



**UNIVERSITY OF KWAZULU-NATAL**

**The use of the balanced scorecard (BSC) as a performance management and  
personal development tool in Abagold, Hermanus, Western Cape**

**By**

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Graduate School of Business and Leadership

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**College of Law and Management Studies**

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- My respondents who took their time to complete the questionnaire.

## ABSTRACT

The strategic management framework and plan implemented through the balanced scorecard (BSC) encompasses a detailed analysis of the enterprise situation/position. The translation of the strategic framework analysis or plan through the company balanced scorecard clearly shows how a company plans to satisfy customers, how to grow the business, how to respond to both the changing industry and market conditions and how best to capitalise on new opportunities. The main purpose of this study was to evaluate the use of the balanced scorecard at Abagold, Hermanus, Western Cape (Abagold), through testing and exploring the actual impact of the BSC on performance management and encouraging self-development. The study thus aimed to reveal an understanding as to why employees have mixed feelings of and opinions on the value of the BSC within the organisation. A quantitative research method was employed. From the target population of 505 that comprised the total workforce of Abagold, a sample of 148 were selected and 102 completed the survey. The instrument used was a questionnaire that was hand distributed to the respondents. The finding of the study has revealed that on performance management, Abagold does define the mission and vision before strategy formulation – thus setting a correct platform for the BSC. It has also been revealed that the BSC translates strategy into deliverables and defines goals/objectives that are geared towards the mission and vision. In addition to that, it has been revealed that the critical success factors of the BSC are evident in performance management, despite evidence of lack of effective strategy to communicate deliverables to the workforce. The communication shortcoming to the workforce is a translation of the marginal view that the BSC system is not the best method of performance management employed by Abagold. On personal development, the study revealed that the BSC is not effective as a personal development tool at Abagold. In addition to that, very few of the respondents indicated that they see the outcome of their BSC interviews resulting in a development plan to address shortcomings or areas that need improvement. The main recommendations of the study are the need for Abagold to test the applicability of all key performance indicators (KPIs), to ensure that all KPIs on the BSC are clear and that they reflect the effort the company requires from the individual.

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## LIST OF ACRONYMS

BSC	balanced scorecard
KPI	key performance indicator
KRA	key result area
PDP	personal development plan
PM	performance management
RAG	Red, Amber, Green

# **CHAPTER 1**

## **INTRODUCTION AND BACKGROUND TO STUDY**

### **1.1. INTRODUCTION**

The study sought to reveal how the balanced scorecard (BSC) at Abagold has given rise to mixed feelings and perceptions within all job grading levels of the workforce, with respect to how effective it is as a tool for self-development and performance management (PM). This chapter discusses the background and motivation of the study, the problem statement that had to be answered, the research objectives as well as the supporting research questions to each outlined research objective. Also outlined in this chapter is the significance of this study, the research methodology employed in this study and the scope of the study. The challenges experienced during the research are also highlighted together with the study's ethical considerations that governed the values of the research. Further, a summary of all the chapters in the dissertation is provided and lastly, the conclusion of the chapter is highlighted.

### **1.2. BACKGROUND**

Abalone is one of the world's most needed seafood that is grown by Abagold and is unique to the Southern Africa coastline. The perfect cool water of the Atlantic Ocean supply the required nourishment and environment for the production of the best quality Abalone (Abagold, 2019). Over 150 years ago after Hermanus was founded, the fishing industry was the first economic pillar of the town and became its first tourist attraction as well. In the past, government regulations limited the abalone that that could be removed from the area. However, it later turned into a full scale farming industry (Abagold, 2019). Abagold factory is fully standardized and ensures that South African consumers gets safe and fresh abalone products. Abagold is part of the South African Abalone Export associate, which ensures that they follow a good abalone health plan and code of conduct. As an organization that operates in South Africa (SA), they also comply with all the legal regulation requirements as stipulated by South African authorities. Abagold employs about 505 people that are divided

between employees that are guided by performance management system while others are guided by the unions.

### **1.3. MOTIVATION OF THE STUDY**

The study is important as the findings of this research study will reveal why Abagold workforce appear to have mixed feelings about the BSC. With the greater demand of high performance on deliverables at Abagold, this study justifies an appropriate performance management tool that is effective. The study clarifies some of the traits for an effective PM tool, namely that it should increase performance, have staff buy-in, and help employees improve in certain skills, leading to an increase in employability of the workforce. Any organisation that takes the BSC approach will do so specifically to see self-development and an increase in employability. This study also provides practical insight into the area of performance management at a single private organisation; and insight into the transition from the Red, Amber, Green (RAG) to the BSC at this organisation, from an overview of business to individual level. For the researcher, this study has shown why most underperforming employees end up being dismissed from their employment, a blanket finding that can be applicable to most private organisations. In the light of personal development, a practical insight is revealed that any performance management without a sound individual development plan is a recipe for employee dismissal. This gives a fresh view for re-engineering of talent pipeline strategies in most organisations. For organisations that wish to implement the BSC, the practical findings and remedies from this study could uncover certain unforeseen issues and hence act as a practical road map to successful BSC project implementation. Many companies, despite having great mission statements and strategies still have higher staff turnover and fail or collapse with no increase in shareholder value. The findings of this study could assist such companies.

### **1.4. PROBLEM STATEMENT**

The BSC tool has always been an area that needed further clarification and a point of contention. The BSC is a new tool to Abagold organization, as the company

previously used the RAG status ratings as their performance measurement tool. The RAG's main intent was to highlight the extent of progress and when intervention was needed in the organization. However, some degree of concerns arose which was checking whether the meaning behind the 'traffic light' system and the rating for RAG was unknown and unclear to the workforce. Abagold later moved over to the BSC system to measure current performance and how to strategize for the future. This was implemented with the focus on the internal and external performance deliverables gap that was prevalent in the organization. This was also aimed at ensuring that employees' personal development needs and issues are addressed. Some of such personal development needs includes training and career development.

Since the BSC tool was linked to all employees' remuneration, it is important for the BSC to meet the required criteria. It is Abagold's vision that the outcomes of the BSC discussions be imported into the payroll system. Hence, all information are electronically collated up to the printing of employee payslips. This will give no possibility of further changes of performance appraisal scores granted, that normally occurs during the final Executive scores review discussions. The BSC reviews are done bi-annually and the scores are collated to get an annual score. The expectation was that after BSC was normalized within Abagold, rewards allocation to employees would be easier across the organization. As the executives started holding final review meetings where these scores are evaluated, it appeared that these scores were manually adjusted based on company or business unit results. Such outcome did not reflect the perceived performance of the employee, thereby creating a gap as to whether the BSC actually addressed the implications of such outcome on performance management. Employees at all levels of job grading began to raise concerns as to whether the transition from the RAG to BSC across Abagold are properly being implemented. Some employees made comments like, "the BSC does not show the effort I put into the organization" and that "the BSC is not a fair measurement of their performance". Some employees compared the outcome of BSC to RAG by saying, "the RAG was easy and simple compared to the BSC and that the KPIs on the BSC are not relevant to their jobs". A concern was also raised as to whether the line managers at Abagold discussed the BSC outcomes with the

employees. This made some employees to consider the BSC as a simple worthless paper exercise.

All these concerns highlighted above are some of the gaps that were recorded in terms of the direct implications of BSC on performance management. Employees at Abagold also questioned the authenticity of BSC in addressing personal development. Current training and development at Abagold is currently done by the recommendation of the line managers at their discretion. Such approach further increased the restlessness of the employees with regards to the BSC implementation at Abagold. This has created a huge gap on the overall view of employees on BSC and needed to be resolved by a focused investigation or study. This study therefore sought to evaluate the use of BSC as a performance management and personal development tool in Abagold, Hermanus, Western Cape.

#### **1.5. AIM OF THE STUDY**

Three of the most common and useful purposes of a research are exploration, description and explanation, as stated by Babbie, Mouton, Vorster and Prozesky (2001). This study aimed to evaluate the use of the balanced scorecard in Abagold, through testing and exploring the actual impact of the balanced scorecard on performance management and personal development. The study also makes recommendations based on the evaluation of the effects the BSC has on Abagold.

#### **1.6. OBJECTIVE OF THE STUDY**

The main objective of this study was to investigate the effectiveness of the BSC as a performance management and personal development tool at Abagold, Hermanus, Western Cape. The following were the specific objectives of the study:

- To examine the use of the BSC as a performance management tool in Abagold, Hermanus, Western Cape
- To evaluate employees' awareness of the BSC links to company strategy in Abagold, Hermanus, Western Cape.
- To examine employees' actual performance and reflection on the BSC in Abagold, Hermanus, Western Cape.

- To evaluate employees' perspective of the value of the BSC in Abagold, Hermanus, Western Cape.
- To investigate the implications of BSC on employee personal development in Abagold.

### **1.7. RESEARCH QUESTIONS AND HYPOTHESIS**

To achieve the research objectives, the study aimed to answer the following questions:

1. To what degree is the BSC used as a performance management tool in Abagold, Hermanus, Western Cape?
2. Are employees aware that their BSC is linked to the company strategy in Abagold, Hermanus, Western Cape?
3. Do employees agree that the BSC measurement reflects their actual performance in Abagold, Hermanus, Western Cape?
4. Do employees see value in the BSC in Abagold, Hermanus, Western Cape?
5. What are the implications of BSC on employee personal development in Abagold?

The above research objectives were further validated by means of the following alternate hypotheses:

H1: Employees' BSC is aligned to company strategy

H2: The use of BSC is aligned to performance management tool in Abagold

H3: Employee awareness of the BSC is linked to the company strategy in Abagold

H4: Employee actual performance and reflection is aligned to BSC in Abagold

H5: Employee perspective on the value is aligned to the BSC in Abagold

H6: Employee perspective is aligned to the value of the BSC in Abagold

H7: BSC is an enabler for self-development in Abagold

### **1.8. RESEARCH METHODOLOGY**

The methodology for the research applied the positivism approach and is more often related with quantitative research. It is important to note that the study applied

descriptive study as it deals with the collection of data that describes the features of a person or circumstances (Sekaran and Bougie, 2013). The research methodology for the study comprised of an empirical study using a quantitative research method. The participants in this study included all job grade levels (managerial and non-managerial staff) at Abagold, Hermanus, Western Cape. The measuring instrument used was an anonymous and confidential self-administered questionnaire. To analyse the data, Microsoft PHstat was used to capture and present data in the form of descriptive statistics and frequency tables. Many researchers prefer probability or random sampling methods over non-probability method, and considers them to be more precise and rigorous (Creswell & Creswell, 2018). Nonetheless, there are circumstances in applied social research where probability (random) sampling may not be practicable. In such a case, non-probability sampling method is considered. As a result, the researcher used a non-probability method and a convenience sampling approach was used for the study.

### **1.8.1. Research design**

A quantitative research approach was employed in this study. All the primary data were collected using the self-administered questionnaires, which the participants had completed anonymously and confidentially. An initial pilot study was done with a 10% sample size to determine the quality of the research instrument and to evaluate the effectiveness and validity once they were issued to the target group. The main objective of the pilot study was to make sure that all questions were clear and not ambiguous. The type of data needed should not make the respondent uncomfortable. The questionnaire grouped questions into two sections that evaluated responses on the two main research areas of the study, namely performance management (questions 1-27) and personal development (questions 1-13).

#### *1.8.1.1. Participants*

All levels of job grading from Abagold were considered, which included supervisors, middle management, senior management, operators and section management. This group was easily available, accessible, sufficiently homogenous, and a true representative of the entire Abagold workforce. A total population of 505 employees of Abagold was considered for the study. A sample of 148 was also utilized for the

study. This sample was representative of the study population and was selected based on employees whose job is KPI performance management driven and not guided by employee union.

#### *1.8.1.2. Measuring instrument*

The measuring instrument used in the study was a questionnaire which was issued to the sample group of 148 Abagold employees. The questionnaire grouped questions into the two sections, using the funnel approach to each of the six main objectives. The sections consisted of a number of scaled-response questions measured on a five-point Likert-type scale and allowed for additional comments at the end of the questionnaire. The Likert-type scale used consisted of the following choices: SA - Strongly Agree, A - Agree, N - Neutral, D - Disagree and SO - Strongly Disagree.

#### *1.8.1.3. Statistical analysis*

To analyse the baseline data, descriptive statistics and frequency tables were used in this study. Descriptive statistics and frequency distributions were used and calculated in Microsoft PHstat. Inferential statistics was also used as it allows the researcher to use the samples to make generalizations about the populations from which the samples were drawn. A one sample hypothesis testing was utilized for the study and inferences was made on the questionnaires in view of the study objectives. All the data was captured in Microsoft Excel to enable the data analysis.

### **1.8.2. Scope of the study**

South Africa is currently producing 1,200 tonnes of abalone per year, according to Forbes (2016). Abagold is located in Hermanus, at the tip of the Western Cape coastline and has cultivated abalone (sea snail) for the past 30 years. Abagold pumps five million litres of sea water an hour into the abalone farms and back to the sea and it is this great cool water of the Atlantic Ocean that provides the best environment for the production of high quality abalone. Abagold's vision is to be the world leading brand of quality abalone cultivation, processing and marketing. Abagold has a total staff complement of 505 and exports live, canned and dried abalone all over the world, with its main focus being to build a lasting relationship with customers. Abagold canning and processing facility is a quality benchmark for

canned and dried abalone from South Africa. It also has a complete hatchery that produces spats (baby abalone) for the farms. In 2013, Abagold became self-sufficient in the supply of its abalone feed, by investing in a specialised feed processing facility also in Hermanus where a range of feed products and supplements are produced for the agricultural industry. Abagold has also invested time and resources in Oman (Middle East) in the cultivation and production of abalone in future. It is based on the above that Abagold Limited's performance and personal development system was evaluated subject to the degree of balanced scorecard implementation in the organisation.

### **1.8.3. Delimitation of the study**

The limitations encountered by the researcher during the course of the study is;

- Time constraints for data collection since respondents took longer to respond because of their busy schedules. Respondents had to be reminded numerous times to complete the survey.

## **1.9. ETHICAL CONSIDERATION**

In adherence to the ethical considerations, the study was conducted with voluntary participation and no deceiving subjects were used during data collection. The data collection methods and evaluation methods did not pose any harm to the participants. The respondents' responses were assured of anonymity and that the data collection and evaluation methods would respect their confidentiality.

## **1.10. STRUCTURE OF THE STUDY**

The study consists of five chapters:

### **1.10.1. Chapter 1 – Introduction**

This chapter introduces the study. It outlines the background of the study, the motivation of the study, problem statement, objectives of the study, research

questions, significance of the study, research methodology, scope and delimitations of the study, ethical considerations and an outline of the chapters in the study.

### **1.10.2. Chapter 2 – Literature review**

This chapter presents the review of literature relevant to the study. The discussion mainly focuses on the balanced scorecard, acceptance of the BSC, BSC link to company strategy, BSC effects on company performance, BSC and talent management, employee engagement and personal development, BSC and performance management, total value of the BSC, challenges faced with the use of BSC, and lastly a conclusion on the literature of the study.

### **1.10.3. Chapter 3 – Research methodology**

The research methodology focuses on the process, the kind of tools and procedures that were used to conduct the study. The chapter includes the aims and objectives of the study, research design, research philosophy and research methods, as well as the research strategy, population, location of the study, sampling and sampling strategies, including the sample size. Further, this chapter presents the data collection method employed, the data collection instrument, piloting, instrument construction and administration, analysis of data a discussion of the ethical considerations.

### **1.10.4. Chapter 4 – Presentation of results**

This chapter presents the results from the study. The discussion includes the response rate, demographics of the sample, analysis and interpretation of data as well as the discussion of findings with reference to the objectives of the study **as well as the test hypothesis.**

#### **1.10.5. Chapter 5 – Conclusion and recommendations**

This chapter draws a conclusion from the findings and makes recommendations to assist the company in preventing drawbacks that lead to BSC implementation failures. Hence, it highlights the success factors and areas to improve in view of the BSC being an integral part in both performance management and personal development throughout Abagold, Hermanus Cape Town

#### **1.11. CONCLUSION**

This chapter introduced the study and gave an overview on the BSC. The chapter included motivation for the study, a description of the problem statement, and the objectives of the study which provided the main key indicators to be addressed during the study. Furthermore, the chapter briefly dealt with the research questions; the significance of the study; the research methodology followed in conducting the study; the scope of the study and the delimitation of the study. Finally, the ethical considerations of the study were provided. The following chapter presents the literature that was reviewed for the study.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. INTRODUCTION**

This chapter presents the literature review relevant to the study. The discussion is mainly focused on the balanced scorecard overview, acceptance of the BSC, BSC link to company strategy, BSC effects on company performance, BSC and talent management, employee engagement and personal development, BSC and performance management, total value in the BSC, challenges faced with the use of BSC, and lastly a conclusion on the literature of the study.

#### **2.2. DEFINITION OF KEY CONCEPTS**

##### **2.2.1. Vision and strategy**

According to Hough, Thompson, Strickland and Gamble (2011), the strategy is the direction or road map to the vision, which defines the scope of an organisation over the long term. The strategy achieves advantages to the organisation through prioritised allocation of resources within a changing environment to meet the market and shareholder expectations. Abagold's vision is to remain a fully integrated global leading agribusiness with an innovative and sustainable value chain.

##### **2.2.2. Balanced scorecard**

According to Niven (2014), the balanced scorecard is a performance measurement approach that seeks to operationalise strategic business planning by linking an organisation's long-term vision with shorter-term actions. Once the BSC is implemented, it tracks the organisation's actual performance against strategic objectives. According to Kaplan (2009), the BSC is a strategic measurement system, not a measure of our strategy. However Nair (2004) stated that the BSC is a methodology as the name implies solving challenges through having the balance between theories of a strategy with its execution.

### **2.2.3. Balanced performance measures**

According to Bento, Mertins and White (2017), the balanced performance measures involve key measures that keep the organisation accountable and focused on the strategic plan. Hough et al. (2011) portrayed it as a foundation to the measurement framework and continuous improvement, done by mapping the strategy through objectives, measures, targets and initiatives.

### **2.2.4. Performance management**

According to Hough et al. (2011), performance management has three levels that need to work together to achieve the same goal. The three levels are the *organisational level* that drafts the vision and strategy; the *business unit level* that forms part of company objectives translated into work that the unit needs to accomplish within its tactical environment; and lastly the *individual level* where the individual is clear of their purpose and the results to be achieved to attain success for the business unit and the organisation (Hough et al., 2011).

## **2.3. BALANCED SCORECARD OVERVIEW**

The BSC creates value in the organisation by making company executives able to measure their current and future performance. The company also determines how they must further promote growth of core competencies as well as talent management, operational processes and continuous improvement needed to enhance future growth. Therefore, the BSC is a collection of financial and non-financial measures derived from a top-down process driven by the mission and strategy (Frigo, 2012).

Nair (2004) regarded the BSC as “an attempt to move businesses from monitoring to measurement from measurement to management and from management to direction setting”. Nair (2004) further explained that, “the BSC is not about strategy but about making the strategy actionable”. According to Kaplan (2009), the BSC symbolises “the new metrics that are multidimensional-looking at several aspects of business at the same time. They reflect the reality and complexity of the business situations”. Niven (2014) regarded the BSC as a tool that could be used to measure

performance, align deliverables to the strategy and communicate the strategy to all levels through measurable objectives. Niven (2014) further explained that the measures selected for the BSC are effectively communicated to employees and all relevant stakeholders, and hence the BSC is also regarded as a communication tool. It is through these outcomes that the strategic objectives are attained through the performance drivers at all levels. (Niven, 2014).

Hough et al. (2011) with acknowledgement to Kaplan and Norton further explained that the BSC has grouped metrics into four categories, namely the *financial perspective*, *customer perspective*, *internal processes perspective* and the *learning and growth perspective*. Of particular relevance is the specific performance measures contained in each of the four categories which are aimed at responding strategically to key questions about one important dimension of the business (Manica, Manica, De Souza, & Da Silda, 2017). Kaplan and Norton referred to these categories as the four perspectives that are linked by cause and effect logic (Hough et al., 2011).

### **2.3.1. Origin and evolution of the BSC**

The most popular performance management system for the last two decades has been Kaplan and Norton's balanced scorecard (Yancy, 2017). According to Yancy (2017), "results from firms evaluation revealed that firms with more intangible assets, firms pursuing prospector strategies, firms with poor prior financial performance, large firms, and decentralized firms have significantly adopted the balance scorecard (BSC) as the preferred system of performance measurement". As developed by Kaplan and Norton and as stated by Yancy (2017), the idea of introducing the balanced scorecard was to measure performance from the four perspectives outlined above.

According to Al-Tarawneh (2018), the balanced scorecard focuses on the description of those particular measures that form part of the key drivers to the attainment of the company success. The basic components of company success are subject to the, "*time dimension* performance measurements such as yesterday, today and tomorrow, the *financial* and *non-financial dimension* that controls the main

financial and non-financial ratios and the *strategic dimension* linking the short-term operating control with the entity long-term strategic vision” (Al-Tarawneh, 2018).

The use of the four perspectives in the balanced scorecard, namely the *financial perspective, internal business perspective, learning and growth perspective and customer perspective*, makes the BSC a strategic management system that managers use to clarify and implement strategy; it is not just a collection of measures. The multiple measures in each perspective are linked together in the form of the lag (core outcome) and the lead indicators (performance driver) (Singh & Sethi, 2017).

The development of the BSC has led to its evolution to being used as a tool to assist managers to measure the performance of individuals and teams towards goal alignment with the company strategy. The BSC has become the most popular system used by Fortune 1000 companies over the last two decades (Yancy, 2017).

The BSC model is considered a transition from strategies that mainly focused on functional units (business unit strategies) to a multidimensional approach that provides a mechanism to achieve goal-related feedback as well as long-term strategic objectives (Jafari, Shahanaghi, & Tootooni, 2015).

#### **2.4. ACCEPTANCE OF THE BALANCED SCORECARD**

According to Rigby and Bilodeau (2007), the BSC is popular around the globe with many organisations having adopted and accepted the tool. The main reasons for the BSC popularity has been its capability to promote self-evaluation mechanisms and effective rational decision making (Wiersma, 2009). To a larger extent, “the impressive BSC adoption rate is largely attributed to its global appeal as a potent management system” (Dechow, 2012).

In the South African context, the BSC has been widely accepted and adopted, as reported by the BSC Institute (BSCI) in South Africa, because it provides consulting and training opportunities, assists innovative companies, and assists progressive local government agencies. The institute also assists companies in developing and

applying performance management systems and BSC concepts to strategic management (BSCI, 2010).

In the evolution and adoption of the BSC, Kaplan and Norton (2007) quoted one of the senior executives at a major company as follows; “Previously, the one-year budget was our primary management planning device. The balanced scorecard is now used as the language, the benchmark against which all new projects and businesses are evaluated.”

## **2.5. BALANCED SCORECARD LINK TO COMPANY STRATEGY**

According to Singh and Sethi (2017), the originators of BSC, Kaplan and Norton, also remarked that it can be tailor-made to suit an organisation’s needs or strategy objectives. Furthermore, Singh and Sethi (2017) stated that the BSC model is custom-made and can be adapted to suit the practical expectations of every organisation.

