and non-financial strategic measures. As such, companies should assign goals and measures for each perspective. In the second generation, companies should be able to link the multidimensional perspectives of the first generation with the strategy of the business. In other words, the relationship between BSC perspectives should take a cause and effect shape. In this generation, firms should show how perspectives influence each other. Figure 2.1 summarizes the first and the second generation of BSC as presented by Lawrie and Cobbold (2004). In the third generation, BSC considers the importance of incentives. Thus, this generation implements a strategy by defining objectives, outcomes of action plans, and also links BSC with incentives. In other words, the strategic map of a particular firm should include the incentive system that links the performance of the business strategy with the employees' incentives (Lawrie and Cobbold, 2004).

BSC as a strategic management tool includes many management principles, as explained by Kaplan and Norton (1996, 2001, and 2004a). First, BSC enables companies to link their activities with their business strategy. Second, companies align BSC to their strategy, since all business units and different management levels contribute in aligning the strategy. The third principle of the strategy concurs that once employees understand and are motivated, the strategy becomes everyone's daily responsibility. Fourth, Kaplan and Norton (1996) consider that BSC is a continual strategic learning process making everyone on board and help in achieving the strategy. Kaplan and Norton (2001) assert that BSC is also a management tool for change and improving the competitive environment. BSC identifies areas where the firm's strategy is successful and where it needs improvement. Thus, companies should change their policies and procedures to address the areas of improvement.

The BSC according to the literature of Kaplan and Norton (1993) is a communication management tool. One of the key contributions of BSC is that employees are motivated by a clear strategy, presented by the organization. Employees want to understand the link between their activities and the organization's

mission, vision, values and strategy. These ideas are based mainly on the effectiveness of the communication tool in spreading the knowledge. The literature also suggests that applying internal and external communication can secure full benefits of BSC. The internal communication is applied to direct action and communicates it with employees. The strategy and performance must provide clarity of objectives for all levels within an organization. Therefore, it helps to synchronize the activities of all employees towards commonly stated objectives. External communication enables companies to learn and to understand the needs of the external stakeholders. Companies can do this by using comparability, visibility, controlled release, and open access methods. For instance, comparability means that performance indicators (PIs) of BSC provide a standard means of comparing one organization with another (Bourne et al., 2002).

Kaplan and Norton (1996) recognize BSC as a performance management tool provides clear, understandable, and achievable measures. BSC is also known as a KM tool that secures a smooth flow of information as well as the knowledge within the business levels and departments. Furthermore, KM enables firms to exchange knowledge with the stakeholders (Bourne et al., 2002). Since the year 1992, a considerable volume of studies have been produced that either complement or criticize the implementation of BSC in general. These studies all produce success and non-success stories as exemplars. The reviewed literature on BSC suggests two conflicting stories regarding the influence of BSC on the organizations. It also shows that organization's successfully communicate BSC with the lower management levels and they claim that BSC has a great impact when deployed to drive organizational change (Kaplan and Norton, 1996). The cause and effect relationship is confirmed as a crucial dynamic system in applying BSC. Companies that correctly apply the cause and effect relationship show good improvement in achieving the strategy (Kaplan and Norton, 1996).

2.6 Perspectives of the Balance Score Card

Kaplan and Norton articulated four perspectives which can manual corporations as they translate into actionable items. For each of the perspective, there will be strategic initiatives and plan measurement to see how the action is being implemented. The four BSC perspectives are detailed below.

2.6.1 Financial Perspective

Kaplan and Norton (2001b) define the financial perspective as the strategy for growth, profitability, and risk, viewed from the perspective of shareholder. They claim that for companies to succeed financially, they should satisfy their shareholders. In Kaplan and Norton literature, financial perspective is placed at the top of BSC hierarchy. In addition, this perspective is a lagging measure (what has happened in the past). Huang (2009) considers that the financial perspective evaluates the contribution of the firm strategy, implementation, and execution to bottom-line improvement. Thus, the main concern of the financial perspective is to maximize the shareholder value.

This business economic value can be increased through the basic approaches of revenue growth and productivity. A revenue growth strategy includes two components: (i) building the franchise with revenue from the new market, new products and new customers; and (ii) increasing sales to the existing market and customers by enhancing the relationship with them, and suggesting complete solutions. A productivity strategy also includes two components, which are improving the cost structure by lowering the direct and indirect costs, and utilizing assets more effectively by reducing the fixed and the working capital. Shareholders are interested in several measures evaluating the efficiency of financial perspective. Return on capital, cash flow, and operating income all reflect the short-term preference. Gearing ratios, market share and sales growth reflect the long-term outcomes and uncertainty (Kaplan and Norton, 1993).

Kaplan and Norton (2001a) claim that financial measures alone are inadequate at measuring and managing firm's performance. Malina and Selto (2001) claim that financial measures concentrate on the current impacts of decisions without a clearly linking short-term actions and long-run strategy. Another drawback is that financial information is based on past performance but communicates little about long-term value creation.

2.6.2 Non-Financial Perspectives

The innovation of BSC provides a new dimension to performance management and measurement. Non-financial perspectives enable managers to look at

the broader picture of the business. In addition, they help companies to link their internal activities with the desires of the stakeholders. Furthermore, non-financial perspectives make managers link business unit activities to long-term goals.

(i) Customer Perspective

Kaplan and Norton (1992) consider the customer perspective as the main leading indicator. The central importance of the customer perspective is how companies satisfy their customer needs. Chavan (2009) suggests that customer satisfaction can be achieved by product/service attributes, customer relationships, and image and reputation. Kaplan and Norton (1992) suggest that the customer perspective includes several measures, such as, customer satisfaction, retention, new customer acquisition, market share, customer profitability, and percentage of unprofitable customer.

Kaplan and Norton (1996) claim that by fulfilling customer satisfaction, the organization is then headed to achieve customer retention and customer acquisition. Customer retention is a process in which companies give the customers more than what they expect, thus making them more loyal advocates to its brand/service. Customer acquisition is the rate at which companies attract or win new customers or business and it can be measured by either the number of new customers or the total sales to new customers (Kaplan and Norton, 1996).

Kaplan and Norton (1996) suggest that customer profitability can be grown by customer satisfaction and higher market share, which in turn achieve higher financial returns. Market share reveals how well a company is penetrating a desired market. Kaplan and Norton (1996) reveal that poor performance in customer perspective as a leading indicator of future decline may threaten the company's strategy even though the current financial picture may look good. These measures help managers to ensure that they meet the expectations of their customer within a reasonable cost. Irala (2007) suggests that the customer perspective helps companies to continually support their customers.

(ii) Internal Process Perspective

So far, the financial and customer perspective aims to satisfy shareholder and customer, respectively. The internal process satisfies both the internal and the external stakeholder. According to Kaplan and Norton (2001a), the internal business process perspective enables managers to identify the processes that are critical to achieving customer and stakeholders' objectives. They suggest that the internal process can help managers define a complete internal process value chain that starts from the innovation process and carries through to the post-sale service.

According to Kaplan and Norton (1996) the internal processes can be categorized as follows: (i) operations management, which can improve asset utilization and supply chain management (SCM); (ii) customer management, which checks the process of enhancing customer value and includes selection, acquisition, retention, and growth; and (iii) innovation processes, which shows the process of supplying new products and services. The innovation process also includes the research and development process, design and delivery, and launching products. The internal process perspective integrates the internal business activities to ensure that the companies' products and services meet the requirements of stakeholders. Kaplan (2010) suggests some metrics for the internal process: product defects, total manufacturing time, order entry time, and supplier defects to examine the performance of the BSC.

Farooq and Hussain (2011) suggest that the main concern of the internal process is to improve order processing, delivery, manufacturing, and products, to satisfy the customer and increases financial returns. To do this, managers should carry out a continuous internal analysis not only to assess the internal processes of the organization, but also to review innovation. This is particularly important since global competition has decreased the amount of time organization's have to bring their products to market successfully.

(iii) Learning and Growth

The learning and growth perspective is the fourth BSC perspective; it is generally a leading indicator enabling companies create long-term growth and improvement. The learning and growth perspective (or innovation perspective) is a

framework for quantitatively assessing employee satisfaction, productivity, and retention. The main objectives of this perspective are employee goals, information systems, and organizational alignment (Kaplan, 2010). Kaplan and Norton (1992) suggest that organizational learning and growth includes three main capitals: human capital, information systems capital, and organizational capital. According to Farooq and Hussain (2011), this perspective is the foundation of BSC strategy success since it involves employee skills and information systems (Kaplan and Norton, 1996). This perspective can include factors such as employee satisfaction, alignment of employee skills with jobs, the number of employee suggestions implemented, and hours of employee training.

The learning and growth perspective is concerned with the enhancement of employees' skills by applying different techniques. This can include relocating them to other departments, implementing incentive programs designed to motivate employees to provide suggestions, and the receipt of education or training and/or tenure through continued employment (Niven, 2002). In addition, Kaplan and Norton (1992) suggest that companies have to invest in inter-skilling employees, enhancing information technology and systems, and aligning organizational procedures and routines. Improving the employees' skills may increase employee satisfaction and employee retention, which in turn creates a new competitive environment.

Kaplan and Norton (1992) suggest that employees' incentives should be aligned with overall organizational success factors. Kaplan and Norton (2004a) claim that the success of BSC depends on the involvement of employees in the BSC learning process. They claim that the corporate cultural attitudes related to both individual and corporate self-improvement is one of the main determinants of BSC success. They suggest that information technology is key and important for KM to produce a continuous learning process at all business levels. Metrics may be put into place to guide managers in focusing training funds in which they could assist the most. Learning and growth constitute the critical foundation for success of any knowledge-worker organization. Kaplan and Norton (1992) emphasize that learning is more important than training since the learning process includes things like mentors and tutors within the organization.

