

## Evaluating the level of employee engagement in strategy implementation using the Balanced Scorecard

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### ABSTRACT

The term ‘employee engagement’ has been debated in human resources management, with particular emphasis on discussions centred on employee motivation, job satisfaction and productivity. Recent research shifted focus to show its significance in performance management. Research is still scanty on the linkage of employee engagement, overall organisation performance and the strategic management process. This research aimed at assessing the role of employee engagement in strategy implementation using the Balanced Scorecard for a Ministry of Minerals Resources. Knowledge of the importance of engagement in the execution of the organisation’s strategy and performance management was sought and the role of leadership in driving employee engagement in the workplace. A quantitative research strategy was used to gather data from a target population of 120 participants through the use of questionnaires. Findings revealed that awareness of the importance of engaged employees in the execution of an organisation strategy is relatively high and can positively contribute to increased productivity and performance, particularly if the Business Scorecard tool is understood by all employees and appropriately cascaded to them. The study also recommended that a positive organisational culture be cultivated so that all employees have the same vision, motivation and drive to improve productivity.

**Keywords:** *Civil service; corporate services; performance tools; strategic management.*

### 1. INTRODUCTION

This study aimed to evaluate the level of employee engagement in strategy implementation using the Balanced Scorecard (BSC) for a Ministry of Minerals Resources, Green Technology and Energy Security. The Department of Corporate Services (DCS) offers cross-cutting support services within the Ministry, for purposes of ensuring operational effectiveness and efficiency in the delivery of the mandate of the promotion of energy and minerals sectors, policies and programmes. Core to the support services that DCS offers, is the coordinating role of managing the organisation’s strategy, performance management system (PMS) and monitoring

the alignment of the performance tools with the strategic management process.

The BSC has become appreciated as a communication, measurement and strategic management system tool which can be effectively applied through the use of strategy maps (Niven, 2009:2). Through these findings, a strategic plan was formalised in 2010, to use a map that will scope the direction of the ministry in line with key national priorities. The ministry also saw a need to have a documented strategic plan running for a period of six years (2010-2015) for employees to align with and draw their annual performance development plans towards serving the strategic foundations set out in the strategy document.

Champions of BSC view investment into intangible assets as a solution to competitive advantage and thus encourage organisations to shift their focus to investing in intangible assets because they have proven to increase the required returns if optimally exploited. Of interest to this research was the learning and growth perspective, which according to the cause and effect relationship is the foundation of the other three (internal, finance and customer objectives) perspectives in the BSC, because, they provide the infrastructure to enable ambitious objectives to be set, (Molleman, 2007).

### 1.1 Objectives of the study

Four research objectives of the study were as follows:

- a. To determine the level of employee engagement in strategy development and implementation process through the use of the BSC.
- b. To determine the effectiveness of the use of the BSC framework for strategy and performance management in the Corporate Services Department.
- c. To evaluate the role of leadership in the use of the BSC framework to raise employee engagement in the strategic management process.
- d. To make recommendations to the Department of Corporate Services on the best approaches to adopt when using the BSC framework to raise employee engagement.

### 1.2 Significance of the study

This research is significant for a wide variety of stakeholders as follows:

*Research community:* Problems identified at the DCS have exposed gaps that should be filled. Such gaps underpin the current problems that pave the way for even further studies. Recommendations made define the scope of the resolution, not only for CSD but for the wider research community. The academic community will also derive benefit through the development of existing theories

on the subject of the BSC and strategy at large. Since the literature on the BSC was developed outside Africa, this research also provides an opportunity to develop a theory that is more local and relevant to Africa.

*The Corporate Services Department (DCS):* This research considers whether the tool is well understood at all levels of the organisation (strategic, business and operational levels) and appropriately rolled out in a manner that effectively links results of the organisation and the individual employees.

*Management and employees:* Better work relationships are key here by bridging the gap that commonly exists between them. Measures to ensure that roll out of the business strategy is done effectively through the use of the BSC will prove useful.

*The sister departments of the Department of Corporate Services (DCS):* The recommendations of this research hope to increase staff morale and productivity.

*The public community:* The DCS should put a robust operating model in place to be executed by highly motivated and engaged employees hence, who will offer quality service to the community.

## 2. LITERATURE REVIEW

Most research that has been conducted on employee engagement has mainly focused on the concept as part of Human Resources, as a value-added addition to individual performance, whereas, studies on the BSC and strategy implementation have focused on the overall theme of performance management. Literature which discusses these three concepts (employee engagement, strategy and BSC) under one umbrella is very scanty. The purpose of this research was to determine the interrelation of the three concepts and their value addition to overall performance management.