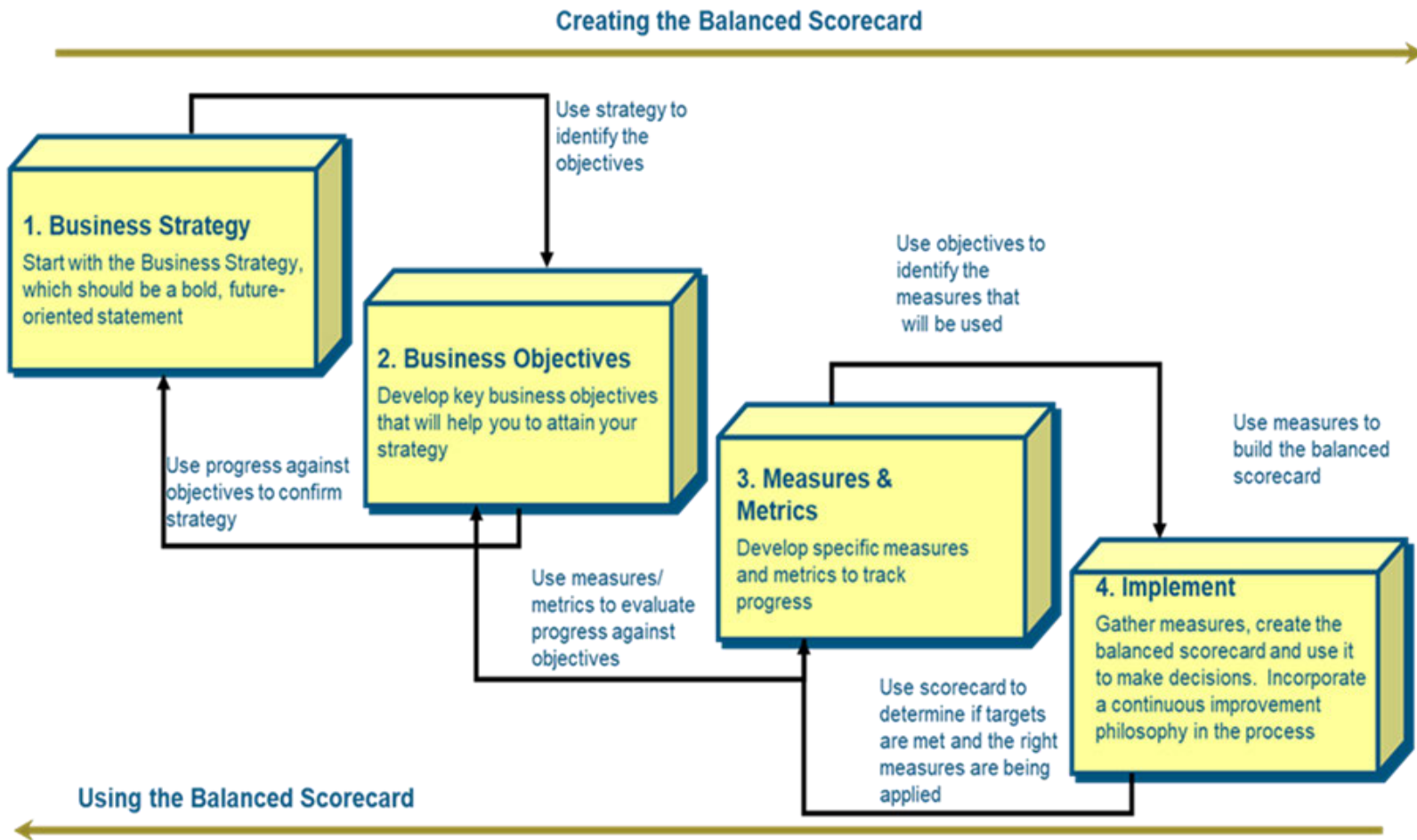
The BSC translates the business strategy into tactical measures. According to Kaplan and Norton, companies need the BSC as the centre of management processes, instead of budgets (Kaplan, 2009).

The BSC translates business strategy into measures as follows:

- Business strategy used to identify key objectives.
- Objectives used to identify key measures to be used.
- Measures used to build the BSC.

This is supported by Niven (2014) who argued that the essence of the BSC is to assist organisations in overcoming two key issues: effective organisational measurement and the implantation of strategy. According to Nair (2004), the BSC implementation translates the company strategy into actionable metrics at all levels of the organisation. Furthermore, as depicted on Figure 2.1 below, the BSC gives a balance of objectives and measures and it isolates cause-and-effect relationships in the work being done to attain a strategic purpose (Nair, 2004). The BSC also links the company vision, the mission and the values to company strategy while at the

same time moving beyond just financial measures to company underlying measures  
(Nair, 2004).



**Figure 2.1: Using the balanced scorecard to confirm strategy**

Source: Adapted from Kaplan and Norton (2007).

According to Manica et al. (2017), performance measuring of company strategy is a three stage process explained as follows: In Step 1, the business strategy is examined to find crucial performance topics in each of the four BSC perspectives; in Step 2, the where and how of the organisation's planned success in each topic is determined, spelling out each where and how as a set of critical success factors; and in Step 3, each critical success factor is considered and specific performance indicators are defined that will track success and manage performance at both operational and corporate level. However, according to Wiersma (2009), many factors influence individual BSC usage. These factors lead to a varying degree of pressure on individual BSC users to use the scorecard, i.e. the subjective norm (Wiersma, 2009). The usage is found to be influenced by what the organisation intends to use the BSC for, as this affects how it will be designed initially. Furthermore, the variable opinions of the various levels of job grading that form part of the BSC users also play a major part. The BSC usage is also affected by other control systems that prevail within the organisation

The drivers to the use of the BSC, according to Wiersma (2009), have been aligned to three dimensions, such as the "*decision-making and decision-rationalizing dimension, and the coordination dimension*", that are highly related to the manager's receptiveness to new types of information and lastly, the *self-monitoring dimension* that is highly related to the emphasis placed on managerial evaluation. These determinants are complimentary to each other as they possess a moderate correlation (Wiersma, 2009). According to Kaplan's (2009) view of the BSC allowance for a balance between short-term and long-term objectives, Kaplan further argued that the balance between desired outcomes and the performance drivers existed. Kaplan (2009) also pointed out the existence of a balance between softer and hard objectives as well as more subjective measures.

## **2.6. BALANCED SCORECARD AS A PERSONAL DEVELOPMENT TOOL**

The BSC is one of the most popularly applied strategy performance management tool and can also be used in order to set targets for personal growth and development for employees as well (Savkin, 2014). A company's BSC will usually consider the following aspects: learning and growth, internal business processes,

customer satisfaction and financial progress (Savkin, 2014). The learning and growth aspect of a BSC is the adhesive that holds it all together and distinguishes the company from its competitors. In using the BSC for company vision, the targets are put down with KPIs created in order to measure the performance of the company until these targets are realized. In the same vein, an employee can utilize the BSC in assessing his or her KPI, as it gives them the inspiration and motivation to progress towards the career goal and in analysing their own performance (Savkin, 2014).

Employee engagement is a trending topic today and employers are frequently reminded that building a culture that encourages employees that are engaged will improve business operational performance and bottom line (Meena, 2015). This is a reality in the workplace, but employees are also expected to start making contribution to their own engagement level in the workplace (Eversole, 2016). According to Kaplan (2009), the following three principle categories for the learning and growth perspective apply. They include;

- Employee capabilities
- Information system capabilities
- Motivation, empowerment and alignment

BSC as a personal development tool can be applied to the growth of the employees' careers in the following ways;

### **2.6.1. Professional Vision**

The first approach in developing a personal scorecard for personal development is for the employee to articulate a clear vision (Meena, 2015). For instance, if the employee's desire for their professional vision is to be a managing director, they need to keep evaluating their reason for such desire until they are clear on the precise vision. Instead of just desiring to become a leader, the employee could start from ensuring that they are good inspirations to their colleagues and that they are able to lead a small group in the workplace. Through such understanding, the BSC can be used as a personal development tool in developing such leadership qualities (Meena, 2015). This can be included in the employee's KPI plan as part of personal development.

### **2.6.2. Perspective**

The next step is to identify the perspectives. A good approach of BSC usually has financial, customer, internal processes, and employee as the standpoints through which success should be evaluated (Eversole, 2016). In applying BSC as a personal development tool, these standpoints can be modified and include;

- Relationship: To achieve this vision, the employee needs to work on his relationship style in the workplace
- Practices: To achieve this vision, the employee need to understand which professional practices they need to excel in
- Learning and Growth: The employee need to include new skills and capabilities they intend to acquire in the BSC set up

### **2.6.3. Goals and Objectives**

Under this section, the employee needs to ensure that they set goals and objectives through the BSC which they intend to focus on will be fruitful. For instance, the employee could do the following;

- Leadership skills development (learning & growth perspective)
- Be on time with deadlines on a frequent basis (process perspective)
- Engage in speaking engagement (Relationship perspective)

### **2.6.4. Initiatives**

As part of the set personal development using the BSC, the employee should have projections, tasks and action plan that should be followed to make progress in each of the objectives (Savkin, 2014). For instance, the employee can enrol in a class to cultivate their skills that will sharpen their skills as future leaders.

### **2.6.5. Measures**

BSC as a personal development tool should be guided and continuously monitored using appropriate guiding measures (Meena, 2015). Each goal should be aligned with a measure so that the employee can observe the progress in each objective. From this information, decisions should be made regarding whether the initiatives are succeeding in moving the goal in the correct direction. As a personal

development tool, these measures should be as specific as possible and they should have standards and targets (Savkin, 2014).

## **2.7. BALANCED SCORECARD EFFECTS ON COMPANY PERFORMANCE**

Niven (2011) identified the BSC as three tools – for communication, measurement and strategy. Furthermore, an effective strategy contains descriptions of financial aspirations, markets served, processes that drive value, and of course the human capital and talent pipeline to skilfully guide the ship to success (Niven, 2011). Coe and Letza (2014) revealed that in 1992 when Kaplan and Norton realised that companies live in a volatile, uncertain, complex and ambiguous environment, they acknowledged the need to stay fluid in terms of performance measures in the new era.

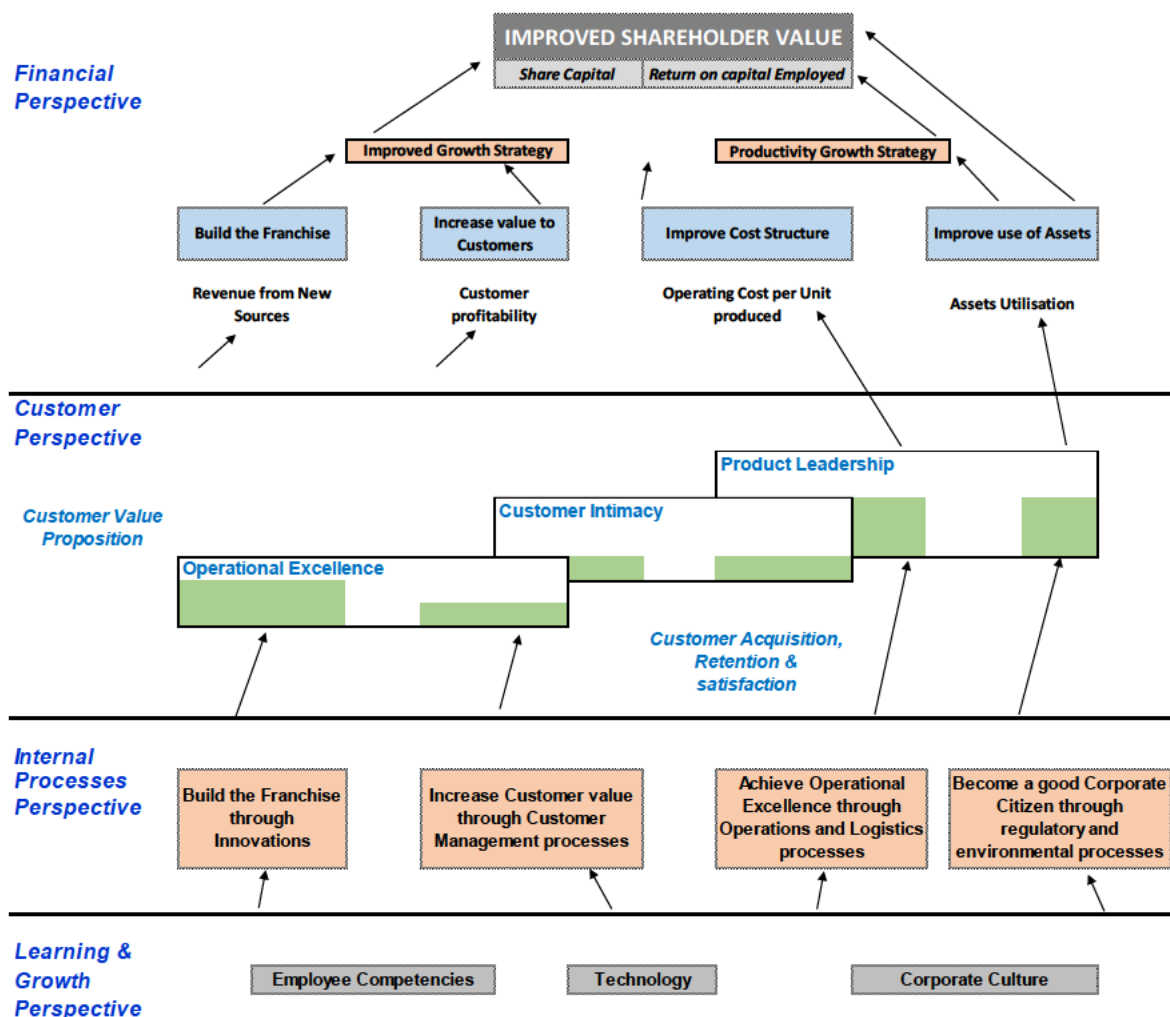
Also according to Coe and Letza (2014), in 1996, Kaplan and Norton argued that due to the changing business environment, it was no longer only tangible assets that create organisational value but intangible assets. Furthermore, they also noted that today's managers are aware of the performance and that they only get what they can measure effectively, but that a grey area still exists as to how these measurements impact the strategy (Coe & Letza, 2014). These authors furthermore emphasised Kaplan and Norton's revelation and highlights that, "no single measure could provide a clear performance target, and that managers require a balanced presentation of financial and operational measures". Coe and Letza (2014) additionally agreed that the evolution of the scorecard combined four different perspectives to link overall performance. Each perspective helps answer a basic performance question for an organisation such as the following:

- Can we continue to improve and create value?
- What must we excel at? What business processes are value drivers?
- What do our customers value most?
- How do we regard shareholders? (Coe & Letza, 2014).

The BSC exposes if all the energy spent on improving each perspective has been converted into operational survival, success and prosperity. All efforts spent on

improving company processes and customer satisfaction will be of no use if there is no increase on return (Frigo, 2012).

In addition, the financial perspective forces the reconsideration of strategy/implementation plans if high operational performance is not translating into similar improved shareholder value, as illustrated on Figure 2.2 below. The BSC strategy map explains the transition away from a simple stand-alone performance measurement tool to a rallying framework for core managerial processes (Coe & Letza, 2014).



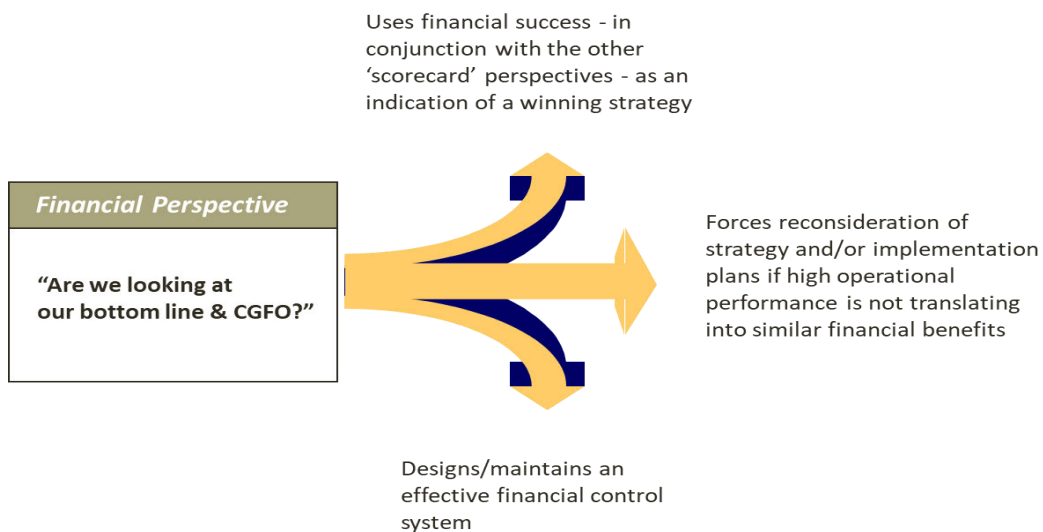
**Figure 2.2: The BSC strategy map**

Source: Adapted from Kaplan and Norton (2007:147-160).

According to Niven (2014), the balanced scorecard describes the organisation strategies through the objectives and measures that have been chosen. Niven (2014) further argued that; “ these measures should link together in a chain of cause-and- effect relationships from the performance drivers in the learning and growth perspective all the way through to improved financial performance as reflected in the financial perspective”. Kaplan (2009) added to this, stating that this “Cause-and-effect relationship can be stated as a sequence of if-then phrases”.

### 2.7.1. Balanced scorecard impact on shareholder value

According to Niven (2011, 2014), “the measures in the financial perspective act as actual indicators of the effectiveness of our strategy execution and this is mapped through measures chosen in the other three perspectives that are aligned to improving shareholder value”. This is as illustrated in Figure 2.3 below.



**Figure 2.3: BSC financial perspective**

Source: Adapted from Coe & Letza (2014).

The financial perspective metrics play a critical role to identify whether the company strategy and its implementation (i.e. operational performance) play a role in company profitability improvement or not (Kaplan & Norton, 2007). Profitability, growth, and shareholder value often define the financial goals. Usually this is defined with respect to the framework of sustainability, success, and economic

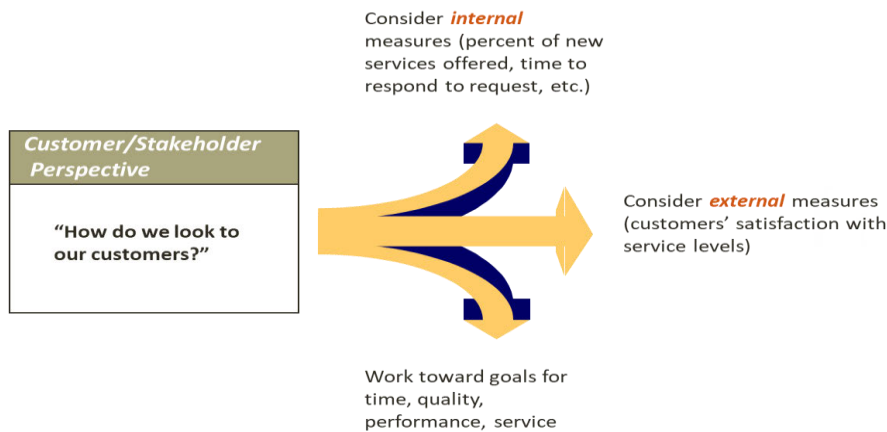
boom. This further explains boom as measured by cash flow, success by seasonal sell growth, sections operational income and economic boom by market share, return on assets and return on equity (Kaplan & Norton, 2001). Kaplan (2009) stated that financial measures are important and valuable in summarising the readily measurable economic results of actions already taken. In addition to this, Kaplan and Norton (2007) said, “this perspective enables the manager to specify the metric by which the long-term success of the business unit is measured, and the variables considered most important to create and to drive the long-term outcome objectives”.

In general, as illustrated by Frigo (2012) on the BSC, the reason for the financial goals is to enable the organisation to survive, succeed and grant prosperity. The survival is further evident through improved cash flow, with success being evident through improved operational income and sales and prosperity being evident through an increased market share in equity and investments.

### **2.7.2. Balanced scorecard impact on competitive advantage**

For customer excellence, it has been revealed that through evaluation and development of performance drivers in an organisation, an improvement in the lag indicators of customer success has been evident (Niven, 2014). According to the author, it is essential for an organisation to answer the following two questions, as depicted on Figure 2.4 below.

- Who are our target customers?
- What is our value proposition in serving them?



**Figure 2.4: BSC customer/stakeholder perspective**

Source: Adapted from Coe & Letza (2014).

Further, Niven (2011) stated that in terms of the customer, the main key performance indicators are the market share and customer or market retention including acquisitions and partnerships. In addition to that, loyalty, satisfaction and profitability are also considered as key indicators. Kaplan and Norton (2007) argued that the organisation considers how it appears to its customers and focuses on both internal and external measures that lead to customer satisfaction and drive value for the business. Kaplan and Norton (2007) further highlighted that managers must know their customer niche and market segment to form the basis of the source to deliver the revenue component of the organisation's financial objectives.

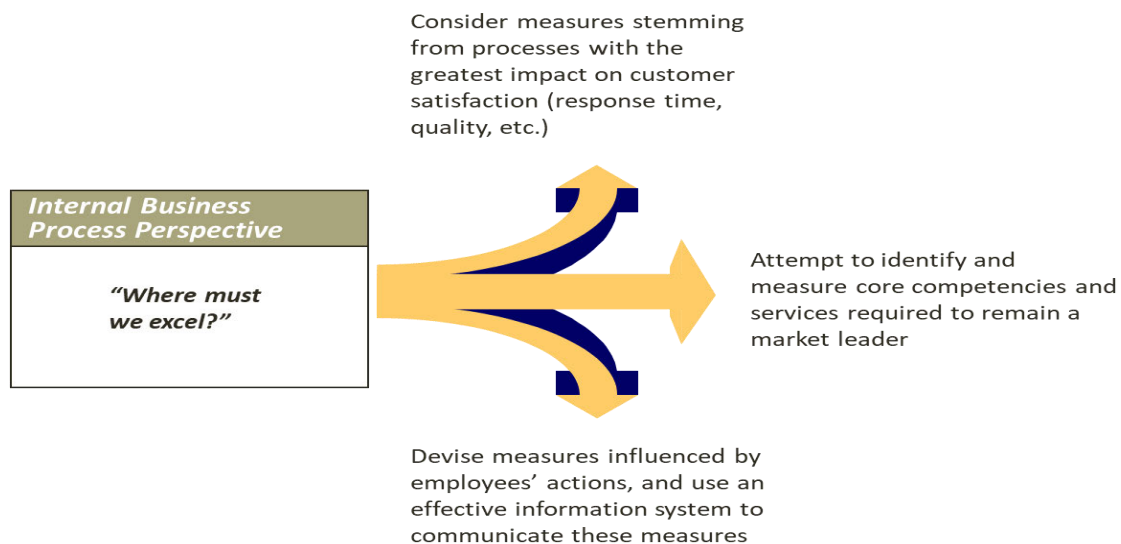
According to Kaplan and Norton (2001), in order to develop leading indicators, companies must strive to select objectives and measures from the following three classes of attributes:

- Customer relationship/Customer intimacy, which includes quality of purchasing experience and personal relations.
- Brand equity is also key and may include image awareness and reputation as well strength of the brand.
- Product or service attributes/product leadership, which includes performance/speed (time) of service, price, quality, functionality (fit for purpose).

Furthermore it is important to consider product quality, lead time, services, including the service performance of the company, and the cost effectiveness of the service (Kaplan & Norton, 2007).

### 2.7.3. Balanced scorecard and organisation effectiveness

For customer satisfaction and meeting shareholders' expectations, most companies identify entirely new internal processes for innovation/product development, production, manufacturing, delivery, and post-sale service that may be represented in this perspective (Niven, 2011). This is depicted in Figure 2.5 below.



**Figure 2.5: BSC internal business process perspective**

Source: Adapted from Coe and Letza (2014).

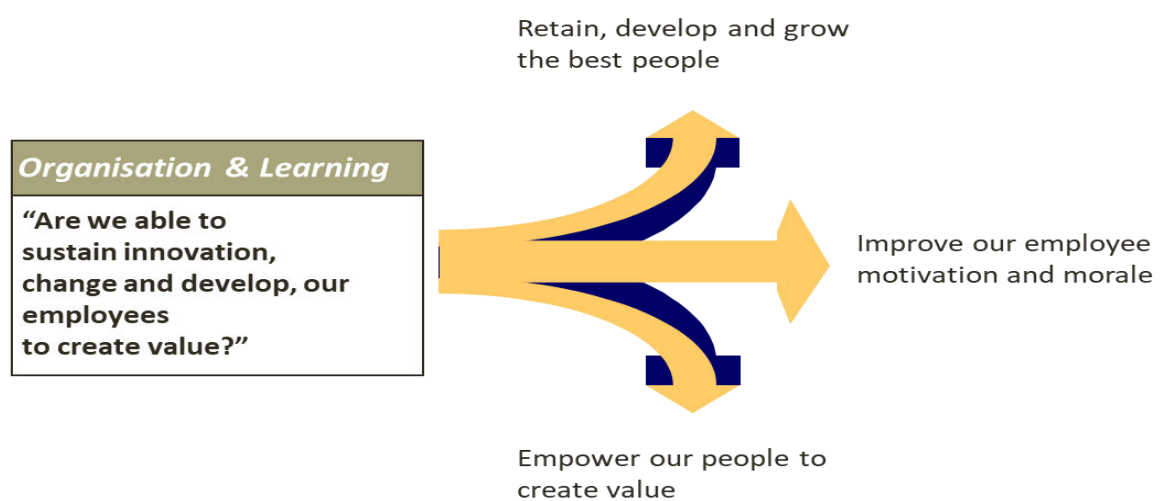
According to Niven (2014), companies evaluate and select those competencies with the greatest impact on customer satisfaction and decide to excel in those. In addition to that, to serve customers and fulfil the company's value objectives comes through efficient operation of specific internal processes in line with each customer discipline (Niven, 2011). The above is still in line with Kaplan and Norton (2007) as he has revealed that it could be accomplished through following a given value-chain model that entails processes such as: *operations* whereby the goods and services are rendered effectively to customers; *innovation* whereby continuous research and improvement take place to continuously create value to customers; and *post-sale*

service whereby customers are rendered excellent services after the sale has been done.