Kaplan and Norton (1992) suggest three main measures for the learning and growth perspective. The first measure is employee capabilities, which include employee satisfaction, staff turnover, productivity, and the number of employees qualified for key jobs. The second is information technology, which includes the information coverage ratio and return on data. The third measure is motivation and alignment, which includes suggestions received, suggestions implemented, and rewards provided.

2.7 Balance Score Card as Performance Measurement Tool

Kaplan and Norton (1996) consider that BSC provides clear, understandable, and achievable measures. They claim that the number of measures does not matter, if it is not absorbed by the company. The importance of these measures is clear, understandable, and achievable, and whether they represent a single strategy. Furthermore, to increase the impact of BSC, measures should also be easily understood, which makes them easy to communicate. In addition, Niven (2002) points out that managers should have common definitions of measures for the sake of alignment, and the single strategy. Accordingly, when BSC is viewed as the manifest action of a single strategy, then the number of measures does not matter. They suggest that between 15-25 measures is an ideal number for companies to formulate and communicate with their strategy.

Niven (2002) argues that selecting the measures is a fundamental process in building BSC. The measures track the story of the organization's strategy; therefore, they need to be linked to the strategy. Niven (2002) and Kaplan and Norton (1996) agree that companies should have a number of operational "diagnostic" measures, i.e. measures that are important in day-to-day functions, and strategic measures "drivers of business". Olve and Wetter (1997) suggest that the number of measures in each perspective should not at the most exceed 10, but ideally should stay between 3 and 5. Anthony and Govindarajan (2001) suggest that too few measures may lead to oversimplification and too many may lead to loss of focus. In addition, Schroeder and Clark (1998) explain that the cognitive approach of human information processing, suggests that humans do not easily understand and absorb too many measures and that large quantities of information may therefore weaken the decision making process.

Companies may have hundreds of measures, which may raise questions if these measures are necessary; they are insufficient; they are controllable; these measure are what we expect, and these measures are considered as drivers for business. BSC measures should be subject to intensive and extensive scrutiny from senior and middle-level managers. In addition, these measures should be evaluated on the basis of new information about competitors, customers, markets, technologies, and suppliers. Choosing the right measures and right number of measures is definitely one of the most crucial steps in building BSC. According to Kaplan and Norton (1993), if the organization uses a developed information technology, the number may also rise accordingly. Kaplan and Norton (1992) claim that the measures suggested by BSC are quantitative and are not subjective measures (such as “good” or “fair”). Therefore, these measures are always relevant and accurately measured for what they intend to measure. The success of these measures, according to Niven (2002), merely depends on the availability and accessibility of data from the highest to the lowest levels.

CHAPTER III

BACKGROUND INFORMATION OF UNITED KMK COMPANY LIMITED

This chapter presents the background history of United KMK Co., Ltd. It includes the overview of United KMK Co. Ltd, Organization Structure of United KMK Co., Ltd and performance management practices in United KMK Co., Ltd.

3.1 Overview of United KMK Co., Ltd

The United KMK Co., Ltd is one of the top twenty fishery product exporters in Myanmar. The United KMK Co., Ltd is a private seafood company located in the commercial city of Yangon in the Union of Myanmar. Yangon is regarded as the seafood trading capital of Myanmar with close proximity to the fishing grounds and with direct logistic solutions to the continent. The main business of the United KMK is supplying seawater shrimps/prawns from some of the Myanmar's finest factories and vessels to the world market since the company was founded in 1996.

The United KMK was established as a private entity of cold storage and processing plant in 1995 and full operation in 1996. The company has a total of approximately 150 employees in their cold store and processing plant. The main production is seawater shrimps/prawns such as white and pink. All is like as organics product with no feed, no treat any chemical. All was caught by natural deep sea. Processing idea is such as IQF (Individual Quick Frozen), Semi-IQF and Block Frozen. Mainly exported to Japan and Hong Kong and are produced according to buyer's requirement.

With more than 20 years of experience in the international seafood business, The United KMK understand the importance of supplying their customers the right quality to the right price at the right time. The company has a strict focus on quality of both the products they offer and of their customer service. The company has a close relationship with some of international largest logistic companies and together they offer a fast logistic solution in order to supply their marine products to the world market with a minimum of delay and hassle for their customers.

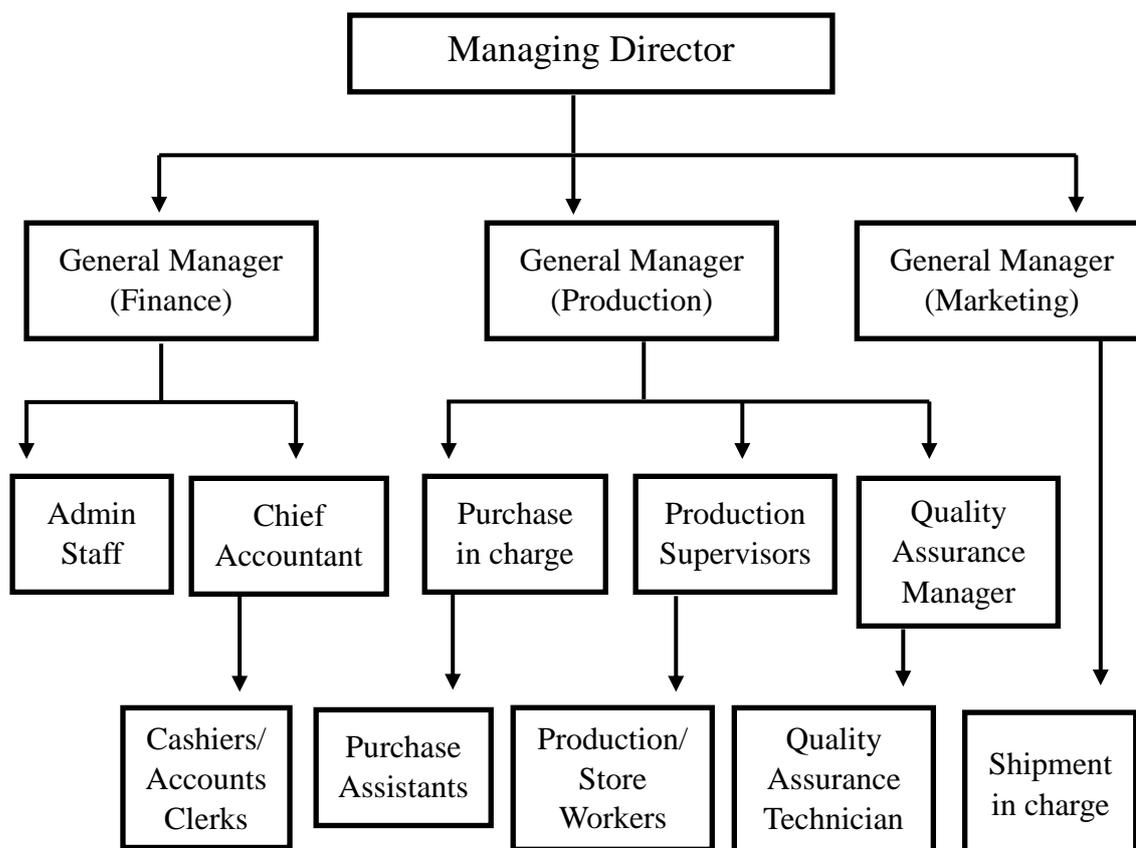
The vision of United KMK Co., Ltd is to be the fishery export company consistently supply high quality of frozen shrimps and prawns to the world market. The mission statement is to build a sustainable, locally sourced supply chain alongside a factory and distribution center that brings new levels of hygiene and internationally recognized certification; which further enables an efficient and tailor made delivery service, wherever and whenever it is needed.

The core values by the United KMK are described as follows: Performance, High quality & sustainability, and Customer focus and responsibility.

3.2 Organization Structure of United KMK Co., Ltd

The United KMK Co., Ltd organization chart is shown in Figure (3.1) below.

Figure (3.1) Organization Chart of United KMK Co., Ltd



Source: United KMK Co., Ltd, 2019

As shown in Figure (3.1), the managing director is the top of the whole organization. The three departments are below the executive office of the managing director. These departments are production department, finance department and marketing department. Each department has at least one department head (top management level), supervisors (middle management level) and staffs (lower management level). There are three prominent positions working under the general manager of production: purchase-in-charge, production supervisors and quality assurance manager. Purchase-in-charge supervises purchase assistants; production supervisors oversee production and store workers; and quality assurance manager have an authority over quality assurance technicians. Under the general manager of finance, two main positions are admin staff and chief accountant, which in turn supervises cashiers and account clerks. The one and only position of shipment-in-charge works under the general manager of marketing. The temporary workforce of production and store workers varies in accord with seasonal demands and supply availability.

3.3 Performance Management Practices in United KMK Co., Ltd

The primary sources of financial information come from the annual report of United KMK Co., Ltd. The United KMK Co., Ltd is subject to strict requirements concerning financial reporting with respect to compliance with Myanmar Financial Reporting Standard and based in historical cost conversion. Therefore, financial information is reliable, transparent, consistent and timely reporting of financial performance enhances the confidence of shareholders and stakeholders in the United KMK Co., Ltd and provide an equal opportunity to act on such information. Indicators of financial perspectives are considered whether the company meets the expectations of its shareholders and how it creates values for them. Thus, the selected indicators are gross profit margin, net profit margin, return on assets and return on equity.