### 2.1 Engagement and organisation culture

Taneja, Sewell and Odom (2015:46) submit that employee engagement should be

cultivated to form part of the organisation's culture since engaged employees will work towards improving overall performance. Values, as described by Turner and Passmore (2018), are ideals that people treasure as they give significance to their lives eventually influencing their decisions and actions. This definition of values shows that human beings as social beings are defined by culture to what they value. For the above reason, Taneja et al., (2015:46) posited that employee engagement should form part of the business strategy as they believe it is tantamount to the competitive advantage of organisations. They perceive that organisations can increase their greater competitive success if they efficiently and effectively increase their employee engagement strategy (Taneja et al., 2015:46).

## **2.2 The Balanced Scorecard**

The emergence of the BSC concept was pioneered by Norton and Kaplan after research which deduced that the tool could fight the clash between the forces to build long-range competitive capabilities and the immovable object of the historical cost financial accounting model (Kaplan & Norton, 1996:7). Though the BSC still keeps the financial measures, the authors have indicated that these were adequate in the industrial age era where investment in long term capabilities was regarded as important (Norton & Kaplan, 1996:7). In the information age era, using the financial measure alone is seen as obsolete, and rather, guides and evaluates the journey for critical success in the creation of value through investment in non-financial elements (Kaplan & Norton 1996:7).

## **2.3 The Balanced Scorecard and its importance in strategic management**

As a strategic management planning tool, the framework uses core principles to translate the strategy into a comprehensive set of performance measures and strategically aligned initiatives. It also recognises the importance of determining strategy and strategic objectives before defining the inter-relationships and objectives of the various stakeholders (Smith & Loonam, 2016:408).

Furthermore, it recognises that intangible assets (internal processes, learning and growth and customer satisfaction) are leading indicators for continuous improvement.

## **2.4 Balanced Scorecard and performance management**

Performance management is loosely used to describe the firm's performance appraisal systems, monitoring of achievement and progress towards the set targets and objectives (Baker, 2009:381). In monitoring progress and achievements towards the intended objectives of the firm, the BSC comes into play as part of the performance management system because it has been found as a framework that drives performance.

## **2.5 Role of leadership in the use of the Balanced Scorecard framework to enhance employee engagement**

Taneja et al., (2015:46) posit that little research has focused on managers' responsibilities of developing a culture of employee engagement as a strategy for competitive advantage. Contrary to the above, literature gathered here shows a much wider work on leaders' and managers' roles for a high-performance culture. What is lacking is the general employees' contribution, despite that when a firm succeeds it is because of the collective contribution of its employees at large.

## **3. RESEARCH METHODOLOGY**

An exploratory research design was utilized for this research because it seeks to discover the cause of problems that were identified in areas of performance management against the framework tool that has been identified to be used by the employees. Though data collected was more qualitative, it was manipulated to quantitative to deduce a numerical analysis. The research is based on the BSC theory for purposes of establishing how the employees of DCS understand their role in strategic management and as a performance measurement system. Data was collected from all 120 employees in DCS across the different functional areas and

level of operations. A census survey was used as opposed to sampling. Participants gave formal consent and they were guaranteed that no harm would befall them. The confidentiality and anonymity of the participants were assured and permission was obtained to undertake the study.

#### **4. RESULTS**

Out of a total of 120 employees working in the Department of Corporate Services, 76 employees returned fully completed questionnaires, thus representing a response rate of 66%. Five per cent of the respondents represented Executive Management, 44% Middle Management, 31% were employees and 20% were employed at clerical level. Of the Executive Management, 60% of the expected respondents participated. It was hoped that all the Executive Management would take part in this exercise as their participation was important because they were the authority, decision-makers and the strategy navigators for the organisation. The majority of participants were employed in middle management implying that leadership of the CSD is concentrated on the mid-point.

7.9% of participants were aged 20-30 years, 40.8% were aged 31-40 years, 32.9% were aged 41-50 years, 17.1% were aged 51-60 years and 1.3% were aged 61 years and above. The majority of employees at the Corporate Services Department were aged between 31 to 40 years.