Areas such as operations functional management, customer services management, customer focus and relationships, innovation or continuous improvement, product development, product or services delivery, product manufacturing, after-sale service, regulatory and social processes are widely embedded in this perspective. They are thoroughly examined from the firm's internal business process perspective, in an attempt to determine the core competencies and services required to remain a market leader (Hough et al., 2011). In addition, Hough et al. (2011) stated that this perspective identifies key processes to excel at, to continue adding value for customer and ultimately shareholders.

#### 2.7.4. Balanced scorecard and talent management

Niven (2011) viewed the BSC organisation and learning perspective as, "the roots of the tree that will ultimately lead through the trunk of internal processes to the branches of customer results, and finally to the leaves of financial returns". According to Kaplan and Norton (1996), human capital encompasses the ability of a firm to sustain innovation, and to change and develop its employees to create value, as illustrated by Figure 2.5 below.



**Figure 2.6: BSC learning and growth perspective**

Source: Adapted from Coe and Letza (2014).

This perspective forms the foundation of the BSC, in that it contains both the lead and the lag indicators (Niven, 2011). Furthermore, this perspective is characterised by the following:

- Organisation capital (leadership, alignment, culture);
- Information capital (accuracy, availability, networks, infrastructure); and
- Human capital (competencies, skill, knowledge, and experience).

In addition to that, the indicators that emanate from good employee skills in an organisation as well as good employee satisfaction in the presence of effective information and alignment are as follows:

- Employee turnover, employee skill levels, employee satisfaction;
- Availability of information, number of training hours, continuous improvement initiatives;
- Career opportunities, promotions within the company, employee retention and attraction;
- Personal alignment, team alignment and organisational alignment (Niven, 2011).

According to Kaplan and Norton (1996), the main emphasis of this stems from the question, “*are we able to sustain innovation, change and develop our employees to create value?*”. The authors further said that it is done through retaining, developing and growing the best people, improving their morale and motivation, and empowering them in order to create value. This leads to cost reduction and product differentiation, thereby meeting the varied customers’ requirements. Kaplan and Norton (1996) emphasized that it creates more value and improves cash generated from operations. This in turn acts as a financial base for future capital expenditure for growth and business development.

Niven (2011) explained that this perspective focuses on the execution of the company strategy with much emphasis on what core competencies are required of employees to be effective as well as the necessary tools to meet the objectives. This is also used in an organisation to document matters relating to employee skills development. Niven (2011) further argued that the “*close skills gaps*” and “*increase*

*employee training*” form the basis of this perspective on the company balanced scorecard. This perspective further evaluates the jobs to be done by employees as well as the supporting aids to get the job done. In addition, it focuses on effective customer feedback being channelled back to the employees, for continuous improvement and employee motivation. Most importantly and as also echoed by Niven (2011), is that the processes should be available in an organisation to share and capture that important knowledge between workers to enhance self-development (Niven, 2011).

According to Hough et al. (2011), this represents the ‘enabling’ dimension of the BSC and has a developmental inclination which addresses those aspects that empower employees. This in turn empowers employees to achieve the performance levels that support the measures included on the other perspectives (Hough et al., 2011). As with any of the other abovementioned perspectives of the scorecard, an expectation of a mixture of the core outcome measures (lag) and the deliverables drivers (lead measures) will likely form a base on which the learning and growth perspective is driven (Niven, 2011).

The main focal point of the learning and growth perspective, according Narayanamma and Lalitha (2016), describes how employees, process technology, and organisational environment blend together to achieve the company strategy. These measures in this perspective are lead indicators for improvements in the internal processes and the customer and financial perspectives (Narayanamma & Lalitha, 2016).

#### **2.7.5. Employee engagement and self- development**

It is clear from the learning and growth perspective that the BSC should include a personal development KPI as part of this perspective. The key result area (KRA) and the key performance indicator (KPI) should encourage self-development, encourage innovation and continuous improvement, allow opportunities for growth through learning (including learning from making mistakes), and allow the individual to develop this KRA and KPI (Hough et al., 2011).

Hough et al.'s (2011) view on performance management indicates that an organisation should take the following into consideration for effective personal development:

- Employees need to participate in the compilation of their BSC.
- Employees need to get regular feedback on their performance.
- KRAs and KPIs need to be clearly linked to the business strategy and communicated.
- KRA and KPIs must be measurable and have a direct line of sight. Employees must be clear on what they have to do to contribute to the bottom line in their role/ profile/objectives.
- KPIs must be linked to financial gains (reward and remuneration aligned to performance).
- KRAs and KPIs must inspire action and create outcomes which satisfy stakeholders (fair and achievable).
- Some KRAs and KPIs must measure team or organisational performance (not only individual).

Furthermore it is clear that self-development forms the baseline of all other perspectives of the BSC, that is, this growth forms the platform upon which other perspectives flourish though a great talent pipeline (Bento et al., 2017).

## **2.8. BALANCED SCORECARD AND PERFORMANCE MANAGEMENT**

According to Manica et al. (2017), performance indicators reveal specific knowledge of all areas of the company that define the most appropriate measurement form for each goal. These performance indicators align the goals with the company's strategy that is demonstrated through the BSC strategic map or planning, as well as the relationship of objectives with long-term goals (Manica et al., 2017).

The relationship between strategy planning and performance management is illustrated below in Figure 2.7. This further feeds into reward and remuneration that relate to the evaluation of objectives with respect to the strategy. It therefore remains

essential to have a full view of how the BSC plays a role in strategy translation into deliverables and enhances performance management and personal development.

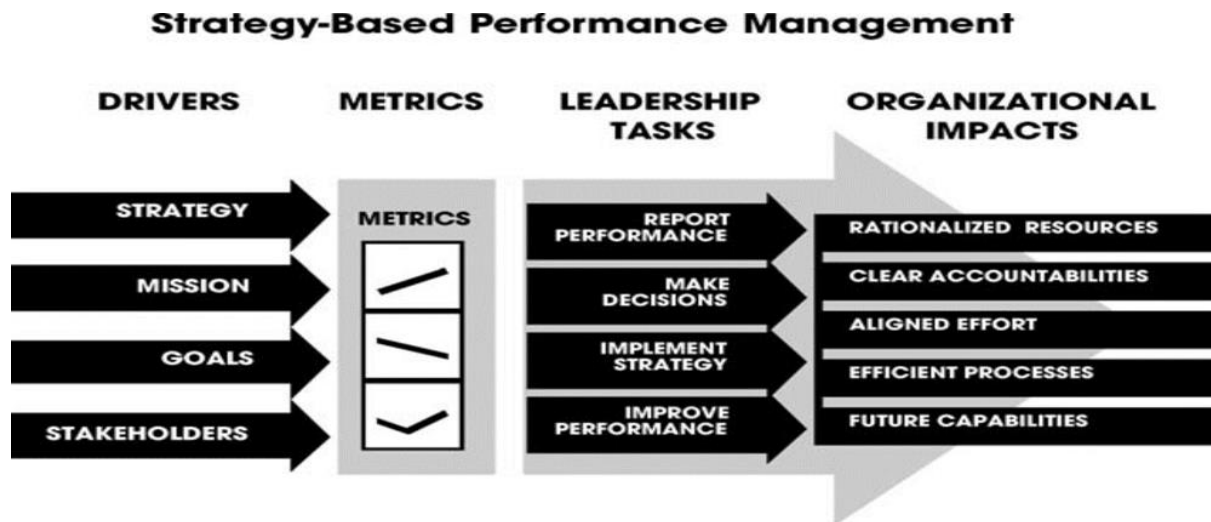


**Figure 2.7: The Strategic Planning Implementation Overview**

Source: Balanced Scorecard Institute of South Africa (2010).

It has been established in many organisations that most challenges arise during the implementation of the strategy as opposed to the crafting of the strategy. In addition to that, the perceived journey has been a bone of contention as many views arise and hence variable opinions of how things should look, leading to minimal buy-in by the users of the BSC (Kaplan & Norton, 2007). Further, the reward and remuneration as well as the company recognition systems should be aligned and support the company objectives that are aligned to the strategy (Kaplan & Norton, 2007). According to Arena, Azzone and Bengo (2015), the performance management system defines the set of metrics or goals used to quantify the efficiency and effectiveness of actions. Tracking and reporting form the base upon which performance management is embedded for future decision making and evaluation of strategy. Frost (2000) suggested that performance metrics can be divided into firstly, primary metrics that involve the results an organisation intends to produce and the value expected for others. Furthermore, these help to align results to efforts, track progress and manage accountability per objective. And secondly, advanced metrics, which mainly focus on the other side of managing performance such as the processes and organisational capabilities.

Figure 2.8 below illustrated the strategy-based performance management overview. This explains in detail the links that tie company strategies and goals to metrics.



**Figure 2.8: Strategy- based Performance Management Overview**

Source: Adapted from Frost (2000).

This link positively impacts the leader’s job in creating change and managing performance, as well as organisational results or impacts. According to Hough et al. (2011), performance management (PM) implies a system of integration of accountability at individual, team and organisational level. This integration is achieved through the alignment of individual objectives with organisation objectives embedding accountability and hence the performance management process. The core elements of performance management are outlined below in Table 2.1.

**Table 2.1: Core elements of performance management**

Core elements	Description
The use of role profiles	Specific roles are developed at individual level, in order for the unit or organisation to attain its objectives through alignment. This comprises alignment of strategy to individual role profiles through position description, KRA & KPI profile, competency profile, contribution profile and compliance profile.
The performance contract	This defines both inputs (competencies: skills, knowledge, abilities) and outputs (outcomes: objectives, measures, targets) and defines the relationship between competencies and results.
The annual performance management cycle	This is a continuous process which capitalises on strengths and learnings of the previous cycle, hence application of continuous improvement. It comprises performance contracting, implementation, reviewing of performance and performance re-contracting.
Personal development plan	This explains the extent to which an individual's competency has progressed. It follows a cycle as follows – assessing current position – setting developmental goals – planning appropriate action – implementation – securing the gain and back to accessing the status.
Learning and development	These are interventions/initiatives that may relate to skills or knowledge required to perform certain responsibilities or planned objectives. It is later followed by a measure of improvement in actual performance as well as a change in knowledge, skills or abilities.
Career and talent management	It has become mandatory that an organisation attracts great talent, retains key talent, and motivates and develops the right talent to remain competitive. This drives firms to success while encouraging development of skills and a good talent pipeline.
Remuneration and rewards	This relates to the payment made to employees in return for the time, skills and effort. It is also used to motivate, develop and improve skills, as performance results are related to changes in pay.

Source: Adapted from Hough et al. (2011).

Hough et al. (2011) also viewed PM as the cornerstone for good people management. In addition to that, he said it is achieved through, “horizontal integration for all people management and vertical integration for all management

of results (competencies, compliance, contribution, personal development, learning and development, career and talent management) with company objectives” (Hough et al., 2011).

## **2.9. TOTAL VALUE IN THE BALANCED SCORECARD**

The BSC has replaced the traditional method of measuring which was financial (Niven, 2011, 2014). The shortcoming of the traditional method of measuring was that it was not consistent with what happens on a day-to-day basis in the business and always reported on the past. It also focused on segregation of performance within functions at the expense of the full view of what the organisation wants to achieve in the long run. Due to its nature and as it only reported on financial measures, this left some non-quantitative measures not directly linked to financial measures unreported and marginalised.

According to Frost (2000), the traditional business metrics focused on a single perspective, financial, and the BSC defines the new metrics that are multidimensional – looking at several different aspects of business at the same time. The BSC new metrics reflect the reality and complexity of the business situations (Frost, 2000). Furthermore, the BSC symbolises the metric revolution that has the benefits listed in Table 2.2 below.

**Table 2.2: The metrics revolution**

The old metrics	The new metrics (BSC)
These were primarily financial measures.	The measures are broad and always multidimensional.
They always focused on 'after the fact'.	BSC measures are 'mid-course steering'; they manage and track as things happen.
They mainly focused on Controls and Reports of the organisation.	The BSC mostly aligns effort to recognition and remuneration as well as tracks and creates value.
They were not actionable as things always changes.	BSC metrics keep the, 'line of sight to action', all the times.
They mainly reported on earnings and taxes of the firms.	These new metrics translate and implement the company strategy.
They mainly dealt with reports within functional areas of the firm.	As they translate organisational strategy, the tracking manages the whole firm across all divisions.
Due to their nature, they only managed the inputs costs.	Due to their nature, the BSC metrics track and manage the deliverable values across the firm.

Source: Adapted from Frost (2000).

Kaplan and Norton (2001) pointed out that the BSC has provided the following benefits in all strategy-focused firms (also outlined in Figure 2.9):

- Aligns the organisation to the strategy.
- Translates the strategy into operational terms.
- Makes strategy everyone's everyday job.
- Makes strategy a continual process.
- Mobilises change through executive leadership.
- Gives managers the full view of the breadth and totality of company operations.
- Gives executives a concise and complete framework as it translates the company vision and strategy into actual metrics that are simple and measurable but aligned back to the strategy, tracked through key success indicators at all times for alignment.



**Figure 2.9: Five principles of a strategy-focused organisation**

Source: Adapted from Kaplan and Norton (2001).

According to Kaplan and Norton (2001), when executives were asked to describe how the balanced scorecard helped them achieve breakthrough performance, they continually referred to two words: alignment and focus. It remains an area of particular emphasis how each organisation achieves strategic alignment and focus. Even after two decades, the same is echoed by Quesado, Aibar Guzmán and Lima Rodrigues (2018) as they view the contributions made by the BSC at organisational level and strategic level as discussed next.

The BSC converts or translates the business strategy into deliverables that could be actioned at all levels with full shared vision by all stakeholders. This ensures that all members of the organisation know the link that exists between the vision, the strategy and their deliverables. The BSC has also been applauded for its ability to provide a clear view of how the organisation performs against its strategic objectives, and hence it is a constant check on alignment to strategy. Further to that, the BSC is seen as an instrument for information and controls, which provides a shared view to the whole organisation. Hence, critical checks are in place for alignment of individual KPIs to those tracked by the organisation. The BSC also has the ability to track and report and thereby ensure that all stakeholders understand

their performance with respect to the key success indicators. In addition, all performance indicators that cannot be expressed quantitatively are easily expressed on the BSC. The other important key element associated with the BSC is its ability to develop a key learning and growth factor. It is then associated with promoting motivation and training as good actions are learnt through mistakes made in the past. Due to the availability of data, strategic informed decisions are made swiftly, resulting in the ability to effectively link organisational performance to any external performance measures tracked by the organisation in line with its strategic vision and objectives. Further, the strong focal point of the BSC is on having all planning tasks aligned to the objectives. In view of the aforementioned aspects, the BSC increases shareholder value as it promotes productivity, continuous improvement and efficiency (cost containment), which in most cases are evident through an increase in financial performance of the organisation. The BSC promotes the abovementioned aspects through its ability to identify and craft the key success factors that in turn give rise to continuous improvement and process redesigns. The BSC also promotes accountability within the workforce as it ensures responsibility for individual objectives and also for maintaining focus through consistent review of performance (key success indicators) related to agreed objectives.

Quesado et al. (2018) echoed the opinion that the BSC focuses on improving business results and the best possible use of available resources for each level of responsibility. The BSC also communicates the priorities of the strategy, including information on the environment, and makes the strategy operational with indicators that measure the implementation level. The BSC balances the various areas of the business, increases participation and motivation of managers and employees, and makes it possible to foresee the future (Quesado et al., 2018).

## **2.10. LITERARY FINDINGS ON BSC IMPACT ON PERFORMANCE MANAGEMENT - GLOBAL AND SOUTH AFRICA CASE STUDY**

### **2.10.1. Case Study 1 – Impact of Performance Management System (PMS) on Employee Performance**

Performance management system is designed to improve employee performance, but the introduction of the BSC redesigned the aim of the performance management system (PMS). According to Almohtaseb, Almahameed, Toberry and Shaheen (2017), the study examined the moderating effect of the use of a BSC on the impact of PMS on the performance of employees. The study was undertaken on a manufacturing firms listed on the Amman stock exchange in Jordan and the study tool was a survey that involved 192 top managers of the 63 listed companies (Almohtaseb, et. al., 2017). The outcome of the study showed that BSC usage regulates the impact of PMS on the performance of the employees. This showed that these companies use BSC both as a measure of performance and as a tool that assist the implementation of strategic change in their company, since it supplies effective and efficient communications of business strategy in addition to knowledge and distribution of information (Almohtaseb, et. al., 2017). This demonstrates that the application of BSC strategically complements and improves the relationship between PMS and employee performance. This study contributes to existing management research on the usefulness and the importance of performance measures, particularly BSC usage (Almohtaseb, et. al., 2017).

### **2.10.2. Case Study 2 – Impact of BSC on Improving the Performance and Profitability of Implementing Companies**

This study attempted to evaluate the impact of BSC on improving the performance and the profitability of the implementing companies (Sahiti, Ahmeti, Sahiti and Aliu, 2016). The research was carried out by the use of secondary data as it better suits the nature and purpose of the research. A narrative analysis was also applied. Even though much has been written in the literature emphasizing the benefits of the BSC model, not many studies examined the benefits directly to financial performance that

is associated to the model or to claim that the model is superior to other systems of performance management (Sahiti, et. al., 2016). As a conclusion, based on the result of the empirical studies and the literature in this research, it was shown that BSC has contributed to improve the performance and profitability for the businesses that have adopted the model.

### **2.10.3. Case Study 3 – The Effect of Strategy Management and Balanced Scorecard on Organizational Performance of UAE Civil Defence**

The principal aim of this study was to investigate the effects of Strategy Management (ST) and BSC on organizational performance (OP). From the theoretical foundation and a range of literature review, the model of the research was suggested (Alzaabi & Dhaafri, 2018). Exactly 220 questionnaires were distributed among random selected sample of Civil defence departments in the Northern Emirates and 188 questionnaires were returned and used for analysis. The feedback of this study showed that ST and BSC have good and influential effect on organizational performance. This study reflected the need for the correct implementation of the ST and BSC to ensure a fruitful performance (Alzaabi & Dhaafri, 2018). This study achieved results that buttressed and rejected the hypotheses suggested regarding the effect of SM and BSC, indicating the flexible importance and major impacts or lack thereof on organizational performance. In addition, this study supported the premises of the resource-based view theory by reaffirming the importance of the ST and BSC as drivers to enhance organizational performance (Alzaabi & Dhaafri, 2018).

## **2.11. ASSESSMENTS AND CRITICISMS ON THE BALANCE SCORECARD**

The BSC is deemed to be a key contribution to the development of performance management, as the work of Robert Kaplan and David Norton revamped the way performance is measured (Chelniciuc, 2014). Over twenty years since its publishing, the BSC system has been applied by hundreds of companies and organizations globally, demonstrating its benefit over time. It was introduced as a substitute to managing organizational performance solely through financial measures, as it was the yardstick in the 1980s. This was because the old-fashioned tools used to

evaluate performance were out of date and often misleading, as they only dealt with the company's previous results (Chelniciuc, 2014). Kaplan and Norton suggested that there are four key aspects that impact the organizational performance which are; financial, customer, internal business process and learning and growth (Chelniciuc, 2014). The reconceptualization of the BSC was a challenge since the four aspects were cross-referencing instead of a linear relationship as perceived by the BSC.

Another limitation was the omission of suppliers and other key stakeholders, particularly the government and the environment that were key to the success of the project (Awadallah & Allam, 2015). For instance, when applying the BSC to a small-scale family-owned farm business, two limitations emerged. The customer perspective was insufficient as the farm business puts equal importance on the customer and supplier (Awadallah & Allam, 2015). The customer aspect required re-naming to supply chain perspective. The second limitation was deciding which perspective was more appropriate to address family expectation such as time-off, holiday and children education, which are part of business expenses since the family is both owner and employee. To accommodate family expectations, the financial perspective required enlargement to embrace shareholder (family) interests and renaming family/shareholder perspective (Awadallah & Allam, 2015).

However, the BSC has been confronted with criticism on the theoretical aspect and on practical grounds. From a theoretical perspective, Hanne Norreklit of the Aarhus School of Business, Denmark has argued that the results from BSC are not based on any proven economic or financial theory, implying that it has no basis in the decision sciences (Chelniciuc, 2014). This denotes that the BSC design and application process is entirely subjective, without a solid economic basis. Additional criticism is related to the BSC's efficiency for business planning, in the notion that it is simply a list of metrics which does not offer a unified view or vivid recommendation (Chelniciuc, 2014). According to Quesado, Guzman and Rodrigues (2018), it was debated that the usefulness of the BSC depends on its conformity to the overall business strategy. In other words, organizations can bias their scorecard to the degree that it closely supports their strategic direction, ignoring aspects that do not

seem to have a direct, observable and measurable impact on the company's strategic goal (Quesado, et al., 2018).

Another criticism suggests that BSC is well suited for engineering firms and less for other industry types particularly service industries (Awadallah & Allam, 2015). For example, the internal process may not be relevant for a consulting company yet the BSC states all the four performance metrics are vital. In a comparative study on the performance of an electrical company that implemented the BSC with a similar electrical firm in the same area (Awadallah & Allam, 2015). It was found that BSC had positive impact on sales, gross profit and net profit, and its removal had negative impact sales, gross profit and net profit. However, in depth analysis showed that the electrical firm which had not implemented the BSC also achieved similar financial returns. The study believed that factors besides SC might have interacted to influence the positive financial returns (Awadallah & Allam, 2015).

In summary, despite the global use and gains from the BSC, the mode still has serious limitations both in concept and in application. The fact that greater number of companies implementing the BSC have either failed to achieve their intended goals or faced serious issues during implementation shows that there are evidential gaps in the model.

## 2.12. CHALLENGES WITH THE USE OF BALANCED SCORECARD

Nair (2004) stated that the BSC has eleven deadly sins. These are either categorised into people challenges (5), technology challenges (3) and process challenges (3). The BSC drawbacks are as described in Table 2.3 below;

**Table 2.3: Challenges of the BSC in an organisation**

<b>BSC challenges</b>	<b>Description</b>
The time taken to gather the relevant data for decision making might be too long for the BSC to be effective. This could be due to technology of process issues.	Too much information or data requires the knowledge of what to focus onto drive the deliverables.

<p>A challenge in the process in that the BSC is not being used every time to manage the deliverables.</p>	<p>This leads to having the scorecards compiled not from deliverables met but to complete the company rules and procedures. Often the scores are bent to suit the system, hence the term, 'political tool'.</p>
<p>A BSC people is that end users are not receiving all necessary education and training.</p>	<p>If the managers or BSC users understand the BSC, they will make informed decisions timeously as opposed to being ignorant as this is costly to the business.</p>
<p>A BSC process challenge is that more new expectations arise instead of continuous improvement from what has always been there.</p>	<p>Organisation should aim for sustainable continuous improvement as opposed to abrupt new methods or promises that pose a risk of disrupting the prevailing consistency.</p>
<p>People challenge – in that most managers do not understand and do not support the use of BSC in their reporting and tracking of deliverables.</p>	<p>Regular meetings and engagements with BSC users should take place to ensure that the tracking, reporting and action plans take place from the BSC as a baseline. The objectives of all relevant levels should be made public to the organisation to show commitment to the use of the BSC. To manage this process and have the correct mind-set remains a BSC people challenge.</p>
<p>People challenge – the so-called, 'not fighting the freeloaders who resist change'.</p>	<p>A process change has always faced resentment. The BSC has been opposed countless times, due to groups in organisations that get used to the old way of operating. This is described as, 'getting used to the status quo and resist to change is detrimental to success'.</p>
<p>Technology challenge – 'searching for push-button solutions'.</p>	<p>As the BSC comes up with a change, BSC users step back and want solutions to be solved automatically or easily. Hence the notion that the push button does not characterise the BSC as it comes with change.</p>
<p>Technology challenge – 'expecting the design to freeze'.</p>	<p>Inception of the BSC gives rise to opportunities and change. Hence the need to make even more process changes that normally pose a challenge to the</p>

	organisation. Some even include new harder market challenges to service and increase efficiencies.
Resource challenge – the crafting and implementation of the BSC project scope is under-quoted.	It is important to have all costs, including opportunity costs and other salient costs, as not having them in the project scope could kill the progress of the project.
People management challenge – ‘managing from the executive suite’.	This is when the BSC becomes a top- down tool and is not fully embedded in all levels and accepted. This gives rise to the notion of the BSC as, “BSC suffering from the ‘executive toy’ syndrome, and being used as a top-down tool”.
Process challenge – the organisation may tend to forget the value, vision and mission that govern them.	In chasing the BSC implementation, the implementers and users might end up losing track of those values that should be the baseline of any success.

Source: Adapted from Nair (2009).