The major sources of non-financial information come from face-to-face interviews with managing director and three general managers of United KMK Co., Ltd. Non-financial performance indicators are considered from three different perspectives namely; customer, internal business process and learning and growth. The selected indicators of the customer perspective are total market share of the

company and rate of customer complaints on both quality and on-time delivery. The selected indicators of the internal business process perspective are productivity ratio and defect rate. The selected indicators of the learning and growth perspective are investment in information and communication technology (ICT) and training courses provided by the United KMK Company Limited.

The company's Managing Director(MD) is responsible for the daily activities and decisions such as planning , organizing, motivating ,staffing and controlling. Among these activities are managed by MD are management of hiring , developing, training and evaluating the performance of employees and staffs and controlling investment in order to keep the foundation financially healthy. At the operational level, there are three department responsible for the daily activities of the Finance Department , Production Department and Marketing Department. The Staff returned their standard for achieving them because this was the first time they were participating in the planning process and performance measure were part of their daily activities.

United KMK approach to the customer has contributed to add value to customer in several ways. The customer enjoy benefits such as more quality, easy payment terms and good delivery environment. In terms of internal process performance development the current practice of reaching the customer had contributed to improve operational efficiency and quality to considerable extent. The head of department were confident that the United KMK Co., Ltd Framework had helped to focus on objectives and performance indicators were important tools for helping to control performance and targets. When the Managing Director proposed different set objectives the idea behind the action was a transform each department into a single business unit. The company had developed in-house technical skills and introduced efficient systems for operating process.

CHAPTER IV

ANALYSIS ON PERFORMANCE OF UNITED KMK COMPANY LIMITED

In this chapter, detail discussions and analysis of the study with findings are presented. The financial and non-financial performance evaluation are obtained from a thorough analysis of the company's financial statements and annual report. Each financial and non-financial performance indicators are presented independently in a graph or a table. The analysis is presented in the following sequence; financial perspective and non-financial perspectives including customer, internal business process and learning and growth in accord with Balance Score Card (BSC). The timeframe of this analysis is limited to comparison among financial years starting from 2013-2014 to 2017-2018.

4.1 Analysis of Financial Perspective

The analysis of financial perspective is considered whether the company meets the expectations of its shareholders and how it creates values for them. In order to analyze the financial perspective of the United KMK Company Limited, gross profit margin, net profit margin, return on assets and return on equity are calculated and interpreted.

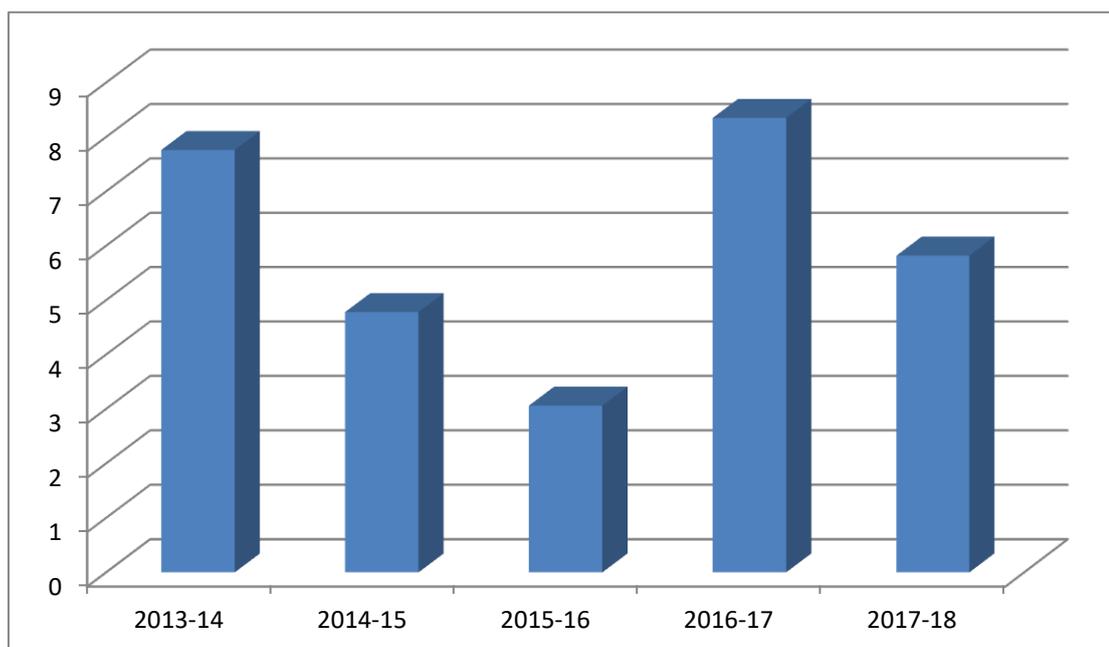
4.1.1 Gross Profit Margin

The gross profit margin is a metric used to determine the financial health of a company. It indicates the percentage of funds remaining after removing the cost of goods sold from the revenue figures. In addition, the gross profit margin indicates the company efficiency of raw materials and labour during the working process. The higher the gross profit margin percentage, the more funds are available to reinvest, save and/or pay expenses and there are more efficiency to control raw materials and labour. Therefore, it is one of the most important factors for performance evaluation of the company. The gross profit margin for the five years' period from 2013-2014 to 2017-2018 are shown in the following table (4.1).

Table 4.1 Gross Profit Margin of United KMK Co. Ltd

No	Year	Gross Profit (Kyats)	Revenue (Kyats)	Gross Profit Margin (%)
1	2013-2014	92,119,584.30	1,187,861,362.30	7.76
2	2014-2015	241,262,907.83	5,043,017,286.90	4.78
3	2015-2016	311,017,488.33	10,180,488,627.81	3.06
4	2016-2017	1,018,502,749.07	12,202,774,642.32	8.35
5	2017-2018	338,856,690.90	5,817,913,087.90	5.82

Source: United KMK Co., Ltd (2019)

Figure 4.1 Gross Profit Margin of United KMK Co. Ltd

Source: United KMK Co., Ltd (2019)

According to Figure (4.1), the gross profit margin decreased year by year starting from 2013-2014 to 2015-2016. The gross profit margin of the year 2015-2016 is the lowest (3.06%) because the increase of revenue (101.87%) preceded over the increase of gross profit (28.91%). The decrease in gross profit margin was mainly contributed from the remarkable decrease in sales during the political transaction period in Myanmar. The gross profit margin of the year 2016-2017 is the highest (8.35%) because that year of gross profit significantly increased (227.47%) over the

past year 2015-2016. According to above data, United KMK can maintain gross profit margin around 8% 2016-17 due to the efficient management of cost of good sold. United KMK Co., Ltd gross profit margin show gross profit return on sale percent was average over 5.95% on all years.

4.1.2 Net Profit Margin

The net profit margin is equal to how much net income is generated as a percentage of revenue. Net profit margin is the ratio of net income to revenues for a company or business segment. Net profit margin is normally expressed as a percentage but can also be represented in decimal form. Net profit margin is one of the most important indicators of a company's financial conditions. By monitoring will increases and decreases in its net profit margin, a company can assess whether current practices are working and forecast profits based on revenues. The net profit margin for the five years' period from 2013-2014 to 2017-2018 are shown in the following table (4.2).

Table 4.2 Net Profit Margin of United KMK Co. Ltd

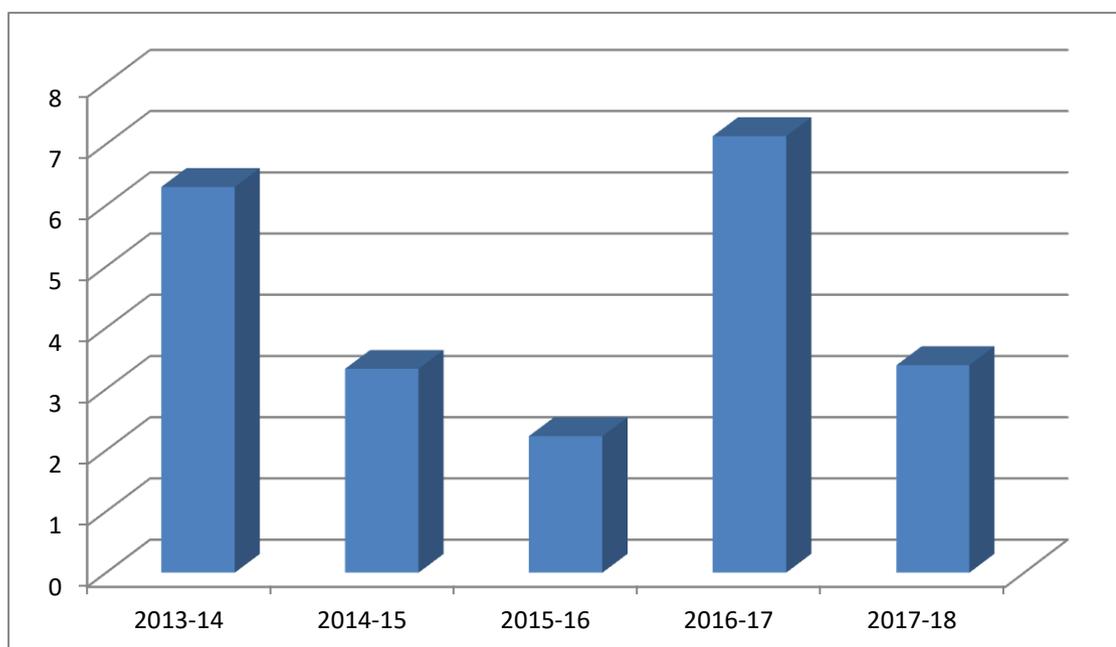
No	Year	Net Profit (Kyats)	Revenue (Kyats)	Net Profit Margin (%)
1	2013-2014	74,783,956.80	1,187,861,362.30	6.30
2	2014-2015	167,978,029.61	5,043,017,286.90	3.33
3	2015-2016	227,052,530.33	10,180,488,627.81	2.23
4	2016-2017	870,498,380.27	12,202,774,642.32	7.13
5	2017-2018	197,362,778.90	5,817,913,087.90	3.39

Source: United KMK Co., Ltd (2019)

According to Figure (4.2), the net profit margin decreased year by year starting from 2013-2014 to 2015-2016. The net profit margin of the year 2015-2016 is the lowest (2.23%) because the increase of revenue (101.87%) preceded over the increase of net profit (35.16%). The net profit margin of the year 2016-2017 is the

highest (7.13%) because that year of net profit significantly increased (283.39%) over the past year 2015-2016. From above data, it is found that net profit margin of 2013-2014 and 2016-2017 are the highest position because growth rate of cost of good sold is lower than that of sales. It shows that United KMK can control materials and labor costs and profit was increased. Therefore United KMK could manage to sell its product with reasonable price and good quality. United KMK Co., Ltd net profit margin show net profit on sale percentage was average over 4.48% on all financial years.