The Executive had 50% each for undergraduate degree/diploma and postgraduate degree/masters/PhD. Middle management had 5.9% junior certificate, and 2.9% Cambridge certificate whilst an undergraduate degree/diploma was at 55.9% and postgraduate degree/masters/PhD at 35.3%. The operational category had 8% for both Junior and Cambridge certificates. The majority of them (72%) had an undergraduate degree/diploma whilst postgraduate degree/masters/PhD was at 12%. The clerical category had a standing of 6.7% with primary certificates, 66.7% Junior certificates, 13.3%

Cambridge certificates and 13.3% an undergraduate degree/diploma.

##### **4.1 Level of employee engagement**

6.6% of participants strongly disagreed that they are engaged in the strategic management process. 21.2% disagreed, 18.4% were not sure, 42.1% agreed and 11.8% strongly agreed that they are engaged in the strategic management process. The findings show that almost 70% of employees within the Corporate Services Department participate in the strategy process. Slightly more than 50% of participants stated that they make valuable contributions to the strategic management process.

##### **4.2 Measuring the contribution made in strategic management**

9% of participants strongly disagreed that they can measure the contribution they make in strategic management, 13% disagreed, 30% were not sure, 34% agreed and 13% strongly agreed that they can measure the contribution they make in strategic management. The findings indicated that less than 50% of employees at the Corporate Services Department can measure the contribution of strategic management.

##### **4.3 Effectiveness of the BSC in performance management**

Participants gave their views on the effectiveness of the use of the BSC in strategy and performance management. 4% of participants strongly disagreed that they are aware that the BSC is the adopted framework for strategic management, 3% disagreed, 13% were not sure, 51% agreed and 29% strongly agreed that they are aware that the BSC is the adopted framework for strategic management. More than 80% of Corporate Services Department employees are aware that the BSC is the adopted framework for strategic management. Over 70% of employees at the Corporate Services Department have indicated that they are using the BSC engages them to understand strategy and performance management issues.

#### **4.4 BSC gives a correlation of individual results and department results**

3% of participants strongly disagreed that the BSC provides a correlation of their results and their department's results, 11% disagreed, 17% were not sure, 53% agreed and 17% strongly agreed that the BSC provides a correlation of their results and their department's results. 70% of Corporate Services Department employees agreed that the BSC provides a correlation of individual results and department's results.

#### **4.5 Engagement process has been communicated to employees**

4% of participants strongly disagreed that the engagement process has been communicated to them, 11% disagreed, 25% were not sure, 45% agreed and 16% strongly agreed that the engagement has been communicated to them. More than 60% of employees admitted that there is effective communication as far as their performance is concerned. Effective communication is one of the key principles of the Balanced Scorecard. More than 60% of employees agreed that they are fully aware of the importance of using the BSC in the strategic management process.

#### **4.6 BSC as an effective tool for use in performance management**

1% of participants strongly disagreed that the BSC is an effective tool for use in strategy and performance management, 8% disagreed, 22% were not sure, 53% agreed and 16% strongly agreed. Almost 70% of employees agreed that the BSC is an effective tool for use in strategy and performance management.

#### **4.7 Role of leadership in the use of BSC**

Participants gave their views on the role of leadership in the use of the BSC to raise employee engagement in strategic management. 7% of participants strongly agreed that their supervisors assist them to understand the need to make use of the BSC, 30% agreed, 9% were not sure, 43% disagreed and 11% strongly disagreed. The above

findings show that only about 37% of employees agreed that their supervisors assist them to understand the use of the BSC. These findings contradict the core principles of the BSC which stipulate that the concepts should be cascaded from top to bottom and that management should engage their subordinates through means such as individual interactions, performance agreements, and workshops (Taneja et al., 2015:46).

### **5. CONCLUSIONS AND RECOMMENDATIONS**

Most employees were aware of the strategic management process and that they should participate in the process. Furthermore, they agreed that their level of engagement can be effectively measured through the use of the BSC. The results also reveal that management has communicated the engagement process for individual performance and strategic management to the majority of employees.

Despite the above, there have also been some shortcomings in the findings which have made a revelation that slightly more than half of employees are engaged in strategic management and confirmed as well that they make valuable contributions to the strategic management process. Furthermore, findings display that most employees state that they cannot measure the actual contribution that they make in strategic management within the CSD. These results are thus indicative of the existence of a weak association of awareness of the strategic management process and the need to participate in it regarding the actual engagement of employees. Hence, there is a call for leadership to increase efforts in cultivating a culture of engagement within the Department.