Additionally, according to Yahanpath and Islam (2016), organisations still have a poor performance crisis, without leaving any clues as to why, despite adopting the new BSC approach. Yahanpath and Islam (2016) argued that the issues of determining which specific measures are critical to a firm and which measures will influence the manager to do the right thing at the right time, are still unresolved. The main challenges lie in the sweeping changes in the global arena. A more redefined BSC is needed which takes into account all the relevant stakeholders and risk factors involved in achieving an organisation’s KPIs simultaneously (Yahanpath & Islam, 2016). However, according to Dechow (2012), it has been revealed that the translation of an organisation’s strategy into actual measures at operational levels has been a challenge for most managers who are accountable for the deliverables.

## 2.13. CONCLUSION

Strategy formulation is at the heart of most organisations, but it has been found that the difficulty lies in the actual conversion of the strategy into deliverables at all levels and hence the mentality of the workforce to support such. This chapter presented

the BSC overview and acceptance by highlighting its link to company strategy. It also explained the BSC effects on company performance; how it relates to talent management and its role in employee engagement and personal development. Further, the relations of BSC and performance management as well as the total value of BSC implementation in an organisation were discussed. Lastly, the chapter highlighted some of the proven challenges that organisations face with the use of the BSC. The following chapter discusses the research methodology that was employed to conduct the study.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

This chapter discusses the research methodology utilised to conduct this study. According to (Babbie et al., 2001), the research methodology comprises the process, the kind of tools and procedures to be used when conducting research. The chapter also outlines the aims and objectives of the study, the research design, including the research philosophy and research methods, as well as the research strategy, population, location of the study, sampling and sampling strategies, including the sample size. Further, the chapter discusses the data collection method employed, the data collection instrument, piloting, instrument construction and administration, analysis of data and the ethical considerations.

#### **3.2. RESEARCH OBJECTIVES**

The main objective of this study was to investigate the effectiveness of the BSC as a performance management and personal development tool at Abagold, Hermanus, Western Cape. The following were the specific objectives of the study:

- To examine the use of the BSC as a performance management tool in Abagold, Hermanus, Western Cape
- To evaluate employees' awareness of the BSC links to company strategy in Abagold, Hermanus, Western Cape.
- To examine employees' actual performance and reflection on the BSC in Abagold, Hermanus, Western Cape.
- To evaluate employees' perspective of the value of the BSC in Abagold, Hermanus, Western Cape.
- To investigate the implications of BSC on employee personal development in Abagold.

### **3.3. TEST HYPOTHESIS**

In addition to descriptive statistics discussed later in this chapter, inferential statistics was also used to analyse the data on performance management and personal development. Inferential statistics takes data from a sample and makes inferences about the larger population which the sample was drawn. Since the goal of inferential statistics is to draw conclusions from a sample and generalize them to a population, one need to have assurance that our sample appropriately reflects the population. The analyses were conducted by calculating the mean for each statement within the constructs and the distribution of the ratings are presented in a table aligning each to performance management and personal development. One sample t-test was conducted to assess whether the employees agreed with the statements or not.

The alternative hypothesis was ( $H_1$ ) if the response of the respondents agreed with the statements, while null hypothesis ( $H_0$ ) is if the response disagrees with the statements. Because it is a right-tailed test, we will reject the null hypothesis if the t-statistics is greater than the critical value. Hence, the decision will reject the null hypothesis if t-statistics is greater than the t-critical. In this study the following alternative hypotheses were tested:

H1: Employees' BSC is aligned to company strategy

H2: The use of BSC is aligned to performance management tool in Abagold

H3: Employee awareness of the BSC is linked to the company strategy in Abagold

H4: Employee actual performance and reflection is aligned to BSC in Abagold

H5: Employee perspective on the value is aligned to the BSC in Abagold

H6: Employee perspective is aligned to the value of the BSC in Abagold

H7: BSC is an enabler for self-development in Abagold

### **3.4. RESEARCH STRATEGY**

Saunders, Lewis and Thornhill (2011) explained that strategies like experiments, surveys, archival analysis, histories and case studies can be used for descriptive and explanatory research. It can either be looked at as inductive or deductive.

Furthermore and most importantly, the strategy approach should enable the researcher to answer questions and meet objectives.

Sekaran and Bougie (2013) also explained that the research strategies can be divided into experiments, survey research, observations, case studies, grounded theory and last but not least, action research. *Experiments* are normally associated with deductive research, a scientific or hypothetical-inference approach to research. These are normally used to explain causal relationships (Sekaran & Bougie, 2013).

According to Fink (2003) and Sekaran and Bougie (2013), *survey research strategy* involves collecting information from or about people to describe, compare or explain the profound knowledge, attitudes and associated behaviour. The authors agreed that the survey system involves setting objectives for the data collection, study designing, instrument preparation, survey administration, data analysis and well as results reporting. The survey method is convenient as it allows the researcher to collect quantitative and qualitative data from a lot of variable research questions, hence their importance in explanatory, descriptive and causal research to collect data.

The *grounded theory* is inductively derived from the study of the phenomenon it represents (Babbie et al., 2001). Data is provisionally verified through systematic data collection and analysis. The theory begins with coding, and this approach allows a researcher to study a relatively unknown social phenomenon around which no specified theory may yet exist. This approach focuses on building a theory from ground up (Babbie et al., 2001).

Saunders et al. (2011) view *observation research* as systematic observation done through recording, hence description and analysis as well as finally interpretation of people's behaviour. In cases where research questions and objectives are of interest regarding what people do or how they behave, observation becomes the main key strategy to be employed in the study. However, Sekaran and Bougie (2013) see *observation* as going to the natural setting of participants to watch what they do, and then to describe, analyse and interpret the findings.

Sekaran and Bougie (2013) further view *case study strategy* as mainly focusing on collecting information about a specific object, event or activity. The case study

requires an in-depth, clear picture of the problem and emphasises various examinations of real life, but from different viewpoints and perspectives. The use of mixed methods data collection is also key.

*Action research* is viewed by Babbie et al. (2001) as a way in which knowledge is generated about a social system, while at the same time trying to influence change. He further stated that it consists of three main steps, namely diagnosing a problem situation, planning action steps and implementing them, followed by evaluation of the outcomes. Sekaran and Bougie (2013) agreed with this notion but added that the researcher begins with an already identified problem and then gathers relevant data to provide an effective problem solution. However, implementation of the solution is done with a clear view of unexpected and unintended consequences. The effects are evaluated, defined, diagnosed and this is repeated until the problem is fully resolved (Babbie et al., 2001).

The research objectives of this study were supported with research questions, hence a survey research strategy was used. The survey is the most applicable strategy to test and investigate the balanced scorecard (Saunders et al., 2011). This was done through finding out to what extent the balanced scorecard can be effective in translating strategy into manageable deliverables in a workplace (performance management). The survey was also used to test the extent to which employees self-develop when a company adopts a BSC approach (personal development). Surveys were more applicable to this study due to their ability to test consumer decision making, customer satisfaction, and job satisfaction among many more (Sekaran & Bougie, 2013).

### **3.5. THE RESEARCH DESIGN**

The research design is a blueprint or a plan on how the research will be conducted (Babbie et al., 2001). It mainly focuses on the type of study being planned and what results are required, as well as focusing on the logic of the research. It addresses what kind of evidence is required for the research questions and is thus explored through primary data designs as well as secondary data studies, as stated by Babbie et al. (2001).

Sekaran and Bougie (2013) shared the same view that the research design is the blueprint for the collection, measurement and analysis of data with respect to the study research questions.

### **3.5.1. Research philosophy**

Research philosophy or paradigms, according to Bunniss and Kelly (2010), are a set of beliefs and practices shared by researchers. The various paradigms can be viewed with respect to ontological, epistemological and methodological differences in their approaches to conceptualising and conducting research, as well as how they contribute towards knowledge construction (Bunniss & Kelly, 2010) and (Lewis, 2015).

According to Sekaran and Bougie (2013), the four main perspectives are described as positivism, constructivism (critics the positivist belief and holds an opposite view), critical realism (shares an intermediate view point) and pragmatism (no particular position is taken on what makes good research).

According to Lewis (2015), the four paradigm perspectives can also be described based on their assumptions on the nature of reality (thus ontology), the nature of the knowledge employed (thus epistemology), the nature of the research (thus methodology), and lastly the related research methods employed by each. Bunniss and Kelly (2010) and Lewis (2015) explained the four research paradigms as follows:

The *Positivism* paradigm is defined as immovable and fixed. The environment is with respect to a perceived belief of mind-set on what is true. This also applies to the post-positivism paradigm where the objective truth takes presidency. In addition to that, the nature of knowledge is mainly based on certain objectives and can either be neutral or even value free. The nature of the research approach for this paradigm is mainly to determine information through predictions and controls. Further to the research approach, theories are also established conclusively in respect of the key laws. This paradigm has its research techniques centred on gathering data through quantitative methods that include the questionnaire, among others. For the *post-*

*positivism* paradigm, the nature of knowledge is neither easily available nor accessible and the aim is always to find out what could subjectively be associated with the truth. Further to that, the nature of its research approach is mainly based on evaluating hypotheses of concepts and variables under controlled conditions. In addition, this paradigm also uses both quantitative and qualitative techniques to gather data. The *Interpretivism* paradigm has the reality as fluid in that it can take any form, hence there is no ultimate truth. The nature of knowledge is so diverse and could be viewed and deductible from any perspective, hence continually changing. Further to that, its research approach is to mainly focus on gathering vast interpretations and to understand and focus on inductive reasoning at all times. Contrary to other paradigms, it only uses qualitative research techniques to gather information, such as interviews and observations, among others. The *critical theory* research paradigm has the reality formed from a certain viewpoint but is always challenged for validity by various opinions. It henceforth has its nature of knowledge under revision all the time as being co-constructed in accordance with powers in relation. In addition to that, its research approach is to focus on the view to anticipate and hope for changes for the better. It also seeks to identify full reflections of diverse and marginal views. Both quantitative and qualitative techniques can be used to collect information (Bunniss & Kelly, 2010; Lewis, 2015).

This study employed the positivism paradigm, as it has the aim to discover and make use of a survey approach. The study used quantitative methods, randomised trials and questionnaires. This method of gathering information is easy to administer to any sample of any size and geographical location. This study had variable generalizable objectives with knowledge that could be neutral or value free (Babbie et al., 2001).

### **3.5.2. The research methods**

Creswell and Clark (2017) stated that it is important to be able to identify and be specific about the data to be collected. For this research study, only quantitative data collection approach was used and this guided the questionnaires to be structured as close-ended question which also guided the expected responses (Saunders et al., 2011). Quantitative data involves random sampling from a given population, such that every individual has a probability of being selected and the

sample can be generalised to a larger population from which it was randomly selected (Pickard, 2017). A comparison of qualitative and quantitative research method is provided below in Table 3.2

**Table 3.2: Summary of research methods**

Qualitative	Quantitative
<b>Characteristics</b>	
The data is mainly non-numerical, descriptive and applies reasoning as well as uses words.	It is always numerical, non-descriptive, applies statistics or mathematics and uses numbers.
It explains the situation as well as what it means and the related feelings.	Mostly it is focused on evaluating findings and revelations.
As the data is non numerical, it cannot be presented in graphically.	Due to its numerical nature, this data can presented in tables and as graphs.
The information is at all times exploratory.	Mostly focuses on when, where and what of the study.
In most cases it evaluates the reason behind why and how decisions are made.	It can be deductive and mirrors the population.

Source: Adapted from Pickard (2017).

According to Babbie et al. (2001), the use of quantitative research methods enables the researcher to establish a proper numerical representation and manipulation of observations. The collected numerical data is analysed using mathematically based methods and allows for the generalisation of the results (Sekaran & Bougie, 2013).

According to Babbie et al. (2001), the use of quantitative research methods enables the researcher to establish a proper numerical representation and manipulation of observations. The collected numerical data is analysed using mathematically based methods and allows for the generalisation of the results (Sekaran & Bougie, 2013). According to Etikan, Musa and Akassim (2016), non-probability sampling method was used as it is a process that does not give all the individuals in the population equal chances of being selected. In contrast with probability sampling, non-probability sample is not a product of a randomized selection processes. The subjects in a non-probability sample are usually selected on the basis of their

accessibility or by the purposive personal judgement of the researcher (Etikan et al., 2016). The weakness of the non-probability sampling technique is that an unidentified proportion of the whole population was not sampled and infers that the sample may or may not symbolise the entire population accurately (Etikan et al., 2016).

Convenience sampling is likely the most common of all the non-probability sampling techniques (Sekaran & Bougie, 2013). Most researchers consider it to be easiest, cheapest and least time consuming. It is also known as haphazard sampling or accidental sampling and can also be applied where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study (Etikan et al., 2016). The main assumption related with convenience sampling is that the members of the target population are identical (Etikan et al., 2016). The disadvantage of the convenience sampling is that it is likely to be biased. Convenience sampling style can be applied to both qualitative and quantitative studies, although it is most frequently used in quantitative studies while purposive sampling is typically used in qualitative studies (Babbie et al., 2001).

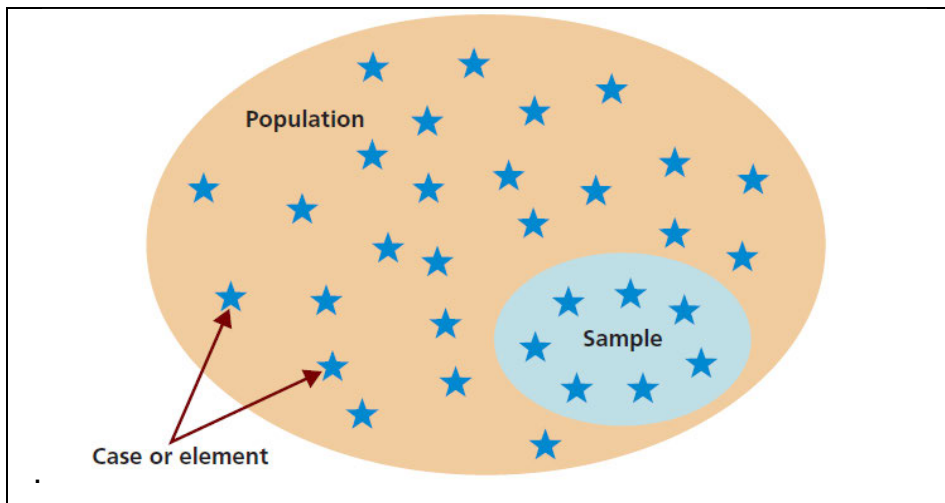
Convenience sampling was used in selecting the sample of 148 from a population of 505, as the 148 employees represents workers who are measured using the performance management system. A quantitative research method was employed to conduct this study as it allowed data to be collected for all variables linked to the balanced scorecard. The study also employed a quantitative research method as it enabled collecting data for all variables linked to the balance scorecard and helped to generalise the findings for the population (Sekaran & Bougie, 2013).

### **3.5.3. Population and sampling of the study**

#### *3.5.3.1. Population*

According to Saunders et al. (2011), a population represents a full set of samples from which a sample is collected. The population size for the study was the entire 505 employee at Abagold. Further to that, Saunders et al. (2011) argued that this

does not necessarily always need to be people. Figure 3.1 illustrates a population with the sample and individual cases.



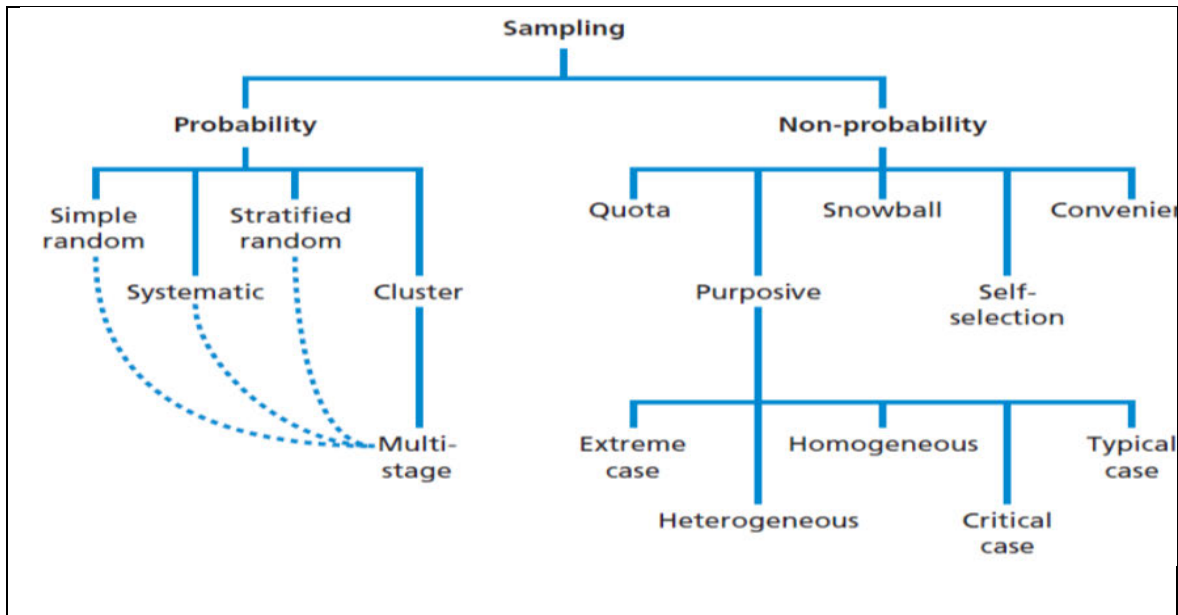
**Figure 3.1: Population, sample and individual cases**

Source: Adapted from Saunders et al., (2011:211).

In this study, the population consisted of 505 workers at Abagold across all departments, including managerial and non-managerial employees.

### 3.5.3.2. *Sampling*

According to Sekaran and Bougie (2013), a sample is a subset of the population. Sampling is the process of selecting the right number of elements from the population, so that all evaluations of the properties and characteristics of the selected sample can be generalised to the population elements (Saunders et al., 2011). This is regarded as a multistage process that entails defining the population, determining the sample size frame and design as well as the appropriate sample size – hence execution of the sampling process. Sampling encompasses the definition of the target population, choosing the sampling frame, and then selecting the sampling method, according to Bryman and Bell (2015) and Chromy (1980). Saunders et al. (2011) suggested that the two main sampling designs and techniques are probability sampling and non-probability sampling, as shown below in Figure 3.2.



**Figure 3.2: Sampling design and techniques.**

Source: Adapted from Saunders et al. (2011:213).

Saunders et al. (2011) explained that probability *sampling* is when a chance of selection is known and a nonzero chance for selection is equal for every subject. It is then highlighted that *non-probability sampling* exerts an unknown probability or no probability for every subject of a sample (Saunders et al., 2011). Sekaran and Bougie (2013) argued that probability sampling could largely be unrestricted (simple random) or restricted (complex probability sampling) in nature.

The *simple random or unrestricted sampling* has every element having a known and equal chance to be selected as a subject sample (Saunders et al., 2011). In *systematic sampling*, elements are selected at regular intervals, based on the size of the sample and population (Sekaran & Bougie, 2013). *Stratified sampling* is also a probability sampling method, but entails separation/stratification of subjects and hence is followed by the selection of subjects in a random manner from the stratum (Saunders et al., 2011). This is slightly similar to *cluster sampling*, whereby the given population is divided into clusters from which random selection of the sample is done from each selected cluster (Sekaran & Bougie, 2013). The last probability sampling design and technique is *multistage sampling*, which entails the selection of samples in stages that could even be viewed as the selection of a sample from a sample (Sekaran & Bougie, 2013).

Saunders et al. (2011) and Sekaran and Bougie (2013) further stated that non-probability sampling could be divided further into *purposive sampling*, which is mostly confined to specific types of people that can give the desired information. This normally occurs when they are the only ones who have the information or conform to some form of criteria outlined by the researcher.

In *snowball* sampling, a small number of individuals that have the characteristics of interest are identified by the researcher and used as informants to identify others who qualify for the inclusion in the sample (Sekaran & Bougie, 2013). Sekaran and Bougie (2013) also stated that in the *convenience* sampling, members of the population who are conveniently available avail themselves for the information to be collected from them. According to Sekaran and Bougie (2013), the *self-selection* occurs when individuals are permitted to show their will to be one of the participants in the study.

Furthermore, Babbie et al. (2001) and Saunders et al. (2011) also referred to *quota sampling*. This comprises a matrix, or table, which describes the characteristics of the target population and assigns each proportion in the matrix. The selection or collection of data in a given cell of a particular trait is done (Babbie et al., 2001).

This study used non-probability sampling and particularly focused on convenience sampling method as the researcher intended on focusing on the employees who are evaluated by the performance management and also rated by KPI in the Abagold organization.

#### **3.5.4. Sample size**

Saunders et al. (2011) reckoned that the sample size is based on the level of accuracy and confidence preferred in estimating the population characteristics and the variability in the population itself. They further tabled a calculation method as outlined below on Figure 3.3, showing the method to use in order to determine the minimum sample size required from any randomly sampled population.

$$n = p\% \times q\% \times \left[ \frac{z}{e\%} \right]^2$$

where

$n$  is the minimum sample size required

$p\%$  is the proportion belonging to the specified category

$q\%$  is the proportion not belonging to the specified category

$z$  is the  $z$  value corresponding to the level of confidence required

$e\%$  is the margin of error required.

Level of confidence	$z$ value
90% certain	1.65
95% certain	1.96
99% certain	2.57

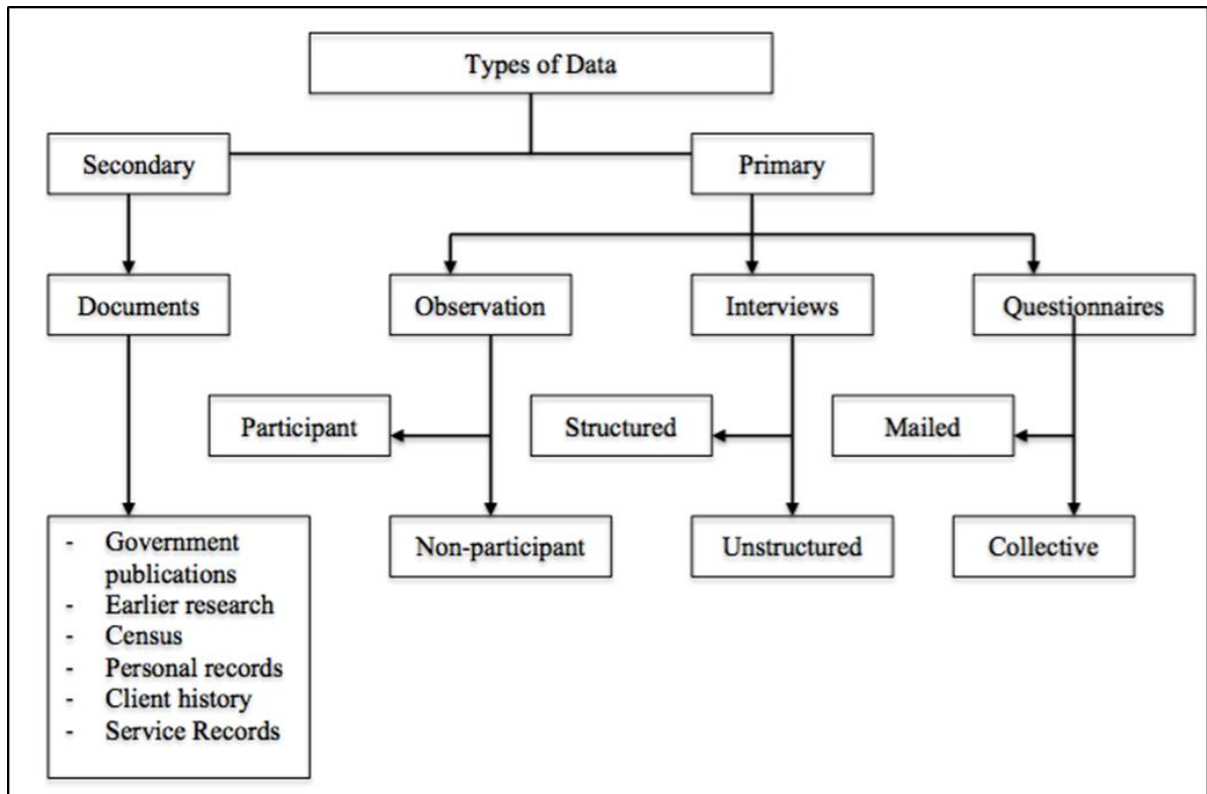
**Figure 3.3: Calculation of random sampling minimum sample size**

Source: Source: Adapted from Saunders et al. (2011:581).

In this study, based on the above method and population size, using a 95% significance level of confidence, the theoretical sample size to be used was 78. However, due to the proximity, convenient availability of participants, the sample size used in this study was 148. This sample of 148 represents the executive management, senior management, middle management, section management, supervisors, specialists and operators. This provided improved weight in generalising the result about the population (Sekaran & Bougie, 2013).