Figure4. 2 Net Profit Margin of United KMK Co. Ltd



Source: United KMK Co., Ltd (2019)

4.1.3 Return on Assets (ROA)

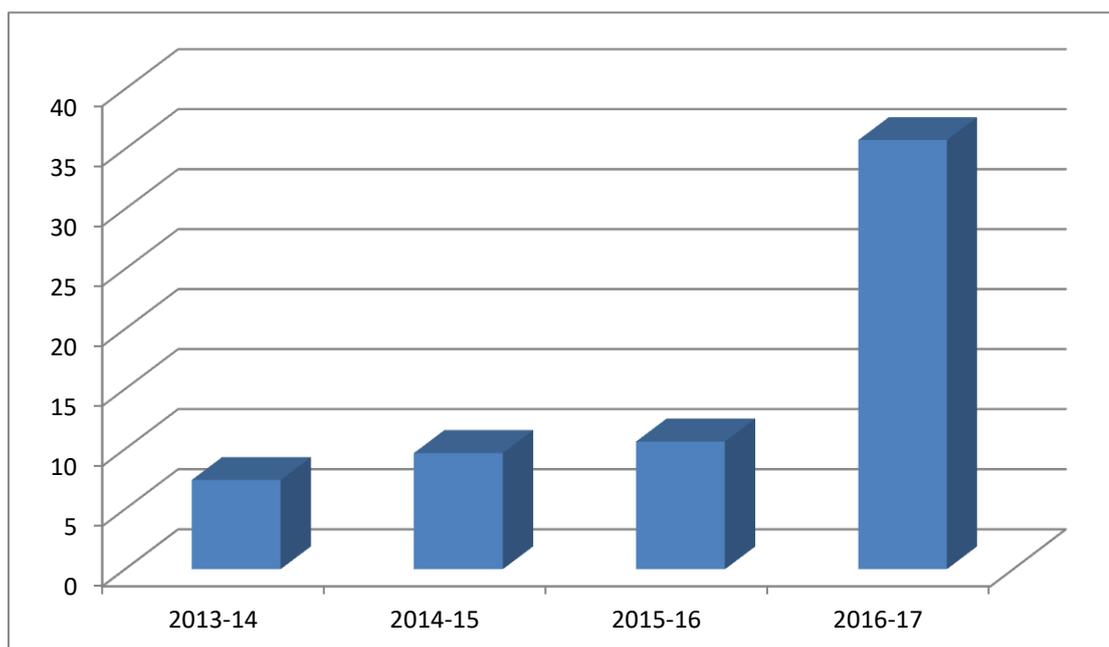
Return on Assets (ROA) is an indicator of how well a company utilizes its resources, by determining how profitable a company is relative to its total assets. In other words, return on assets (ROA) measures how efficient a company's management is in generating profits from their economic resources or assets. The ROA are shown in the following table (4.3).

Table 4.3 Return on Assets of United KMK Co. Ltd

No	Year	Net Income (Kyats)	Total Assets (Kyats)	Return on Assets (%)
1	2013-2014	74,783,956.80	1,006,404,179.64	7.43
2	2014-2015	167,978,029.61	1,736,401,222.41	9.67
3	2015-2016	227,052,530.33	2,135,158,436.84	10.63
4	2016-2017	870,498,380.27	2,434,702,127.68	35.75
5	2017-2018	197,362,778.90	2,412,607,962.02	8.18

Source: United KMK Co., Ltd (2019)

As stated by Figure (4.3), the ROA increased year by year starting from the lowest return (7.43%) during the year of 2013-2014 to the highest return (35.75%) in the year of 2016-2017 because the revenue (net income) growth is higher than the growth of its assets throughout the periods. The ROA of the year 2016-2017 is the highest return (35.75%) because that year of net income significantly increased (283.39%) over the past year 2015-2016. However, the ROA of the year 2017-2018 declined from the highest return (35.75%) to the second lowest return (8.18%) due to the dramatic decrease in the net income. The higher the return on assets, it shows that the United KMK company is earning more money on less investment.

Figure4. 3 Return on Assets of United KMK Co. Ltd

Source: United KMK Co., Ltd (2019)

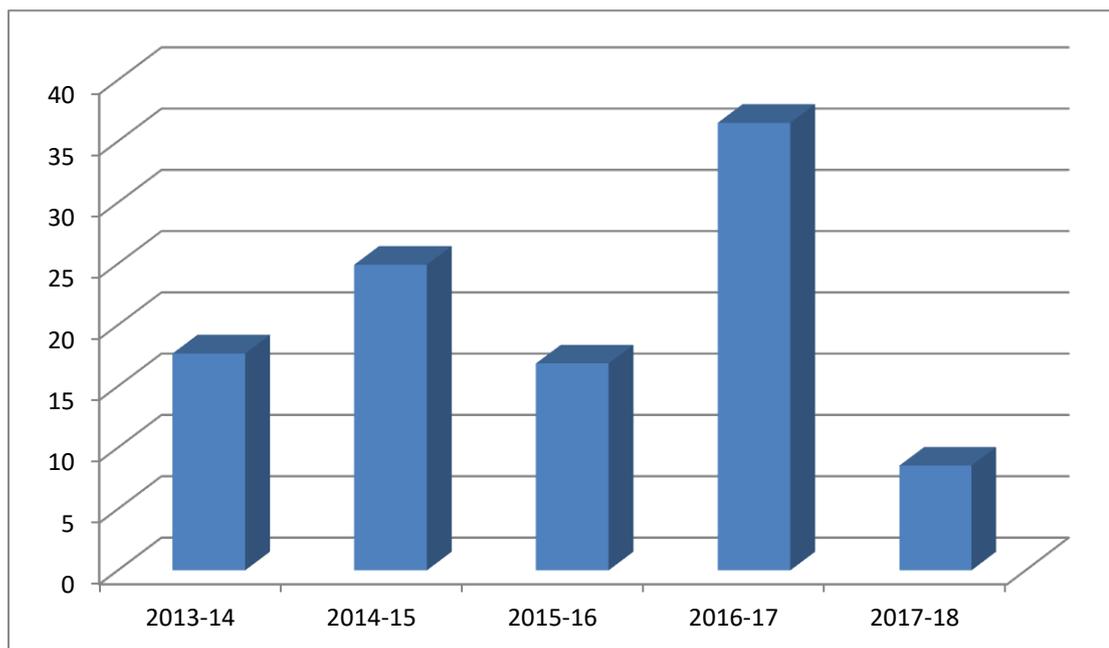
4.1.4 Return on Equity (ROE)

Return on equity (ROE) is a ratio that provides investors with perception into how efficiently a company or more specifically its management team is handling the money that shareholders have contributed to it. In other words, it measures the profitability of a organization with regards to stockholders' equity. The higher the return on equity, the more efficient a company's control is at generating net income and growth from its equity financing. The ROE for the five years' period from 2013-2014 to 2017-2018 are shown in the following table (4.4).

Table 4.4 Return on Equity of United KMK Co. Ltd

No	Year	Net Income (Kyats)	Total Equity (Kyats)	Return on Equity (%)
1	2013-2014	74,783,956.80	423,338,365.85	17.67
2	2014-2015	167,978,029.61	674,178,439.63	24.92
3	2015-2016	227,052,530.33	1,346,398,536.70	16.86
4	2016-2017	870,498,380.27	2,384,702,127.68	36.50
5	2017-2018	197,362,778.90	2,312,607,962.02	8.53

Source: United KMK Co., Ltd (2019)

Figure 4.4 Return on Equity of United KMK Co. Ltd

Source: United KMK Co., Ltd (2019)

As stated in Figure (4.4), the ROE fluctuated year by year starting from 2013-2014 to 2017-2018. A high return on equity (36.50%) in the year of 2016-2017 shows that the United KMK was able to successfully utilize the resources provided by its equity investors and the company's accumulated profits in generating income. The lowest return on equity (8.53%) in the year of 2017-2018 shows that the company was able to ineffectively utilize the resources provided by its equity investors and the company's accumulated profits in generating income due to the dramatic decrease in foreign investors' interest during the political unrest in Rakhine State.

4.2 Analysis of Non-Financial Perspectives

Non-financial perspectives enable managers to look at the broader picture of the business. In addition, they help companies to link their internal activities with the desires of the stakeholders. Furthermore, non-financial perspectives make managers link business unit activities to long-term goals.

There are three non-financial perspectives according to the Balance Score Card (BSC). Customer perspective includes measures that management uses to

evaluate whether the organization is meeting customer expectations. Internal business process perspective measures whether management uses to evaluate efficiency of existing business processes. Learning and growth perspective comprises measures that management uses to evaluate effectiveness of employee training.