#### **5.1 Recommendations to department management**

Participants gave their recommendations to the CSD on the best approach to adopt when using the BSC to raise employee engagement. Their responses are discussed below.

### **5.1.1 Further training on the BSC for better understanding**

61% of participants strongly agreed that there should be further training on the BSC framework for a better understanding and its link to the strategic management process, 34% agreed, 1% were not sure, and 4% strongly disagreed. 58% of participants strongly agreed that other options for employees should be developed to better understand the BSC and how it raises their levels of engagement in performance and strategic management, 33% agreed, 5% were not sure, 1% disagreed and 3% strongly disagreed.

### **5.1.2 Effectiveness of the Balanced Scorecard**

The findings reveal that the majority of employees are in agreement that the BSC is an effective tool for strategy and performance management. They also confirm that they are aware that the BSC is the adopted framework for strategic management. It is also indicated in the findings that the employees held consensus concerning whether BSC engages them to understand the strategy and performance management issues and that their level of engagement can be effectively measured through the BSC. They are also in agreement that BSC provides a correlation of their results and their department's results and that the engagement process for their performance and strategic management has been communicated to them. It has also been revealed from the findings that the majority of employees also indicated that they are aware of the existence of the BSC framework in strategic management and the how they should use the BSC in the strategic management process. They also felt that the BSC is an effective tool in strategic and performance management.

Though a positive association is seen in the above findings of the effectiveness of the use of the BSC and interpretation of performance results, shortcomings have also been identified as the results have revealed that some employees were of the view that the BSC is not easy to use and clear to follow.

Some employees are of the view that BSC is mainly understood and applied mostly at the top and middle-level management. They have also displayed concern that the tool has not been cascaded down the organisational hierarchy and this may be impacting on its appreciation by the rest of employees.

### **5.1.3 Role of leadership in the Balanced Scorecard**

Over half of the employees felt that supervisors needed to understand the role and application of the BSC and its adoption for purposes of enhancing their levels of productivity. Slightly less than half of the employees felt that their supervisors did not engage them through the BSC to measure and evaluate their performance as well as in the strategic and performance management process. More than half of the employees felt that their supervisors did not engage them in the strategic management and performance management process.

### **5.1.4 Recommendations to Corporate Service Department**

Findings made from the recommendations to CSD by employees have shown that almost all Employees unanimously agreed that the BSC framework is sufficient for raising employee engagement level and measuring performance level. They felt that there should be further training on the BSC framework for better understanding of its link to the strategic management process. Secondly, they felt that there is a need to raise awareness on how the level of engagement of employees can be accomplished through the use of the BSC.

Employees have also posited the need for the development of other alternatives for employees to better understand the BSC and how it raises their level of engagement in performance and strategic management process.

### **5.1.5 Recommendation purposes for Corporate Services Department**

Most employees felt that the BSC framework is sufficient for raising employee engagement level and measuring performance level and that further training on the BSC framework should be arranged for a better understanding and its link to the strategic management process. Most employees also felt that they should be aware of how their level of engagement can be improved through the use of the BSC. Furthermore, they felt that other alternatives for employees should be developed to better understand the BSC.

### **5.1.6 Practical measures to engage employees at CSD**

The findings from the study have revealed that whilst employees are aware of the BSC and the strategic management process at CSD, there are no practical measures to deal with the issue of employee engagement. The findings from the literature review highlighted deficiencies on objectives of employee contracts at CSD which are not aligned with the overall organisational strategy. The objectives were also cited as lacking the required regular quarterly reviews. It is, thus, important for management at CSD to ensure that employee job descriptions and objectives are well defined and reviewed at the agreed times.

Employees at CSD complained about lack of engagement to understand strategy and performance issues. Some of the recommendations they highlighted included cascading the concept of BSC since it is only known and understood at higher levels of CSD structures. It is in the researcher's view that if this can be done, it may bring about a greater impact on organisational performance and implementation of the strategy.

### **5.1.7 Improvements in objectives' formulation & monitoring during contract execution**

The literature review highlighted the issue of poor contracts' formulation and a lack

of performance monitoring mechanism at CSD. CSD management should ensure that the issue of performance objectives and monitoring are improved so that employees and supervisors meet frequently to review the set objectives and measure actual performance against set standards. This can also be effectively done if there are clear job descriptions set out for cadres. This will ensure homogeneity and uniformity of contracts of employees who perform similar jobs.