### 3.6. DATA COLLECTION INSTRUMENTS

According to Marczyk, Dematteo and Festinger (2005), the basic data collection methods that mainly include observations and asking questions are very important in quantitative research. And according to Kumar (2011), the main types of data can be divided into primary and secondary data, hence the support instruments for data collection as outlined on Figure 3.4 below.



**Figure 3.4: Types of data collection instruments**

Source: Adapted from Kumar (2011:132).

The questionnaire was the data collection instrument used in this quantitative study. According to Bryman and Bell (2015) and Brace (2018), this method can be categorised as involving personal interviews, mail surveys or alternative hard copy surveys, and telephone surveys. In this study, questionnaires were emailed and the hard copies were also handed to respondents. The use of a questionnaire had the advantage of facilitating the collecting of large amounts of data as well as accessing a wider geographical area of data collection.

The comparison of the three different questionnaire study methods led to the selection of the appropriate instrument for this study, as also suggested by Bryman and Bell (2015). The researcher gave consideration to the manner in which the questionnaire was issued and also how the completed ones were to be collected or returned.

### **3.7. CONSTRUCTION AND ADMINISTRATION OF RESEARCH INSTRUMENT**

As stated, the instrument used to conduct this study was a questionnaire. This questionnaire was comprised of 40 closed-ended questions subdivided into two sections that both tested how the BSC was effective as a tool for performance management and personal development respectively.

The questionnaire was designed with a cover page and pages containing questions. Included on the cover page was the title of the research topic as well as the demographic information and this data (department, gender, age and job grading), provided important statistical information about the population sample. It also contained an information block that indicated the purpose and confidentiality of the data to be collected. It clearly stated that the responses would remain anonymous. The instruction paragraph illustrated how to complete the questionnaire and explained the abbreviations used. The questionnaire also included information that advised participants where to deliver the completed document.

To measure the responses, a Likert-type scale (five-point) was used and it consisted of the following: Strongly Agree = SA, Agree = A, Neutral/Uncertain = N, Disagree = D and Strongly Disagree = SD. The questionnaire also made provision for additional comments, as supported by (Sekaran & Bougie, 2013).

According to Gee, Schulte and Matsumoto (2018), most studies in performance management and personal development focus on stratified funnel approaches that include a series of questions and objectives. It is through these that a few elements of performance management and personal development emanate (Gee et al., 2018). This researcher of this study formulated research questions to be linked to key objectives of the study, as shown below in Table 3.3. The full questionnaire is provided in Appendix D.

The questionnaire, contained 27 statements posed to respondents to evaluate the BSc as a performance management (PM) tool group into five objectives and 13 statements to evaluate the BSc as a personal development (PD) tool as one objective, in Abagold Limited, Hermanus, Western Cape. The respondents were expected to indicate to what degree they agreed or disagreed with the statements

and responses are tabulated in each frequency table below based on each of the objectives of the study. Descriptive statistics were used to explain and summarise the characteristics of the data. The mean and standard deviation were calculated and the results are shown in the figures in the sections below. The responses with a mean value close to 1 signify a strong disagreement; closer to 2 signify moderate disagreement; and those closer to 3, 4 and 5 signify a neutral/uncertain response, an agreement and a strong agreement respectively.

**Table 3.3: Structure of the instrument;**

<b>Performance management</b>		
<b>Objective No.</b>	<b>Objective</b>	<b>Question No.</b>
<b>1</b>	To investigate the BSC of employees' alignment to company strategy in Abagold, Hermanus, Western Cape.	6, 8, 11, 17
<b>2</b>	To examine the use of the BSC as a performance management tool in Abagold, Hermanus, Western Cape.	3, 14
<b>3</b>	To evaluate employees' awareness of the BSC links to company strategy in Abagold, Hermanus, Western Cape.	1, 2, 5, 9, 12, 15
<b>4</b>	To examine employees' actual performance and reflection on the BSC in Abagold, Hermanus, Western Cape.	4, 7, 13, 16, 25, 26
<b>5</b>	To evaluate employees' perspective of the value of the BSC in Abagold, Hermanus, Western Cape.	10, 18-24, 27
<b>Personal development</b>		
<b>Objective No.</b>	<b>Objective</b>	<b>Question No.</b>
<b>6</b>	To examine the BSC as an enabler for self-development in Abagold, Hermanus, Western Cape.	1 - 13

Source: Own research.

The questionnaire questions within the two sections were linked using the funnel approach to each of the six main objectives. The questions were formulated so as

to evaluate responses on the two main research areas of the study, namely performance management (questions 1-27) and personal development (questions 1-13).

### **3.8. PILOT STUDY**

The data collection instrument needs to be pretested to make sure the questions are clear and address the research problem. This ensures all wording, formats and any ethical problems are corrected prior to the actual study (Sekaran & Bougie, 2013).

For this research, a pilot study was conducted with 10% of the sample size 148 (i.e 15) to determine the quality of the research instrument and to evaluate the effectiveness and validity before being issued to the target group. The main objective of the pilot study was to make sure that all questions were clear and not ambiguous. The type of data needed should not make the respondent uncomfortable to complete the questionnaire. The covering page was clear enough to ensure that respondents would understand the purpose of the research instrument (questionnaire). The pilot also need to determine whether the time given to complete the questionnaire was adequate. In all these cases all concerns and correction were addressed before conducting the main research.

### **3.9. DATA ANALYSIS**

According to Saunders et al. (2011), quantitative data is raw when it is from collection through questionnaires. The data still needs to be processed and analysed in order to provide the researcher with meaning and clear information.

Microsoft PHstat was used to calculate the descriptive statistics and frequency distributions in this study. All the data was captured in Microsoft Excel and to enable analysis of the data, the responses were coded on the 5-point Likert scale according to the following: Strongly Agree - 5, Agree - 4, Neutral or Uncertain - 3, Disagree - 2, Strongly Disagree -1. From an inferential statistics point of view, the data was also further analysed using the hypothesis testing for one sample tool. This was

calculated by using the t-Test analysis tool from the microsoft excel data analysis. The critical value calculation entails determining if or not the observed test statistics is more extreme than expected if the null hypothesis were true (Massey & Miller, 2006). In other words, it involved comparing the observed test statistics to some cut off value known as the critical value. If the t-value is greater than the t-critical, then the null hypothesis is rejected in favour of the alternative hypothesis.

### **3.10. RELIABILITY AND VALIDITY OF THE SCALE**

Cronbach's alpha is a statistic frequently cited by researchers to show that tests and scales that have been designed and selected for research studies are appropriate for the purpose (Taber, 2017). It is usually adopted in studies in science education and is used as a measure of reliability. Validity and reliability are two basic rudiments in the evaluation of a measurement instrument, as instruments can be orthodox knowledge, skills, models or survey questionnaires (Taber, 2017). Validity usually deals with the extent that an instrument measures what it is supposed to measure while reliability focuses on the ability of the instrument to measure consistently (Tavakol & Dennick, 2011). One must also note that the reliability of an instrument is linked with its validity; in other words, an instrument cannot be deemed valid except it is reliable (Tavakol & Dennick, 2011). Nevertheless, the reliability of an instrument does not rely on its validity. It is also important to note that the Cronbach alpha is a measure of the internal consistency of a test or scale, hence it is usually expressed as a number between 0 and 1 (Taber, 2017).

### **3.11. ETHICAL CONSIDERATIONS**

According to Babbie et al. (2001), researchers have the right to collect data from people but not at the expense of the interviewee's right to privacy. He further defined ethics as conforming to the standards of conduct of a given profession or group. He also stressed that what is ethical and unethical may differ from one society to the next.

Babbie et al. (2001) regarded the most important prevailing ethical principles in research as the following:

- *Voluntary participation* – the participants should always be told that their participation in the study is completely voluntary.
- *No harm to the participants* – this aspect involves omitting any information that would embarrass participants, endanger their home life, friendship and jobs, as well as any psychological harm to the participants during the study, like an injury to self-esteem due to probing questions.
- *Anonymity* – some respondents may require to remain anonymous and not have their names attached to the published results of the study. Such choices need to be taken into consideration at all times.
- *Confidentiality* – the researcher should guarantee the respondents of confidentiality and make them comfortable during the survey in this respect.
- *Deceiving subjects* – the researcher should at all times tell the truth about themselves and the details around the study. They must fully explain the method to be used and ensure that nothing is unclear to the respondents participating in the study.

The above is also supported by Sekaran and Bougie (2013) who pointed out that there should be no *unpleasant surprises* for the respondents; they need to be given assurance that their information will remain *confidential*. In addition, the participants should not be forced to participate in the study and while they *willingly* participate they have a right to protection from *physical and psychological harm*, as well as a right to *privacy and confidentiality*. All information should not be obtained through *deceptive* means any stage during the period of the research.

To ensure compliance with the ethical requirements, the following steps were undertaken in this study:

- a. A gatekeeper's letter was obtained from the HR Director of Abagold, Head Office in Hermanus to conduct the study within the organisation. (See Appendix B).

- b. The ethical clearance application was submitted and approved by the University of KwaZulu-Natal Ethics Office. (See Appendix A).
- c. Informed consent was obtained from each respondent before they answered questionnaire. (See Appendix C).

### **3.12. CONCLUSION**

The research methodology used to conduct the research study was explained in this chapter. The chapter included a summary of the objectives of the study, the research design, including the research paradigm, and the research strategy. This was followed by details on the population, location of the study, sampling method and sampling strategy, including the sample size. Next the chapter discussed the data analysis and explained how the data was analysed. The chapter also outlined the details of how the pilot study was carried out, the method of data collection, the administration of the instrument and ethical consideration. The data analysis and the presentation of results are discussed in detail in the next chapter.

## **CHAPTER 4**

### **PRESENTATION AND DISCUSSION OF THE RESULTS**

#### **4.1. INTRODUCTION**

This study investigated the effectiveness of the BSC as a tool for performance management and personal development. In order to establish this, it was necessary, first and foremost, to determine whether the BSC of employees was aligned to company strategy. Secondly, to investigate if the BSC was used as a performance management tool. Thirdly, to establish whether employees were aware that their BSC was linked to the company strategy. Fourthly, to determine if employees agreed that the BSC reflected their actual performance. Fifth, identify whether employees saw value in the BSC, to determine if the BSC encouraged self-development in the workplace in Abagold, Hermanus, Western Cape. Finally, the study aimed to recommend a sustainable tool to translate strategy, measure performance and attract, develop and keep the required talent for Abagold, Hermanus. This chapter presents the results of the study. The discussion includes the response rate, demographics of the sample, analysis and interpretation of data as well as a discussion of the findings with reference to the objectives of the study.

#### **4.2. RESPONSE RATE**

According to Babbie et al. (2001), this is called the completion rate or the return rate and thus indicates the percentage of questionnaires sent out that were completed successfully and returned. A response rate of approximately 35% is reasonable in a study that involves top management or organisational representatives. Saunders et al. (2011) considered a response rate of forty to fifty percent 40% to 50% adequate. In this study, data was collected between October and November 2017 using a questionnaire with a total of 148 questionnaires being distributed. A total of 102 questionnaires were completed successfully and were eligible for use, representing 68,9% percent response rate, which is well above what the various authors, referred to in previous sections, recommended.

### 4.3. RELIABILITY AND VALIDITY OF THE SCALE

Reliability and validity analysis was conducted for Section B pertaining to the performance management tool, and Section C pertaining to the personal development tool and the results are presented in Table 4.1.

**Table 4.1: Reliability and validity results;**

Cronbach's alpha	Cronbach's alpha	N of Items
Performance management tool	0.914	27
Personal development tool	0.827	13

Source: Own data.

Cronbach's alpha is a statistic frequently cited by researchers to show that tests and scales that have been designed and selected for research studies are appropriate for the purpose (Taber, 2017). It is usually adopted in studies in science education and is used as a measure of reliability. Validity and reliability are two basic rudiments in the evaluation of a measurement instrument, as instruments can be orthodox knowledge, skills, models or survey questionnaires (Taber, 2017). Validity usually deals with the extent that an instrument measures what it is supposed to measure while reliability focuses on the ability of the instrument to measure consistently (Tavakol & Dennick, 2011). One must also note that the reliability of an instrument is linked with its validity; in other words, an instrument cannot be deemed valid except it is reliable (Tavakol & Dennick, 2011). Nevertheless, the reliability of an instrument does not rely on its validity. It is also important to note that the Cronbach alpha is a measure of the internal consistency of a test or scale, hence it is usually expressed as a number between 0 and 1 (Taber, 2017).

The reliability and validity measures for performance management tool and personal development tool of the survey questionnaire are provided in Table 3.4 above. The coefficient alpha was first computed to assess the reliability of the scale. The coefficient varies from zero to one, and values less than 0.50 generally indicate unsatisfactory reliability, while those above 0.70 are deemed satisfactory. A Cronbach alpha value of 0.914 was computed for 27 performance management

questions and a Cronbach alpha value of 0.827 was computed for 13 personal development questions, which are well over the recommended value of 0.70.

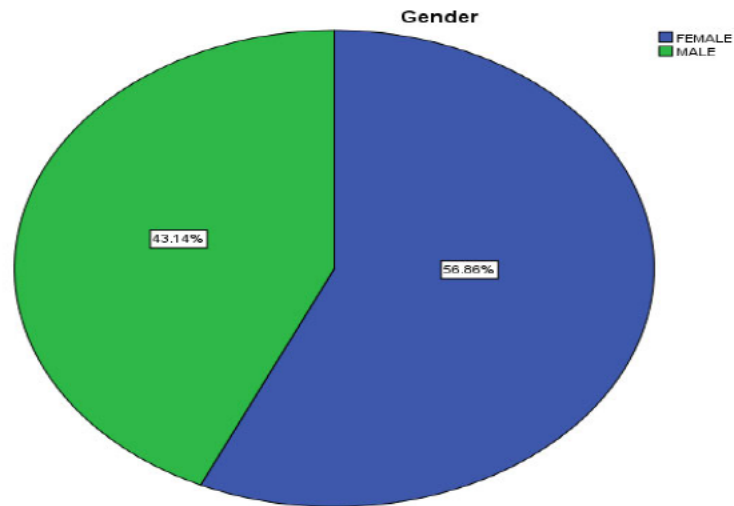
In order to test the construct validity, the average inter-item correlation was computed, which, according to Aaker, Kumar and Day (2004), needs to be between 0.15 and 0.50. An inter-item correlation value of 0.320 was computed for performance management and 0.245 for personal development. These values indicate that the items in the scale are both sufficiently correlated to suggest convergent validity, yet not so highly correlated from measures from which they are intended to differ, which indicates the presence of discriminant validity (McDaniel & Gates, 2007). This, according to Malhotra (2010), implies that the research instrument in the study did measure what it was supposed to measure, namely the effectiveness of the balanced scorecard as a performance management and personal development tool, in Abagold Limited, Hermanus, Western Cape. In addition, the average inter-item correlation was also computed for each of the five dimensions in Section B and Section C.

#### **4.4. DEMOGRAPHICS OF PARTICIPANTS**

Demographical information, also known as classification information, consists of demographic characteristics used to classify the respondents and understand the results (Sekaran & Bougie, 2013). The sample demographics of the respondents in this study are represented in this chapter by pie charts. These provide the general characteristics of the participants in terms of gender, age, race and task grading as set out in the following sections.

##### **4.4.1. Gender**

Figure 4.1 depicts the percentages in terms of the respondents' gender.



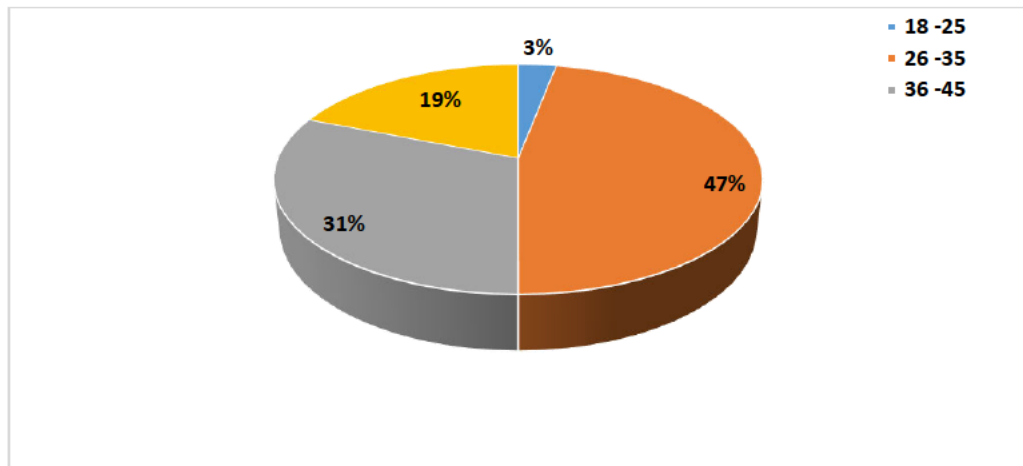
**Figure 4.1: Gender of respondents**

Source: Own data.

Female respondents represented the majority of this group with a value of 56.86%, while the male respondents were in the minority at 43.14%. The difference of 13.72% indicates a relatively even gender distribution.

#### 4.4.2. Age

Figure 4.2 below shows the age composition of the respondents.



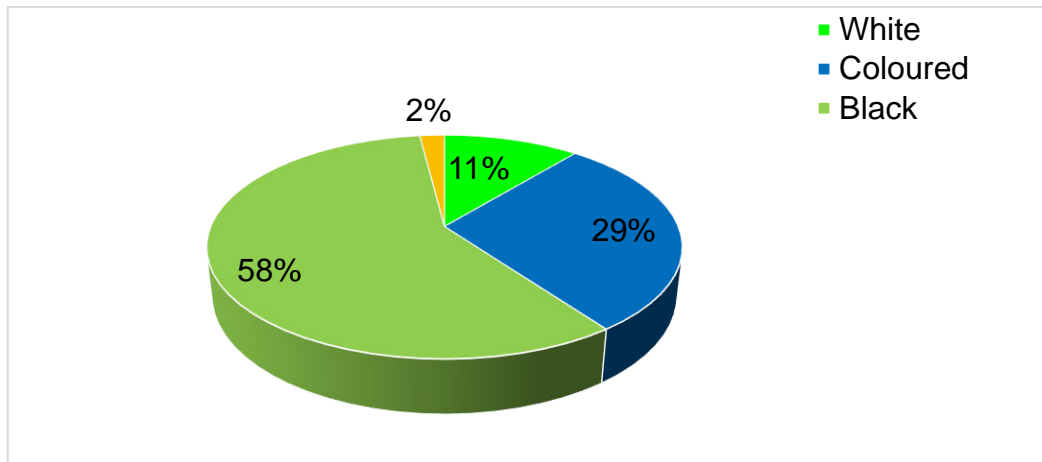
**Figure 4.2: Age range of respondents**

Source: Own data.

Three percent of the respondents were between 18 and 25 years of age, 47% were between 26 and 35 years of age, 31% were between 36 and 45 years of age and 19% were over 45 years of age.

#### 4.4.3. Race

Figure 4.3 illustrates the race composition of the respondents.



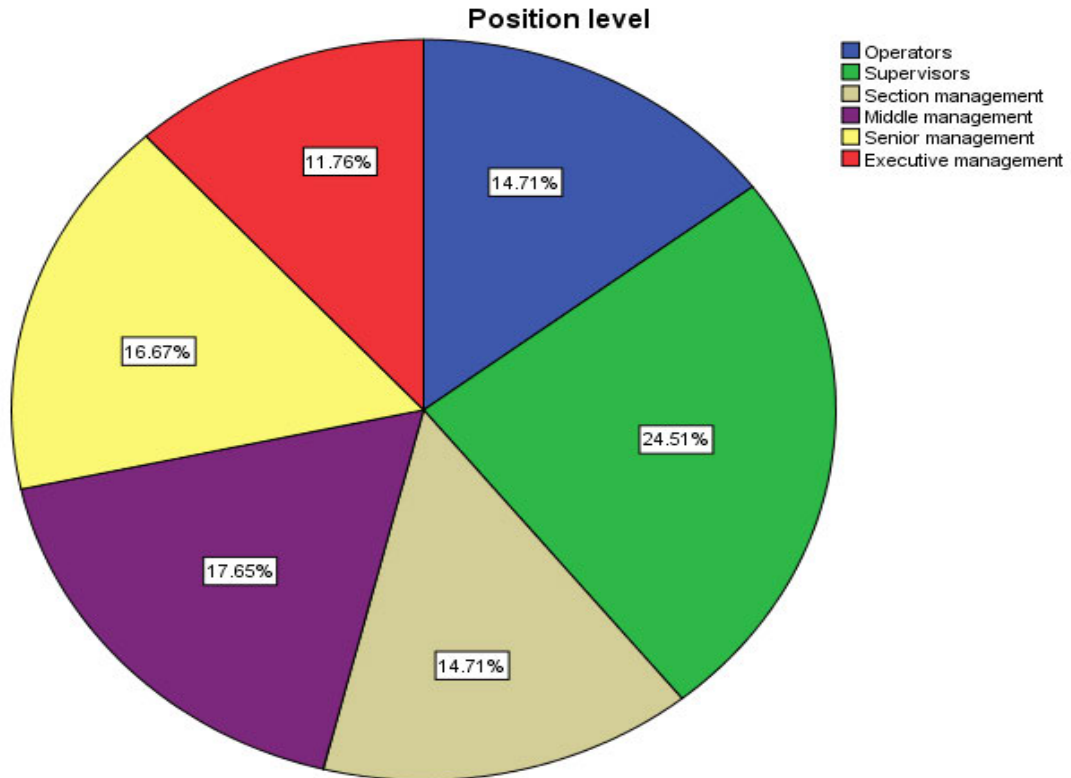
**Figure 4.3: Respondents by race**

Source: Own data.

Fifty eight percent of the respondents were Africans, 29% were Coloured, 11% were White and 2% were Indians.

#### 4.4.4. Position level / Tasking Grading

Figure 4.4 depicts the percentages in terms of the respondents' position level. Most of the respondents (25%) were supervisors, followed by 18% who were middle management and 17% who were senior management. Of the respondents, 15% were operators and section management respectively.



**Figure 4.4: Position level distribution**

Source: Own data.

Results showed that 24.5% of the respondents were supervisors and 11.8% were executive management.

#### 4.5. ANALYSIS AND DISCUSSION BY THE STUDY OBJECTIVES

##### 4.5.1. Employees' BSC alignment to company strategy (objective one)

The respondents were asked to indicate to what extent they agreed or disagreed with statements relating to their BSC being linked to company strategy. Results are tabulated as shown in Table 4.2 below.

**Table 4.2: Frequency table: Employees' BSC alignment to company strategy**

		<i>pm Q3</i>		<i>pm Q14</i>	
		<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Valid	Strongly Agree	0	0%	0	0%
	Agree	59	58%	60	59%
	Neutral or Uncertain	22	22%	29	28%
	Disagree	21	21%	13	13%
	Strongly Disagree	0	0%	0	0%
	Total	102	100%	102	100%

Source: Own data.