4.2.1 Customer Perspective

Nowadays how a company is performing from its customers' perspective has become a priority for top management. The balanced scorecard demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers. Customers' offers generally tend to fall into four categories: lead time, quality, performance and service, and cost. Lead time measures the time required for the company to meet its customers' needs. Quality measures the defect level of incoming products as perceived and measured by the customer. Quality may also measure on-time delivery, the accuracy of the company's delivery forecasts. The combination of overall performance and service measures how the company's products or services contribute to growing price for its customers.

Apart from customers' concerns, other important customer measures include market share of each product or service, total market share of the company and total sales volume in quantities. In order to analyze the customer perspective of the United KMK Company Limited, total market share of the company and rate of customer complaints on both quality and on-time delivery are calculated and interpreted.

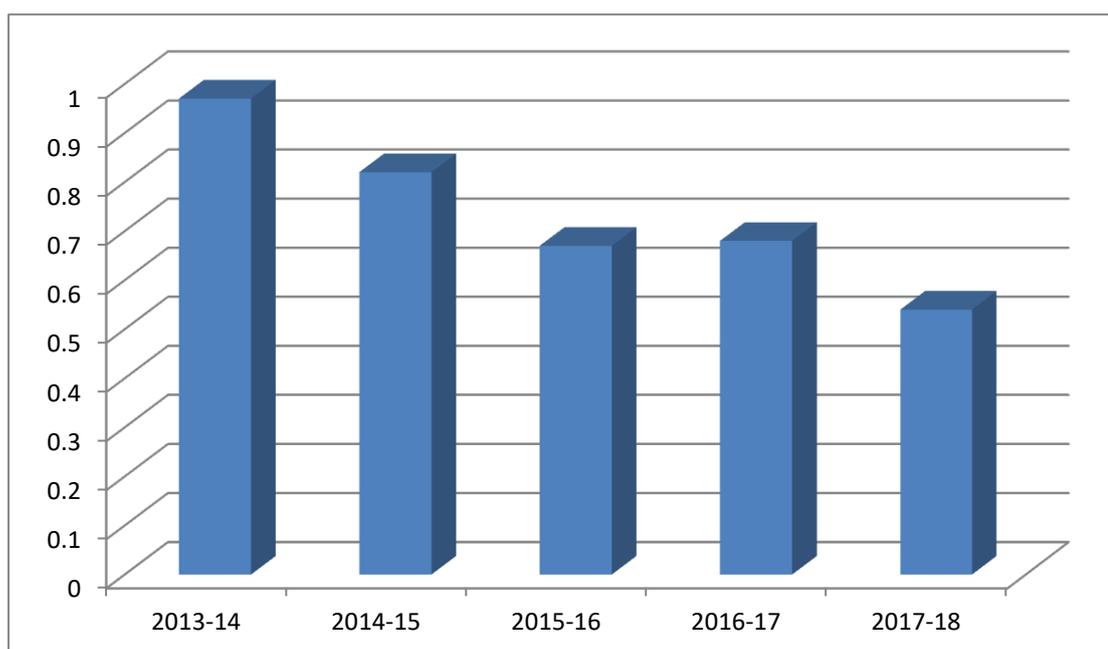
Total Market Share in Frozen Shrimp and Prawn Exports

Market share represents the percentage of an industry, or a market's total sales, which is earned by a particular company over a specified time period. Total market share is calculated by taking the company's export sales over the period and dividing it by the total export sales of the industry over the same period as described in table (4.5).

Table 4.5 Total Market Share in Frozen Shrimp and Prawn Export

No	Year	Yearly Export of United KMK ('000 USD)	Total Yearly Export by Myanmar ('000 USD)	Market Share (%)
1	2013-2014	1,056.48	108,931.00	0.97
2	2014-2015	975.74	118,736.00	0.82
3	2015-2016	930.06	138,504.00	0.67
4	2016-2017	1,093.20	160,399.00	0.68
5	2017-2018	932.60	174,083.00	0.54

Source: United KMK Co., Ltd (2019); ITC Trade Map (2019)

Figure 4.5 Total Market Share in Frozen Shrimp and Prawn Export

Source: United KMK Co., Ltd (2019)

According to Figure (4.5), the total market share of the United KMK in frozen shrimp and prawn export decreased gradually year by year starting from 2013-2014 to 2017-2018. The total market share in the year of 2013-2014 is the highest (0.96%) while the total market share in the year of 2017-2018 is the lowest (0.53%). The

decrease in the total market share of the company was mainly contributed from the notable increase in seafood export over these years.

Customer Complaint Rate

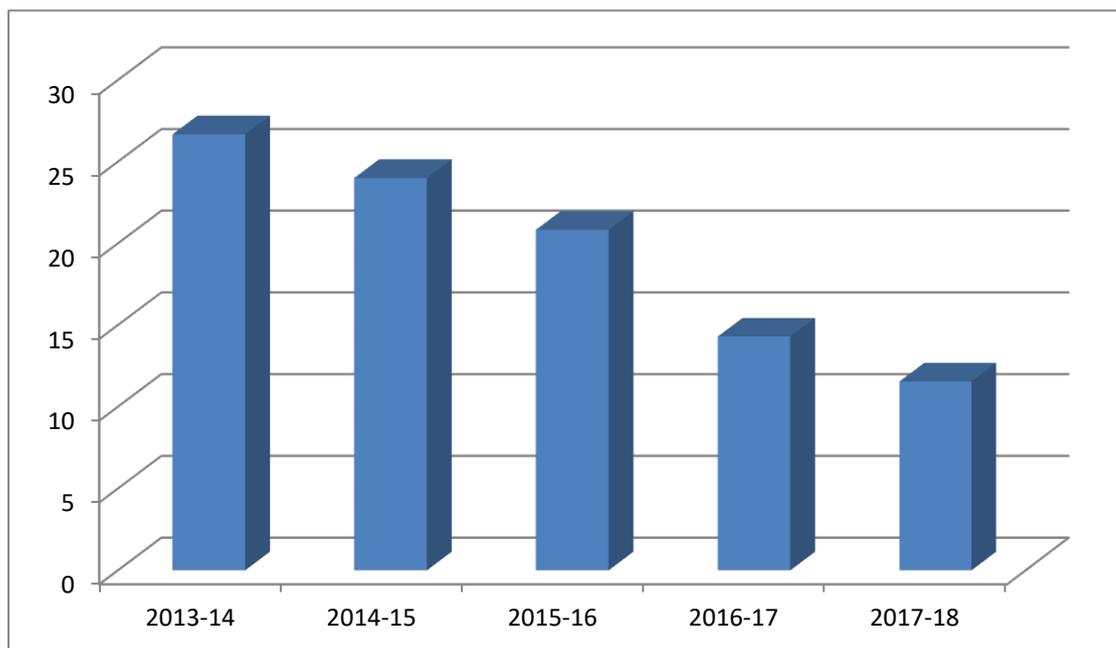
The rate of customer complaints is an initial indication of a company's ability to deliver a product or service that satisfies all customer requirements. The customer complaint rate is calculated by taking the total numbers of customer complaints over the period and dividing it by the total numbers of export transactions over the same period as described in Table (4.6).

Table 4.6 Customer Complaint Rate

No	Year	Number of Customer Complaints			Number of Transactions	Customer Complaint (%)
		Quality	Delivery	Total		
1	2013-2014	3	5	8	30	26.67
2	2014-2015	2	4	6	25	24.00
3	2015-2016	2	3	5	24	20.83
4	2016-2017	1	3	4	28	14.29
5	2017-2018	1	2	3	26	11.54

Source: United KMK Co., Ltd (2019)

According to Figure (4.6), the customer complaint rate decreased year by year starting from 2013-2014 to 2015-2016. The customer complaint rate of the year 2013-2014 is the highest (26.67%) because there are three customer complaints regarding quality issues and five issues regarding on-time delivery out of thirty transactions over the year. The customer complaint rate of the year 2017-2018 is the lowest (11.54%) due to the significant decrease in customer complaints over the year.

Figure4.6 Customer Complaint Rate

Source: United KMK Co., Ltd (2019)

4.2.2 Internal Process Perspective

Customer-based measures are critical, however they need to be translated into measures of what the company have to do internally to fulfill its customers' expectations. After all, excellent customer overall performance derives from processes, decisions, and actions occurring throughout an organization. Managers need to focus on those critical internal operations that enable them to satisfy customer needs. The second part of the balanced scorecard gives managers that internal process perspective.

The internal measures for the balanced scorecard should stem from the business processes that have the greatest impact on customer satisfaction—factors that affect cycle time, quality, employee skills, and productivity, for example. Companies should also attempt to identify and measure their organization's core competencies, the essential technologies needed to make sure continued market leadership. Companies must determine what processes and abilities they should excel at and specify measures for each. In order to analyze the internal business process

perspective of the United KMK Company Limited, productivity ratio and defect rate are calculated and interpreted.