### **5.1.8 Cultivating a positive organisational culture**

The literature review has highlighted the relationship between organisational culture and performance management. It is important for management at CSD to cultivate an enabling organisational culture supported by employee commitment, motivation and a shared vision so that employees can contribute towards greater productivity and competitiveness of the organisation. Frequent engagement through individual contacts with employees and sharing the corporate vision through workshops can help to achieve the desired objectives. In this particular area, it is also important for leadership to display by action the required organisational culture so that the rest of employees can adopt and live it as well.

### **5.1.9 Strategies to make the BSC more effective at CSD**

Employees at CSD stated that there are challenges of lack of cascading of the BSC down the organisational hierarchy. The BSC is only known and understood by top management and employees down the hierarchy are merely told what to do without a clear explanation of why they are doing it. It is expected that when the concepts of the BSC and its advantages are cascaded with greater emphasis to improved performance and enhancing greater competitive advantage the result will be improved efficiency and effectiveness in both internal and external processes at the CSD.

### **5.1.10 To empower CSD leadership with skills to assist subordinates**

The primary study has identified some gaps in the way management and employees relate regarding communication, knowledge-sharing and the cascading of the BSC within the CSD. It is important for management at CSD to be empowered so that they are better able to help employees to understand the BSC and how employees can contribute to its value chain. Evidence has shown that employees have highlighted that there is a lack in their supervisors to help them understand the BSC. It is, therefore, in the researcher's view that supervisors be empowered as part of the management team.

### **5.1.11 To support BSC with other performance management tools**

Employees at the CSD felt that the BSC on its own was difficult to understand and should be combined with other tools such as the performance management system and the just-in-time (JIT) methodology. Management at CSD should consider these recommendations after reviewing the advantages and disadvantages because at the present moment some employees are suggesting that the BSC is adequate on its own despite its complexity to them. What may be appropriate at this juncture is to frequently engage employees and management on the implementation of the BSC, regularly interact and review individual employee and units' performance so that employees understand the BSC better. Presently, these measures are seldom taking place in the department.

### **5.1.12 Creation of more effective channels of communication**

There is a lack of effective communication between management and employees at CSD and this is negatively impacting on the implementation of the use of the BSC. The creation of better channels of communication can assist to improve the situation. Strategies such as weekly emails, bulletin boards, an online magazine, and a corporate website can help to complement

efforts such as workshops which occur on a less regular basis. Electronic and social media such as Facebook and Twitter have also been found to be effective as forms of sharing important organisational information because of their personal touch.

### **5.1.13 Greater employee freedom and openness**

Employees at CSD felt that they are not free to express themselves and have little room for innovation and creativity. This may be because everything resides at top management and instructions are given to the lower levels of the organisational structures. Upward communication seems to be non-existent and this is frustrating employees who want to add their input to strategic management within the Department. Management at CSD should formulate plans to ensure that there is freedom of expression and room for creativity and innovation by encouraging employees to be open, and also rewarding employees who positively contribute to the processes within the CSD.

## **5.2 Conclusion**

The findings reveal that, on average, employees within CSD were engaged in the strategic management process. Furthermore, most of them were aware of how they should participate in the strategic management process as they agreed that they could make a valuable contribution to the process. However, fewer than half of the employees were able to measure the contribution they make in strategic management.

### **5.2.1 Effectiveness of Balanced Scorecard**

Results revealed that the majority of employees were aware that the BSC is the adopted framework for strategic management. They were also in consensus that using the BSC engages them to understand strategy and performance management issues. Most employees were also of the view that their level of engagement can be effectively measured through the BSC and that the Balanced Scorecard provides a correlation of



their results and their department's results. They have also agreed that the BSC is an effective tool for use in strategic and performance management.

Despite the above, almost half of employees were of the view that using the BSC for performance management is not clear and easy for them to follow. This low percentage is an indicator that there is room for improvement regarding the issue of the clarity of the BSC.

The main reason why the government adopted the BSC was so that performance tools could be aligned with the overall strategic management process. When this objective is accomplished, the result would be a more streamlined civil service with improvements in performance levels band and increased productivity within the workplace. Overall, the aim and objectives of the study were met. This is because the study managed to highlight key issues which negatively impact on the level of employee engagement at CSD such as employees' inability to measure their actual contribution in strategic management at CSD, the difficulties they face when attempting to interpret and use the BSC, the lack of cascading of the BSC, and lack of supervisory skills to assist employees at individual level. When formalised, these factors may help CSD management to improve the level of employee engagement within the department.

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