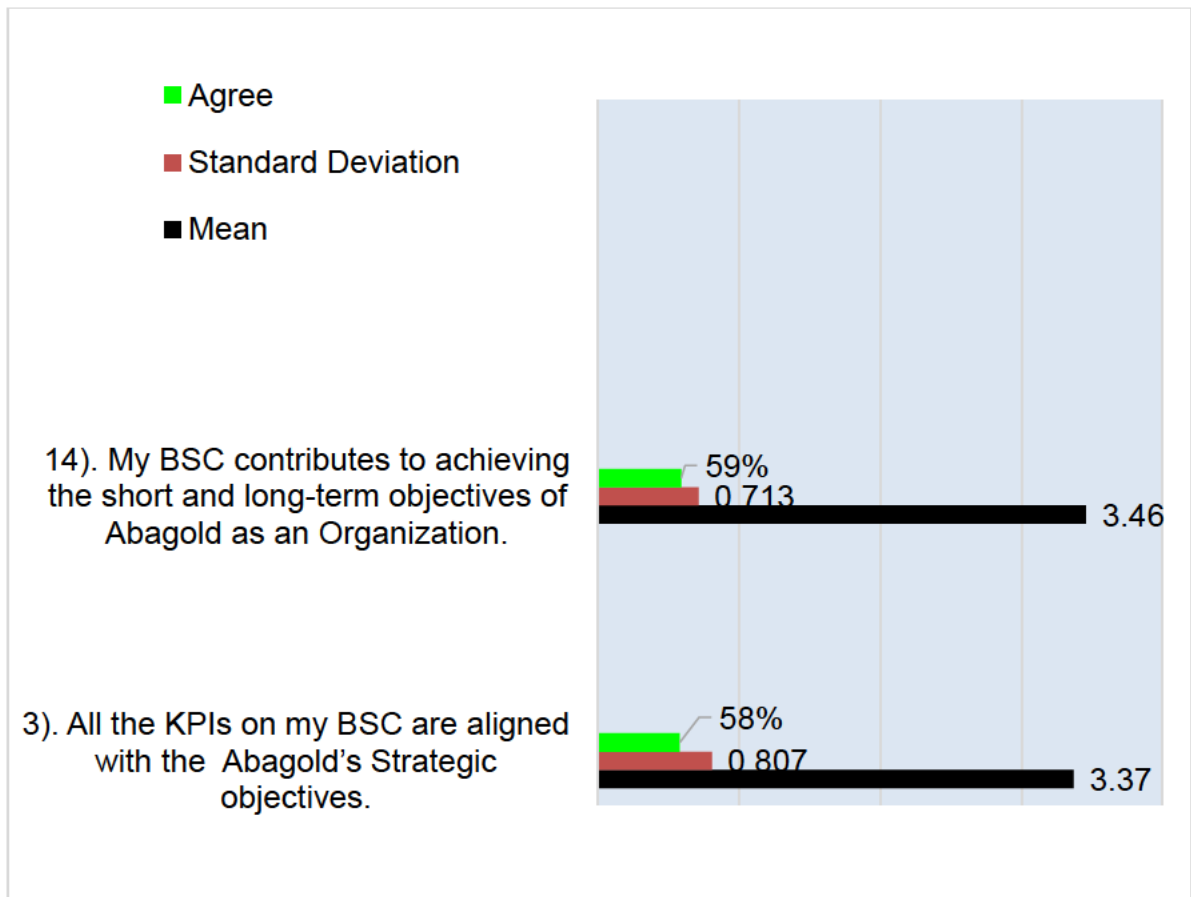
**Table 4.3: Test Hypothesis – Employees' BSC alignment to company strategy**

One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
	N	Mean	Std. Deviation	t-statistics	t-critical
3) All the KPIs on my BSC are aligned with the Abagold's strategic objectives	102	3.37	0.807	4.66	1,66
14) My BSC contributes to achieving the short and long-term objectives of Abagold as an organization	102	3.46	0.713	6.53	1,66

Source: Own data.

The findings provided in Table 4.2 were further analysed and are listed in Figure 4.5 below. Based on Figure 4.5, the following is evident: 1) The highest ranking mean value of 3.46 with a standard deviation of 0.713 in Figure 4.5 indicates that the majority of the respondents agreed with the statement, “My BSC contributes to achieving the short and long-term objectives of Abagold as an organisation”; 2) Approximately 59% of the respondents agreed with the statements; 3) The second highest-ranking mean value is 3.37 with a standard deviation of 0.807, which indicates that 58% of the respondents agreed that all the KPIs on their BSC are aligned with the Abagold’s strategic objectives. This was further supported by the feedback from Table 4.3, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of both questions.

These study findings revealed that the organisation had defined its vision and mission and translated the company strategy to deliverables. The majority of the respondents agreed to both research statements and provided evidence for the objective to determine whether the BSC of employees was linked to the company strategy. This is supported by Kaplan (2009) who stated that the BSC translates the business strategy into tactical measures.



**Figure 4.5: Employees' BSC alignment to company strategy**

Source: Own data.

As alluded to by Nair (2004) – that the BSC implementation translates the company strategy into actionable metrics at all levels of the organisation, this is evident from the findings as respondents agreed with both statements that KPIs were linked to strategy through the BSC, which in turn addressed the short and long-term goals of an organisation. Based on the findings, once the vision and mission had been defined, the organisation established strategic goals that were used to identify key objectives to help to attain the strategy. It is also evident that the crafted objectives were further used to identify the measures that were used to build the BSC at Abagold, using terminology that had a standardised meaning across all functions of the organisation.

The issue, however, was with communication of the strategy as a portion of the respondents disagreed and some stayed neutral or uncertain (41,5%) regarding the statement that the BSC was linked to company strategy. Thus, regarding

communication, only 58% - 59% of all the respondents in the study agreed to this statement. It remains critical to align the perspectives of top management, supervisors, and other colleagues regarding BSC with the employee mindset, culture and values to the objectives that drive the strategy (Wiersma, 2009). From the findings above, it is evident that workers did not share the same view on the BSC alignment to strategy, and only 59% saw the BSC linked to strategy while the balance stayed indifferent and some in total disagreement.

#### 4.5.2. Use of BSC as a performance management tool in Abagold (objective two)

The respondents were asked to indicate to what extent they agreed or disagreed with the statements regarding whether the BSC is used as a performance management tool. The results are tabulated as shown in Table 4.4 below.

**Table 4.4: Frequency table: Use of BSC as a performance management tool in Abagold**

		<i>pm</i> Q6		<i>pm</i> Q8		<i>pm</i> Q11		<i>pm</i> Q17	
		Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%
	Agree	77	75%	81	79%	70	69%	52	51%
	Neutral or Uncertain	10	10%	12	12%	16	16%	39	38%
	Disagree	14	14%	7	7%	16	16%	11	11%
	Strongly Disagree	1	1%	2	2%	0	0%	0	0%
	Total	102	100%	102	100%	102	100%	102	100%

Source: Own data.

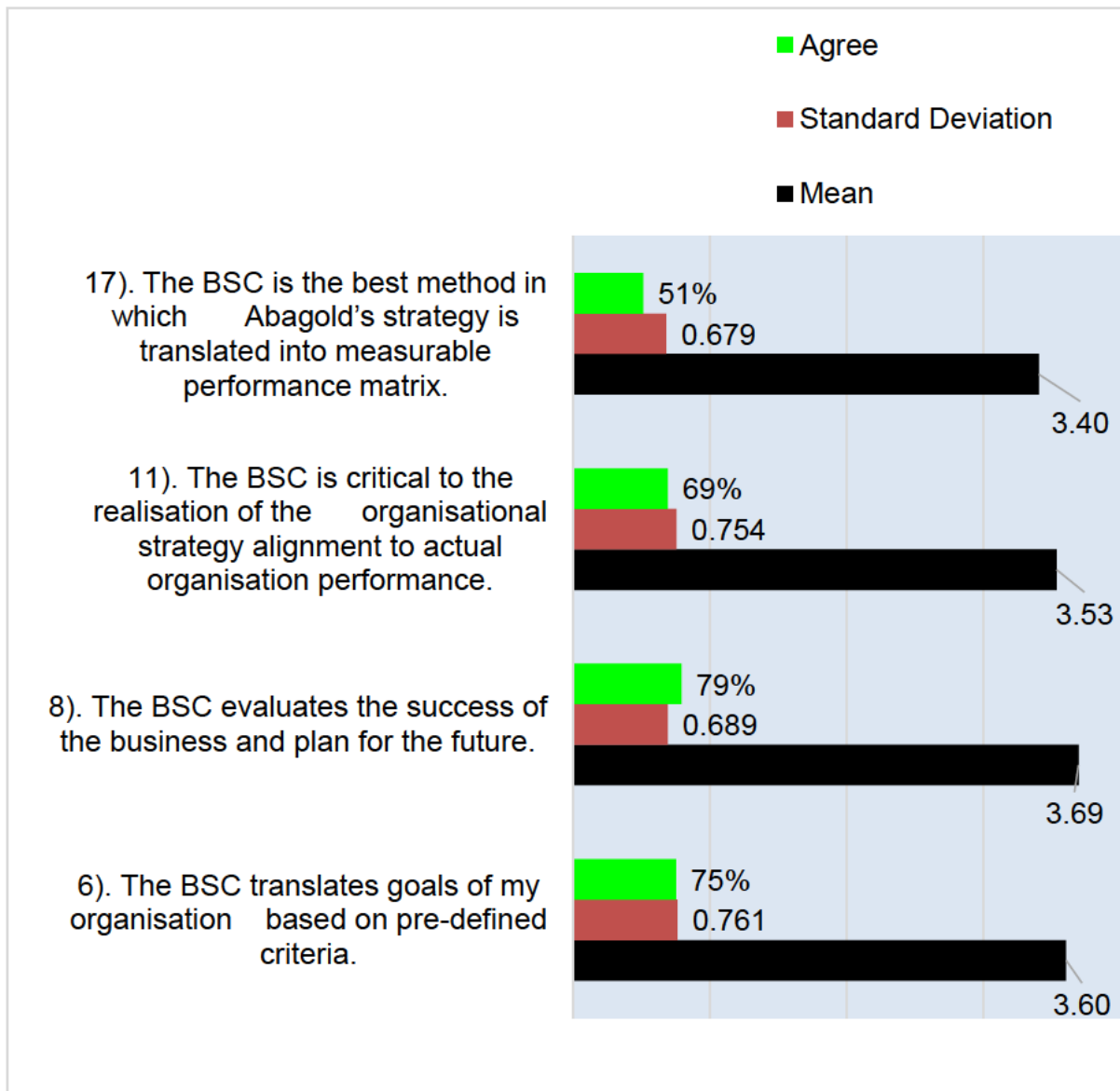
**Table 4.5: Test Hypothesis - Use of BSC as a performance management tool in Abagold**

One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
Questions	N	Mean	Std. Deviation	t-statistics	t-critical
6) All the KPIs on my BSC are aligned with the Abagold's strategic objectives	102	3,60	0,761	7.945	1,660
8) My BSC contributes to achieving the short and long-term objectives of Abagold as an organization	102	3,69	0,689	10.058	1,660
11) All the KPIs on my BSC are aligned with the Abagold's strategic objectives	102	3,53	0,754	7,092	1,660
17) My BSC contributes to achieving the short and long-term objectives of Abagold as an organization	102	3,40	0,679	5,982	1,660

Source: Own data

The findings above were further analysed and are listed in Figure 4.6 below. The results indicate that a substantial portion (79%) of respondents (mean = 3.69 and std. deviation = 0.689) agreed that the organisation's BSC evaluated the success of the business and planned for the future. The next ranking mean value of 3.60 and a standard deviation of 0.761 showed that the respondents agreed that, "The BSC translates goals of my organisation based on pre-defined criteria". This was collaborated by the next ranking mean of 3.53 and a standard deviation of 0.754, which indicated that 69% of the respondents, as shown in Figure 4.6 below, agreed that the BSC was critical to the realisation of the organisational strategy alignment to actual organisation performance. This was further supported by the feedback from Table 4.5, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of all the questions.

Based on these findings from Figure 4.6 below, it is evident that the organisation used the BSC as a performance measurement tool. This is supported by Coe and Letza (2014) who stated that the evolution of the BSC brought together all four BSC perspectives and simultaneously linked the overall performance. Further to that, each perspective as eluded above helps answer a basic performance question for an organisation. Using the BSC as a performance management tool means that Abagold considered critical success factors and they defined specific performance indicators that tracked success and managed performance at both operational and corporate level, as also supported by Manica et al. (2017). Based on the findings from Figure 4.6, it is evident that Abagold used the BSC, gave a balance of objectives and measures, and also isolated all cross-linked relationships in the work being done to attain a strategic purpose, as also supported by Nair (2004).



### Figure 4.6: Use of BSC as a performance management tool in Abagold

Source: Own data.

The least ranking statement as shown in Figure 4.6 had a mean value of 3.40 and a standard deviation of 0.679. With this statement, 51% of respondents agreed that the BSC was the best method used to translate Abagold’s strategy into a measurable performance matrix. However, this meant that 49% of the respondents disagreed, were uncertain or neutral about the statement that “BSC is the best method in which Abagold’s strategy is translated into measurable performance matrix”. These findings were similar to those obtained for Objective one (Figure 4.5) that indicated that about 41% disagreed or stayed neutral regarding the company linking the BSC of employees to the strategy, which showed a communication gap or lack of understanding of the communication and mixed perceptions of the BSC effectiveness as a tool.

#### 4.5.3. Employee awareness of the BSC links to company strategy in Abagold (objective three)

The respondents were asked to indicate to what extent they agreed or disagreed with the statements regarding employees being aware that their BSC was linked to the company strategy and results are tabulated as shown in Table 4.6 below.

**Table 4.6: Frequency table: Employee awareness of the BSC links to company strategy in Abagold**

		<i>pm Q1</i>		<i>pm Q2</i>		<i>pm Q5</i>		<i>pm Q9</i>		<i>pm Q12</i>		<i>pm Q15</i>	
		<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Agree	58	57%	56	55%	63	62%	84	82%	69	68%	66	65%
	Neutral or Uncertain	32	31%	29	28%	25	25%	13	13%	14	14%	26	25%
	Disagree	12	12%	17	17%	14	14%	5	5%	19	19%	10	10%
	Strongly Disagree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total		102	100%	102	100%	102	100%	102	100%	102	100%	102	100%

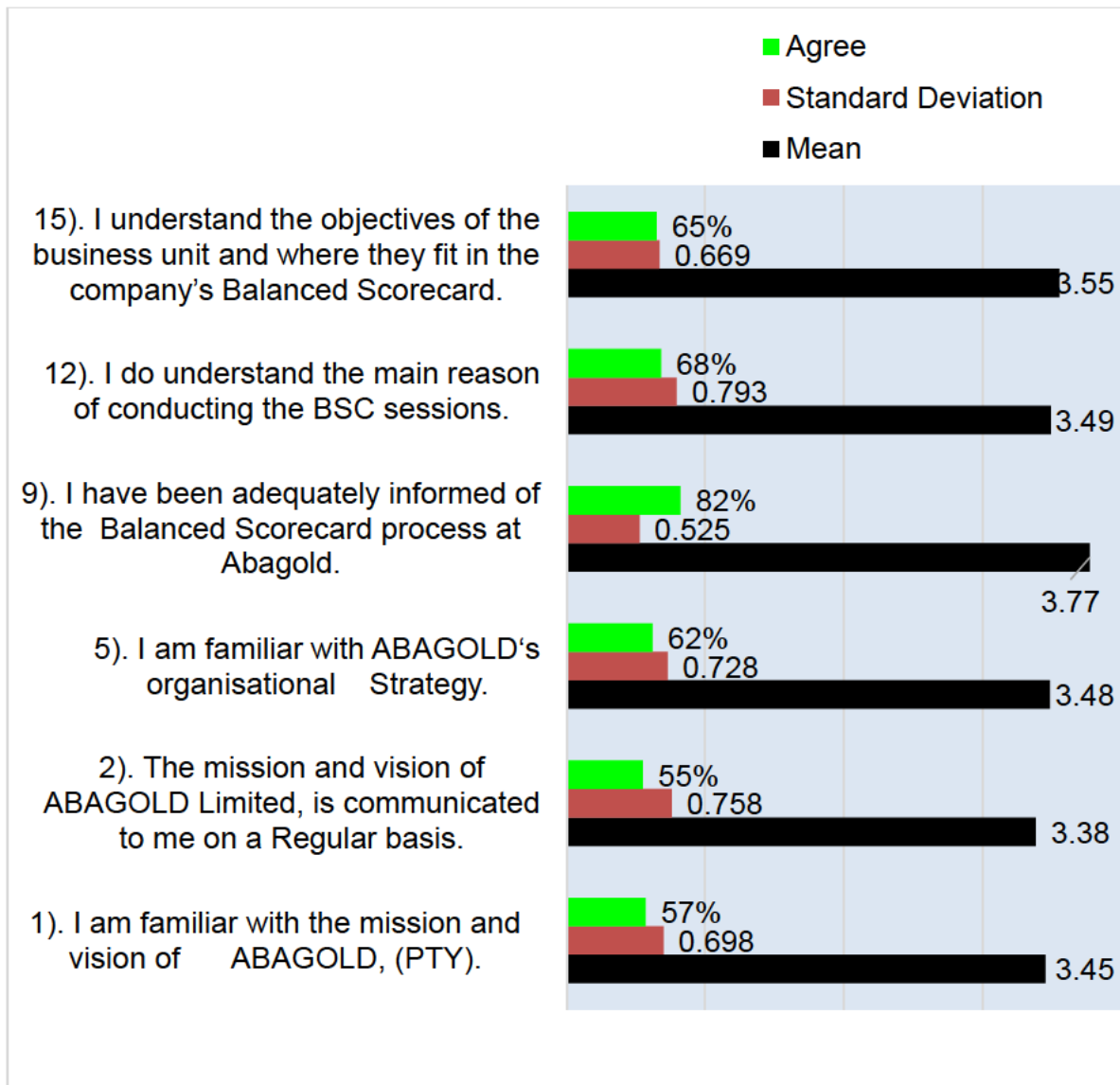
Source: Own data.

**Table 4.7: Test Hypothesis - Employee awareness of the BSC links to company strategy in Abagold**

One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
Questions	N	Mean	Std. Deviation	t-statistics	t-critical
1). I am familiar with the mission and vision of ABAGOLD, (PTY).	102	3,45	0,698	6,522	1,660
2). The mission and vision of ABAGOLD Limited, is communicated to me on a Regular basis.	102	3,38	0,758	5,092	1,660
5). I am familiar with ABAGOLD's organisational Strategy.	102	3,48	0,728	6,669	1,660
9). I have been adequately informed of the Balanced Scorecard process at Abagold.	102	3,77	0,525	14,906	1,660
12). I do understand the main reason of conducting the BSC sessions.	102	3,49	0,793	6,244	1,660
15). I understand the objectives of the business unit and where they fit in the company's Balanced Scorecard.	102	3,55	0,669	8,284	1,660

Source: Own data

The findings above were further analysed and are listed in Figure 4.7 below. The findings indicate that the majority (82%) of the respondents agreed they had been adequately informed of the balanced scorecard process at Abagold. The statement had the highest ranking mean of 3.77 and a standard deviation of 0.525 which shows that there was a lower variation of opinion (18%) of the respondents who disagreed or neither agreed or disagreed (neutral) with this statement. This is in line with previous literature by Hough et al. (2011) who pointed out that KRAs and KPIs need to be clearly linked to the business strategy and effectively communicated. This was further supported by the feedback from Table 4.7, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of all the questions.



**Figure 4.7: Employee awareness of the BSC links to company strategy in Abagold**

Source: Own data.

The second highest ranking mean of 3.55 with a standard deviation of 0.669 indicates that most respondents (68%) agreed that they understood the objectives of the business unit and where they fitted into the company's balanced scorecard. This finding supports Hough et al. (2011) who stated that through the alignment of individual objectives with organisation objectives, accountability is embedded and hence the performance management process.

The next score as shown above in Figure 4.7 was a mean of 3.49 and a higher standard deviation of 0.793, which shows that the majority (68%) of the respondents

agreed that they understood the main reason for conducting the BSC sessions. This finding is supported Hough et al. (2011) who eluded that a system of integration of accountability at individual, team and organisational level was needed. However, the higher standard deviation showed a large variation of opinion in that the reasons for conducting the BSC sessions were known. Based on the findings in Figure 4.7 above, it is evident that the majority of Abagold employees had been adequately informed and understood the objectives and reasons for the BSC. The respondents were therefore aware that their BSC was linked to the company strategy.

Further to that, it is evident from Figure 4.7 that the next ranking mean was 3.48 with a standard deviation of 0.728, which indicates that most respondents were in agreement with the statement, "I am familiar with ABAGOLD's organisational Strategy". This aligned to an earlier finding agreed to, namely that employees understood the main reasons for conducting the BSC sessions. This means that Abagold's translation of vision and strategy through the BSC did take place. In turn, this affirmed that the majority of respondents had been aware that their BSC was linked to company strategy. The lowest ranking scores were a mean of 3.38 and 3.45 with a standard deviation of 0.758 and 0.698 respectively. The majority of the respondents agreed that their BSC was linked to company strategy. Fifty-five percent of the respondents agreed that the mission and vision of ABAGOLD Limited was communicated to them on a regular basis, while 45% disagreed or were indifferent. Fifty-seven percent (57%) of the respondents agreed to the statement, "I am familiar with the mission and vision of Abagold".

This finding could be linked to later findings in the second study objectives above, that indicated that 49% of respondents did not agree and had not regarded the BSC as the best method that the company had to translate strategy (mean = 3.40) at Abagold. According to Nair (2009), the lack of managing understanding and support within the workforce (a people challenge) is considered to be one of the drawbacks of the BSC implementation.

#### 4.5.4. Employee actual performance and reflection on BSC in Abagold (objective four)

The respondents were asked to indicate to what extent they agreed or disagreed with the statements about whether employees felt that the BSC reflected their actual performance. The results are tabulated as shown in Table 4.8 below.

**Table 4.8: Frequency table: Employee actual performance and reflection on BSC in Abagold**

		pm Q10		pm Q18		pm Q19		pm Q20		pm Q21		pm Q22		pm Q23		pm Q24		pm Q27	
		Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Agree	45	44%	74	73%	69	68%	76	75%	44	43%	50	49%	38	37%	67	66%	81	79%
	Neutral or Uncertain	32	31%	21	21%	19	19%	19	19%	31	30%	15	15%	19	19%	21	21%	9	9%
	Disagree	25	25%	7	7%	14	14%	7	7%	27	26%	37	36%	45	44%	14	14%	12	12%
	Strongly Disagree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Total	102	100	102	100	102	100	102	100	102	100	102	100	102	100	102	100	102	100

Source: Own data.

**Table 4.9: Test Hypothesis - Employee actual performance and reflection on BSC in Abagold**

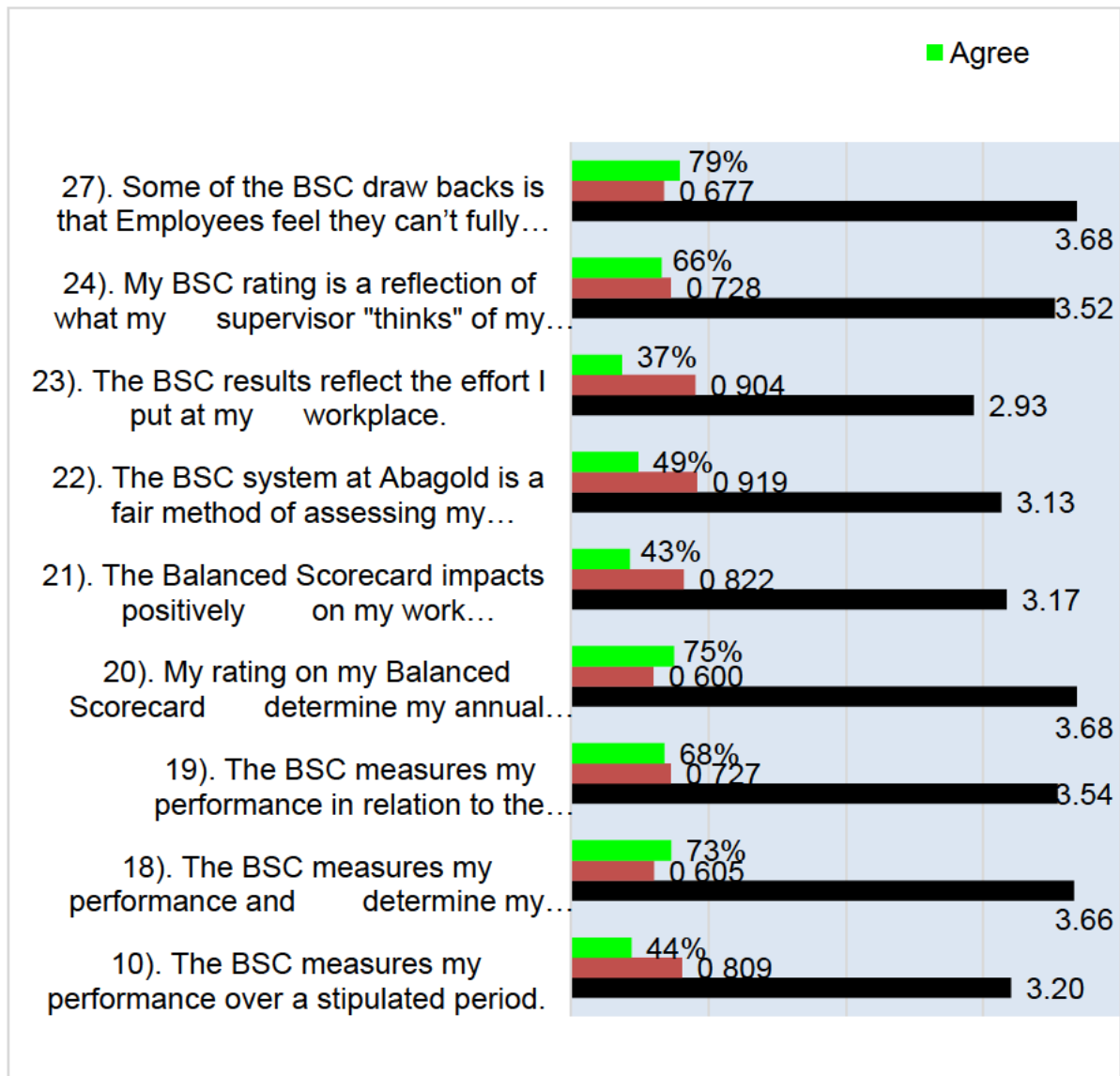
One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
Questions	N	Mean	Std. Deviation	t-statistics	t-critical
10). The BSC measures my performance over a stipulated period.	102	3,20	0,809	2,448	1,660
18). The BSC measures my performance and determine my annual increase.	102	3,66	0,605	10,962	1,660
19). The BSC measures my performance in relation to the performance of my business unit.	102	3,54	0,727	7,493	1,660
20). My rating on my Balanced Scorecard determine my annual remuneration review	102	3,68	0,600	11,392	1,660
21). The Balanced Scorecard impacts positively on my work performance.	102	3,17	0,822	2,049	1,660
22). The BSC system at Abagold is a fair method of assessing my performance.	102	3,13	0,919	1,400	1,660
23). The BSC results reflect the effort I put at my workplace.	102	2,93	0,904	-0,767	1,660
24). My BSC rating is a reflection of what my supervisor "thinks" of my performance.	102	3,52	0,728	7,213	1,660
27). Some of the BSC draw backs is that Employees feel they can't fully control or influence some KPIs they are being measured on.	102	3,68	0,677	10,088	1,660

Source: Own data

The findings above were further analysed and are listed in Figure 4.8 below. These findings indicate that most (79%) of the respondents agreed to the statement, "Some of the BSC draw backs is that employees feel they can't fully control or influence some KPIs they are being measured on". The statement had the highest ranking mean of 3.68 and a standard deviation value of 0.677 which indicates that there was some variation of opinion as 21% of the respondents disagreed or neither agreed or disagreed (neutral) with this statement. This was further supported by the feedback from Table 4.9, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of all the questions.