Productivity

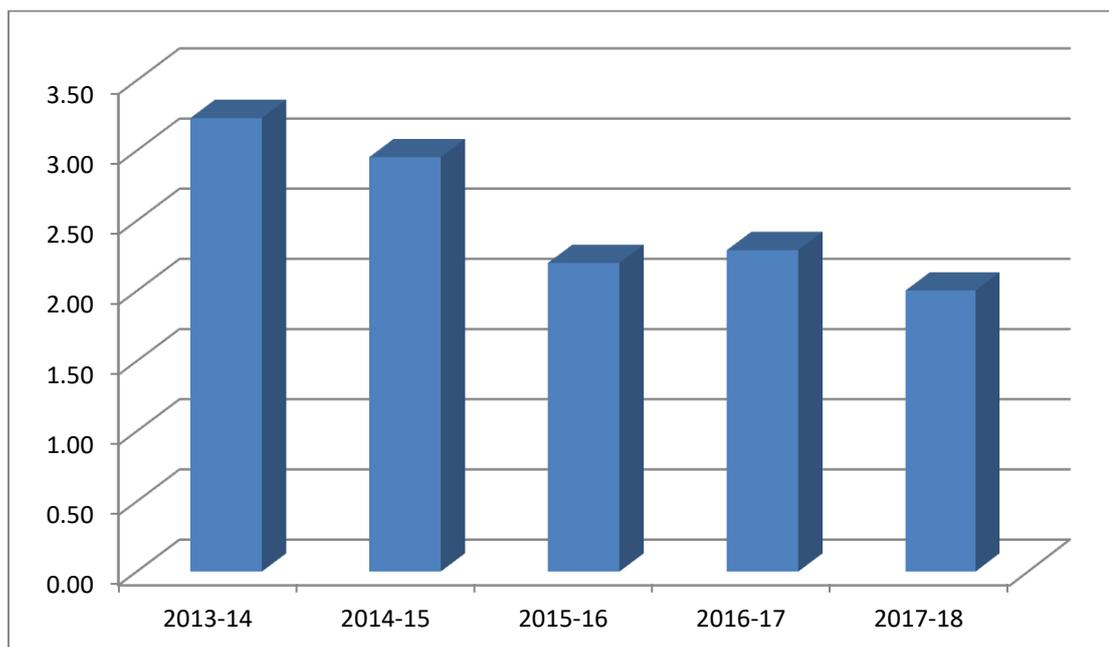
Productivity is defined as the efficient use of resources, labour, capital, land, materials, energy and information, in the production of different types of goods and services. Productivity is usually expressed as a ratio of output to inputs. It is calculated by taking the total finished frozen goods (metric tonnes) over the period and dividing it by the total workforces over the same period as described in Table (4.7).

Table 4.7 Productivity Ratio

No	Year	Total Finished Frozen Goods (Metric Tonnes)	Total Workforces (Men Power)	Productivity Ratio (MT per MP)
1	2013-2014	387.83	120	3.23
2	2014-2015	339.59	115	2.95
3	2015-2016	230.92	105	2.20
4	2016-2017	251.93	110	2.29
5	2017-2018	210.26	105	2.00

Source: United KMK Co., Ltd (2019)

According to Figure (4.7), the productivity ratio (metric ton per men power) decreased year by year starting from 2013-2014 to 2015-2016 because of the labour migration over the years. The productivity ratio of the year 2017-2018 is the lowest (2.00 metric ton per men power) because the continual labour migration over the years contributed to the difficulty in recruiting skilled workforces.

Figure4.7 Productivity Ratio

Source: United KMK Co., Ltd (2019)

Defect Rate

The rate is calculated by testing the total finished frozen goods for non-compliances to a quality target over the same period as described in table (4.8).

Table 4.8 Yearly Defect Rate

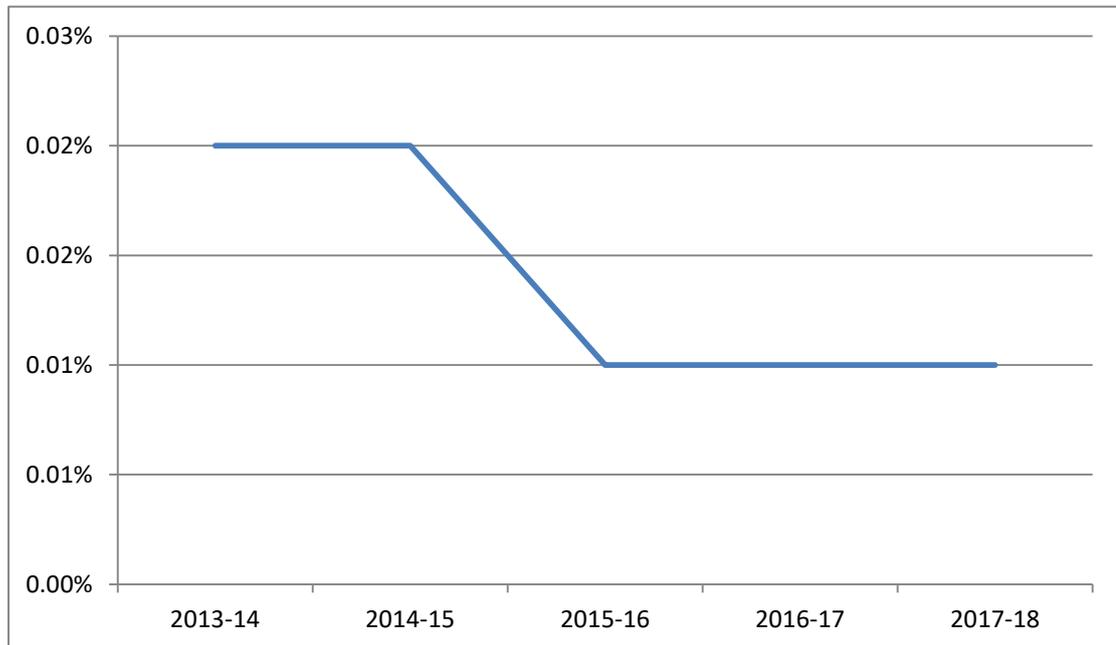
No	Year	Total Finished Frozen Goods (Metric Tonnes)	Total Yearly Defect (Metric Tonnes)	Defect Rate(%)
1	2013-2014	387.83	0.08	0.02%
2	2014-2015	339.59	0.07	0.02%
3	2015-2016	230.92	0.03	0.01%
4	2016-2017	251.93	0.03	0.01%
5	2017-2018	210.26	0.02	0.01%

Source: United KMK Co., Ltd (2019)

According to Figure (4.8), the yearly defect rate was technically the same with insignificant fluctuation over the past five years. The result was achieved by three

contributory factors: the implementation of Total Quality Management (TQM), the strict procurement policy and the continuous training for new hires.

Figure 4.8 Yearly Defect Rate



Source: United KMK Co., Ltd (2019)

4.2.3 Learning and Growth Perspective

The customer-based and internal business process measures on the balanced scorecard identify the parameters that the company considers most important for competitive achievement. But the targets for fulfillment hold changing. Intense worldwide competition requires that companies make persistent enhancements to their current products and procedures and have the capability to introduce absolutely new products with expanded capabilities.

A company's ability to innovate, improve, and learn ties directly to the company's value. That is, only through the capability to release new products, create more value for customers, and enhance operating efficiencies continually can a company penetrate new markets and increase sales and margins—in short, grow and thereby increase shareholder value. In order to analyze the learning and growth perspective of the United KMK Company Limited, investment in information and communication technology (ICT) and training courses provided by the United KMK.

Investment Rate in ICT

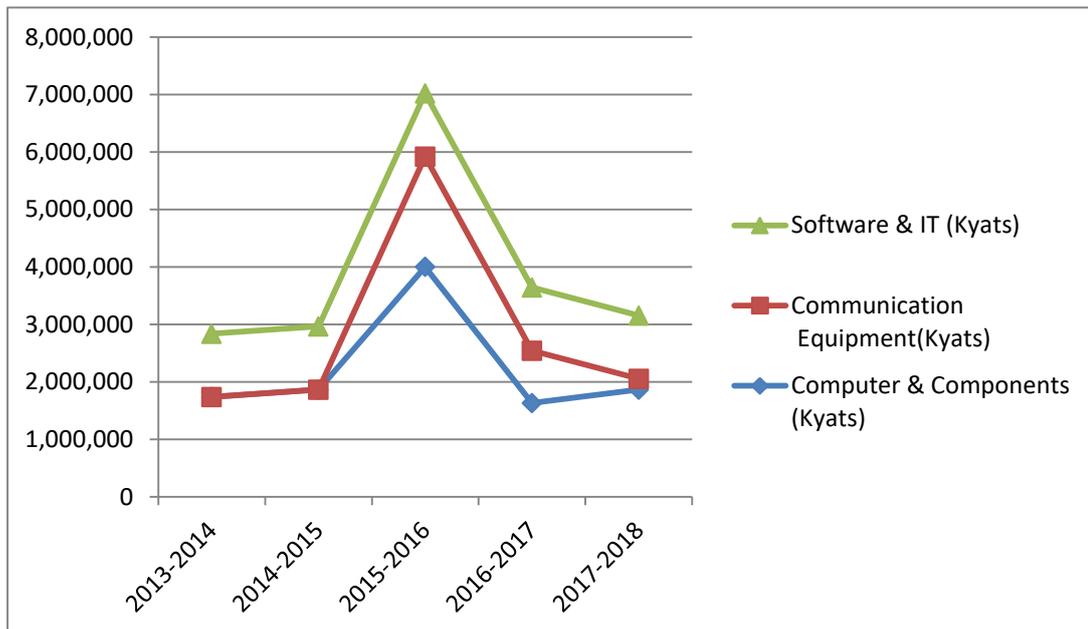
ICT investment means the acquisition of equipment and computer software used across the supply chain for more than one year. ICT has three components: information technology equipment (computers and related hardware); communication equipment; and software. An investment in ICT improves the internal operations of the company when the adequate information about the internal operations are accurately acquired in a timely fashion. ICT systems allow the company to store, process, analyze and share vast amounts of data. The information available from corporate data enables managers and employees to make decisions quickly and accurately so that they can manage operations effectively and respond rapidly to business opportunities or threats. Communication networks also allow decision-makers in different locations to work together easily when they need to take joint decisions.

On the production line, business process automation can improve the employees and overall productivity. Access to production data allows managers to plan production more effectively, making better use of resources and reducing lead times. ICT solutions can help the company reduce costs, increase revenue and improve profitability. Production data can assist staff identify quality problems, reducing waste and transforming costs. Cost reductions and revenue profits make an critical contribution to overall profitability. The amount of yearly investment in ICT with different categories is described in Table (4.9).