The findings below show that the respondents felt they had no control and that the BSC was not a fair tool for measuring their performance. These findings are

supported by Nair (2009) regarding the BSC eleven deadly sins, namely that “the BSC can suffer from being the ‘executive toy’ syndrome, identifying that BSC can be viewed as a top-down tool and have no acceptance by the users”. Another significant finding indicated that 75% of the respondents agreed to the statement, “The rating on my Balanced Scorecard determine my annual remuneration review”. The statement had the same highest ranking mean of 3.68 but had a lower standard deviation of 0.600, reflecting a much lower variation of opinion on this statement.



**Figure 4.8: Employee actual performance and reflection on BSC in Abagold**  
Source: Own data.

As shown in Figure 4.8 above, the second highest ranking mean of 3.66 with standard deviation of 0.605, indicating that most respondents (73%) agreed that the

BSC measured their performance and determined their annual increase. These findings verify the existence of a performance contract at Abagold. This finding is also supported by Hough et al. (2011) who stated that a performance contract is key to link objectives to measures and define the relationship between competency and results. The next score was a mean of 3.54 and a standard deviation of 0.727 indicating that most of the respondents (68%) agreed with the statement, "The BSC measures my performance in relation to the performance of my business unit". The higher standard deviation indicates a difference in opinion amongst respondents. In fact, it means that 32% of them disagreed with or were indifferent about the statement. This could be a symptom for earlier findings where 79% of respondents agreed and an even lower standard deviation of 0.677 with respondents agreeing that they had no control and could not influence some of the KPIs they were measured on.

The next score in Figure 4.8 had a mean of 3.52 with a standard deviation of 0.728, which shows that the majority (66%) of the respondents agreed with the statement "My BSC rating is a reflection of what my supervisor "thinks" of my performance". These findings show that the ratings were subject to what the manager or supervisor thought of the performance of an individual. These findings highlight some of the challenges, including that the deliverables of the employees had not been transparent and did not show as being linked to their performance metrics. Hence, users thought there was no link between their actual performance and the actual rating that they received. According to Hough et al. (2011), employees need to participate in the compilation of their BSC. Further to that, the KPIs must be linked to financial gains (reward and remuneration aligned to performance). The employee engagement process should drive KRAs and KPIs that inspire action and create outcomes which satisfy stakeholders (fair and achievable) and as once eluded to, some KRAs and KPIs must measure team or organisational performance, not only individual performance (Hough et al., 2011).

The mixed opinions were a symptom of the least four scores of mean, which were 3.20, 3.17, 3.13, 2.93 and standard deviation of 0.809, 0.822, 0.919 and 0.904 respectively. Further to that as outlined on Figure 4.8, 49% of respondents agreed that the BSC system at Abagold was a fair method of assessing their performance,

44% agreed that the BSC measured their performance over a stipulated period, 43% agreed that the balanced scorecard impacted positively on their work performance and lastly, 37% agreed to the statement that “the BSC results reflect the effort I put in at my workplace”. Further to that, this means that 51%, 56%, 57% and 63% of respondents disagreed with or were uncertain about each of the above statements respectively. Based on the findings in Figure 4.8, the objective four score average had 59% of respondents in agreement, a mean of 3.39 with a standard deviation of 0.754 and 41% disagreed or remained neutral. Based on objective four findings, 59% of the respondents agreed that the BSC reflected their actual performance, with mixed opinions that gave a standard deviation of 0754. Furthermore, it is in line with Johan Hough (2011) that the principles of performance management state that employees need to get feedback on their actual performance on a regular basis to seek alignment, commitment and accountability.

#### 4.5.5. Employee perspective of the value of the BSC in Abagold (objective five)

The respondents were asked to indicate to what extent did agreed or disagreed with the statements about whether employees saw value in the BSC. The results are tabulated as shown in Table 4.10 below:

**Table 4.10: Frequency table: Employee perspective on the value of the BSC in Abagold**

		<i>pm Q4</i>		<i>pm Q7</i>		<i>pm Q13</i>		<i>pm Q16</i>		<i>pm Q25</i>		<i>pm Q26</i>	
		<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Agree	53	52%	48	47%	45	44%	51	50%	50	49%	49	48%
	Neutral or Uncertain	49	48%	36	35%	6	6%	30	29%	23	23%	42	41%
	Disagree	0	0%	18	18%	51	50%	21	21%	29	28%	11	11%
	Strongly Disagree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Total	102	100	102	100	102	100	102	100	102	100	102	100

Source: Own data.

**Table 4.11: Test Hypothesis - Employee perspective on the value of the BSC in Abagold**

One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
Questions	N	Mean	Std. Deviation	t-statistics	t-critical
4). All the KPIs on my BSC are clear and Measurable.	102	3,52	0,502	10,452	1,660
7). The BSC allow goals to be observed, met and exceeded	102	3,29	0,752	3,948	1,660
13). The BSC is a formality, so that my business unit/department is compliant with the company policy.	102	2,94	0,973	-0,610	1,660
16) The BSC makes a valuable contribution to the Organisation.	102	3,29	0,791	3,756	1,660
25). The BSC system at Abagold is a fair method of assessing company performance	102	3,21	0,860	2,418	1,660
26). The general attitude of employees towards the BSC at Abagold is Positive.	102	3,37	0,674	5,585	1,660

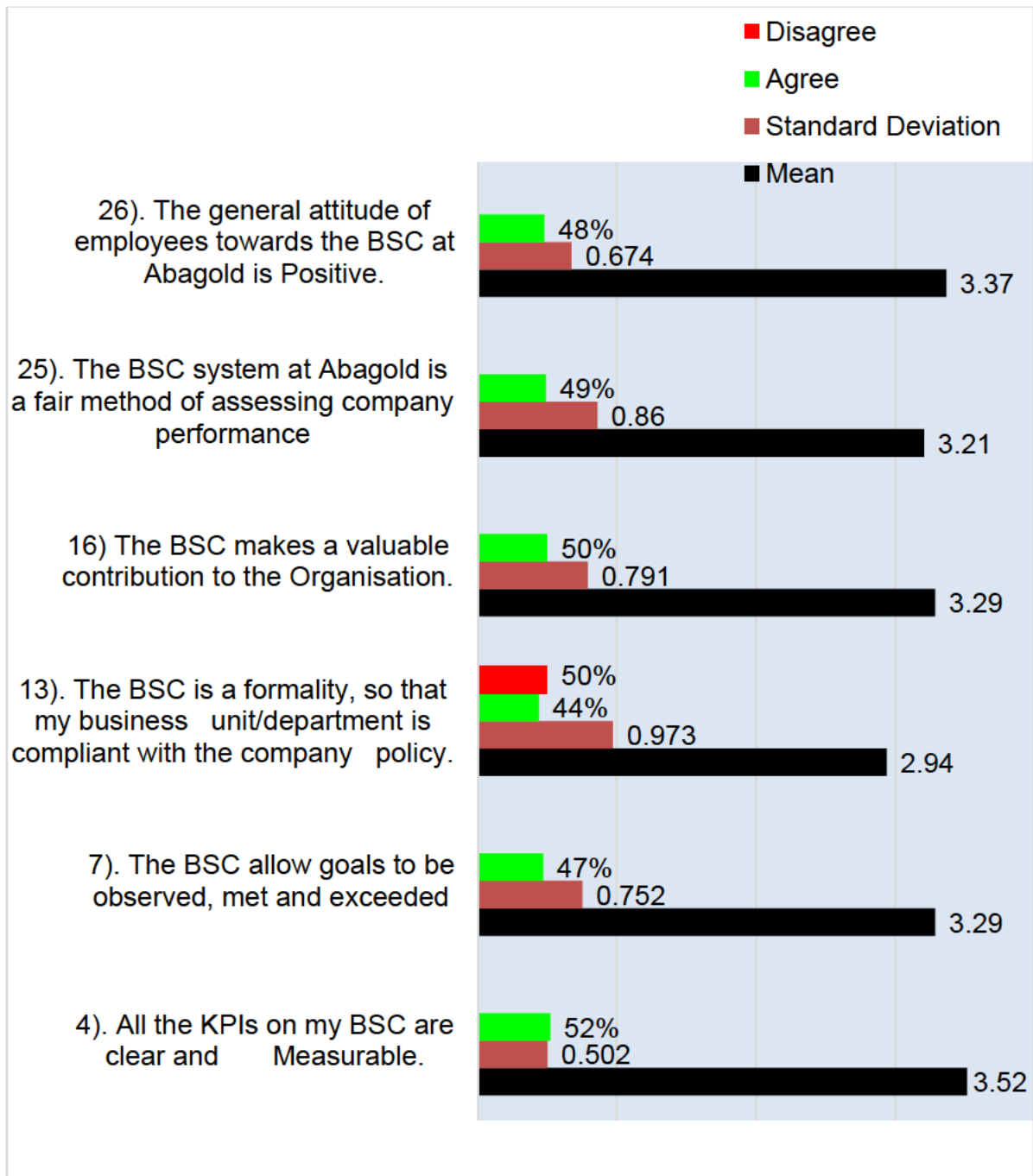
Source: Own data

The findings above were further analysed and are listed in Figure 4.9 below. These findings indicate that the majority of the respondents (52%) agreed with the statement, “All the KPIs on my BSC are clear and measurable”. The statement had a higher mean of 3.29 and a higher standard deviation of 0.791, which showed that there was some variation of opinion as 48% of the respondents disagreed or neither agreed or disagreed (neutral) with this statement. This is supported by Hough et al. (2011) who stated that individual role profiles are key to the performance management process. These, as eluded to earlier, are developed at individual level in order for the organisation to attain its objectives through alignment. Furthermore, the value in the BSC comprises alignment of strategy to individual role profiles through position description, KRA and KPI profile, competency profile, contribution profile and compliance profile (Hough et al., 2011). This was further supported by

the feedback from Table 4.11, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of all the questions. However, this is not the same for question 13 as the null hypothesis was accepted since t-statistics was less than the t-critical.

Another highest finding indicated that 50% of the respondents agreed to the statement, "The BSC makes a valuable contribution to the Organisation". However this statement had a ranking mean of 3.29, but a higher standard deviation of 0.791, reflecting a much higher variation of opinion on this statement. The second highest ranking mean was 3.37 with a standard deviation score of 0.674, indicating that respondents (48%) agreed that the general attitude of employees towards the BSC at Abagold was positive. The next score as shown below, had a mean of 3.29 with a standard deviation of 0.752 showed that 47% respondents agreed with the statement, "The BSC allow goals to be observed, met and exceeded".

The higher standard deviation, indicated difference in opinion amongst respondents, in fact 53% (as shown in Figure 4.9 below) disagreed with or were indifferent about the statement. These differences in opinion are not in support of Kaplan and Norton (2001), in that the BSC gives executives a concise and complete framework that translates a company's strategic objectives into a coherent set of performance measures, and as stated above, 53% disagreed or were uncertain. This also implies they disagreed with or were uncertain that the BSC increases organisation productivity, contributes to high income in the business, gives a reduction in costs and improves shareholder value of the organisation, as to alluded by Kaplan and Norton (2001).



**Figure 4.9: Employee perspective on the value of the BSC in Abagold**

Source: Own data.

Furthermore, these findings were in contradiction to Quesado et al. (2018) who echoed the opinion as stated earlier on that, “the BSC focuses on improving business results and the best possible use of available resources for each level of responsibility”. The findings are positive as they indicate that the BSC is not used in the management process (a process challenge) as a political tool (with its value being lost) to concentrate on those measures that have a positive impact on the

scores at the expense of other critical measures that drive the business (Nair, 2009). The next score was a mean of 3.21 with a standard deviation of 0.860, which showed that 49% (as shown in Figure 4.9 above) of the respondents, agreed to the statement “The BSC system at Abagold is a fair method of assessing company performance”. These findings also show that 51% of the respondents disagreed with or were uncertain about the statement.

Further to that, the above findings are in line with findings from objective two that had a score of mean of 3.40 with a standard deviation of 0.679 where 51% of the respondents agreed that the BSC was the best method to translate strategy into performance metrics. The same agreement in a different form was evident on the objective four statement that had a score of mean 3.68 and standard deviation of 0.677 where 79% of respondents agreed that they had no control and influence over the KPIs used to measure their BSC. The next negatively-posed question had a score mean of 2.94 and standard deviation of 0.973 and had 44% of respondents who agreed to the statement “The BSC is a formality, so that my business unit/department is compliant with the company policy”, while 50% of the respondents disagreed, as shown in Figure 4.9 above. It is also evident from these findings that 6% of respondents remained neutral or indifferent about that statement.

Based on the findings from Figure 4.9, the score average of statements of objective five shows that 49% of the respondents were in agreement that employees’ saw value in the BSC. This means that 51% of the respondents disagreed that the BSC had any value at Abagold and thus saw no value in the BSC in the organisation. The findings from objective five could be a symptom of one of the drawbacks of the BSC implementation which Nair (2009) described as “Not fighting the freeloaders who resist change (a people challenge)”. Further to that, Nair (2009) reckoned that getting used to the status quo and resisting change is detrimental to success. In addition, Nair (2009) said, “some employees benefit from confusion and enjoy the lack of definition because they live in the blindness of the organization”.

#### 4.5.6. BSC as an enabler for self-development in Abagold (objective six)

The respondents were asked to indicate to what extent they agreed or disagreed with the statements about whether the BSC encouraged self-development in a workplace. The results are tabulated as shown in Table 4.12 below.

**Table 4.12: Frequency table: BSC as an enabler for self-development in Abagold**

		<i>pd Q1</i>		<i>pd Q2</i>		<i>pd Q3</i>		<i>pd Q4</i>		<i>pd Q5</i>		<i>pd Q6</i>			
		<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>		
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%		
	Agree	27	26%	18	18%	21	21%	38	37%	20	20%	25	25%		
	Neutral or Uncertain	11	11%	19	19%	16	16%	14	14%	27	26%	19	19%		
	Disagree	64	63%	65	64%	65	64%	50	49%	55	54%	58	57%		
	Strongly Disagree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%		
	Total	102	100%	102	100%	102	100%	102	100%	102	100%	102	100%		
		<i>pd Q7</i>		<i>pd Q8</i>		<i>pd Q9</i>		<i>pd Q10</i>		<i>pd Q11</i>		<i>pd Q12</i>		<i>pd Q13</i>	
		<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>	<i>Frequency</i>	<i>Percent</i>
Valid	Strongly Agree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Agree	43	42%	53	52%	29	28%	31	30%	16	16%	16	16%	15	15%
	Neutral or Uncertain	0	0%	4	4%	25	25%	16	16%	31	30%	19	19%	24	24%
	Disagree	59	58%	45	44%	48	47%	55	54%	55	54%	67	66%	63	62%
	Strongly Disagree	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
	Total	102	100%	102	100%	102	100%	102	100%	102	100%	102	100%	102	100%

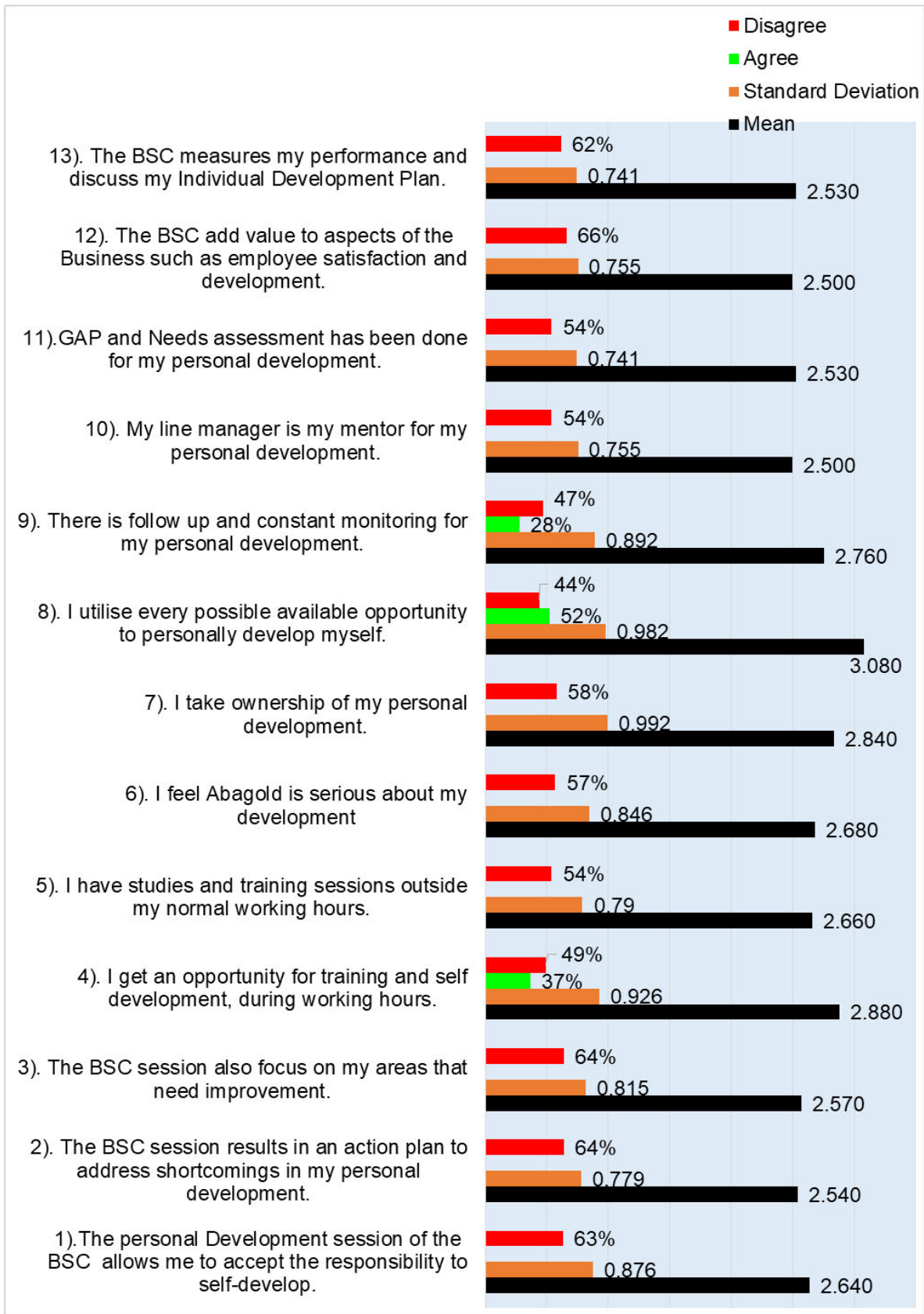
Source: Own data.

The findings above were further analysed and are listed in Figure 4.10 below. The findings indicate that majority of the respondents (52%) agreed with the statement that, “I utilise every possible available opportunity to personally develop myself”. The statement had the highest ranking mean of 3.080 and a standard deviation of 0.982, showing that there was some variation of opinion with 44% of the respondents who totally disagreed with this statement. Another finding indicates that 37% of the respondents agreed with the statement, “I get an opportunity for training and self-development during working hours”. However, this statement had a ranking mean of 2.880 and standard deviation of 0.926, reflecting a much higher variation of opinion on this statement as 49% of respondents disagreed with the statement.

**Table 4.13: Test Hypothesis - Frequency table: BSC as an enabler for self-development in Abagold**

One-Sample Statistics				One-Sample Test against the mid-point of the scale (3)	
Questions	N	Mean	Std. Deviation	t-statistics	t-critical
1) The Personal Development session of the BSC allows me to accept the responsibility to self-develop	102	2,64	0,876	-4,180	1,660
2) The BSC session results in an action plan to address shortcomings in my personal development	102	2,54	0,779	-5,971	1,660
3) The BSC session also focus on my areas that need improvement	102	2,57	0,815	-5,348	1,660
4) I get an opportunity for training and self development, during working hours	102	2,88	0,926	-1,283	1,660
5) I have studies and training sessions outside my normal working hours	102	2,66	0,790	-4,388	1,660
6) I feel Abagold is serious about my development	102	2,68	0,846	-3,861	1,660
7) I take ownership of my personal development	102	2,84	0,992	-1,596	1,660
8) I utilize every possible available opportunity to personally develop myself	102	3,08	0,982	0,807	1,660
9) There is a follow up and constant monitoring for my personal development	102	2,81	0,853	-2,206	1,660
10) My line manager is my mentor for my personal development	102	2,76	0,892	-2,664	1,660
11) GAP and Needs assessment has been done for my personal development	102	2,62	0,745	-5,182	1,660
12) The BSC add value to aspects of Business such as employee satisfaction and development	102	2,50	0,755	-6,693	1,660
13) The BSC measures my performance and discuss my individual development plan	102	2,53	0,741	-6,417	1,660

Source: Own data



**Figure 4.10: BSC as an enabler for self-development in Abagold**

Source: Own data.

The third highest ranking mean was 2.840 with a standard deviation of 0.846, indicating that 58% of respondents disagreed that the employees took ownership of their own personal development. In addition to that, the fourth highest ranking mean was 2.760 with a standard deviation of 0.892, indicating that 28% of the respondents agreed that there was follow-up and constant monitoring of their personal development. However, 47% of the respondents disagreed with the statement that there was a follow-up and constant monitoring of their personal development. As discussed previously by Niven (2011), it remains key that the “*close skills gaps*” and “*increase employee training*” form the basis of the balanced scorecard learning and growth perspective. Further to that, based on the findings above of PM in objective one thus far, the majority of the respondents did not generally agree that the BSC encouraged employees to self-develop in a workplace.

The other three ranking mean and standard deviation values (as shown in Figure 4.10 above) were 2.680, 2.660, and 2.64 with a standard deviation of 0.846, 0.790, and 0.876 respectively, where 57%, 54% and 63% of the respondents disagreed that Abagold was serious about their development, that they have studies and training sessions outside their normal working hours, and that the personal development session of the BSC allowed them to accept the responsibility to self-develop. These findings are a serious area of concern, regarding the BSC’s learning and growth perspective, that is labelled as the platform for personal growth and development in an organisation. The feedback from the descriptive analysis was further supported by the feedback from Table 4.13 above, which showed that the  $H_0$  was accepted as t-statistics was less than the t-critical from the analysis of all the questions. This further showed that the respondents mostly disagreed with questions and statements.

These findings from Figure 4.10 are contrary to Niven (2011), in that he sees the BSC learning and growth perspective focusing on what competencies and working aids employees require to successfully accomplish company objectives. The majority of employees disagreed with all the statements above (Figure 4.10), which is an area of concern to an organisation that is focused on implementing the BSC, with more focus on talent pipeline and management. It was evident from objective one that the personal development of employees is still an area of concern at

Abagold. Also, and in keeping with Hough et al. (2011), it is evident that the findings from Figure 4.10 indicate the lack of personal development plans for most employees. It is also evident, and hence an area of concern, that respondents said there was no monitoring of the extent to which their individual competency had progressed. The cycle of personal development had not been followed where assessing of current position was followed by setting developmental goals then planning appropriate actions for implementation and lastly securing the gain prior to accessing the status again. The above findings indicate why, for objective five, most respondents (51%) disagreed that the BSC had any value at Abagold. The last four ranking scores mean (as shown in Figure 4.10) were 2.570, 2.540, 2.530 and 2.500 with a standard deviation of 0.815, 0.779, 0.741 and 0.755 respectively, where 64%, 64%, 62% and 66% of the respondents disagreed. The respondents respectively disagreed to the following: that the BSC sessions also focused on their areas that needed improvement; that the BSC sessions resulted in an action plan to address shortcomings in their personal development; that the BSC measured their performance and discussed their individual development plan; and that the BSC added value to aspects of the business such as employee satisfaction and development.