Table 4.9 Investment in ICT

No	Year	Computer & Components (Kyats)	Communication Equipment (Kyats)	Software & IT (Kyats)
1	2013-2014	1,735,627	-	1,100,000
2	2014-2015	1,863,000	-	1,100,000
3	2015-2016	4,000,000	1,919,280	1,100,000
4	2016-2017	1,630,000	910,000	1,100,000
5	2017-2018	1,863,000	190,000	1,100,000

Source: United KMK Co., Ltd (2019)

Figure4. 9 Investment in ICT

Source: United KMK Co., Ltd (2019)

According to Figure (4.9), the investment in software and IT was the same with 1,100,000 kyats over the past five years due to the long-term service purchase contract with yearly license fees for office, production and accounting software. During 2015-2016, a new investment worth of 4 million kyats was made to upgrade the information systems and computers which in turn increased operational efficiency and reduced error rate. The Telecom sector has been booming since the liberalization in 2012-13. This outcome led to a new investment worth of 1.91 million kyats in communication equipment during the year of 2015-2016.

Provision of Training Courses

Employee training is designed to increase the technical skills, knowledge, efficiency, and value creation to do any specific job in a much better way. Training will increase the needed skill set and helps in development of an employee in addition to overall growth of the organization. Training is necessary to keep the employees updated with the latest trends and technologies that are needed to survive in this competitive environment. The United KMK provides induction training, refresher training and off the job training to new hires and existing employees depending on the allocated training budget. Induction training is always given to new employees to

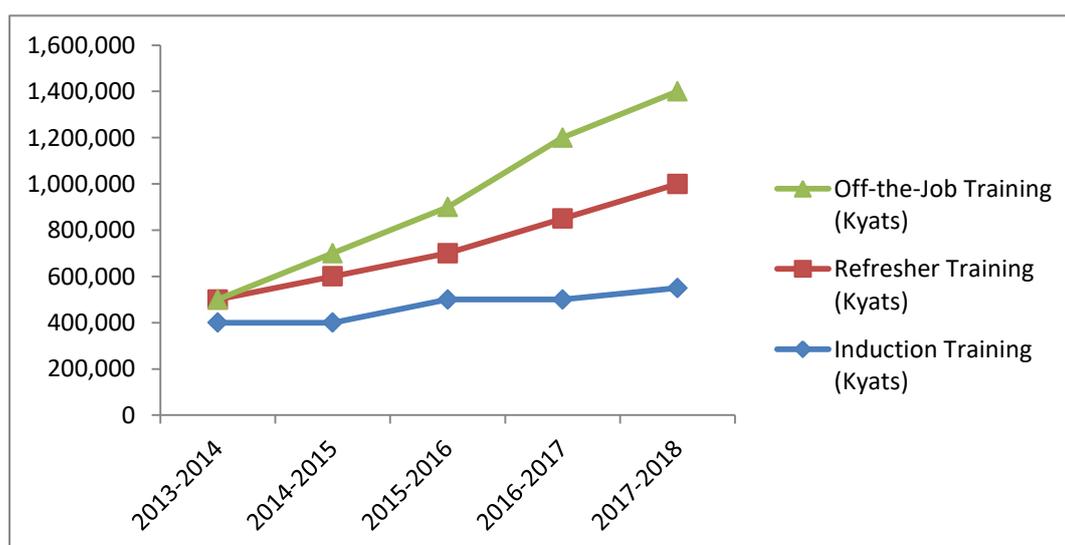
make them feel a part of the organization. Refresher trainings are designed for existing employees to refresh them and additionally help them acquire new abilities and technologies to keep pace with the changing times. Refresher training includes IT training, operational efficiency training and HACCP training. Off the job trainings are given outside the place of business. These trainings include human resource training, accounting training and basic management skill training. The provision of training courses (induction training, refresher training and off-the-job training) with their respective budget is shown in Table (4.10).

Table 4.10 Provision of Training Courses

No	Year	Induction Training (Kyats)	Refresher Training (Kyats)	Off-the-Job Training (Kyats)
1	2013-2014	400,000	100,000	-
2	2014-2015	400,000	200,000	100,000
3	2015-2016	500,000	200,000	200,000
4	2016-2017	500,000	350,000	350,000
5	2017-2018	550,000	450,000	400,000

Source: United KMK Co., Ltd (2019)

Figure4. 10 Provision of Training Courses



Source: United KMK Co., Ltd (2019)

According to Figure (4.10), an increase in budget for induction training from 400,000 kyats in 2013-2014 to 550,000 kyats in 2017-2018 was contributed mainly from the high turnover rate in factory workers over the past five years. A rise in spending for refresher training from 100,000 kyats in 2013-2014 to 450,000 kyats in 2017-2018 indicated the increasing need for IT training, operational efficiency training and HACCP training. The rising off-the-job training budget pointed to the growing importance of human resource, accounting and basic management skill training.

According to the prepared questionnaire in these paper, employee perception on learning and growth perspective and internal process perspective. The employee perception on current training and internal process of the United KMK Company Limited with their respective question is shown in Table (4.11) and (4.12).

Table 4.11 Internal Business Process

	Mean	Std. Deviation
The business aim to become product leadership in the market.	4.38	0.518
The business always practice ethical manner regarding with our products and services delivery.	4.25	0.707
The business processes are sufficiently defined so that most people in the organization know how they work.	3.63	0.744
Defect rate is falling every year.	4.38	0.518
The business responsible for shareholder benefit.	4.63	0.744
Employees have enough authority for job related problem-solving.	3.63	0.744
Process performance is measured in the organization.	3.75	0.707
Resources are allocated based on process.	3.50	0.535
Process outcomes are measured.	3.88	0.641
The business productivity are raising every year.	3.75	0.886
Product is made of high quality materials.	4.75	0.463
Average Mean	4.05	

Source: Survey Data (2019)

By comparing the mean score of internal business process, the study found that highest mean score is 4.75 in which the product is made of high quality material while the lowest mean score is 3.50 in which resources are allocated based on process. The average mean score is 4.05. For all statement of internal business process, it is a key factor.

Table 4.12 Employee Perception On Training Courses

	Items	Mean	Std. Deviation
Training Programs	Our organization conducts extensive training and development programs for Employees.	4.56	0.501
	The objectives of trainings were coherent with the employees training need.	4.52	0.505
	Training programs are well-planned.	3.92	0.488
	Training programs are sufficient duration.	3.52	0.544
	Training offered employees skill, knowledge, attitude and creativity.	3.7	0.58
	External training are carefully chosen after collecting enough information about their quality and suitability.	3.82	0.72
	Training programs are designed at the level of abilities and educational background of employees.	3.84	0.584
	Average mean	3.98	
Training Benefits	The training and development programs attended have helped me to improve on my performance.	4.26	0.6
	I am more committed toward my jobs after receiving trainings.	3.96	0.533
	I have attained effectiveness in my work.	4.1	0.544
	Training and development has helped reduce employee turnover in our organization.	4	0.571
	In my understanding trainings motivate employees to enhance their job performance.	4.56	0.501
	Employee training is considered as a crucial factor for improving individuals and organizational performance.	4.64	0.485
	Average mean	4.25	

Source: Survey Data (2019)

By Comparing the mean score of Training program, this study found that the highest mean score is 4.56 in which our organization conducts extensive training development programs for employees while the lowest mean score is 3.52 in which training program are sufficient duration. The average mean score is 3.98. For all statement of Training program, it is a key factor.

By Comparing the mean score of Training benefits, this study found that the highest mean score is 4.64 in which Employee training is considered as a crucial factor for improving individuals and organizational performance while the lowest mean score is 3.96 in which I am more committed toward my jobs after receiving trainings.. The average mean score is 4.25. For all statement of Training benefits, it is a key factor.

4.3 Overall Performance Analysis of the United KMK Co., Ltd

Performance measurement systems play a key role in developing strategy, evaluating the success of organizational objectives and compensating managers. As traditional financially oriented systems no longer work adequately nowadays, most companies and organizations use a mix of financial and nonfinancial measures to evaluate performance. Non-financial perspectives enable managers to look at the broader picture of the business. In addition, they help companies to link their internal activities with the desires of the stakeholders. Furthermore, non-financial perspectives make managers link business unit activities to long-term goals. The balanced scorecard approach makes use of a balanced set of measures separated into four perspectives financial, internal business process, learning and growth, and customer. The remaining three perspectives tend to consist of nonfinancial measures.

The study on financial measures of the United KMK Co., Ltd indicated that both gross profit margin and net profit margin decreased during the first three years due to the remarkable decrease in sales during the political transaction period in Myanmar. To the contrary, the return on assets increased year by year starting from the lowest return (7.43%) during the year of 2013-2014 to the highest return (35.75%) in the year of 2016-2017 because the revenue (net income) growth is higher than the growth of its assets throughout the periods. However, the lowest return on equity (8.53%) in the year of 2017-2018 shows that the company was able to ineffectively utilize the resources provided by its equity investors and the company's accumulated

profits in generating income due to the dramatic decrease in foreign investors' interest during the political unrest in Rakhine State.

The analysis on customer measures of the United KMK Co., Ltd showed that the total market share of the United KMK in frozen shrimp and prawn export decreased gradually year by year starting from 2013-2014 to 2017-2018 due to the notable increase in seafood export over these years. It is also found that the customer complaint rate decreased year by year and that rate of the year 2017-2018 is the lowest (11.54%) due to the significant decrease in customer complaints over the year.

The analysis on internal business process measures of the United KMK Co., Ltd pointed out that the productivity ratio (metric ton per men power) decreased year by year starting from 2013-2014 to 2015-2016 because of the labour migration over the years. However, the yearly defect rate was technically decreased with significant fluctuation over the past five years because of three contributory factors: the implementation of Total Quality Management (TQM), the strict procurement policy and the continuous training for new hires.

The analysis on learning and growth measures of the United KMK Co., Ltd pointed out that a new investment worth of 4 million kyats was made to upgrade the information systems and computers which in turn increased operational efficiency and reduced error rate. The rising training budget for all three training categories pointed to the growing importance of these training courses in today's competitive environment.

CHAPTER V

CONCLUSION

This final chapter provides the summary of the findings from the financial and non-financial performance measures of the United KMK Co., Ltd. It also gives the conclusions and recommendations of the study based on the two main objectives of the study. The conclusions and recommendations are described from the identification of the current performance management practices and explores the effectiveness of the Balance Score Card (BSC) as a performance measure tool.

5.1 Findings of the Study

As companies have carried out the balanced scorecard, it is identified that the scorecard represents a fundamental change in the underlying assumptions about overall performance measurement. The balanced scorecard is a tool which systematically expands the measurement areas traditionally involved in accounting. It thus aims to make a contribution to reducing the problems involved in using only financial measures for the purposes of control. It is not just intended as a measurement system, however; it is also a control system. It inserts non-financial measurements in a strategic manage framework in order that they are not merely loosely coupled local systems, but linked together in a causal chain which passes through the entire company. It may contribute to sharpening communication in the company in that it is not restricted to financial measures but also includes non-financial.

This paper has examined the performance measurement using balanced scorecard in financial and non-financial perspectives. The results interpret that the usage of non-financial measurement in the United KMK Co., Ltd is going through the improvement in performance. Hence, this study conveys the message that the seafood export companies should pay attention to the measurement of customer, internal business process and learning and growth perspective as they have considerable effect on performance measurement. The seafood export companies should use the non-financial areas to improvement future performance measures.

The study on financial measures of the United KMK Co., Ltd indicated that both gross profit margin and net profit margin decreased during the first three years

due to the remarkable decrease in sales during the political transaction period in Myanmar. To the contrary, the return on assets increased year by year starting from the lowest return during the year of 2013-2014 to the highest return in the year of 2016-2017 because the revenue (net income) growth is higher than the growth of its assets throughout the periods. However, the lowest return on equity in the year of 2017-2018 shows that the company was able to ineffectively utilize the resources provided by its equity investors and the company's accumulated profits in generating income due to the dramatic decrease in foreign investors' interest during the political unrest in Rakhine State.

Another observation on non-financial perspectives was made from three different measures. First, the analysis on customer measures of the United KMK Co., Ltd showed that the total market share of the United KMK in frozen shrimp and prawn export decreased gradually year by year starting from 2013-2014 to 2017-2018 due to the notable increase in seafood export over these years. It is also found that the customer complaint rate decreased year by year and that rate of the year 2017-2018 is the lowest due to the significant decrease in customer complaints over the year.

Second, the analysis on internal business process measures of the United KMK Co., Ltd pointed out that the productivity ratio (metric ton per men power) decreased year by year starting from 2013-2014 to 2015-2016 because of the labour migration over the years. However, the yearly defect rate was technically decreased with significant fluctuation over the past five years because of three contributory factors: the implementation of Total Quality Management (TQM), the strict procurement policy and the continuous training for new hires.

Finally, the analysis on learning and growth measures of the United KMK Co., Ltd pointed out that a new investment worth of 4 million kyats was made to upgrade the information systems and computers which in turn increased operational efficiency and reduced error rate. The rising training budget for all three training categories pointed to the growing importance of these training courses in today's competitive environment.

In conclusion, the results of the financial measures in the study show no satisfactory improvement of the United KMK Co., Ltd while the analysis of the non-financial measures show decent satisfactory results.

5.2 Suggestions

This new technique to overall performance measurement is steady with the initiatives under way in many companies: cross-functional integration, customer-supplier partnerships, global scale, continuous development, and team rather than individual accountability. By combining the financial, customer, internal business process and organizational learning and growth perspectives, the balanced scorecard facilitates managers understand, at least implicitly, many interrelationships. This understanding can assist managers transcend traditional notions about functional barriers and ultimately lead to improved decision making and problem solving. The balanced scorecard maintains companies looking and moving forward instead of backward.

The observation on financial perspectives of the United KMK Co., Ltd indicated that both gross profit margin and net profit margin decreased during the first three years due to the remarkable decrease in sales during the political transaction period in Myanmar. New foreign market should be developed to improve both gross profit margin and net profit margin.

Another observation on financial perspectives pointed out that the return on assets increased year by year while the lowest return on equity in the year of 2017-2018 shows that the company was able to ineffectively utilize the resources provided by its equity investors and the company's accumulated profits in generating income due to the dramatic decrease in foreign investors' interest during the political unrest in Rakhine State. A partnership with Asian companies in local presence is suggested to overturn the disinterest of foreign buyers.

The observation on customer perspectives of the United KMK Co., Ltd showed that the total market share of the United KMK in frozen shrimp and prawn export decreased gradually year by year due to the notable increase in seafood export over these years. It is also found that the customer complaint rate decreased year by year. The company should build close relationship with its key clients for bulk orders.

The observation on internal business process measures pointed out that the productivity ratio (metric ton per men power) decreased year by year starting from 2013-2014 to 2015-2016 because of the labour migration over the years. However, the yearly defect rate was technically decreased with significant fluctuation over the past

five years because of three contributory factors: the implementation of Total Quality Management (TQM), the strict procurement policy and the continuous training for new hires. Internship program should be developed for the seafood processing.

The final observation on learning and growth measures of the United KMK Co., Ltd pointed out that a new investment worth of 4 million kyats was made to upgrade the information systems and computers which in turn increased operational efficiency and reduced error rate. The rising training budget for all three training categories pointed to the growing importance of these training courses in today's competitive environment. The budget should be increased to provide more suitable training programs with the utilization of available IT system and software.

5.3 Need for Further Study

The study is conducted on identifying and analyzing financial and non-financial performance of the United KMK Co., Ltd and thus the study is not covered all performance practices and measures of the seafood export industry. The study is limited to the data over five financial years from 2013-2014 to 2017-2018. Given the time and resource limitation, the study compare a few selected performance indicators and the results may not be able to benchmark with other seafood export companies within the industry. A further study on an extended period with more and much effective indicators is recommended.

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APPENDIX A**Yangon University of Economics****Master of Banking and Finance Programme****Questionnaire of study on performance management of****United KMK Co., Ltd****Dear Sir/Madam**

This research is being conducted as part of the requirements for a Masters' thesis at the Yangon University of Economics. I am collecting data from employees, the information given is used only for the academic purpose.

I request you to spare your precious time to give information to the following questions. I would be thankful if you could co-operate with me in filling the questionnaire.

Ma Kay Khine Soe**Roll No- 24****MBF-Day (1st Batch)**

APPENDIX B

Questionnaire Survey for United KMK Co., Ltd Employees

PERSONAL INFORMATION

1. Gender
 - (a) Male
 - (b) Female

2. How long have you been employed in the company?
 - (a) Less than 10 years
 - (b) 10-15 years
 - (c) 15-20 years
 - (d) More than 20 years

3. Age of Respondents
 - (a) 19-29yrs
 - (b) 30-40yrs
 - (c) 41-50yrs
 - (d) 51 and above

4. Educational qualifications
 - (a) Under Graduate
 - (b) Graduate
 - (c) Post Graduate

5. Position
 - (a) Managerial
 - (b) Non-managerial

Please encircle the appropriate number against each statement according to the scale given below.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

INTERNAL PROCESS PERSPECTIVE

1	The business aim to become product leadership in the market.	1	2	3	4	5
2	The business always practice ethical manner regarding with our products and services delivery.	1	2	3	4	5
3	The business processes are sufficiently defined so that most people in the organization know how they work.	1	2	3	4	5
4	Defect rate is falling every year.	1	2	3	4	5
5	The business responsible for shareholder benefit.	1	2	3	4	5
6	Employees have enough authority for job related problem-solving.	1	2	3	4	5
7	Process performance is measured in the organization.	1	2	3	4	5
8	Resources are allocated based on process.	1	2	3	4	5
9	Process outcomes are measured.	1	2	3	4	5
10	The business productivity are raising every year.	1	2	3	4	5

11	Product is made of high quality materials.	1 2 3 4 5
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Please encircle the appropriate number against each statement according to the scale given below.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

EMPLOYEE PERCEPTION ON TRAINING COURSES

	Training Programs	
1	Our organization conducts extensive training and development programs for Employees.	1 2 3 4 5
2	The objectives of trainings were coherent with the employees training need.	1 2 3 4 5
3	Training programs are well-planned.	1 2 3 4 5
4	Training programs are sufficient duration.	1 2 3 4 5
5	Training offered employees skill, knowledge, attitude and creativity.	1 2 3 4 5
6	External training are carefully chosen after collecting enough information about their quality and suitability.	1 2 3 4 5
7	Training programs are designed at the level of abilities and educational background of employees.	1 2 3 4 5
	Training Benefits	
8	The training and development programs attended have helped me to improve on my performance.	1 2 3 4 5
9	I am more committed toward my jobs	1 2 3 4 5

	after receiving trainings.	
10	I have attained effectiveness in my work.	1 2 3 4 5
11	Training and development has helped reduce employee turnover in our organization.	1 2 3 4 5
12	In my understanding trainings motivate employees to enhance their job performance.	1 2 3 4 5
13	Employee training is considered as a crucial factor for improving individuals and organizational performance.	1 2 3 4 5