Based on the findings, the mean score values less than three (>3) mirror an area of serious concern within the organisation with regards to personal development of employees. However, it remains pivotal that employees' annual performance management cycles are conducted and feed the system to capitalise on strengths and learnings of the previous cycle, hence application of continuous improvement. Further to that, employee performance contracting, implementation of performance need measures, reviewing of performance and performance re-contracting all remain key in personal development (Hough et al., 2011). In addition to that, career and talent management forms an integral part of formulation and translation of company strategy as it forms the basis upon which the strategy is executed. It has become mandatory for an organisation to remain competitive and to critically focus on career planning and talent pipeline management as this has driven firms to success while encouraging development of skills (Hough et al., 2011). Based on the

findings for objective one of personal development, it was evident from the respondents that the statement, “the balanced scorecard encourages self-development in a workplace”, was false. This could have been the reason why on PM in objective five, only 48% of the respondents agreed that the general attitude of employees towards the BSC at Abagold was positive. The findings were to a large extent contrary to the view that the cornerstone for good people management forms the heart of performance management, and that it is attained through horizontal integration. Thus, all people management and vertical integration, all management of results that include competency measurements, personal development as well as career planning and development, must be done in alignment with company objectives (Hough et al., 2011).

#### **4.6. CONCLUSION**

This chapter presented the results and discussion of the study. The response rate and demographics, which is gender, age, race and job level of the respondents were discussed. Questions from the survey were collated according to the study objectives for analysis and the results were presented through graphical presentation, descriptive statistic and the comparison of the responses versus descriptive statistics. The next and last chapter outlines the conclusions and recommendations for the effectiveness of the use of the BSC as a performance management and performance development tool based on the findings of the study. Recommendations for future research are also provided.

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

This chapter draws conclusions from the findings in accordance to the objectives of the study and makes recommendations to assist the company in preventing drawbacks that lead to BSC implementation failures. The chapter thus highlights the success factors and areas to improve the BSc as an integral part of both performance management and personal development tool throughout Abagold, Hermanus, Western Cape.

#### **5.2. SUMMARY OF THE FINDINGS**

The following sections present the summary of the performance management findings in line with each objective of the study.

##### **5.2.1. To investigate the BSC of employees' alignment to company strategy in Abagold, Hermanus, Western Cape**

The study revealed that Abagold does define the mission and vision before strategy formulation, which sets the correct platform for the BSC translation of strategy to deliverables. The company also defines goals/objectives that are geared towards the mission and vision. These are some of the critical success factors in BSC formulation and implementation as they demonstrate alignment of actionable deliverables to the organisational strategy. The issue, however, seemed to be communication of the strategy alignment to deliverables to the employees.

Most employees agreed that the organisation had defined its vision and mission and translated the company strategy to deliverables and that it uses simplified and easy to understand methods when communicating its BSC alignment to strategy. However, a few employees indicated that they had not fully accepted the BSC which is an indication of lack of employee consultation during BSC formulation and linking it to strategy. It could also imply a form of resistance to change, meaning that the formulation of the BSC is only influenced by the top management without any input

from ground level – yet the expectation is that employees have to execute and implement company objectives through the metrics on their BSC. This could be why a vast number of individuals resist change and the new metrics of the BSC. This issue has the potential of resulting in disruption of BSC implementation efforts as employees might feel that the BSC and the strategy is not the right fit for the organisation or they do not have the necessary skills to effectively deliver on the new scorecard. In order for the BSC to be effective, it has to be made a living culture in all functions of the business and engagement with all parties has to be done properly from the initial planning stages. Despite this, the study has revealed that the BSC is effective as a performance management tool as a majority of employees affirmed that the BSC measurements are aligned with the company strategy. This was further supported statistically, which showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of both questions.

#### **5.2.2. To examine the use of the BSC as a performance management tool in Abagold, Hermanus, Western Cape**

The study further revealed that a significant number of employees affirmed that the BSC is effectively used as a performance management tool at Abagold. From this it is evident that the organisation has considered a list of measures that drive success (critical success factors) and a specific reporting system (performance indicators) to track success and manage performance at both operational and corporate level. It was also revealed that the Abagold BSC is effective as it provides a balance of objectives and measures for each member of the management team and staff and for which they are held accountable for effective outcomes. In addition to that, it emerged that the organisation uses scorecards to determine if targets are met and right measures are being applied; that it uses measures/metrics to evaluate progress against objectives; and also measures progress against objectives to confirm its strategy. Feedback from the descriptive statistics has also showed that the (Ho) was rejected as t-statistics were greater than the t-critical from the analysis of all the respective questions. This signals that Abagold aligns recognition and remuneration to results and to efforts, so as to track progress and manage accountability per objective. However, the study found that the BSc culture is not yet embedded fully. This is because some employees are not convinced it is the best method for translating strategy at Abagold, even though the majority agreed

that the essence of the BSC as a tool has a positive impact on performance management. However, alignment in the workforce remains key and a change of mind-set will remain important until fully addressed as all employees are held accountable for deliverables although some feel it is not the best tool to assess organisation performance.

### **5.2.3. To evaluate employees' awareness of the BSC links to company strategy in Abagold, Hermanus, Western Cape**

The study revealed that the company KRAs and KPIs are linked to business strategy and are effectively communicated in Abagold. The study also revealed that the company aligned has individual objectives with organisation objectives, to embed accountability and hence the performance management process. It was affirmed by the majority of employees that the strategic intentions of the organisation are clearly communicated, that attainment of strategic objectives are clearly aligned to BSC expectations, that there is a tight fit between strategy and the organisational BSC.

This has been statistically validated for all questions as the (Ho) was rejected since t-statistics were greater than the t-critical from the analysis of all the questions.

However, the lack of managing understanding and support within the workforce (a people challenge), is still evident at Abagold on smaller margins, which poses a BSC area of focus to improve on engagement and seek alignment at all times. A significant number of employees affirmed that integration of accountability at individual, team and organisational level is in existence, hence affirming the view that their BSC is linked to the company strategy. Further to this, it emerged that in linking BSC to strategy, the company has developed key business objectives to help attain the strategy, developed specific measures and metrics to track progress and gathered measures to create and communicate the BSC effectively. It was revealed that the BSC is effective as a performance management tool as the majority of employees affirmed that they are aware that their BSC is linked to the company strategy, forming a cornerstone of linking reward and remuneration to performance and hence effective performance management.

#### **5.2.4. To examine employees' actual performance and reflection on the BSC in Abagold, Hermanus, Western Cape**

The study revealed that the organisation KRAs and KPIs are linked to business strategy and communicated effectively. The study also revealed that the BSC KPIs are linked to financial gains (reward and remuneration aligned to performance), and that the BSC measures organisational and team performance and not only individual performance. Although it emerged that the organisation gives feedback to employees on their performance, it is apparent that lack of consultation and hence no participation of employees occurred during the crafting of the BSC. This is coupled with top-down communication; hence Abagold employees feel they have no control over or influence on the KPIs they are measured on as they did not participate in the compilation of the BSC. These are some of the critical success factors in BSC formulation in order to avoid employees feeling the measures are subjective to what their supervisor or manager thinks or feels about them, and not business objective based. The general perception of the value of the BSC with respect to individual actual performance and effort is questioned by a majority of employees as **validated by accepting the (Ho) where t – statistic is lower than t-critical**, despite the essence that it is linked to strategy and determines annual performance recognition. The general feeling is that it is not a fair method of individual performance measuring, despite being applauded for being linked to strategy and performance rewards and remuneration. However, this is heavily linked to lack of consultation during formulation, and hence the need for further engagement and frequent feedback on performance to gain alignment. Despite the feeling of lack of consultation of the employees, the majority of them indicated they still feel that the BSC reflects their actual performance, which is linked to their annual increase. This has brought to light again that the BSc is effective as a performance management tool, from the perspective of having the BSC of employees reflecting their actual performance and hence deliverables they are accountable for. It has been made evident that Abagold regards the BSC as a critical management process and the scorecard has not been turned into a political tool or a game to bend rules to take action aimed at improving the scores. Further to that, it has also emerged that the organisation has effectively used the BSC to translate the business goals

into a set of measures consistently used to track company performance both at company and individual level.

#### **5.2.5. To evaluate employees' perspective of the value of the BSC in Abagold, Hermanus, Western Cape**

The study has revealed that the BSC has aligned organisation to strategy, has made the strategy an everyday job, made the strategy a continual process and translated it into operational terms. Based on the views of the majority of employees at Abagold, there is no value in using the BSC. This difference in opinion on the value of the BSC, despite the great sense of comfort with respect to other BSC objectives discussed earlier, has signified that the organisation has not dealt with the freeloaders who resist change and is faced with a people challenge. It is also evident that the organisation has employees who are used to the status quo, who are resisting change and thus who could be detrimental to success. The value of the BSC is under scrutiny, despite the vast communication, performance feedback and performance links to rewards/recognition, as it has emerged that the organisation's managers who are trusted to have understood the BSC, normally have problems in converting the BSC concepts into actual tangible measures applicable to the workforce they work with. This indicates an area of focus to retrain and re-communicate and to give feedback and engage consistently with the employees. A majority of employees indicated that they are never consulted and they do not have an influence on the measures they are held accountable to deliver. From this it is evident that employees do not think the BSC is just a formality done to comply with organisation policies and procedures **as shown by the descriptive statistic where the (Ho) was accepted, hence a unanimous disagreement with question 13 statement.**

#### **5.2.6. To examine the BSC as an enabler for self-development in Abagold, Hermanus, Western Cape**

The study revealed that the BSC is not effective as a personal development tool at Abagold. The conclusions of the personal development findings in line with each BSC and personal development statement under investigation revealed that: the encouragement on the BSC, for personal development and employee satisfaction, is far less effective and evident at Abagold; and that the organisation does not provide or encourage, through the BSC, allocated hours during working time for

training and development studies. Further to that, the perception is that the company is not serious about employees' personal development. In terms of development, very few of the respondents see the outcome of their BSC interviews resulting in a development plan to address shortcomings or areas that need improvement. In terms of learning and growth, a minimal percentage of respondents undergo training outside normal working hours. In addition to that, there are no personal development sessions to allow employees to accept the responsibility to self-develop. Another setback made evident is that the company does not do needs analysis for role profile to align individual competencies and create a development plan to close the gap and encourage learning and growth. However, it was also revealed that the majority of employees do take ownership of their own development. Contrary to development, the company takes no action or does not follow up on any opportunity to self-develop employees. Another issue is that managers do not act as mentors to their subordinates' self-development. It is thus evident that at Abagold the BSC is not effective as a personal development tool. In the test hypothesis ( $H_0$ ) was accepted as t-statistics was less than the t-critical from the analysis of all the questions. This in conclusion shows that the respondents mostly disagreed with questions and statements.

### **5.3. RECOMMENDATIONS**

Based on the conclusions drawn, the following are recommended to Abagold management:

1. As most respondents indicated that there is lack of trust between them and their supervisory management, the managers should make allowance for individual development sessions to evaluate and discuss mistakes so that they avoid mistrusts.
2. The BSC at Abagold is evidently more used to rebuke mistakes made, rather than to encourage innovation. Therefore, more effort and focus should be channelled toward more employee consultation and engagement, to have all company objectives agreed and collectively turned into clear measurable measures at the lower level.

3. The alignment of the KPIs in the organisation be checked and agreed with the people who are supposed to deliver on them. This means that the measurability of the KPIs should be checked and explained prior to performance evaluations sessions at all levels to seek alignment and ownership of accountability.
4. Abagold needs to make a determined effort to have employee training and development during normal working hours as a key priority of the company objectives. This, however, should go hand in glove with managers' development training plans to address the shortcomings of their subordinates.
5. Managers should have individual and focused development plans for their subordinates and also consistently follow up on the progress to address any arising stumbling blocks, and provide support and resources where needed at all times. Abagold should revisit all KPIs for weight allocation and effective performance management. Therefore the need for Abagold to test the applicability of the KPIs, to ensure that the KPIs on the BSC are clear and that they reflect the effort the company required by the individuals.
6. Abagold should allow more participation of the individuals during the compilation of the BSC (this will improve buy-in).
7. Finally, to promote transparency, Abagold should allow for more KPIs to encourage and measure group performance and not only individual performance.

#### **5.4. LIMITATIONS OF THE STUDY**

The research study had a lot of challenges that included challenges with questionnaire distribution and return rates, data collection and analysis, validation of data validity and the time frame within which the study was to be completed. The limitations encountered by the researcher during the course of the study could be summarised as follows:

- Time constraints for data collection since respondents took longer to respond because of their busy schedules. Respondents had to be reminded numerous times to complete the survey.

- The sample size that represents employees who take part in the company daily activities was large.
- Biasness and resistance to change affected the quality of responses and some of the respondents were concerned about confidentiality although they had been assured that all responses would be kept confidential.

## **5.5. DIRECTION FOR FUTURE RESEARCH**

This research was conducted on Abagold as a group, encompassing operations, finance, sales and marketing and processing. Future research should investigate variations of opinion within each unit and check which department uses the BSC more effectively for both performance management and personal development. This will determine the overall status of the BSC implementation and enable comparison of results.

Further research could also be done within the job grading/levels to investigate which job grading is more accustomed to the BSC and which level uses the BSC effectively as a personal development tool.

In addition to that, further research could also investigate how each job grading level would respond to each of the statements linked to performance management objectives.

Further research could also be done to evaluate if gender, age and race are a factor in taking ownership of self-development. At present, Abagold has implemented the existing BSC process.

Future research should be done to determine if the BSC can relate to any increase in shareholder value compared to the previous performance management system. A study on the relationship between BSC implementation and other factors such as employee motivation, talent retention, job satisfaction, productivity is also recommended for future research.

## **5.6. CONCLUSION**

This final chapter concluded the findings of the study based on the objectives of the study. The objectives were to investigate the effectiveness of BSC as a performance management tool and a personal development tool at Abagold, Hermanus, Western Cape. Findings were summarised, areas of concern were highlighted and recommendations to address these areas were made. Finally, recommendations and suggestions for further research were made.

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## APPENDIX A: Ethical Clearance Approval



30 July 2018

Mr Moketsi Mabanga Ncube 214580282  
Graduate School of Business and Leadership  
Westville Campus

Dear Mr Ncube

Protocol reference number: HSS/1925/016M

New Project title: The use of the balanced scorecard (BSC) as a performance management and personal development tool in Abagold, Hermanus, Western Cape.

#### Approval notification – Amendment Application

This letter serves to notify you that your application for an amendment dated 30 July 2018 has now been granted **Full Approval**.

- *Change of Supervisor from Prof Stephen Migiro to Dr Orthodox Tefera*
- *Change in Title*

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully

.....  
Professor O Buo  
University Dean of Research

/pm

Cc. Supervisor: Dr Orthodox Tefera  
Cc. Academic Leader: Dr M Hoque  
Cc. School Administrator: Ms Zarina Bullyraj

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#### Humanities & Social Sciences Research Ethics Committee

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Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

**APPENDIX B:  
Gatekeeper's Letter**

**ABAGOLD™**

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NEW HARBOUR HERMANUS PO BOX 1291 HERMANUS SOUTH AFRICA 7200 TEL: +27 (0) 20 313 0253 FAX: +27 20 38 212 2194  
E-MAIL: info@abagold.co.za www.abagold.com ABAGOLD LIMITED REG No. 1995/0704108

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Professor Stephen Migiro  
Graduate School of Business and Leadership  
University Of KwaZulu-Natal  
Westville Campus  
Durban  
3630

26/09/2016  
Dear Prof S Migiro

RE: PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that I, Lou-Anne Lubbe, HR Director of ABAGOLD LIMITED hereby acknowledge and approve the research of MOKETSI MABANAG NCUBE within the ABAGOLD (PTY) for the completion of his Master in Business Administration (MBA) degree.

Sincerely,



---

Directors: SLOE VILLIERS PNP HUGG POP KRUGER TR WEDGES YB KEAST L-A LUBBE  
GM NEGOTA HR VAN DEN MERWE CH VAN DYK YJ VISSER JW WILKEN

**APPENDIX C:**  
**Informed Consent Letter**

**UNIVERSITY OF KWAZULU-NATAL**  
**GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**MBA Dissertation**  
**Researcher: MOKETSI MABANGA NCUBE**  
**Supervisor: Dr Orthodox Tefera (0312608104)**  
**Research Office: Ms P Ximba (0312603587)**

Dear Respondent,

I, **MOKETSI MABANGA NCUBE** am a Master in Business Administration (MBA) degree student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal. You are invited to participate in a research project entitled: **"THE USE OF THE BALANCED SCORECARD AS PERFORMANCE MEASUREMENT AND PERSONAL DEVELOPMENT TOOL AT ABAGOLD LIMITED, HERMANUS, WESTERN CAPE"**.

The aim of this study is to determine the following within a single organization, Abagold limited (Pty), based in Hermanus:

1. To what extent is the balanced scorecard of employees aligned to company strategy in Abagold, Hermanus, Western Cape?
2. To what degree is the balanced scorecard used as a performance management tool in Abagold, Hermanus, Western Cape?
3. Are employees aware that their balanced scorecard is linked to the company strategy in Abagold, Hermanus, Western Cape?
4. Do employees agree that the balanced scorecard measurement reflect their actual performance in Abagold, Hermanus, Western Cape?
5. Do employees see value in the balanced scorecard in Abagold, Hermanus, Western Cape?
6. To what extent does the balanced scorecard encourage self-development in Abagold, Hermanus, Western Cape?

Through your participation I hope to understand employee mixed perceptions of the balanced scorecard value at Abagold, Hermanus, Western Cape. The results of the interview are intended to contribute to recommendations that will prevent drawbacks of the BSC implementation process and also how best the BSC can contribute to self–development within the workforce.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this Questionnaire. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about participating in the Questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The Questionnaire should take about 45 minutes to an hour. I hope you will take the time to participate.

Sincerely

Investigator's signature \_\_\_\_\_  
.....

Date

**APPENDIX D:  
Questionnaire**

**Questionnaire to determine the Effectiveness of the Balanced Scorecard as a Performance Management and Personal Development Tool, in Abagold Limited, Hermanus, Western Cape.**

**JOB TITLE:** \_\_\_\_\_

**DEPARTMENT:** \_\_\_\_\_

**(Operations/Farms, Processing, Finance/IT/Supply Chain, Sales & Marketing, Engineering, HR, and Exec)**

**GENDER:** \_\_\_\_\_ **JOB GRADE:** \_\_\_\_\_

**AGE :** \_\_\_\_\_ **DATE :** \_\_\_\_\_

**Thank you for taking a moment to fill in this questionnaire. Your honest and complete response is valued highly as this will enable us to improve the effectiveness of our people management policies, strategies and practices.**

**Please utilise this opportunity to reflect on your experiences and perceptions with regards to the Balanced Scorecard which is currently completed during the year ending June 2017.**

**This questionnaire is anonymous and all information gathered from this questionnaire will be kept confidential. It will be analysed and consolidated with all other responses gathered during this survey and will be used only for research purposes to be able to make conclusions and recommendations on the above mentioned topic.**

**Please indicate your response with an X to each statement below. Where requested, please add any additional comments in text format. Please hand in the completed questionnaire at HR.**

**BSC = Balanced Scorecard  
KPIs = Key Performance Indicators**

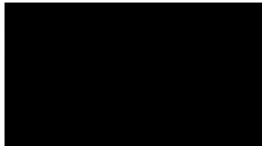
<b>-SA : Strongly Agree</b>	<b>A : Agree</b>	<b>N : Neutral or Uncertain</b>	<b>D : Disagree</b>	<b>SD : Strongly Disagree</b>
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<b>Performance Management Tool</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1). I am familiar with the mission and vision of ABAGOLD, (PTY).					
2). The mission and vision of ABAGOLD Limited, is communicated to me on a regular basis.					
3). All the KPIs on my BSC are aligned with the Abagold's Strategic objectives.					
4). All the KPIs on my BSC are clear and measurable.					
5). I am familiar with ABAGOLD's organisational Strategy.					
6). The BSC translates goals of my organisation based on pre-defined criteria.					
7). The BSC allow goals to be observed, met and exceeded.					
8). The BSC evaluates the success of the business and plan for the future.					
9). I have been adequately informed of the Balanced Scorecard process at Abagold.					
10). The BSC measures my performance over a stipulated period.					
11). The BSC is critical to the realisation of the organisational strategy alignment to actual organisation performance.					
12). I do understand the main reason of conducting the BSC sessions.					
13). The BSC is a formality, so that my business unit/department is compliant with the company policy.					
14). My BSC contributes to achieving the short and long-term objectives of Abagold as an organisation.					
15). I understand the objectives of the business unit and where they fit in the company's Balanced Scorecard.					

<b>Performance Management Tool</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
16) The BSC makes a valuable contribution to the Organisation.					
17). The BSC is the best method in which Abagold's strategy is translated into measurable performance matrix.					
18). The BSC measures my performance and determine my annual increase.					
19). The BSC measures my performance in relation to the performance of my business unit.					
20). My rating on my Balanced Scorecard determine my annual remuneration review.					
21). The Balanced Scorecard impacts positively on my work performance.					
22). The BSC system at Abagold is a fair method of assessing my performance.					
23). The BSC results reflect the effort I put at my workplace.					
24). My BSC rating is a reflection of what my supervisor "thinks" of my performance.					
25). The BSC system at Abagold is a fair method of assessing company performance.					
26). The general attitude of employees towards the BSC at Abagold is Positive.					
27). Some of the BSC draw backs is that Employees feel they can't fully control or influence some KPIs they are being measured on.					
<b>Personal Development Tool</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1).The personal Development session of the BSC allows me to accept the responsibility to self-develop.					
2). The BSC session results in an action plan to address shortcomings in my personal development.					
3). The BSC session also focus on my areas that need improvement.					
4). I get an opportunity for training and self-development, during working hours.					
5). I have studies and training sessions outside my normal working hours.					
6). I feel Abagold is serious about my Development					
7). I take ownership of my personal development.					
8). I utilise every possible available opportunity to personally develop myself.					
9). There is follow up and constant monitoring for my personal development.					
10). My line manager is my mentor for my personal development.					

<b>Performance Management Tool</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
11).GAP and Needs assessment has been done for my personal development.					
12). The BSC add value to aspects of the Business such as employee satisfaction and development.					
13). The BSC measures my performance and discuss my Individual Development Plan.					

*Thank you for your time.*



Mooketsi Mabanga Ncube

E-mail address: [mooketsi.ncube@gmail.com](mailto:mooketsi.ncube@gmail.com) and [mooketsi@abagold.co.za](mailto:mooketsi@abagold.co.za)

Contact number: 076 47 43 794 and 0743315246

## APPENDIX E: Turnitin Report

The use of the balanced scorecard (BSC) as a performance management and personal development tool in Abagold, Hermanus, Western Cape

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### ABSTRACT

The strategic management framework and plan implemented through the balanced scorecard (BSC) encompasses a detailed analysis of the enterprise situation/location. The translation of the strategic framework analysis or plan through the company balanced scorecard clearly shows how a company plans to satisfy customers, how to grow the business, how to respond to both the changing industry and market conditions and how best to capitalise on new opportunities. The main purpose of this study was to evaluate the use of the balanced scorecard at Abagold, Hermanus, Western Cape (Abagold), through testing and exploring the actual impact of the BSC on performance management and encouraging self-development. The study thus aimed to reveal an understanding as to why employees have mixed feelings and opinions on the value of the BSC within the organisation. A quantitative research method was employed. From the target population of 565 that comprised the total workforce of Abagold, a sample of 148 were selected and 100 completed the survey. The instrument used was a questionnaire that was hand distributed to the respondents. The finding of the study has revealed that on performance management, Abagold does define the mission and vision before strategy formulation – thus setting a correct platform for the BSC. It has also been revealed that the BSC translates strategy into deliverables and defines goals/objectives that are geared towards the mission and vision. In addition to that, it has been revealed that the critical success factors of the BSC are evident in performance management, despite evidence of lack of effective strategy to communicate deliverables to the workforce. The communication shortcoming to the workforce is a translation of the marginal view that the BSC system is not the best method of performance management employed by Abagold. On personal development, the study revealed that the BSC is not effective as a personal development tool at Abagold in addition to that, very few of the respondents indicated that they see the outcome of their BSC interviews resulting in a development plan to address shortcomings or areas that need improvement. The main recommendations of the study are the need for Abagold to test the applicability of all key performance indicators (KPIs) to ensure that all KPIs on the BSC are clear and that they reflect the effort the company requires from the individual.

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