

Employees' Perceptions on the Use of Balanced Scorecard in Tanzania

Adolar Beatus Duwe¹, Prof. Felician Barongo², Dr. Emmanuel Mallya³

¹PhD Candidate, Department of Political Science and public Administration, History and philosophy, The Open University Of Tanzania

²Department of Political Science and public Administration, Mzumbe University

³Department of Political Science and public Administration, History and Philosophy, The Open University Of Tanzania

Abstract

This study examined employees' perceptions on the usage of the balanced scorecard (BSC) performance management system in Tanzania. It assessed employees' perception on use of the Balanced Scorecard performance management system tool in Tanzania. The study used participatory action research and survey research design. It applied mainly qualitative and slightly quantitative research approaches. Data was collected through interviews and documentary review. Data validity and reliability were done through pretesting of data collection instruments. Findings revealed that employees perceived a balanced scorecard as a user- friendly tool, fair tool from planning stage, implementation stage, appraisal stage to rewarding stage, increased employees' commitment to work, motivated employees and that balanced scorecard had a great influence on the quality of services and products delivered contrary to any other previously used tool. The conclusion is that there was a direct relationship between a balanced scorecard on the one hand and organizational performance in terms of quality of services and products delivered on the other hand and that employees have positive perception on the usage of balanced scorecard.

Keywords: balanced scorecard, performance management system, Tanzania, public organizations, employees perception

1. Introduction

The perceptions of employees on effective performance management system tool is a challenge in most public organizations in Tanzania. Historically, Public organizations have used different types of performance management system tools with mixed results and thus make employees have different views and perceptions. This study examined employees' perception of Balanced Scorecard (BSC) performance management based on selected public organizations in Tanzania. These firms were; Tanzania Revenue Authority (TRA), Tanzania National Electric Supply Company (TANESCO), National Social Security Fund (NSSF) and Medical Stores Department (MSD). The purpose of this study was to assess employees' perception on using the balanced scorecard performance management system in the selected public organizations in Tanzania. The lack of effective performance management tools in public organizations in Tanzania has always been a matter of much concern. Kenya digital News (2021) indicates that the Government of Tanzania has been said to be inefficient because the civil service has

performed poorly in the provision of services whereby since its independence, Tanzania has undergone several reforms to improve its performance but still all have proven failure.

The issue of in effectiveness due to lack of clear and focused performance in Tanzania is a historical phenomenon which can be traced back since 1927. Mtafikolo(1998) says that civil service evolved since 1927 and was organized along racial lines, and many commissions and reports were set up and written respectively prior to reforms introduced after independence. Following this, according to Mtafikolo(1998) Tanzania had experienced several reforms since her independence as follows: the first reform was Adu Commission in 1961 which came up with quick Africanization of the civil service after Tanganyika's independence which aimed at increasing the number of Africans in managerial positions and consequently reducing the rate of racial discrimination at work places.

The second civil service reform was recommended by the Mamuya Report and Mckinsey Report of 1972 under the auspices of Act No. 27 of 1972 known as the Decentralization of Government Administration (Interim Provisions).

The third was the outcome of the propositions of the Kisumo Report of 1983 on government restructuring to reduce costs and improve efficiency. The major propositions and recommendations were: to downsize and right-size the government, to merge some ministries, to reduce embassies and enhance self-help schemes in social services provision (Mtafikolo, 1998).

The fourth civil service reform report emanated from the Nsekela (Salary Review) Commission 1985–1987. This introduced new nomenclature in grading and clarifying civil servants, as well as proposing new salary/compensation scales (Mtafikolo, 1998). The implication of this report was witnessed in salary payments based on the type of institution or professions among employees. Thus, teachers, for example, were to be paid low salaries compared to other cadres, and this propagated the practice of unethical behavior at workplaces.

In general, the reports highlighted above lacked a clear, focused and more accountable performance management system which could put much emphasis on individual accountability in performance towards the realization of organizational visions and missions. By achieving the agreed strategic objectives, in the end the government and public organizations in Tanzania would have collective accountabilities as per specific organizational plans and finally as a country. As a result, several situations have been put forward with regard to inefficiency of services in the government and public sector.

In a nutshell, since independence in 1961, government and public organizations in Tanzania used a closed performance appraisal management system formally termed a confidential appraisal system. In this case, staff did not have their annual performance plans, targets and key performance indicators. In 2004 Tanzania developed and started to use the Open Performance Review and Appraisal System (OPRAS) which brought in public service individual accountability, open discussions during planning, appraisal, and eventually did away with confidential system of appraisal in the public service(URT, PO-PSM, 2004).

However, OPRAS had several shortcomings during its implementation such as lack of seriousness and unclear cascading of responsibilities as well as the processes. Kenya Digital News (ibid) argues that, although OPRAS was put in place in compliance with the Public Service Act. No. 8 of 2002, it was not user-friendly and, in reality, lacked seriousness in its implementation. In addition, the tool did not link strategic objectives to the day-to-day activities of individual employees, was not result-oriented, and made employees work in silos (Kenya Digital News,2021).

Despite the prevailing problem associated with the performance of employees is associated with lack of work motivation and job satisfaction in tandem with Andreas (2022) the employee's internal factor that explains performance is motivation. According to Lamia(2023), the invention of the balanced scorecard was perceived as a solution to the problem of lack of clear and focused performance management tool. Several studies have been conducted worldwide on balanced scorecard. These include; a study conducted by Huang et al (2023) who investigated the motive behind balanced scorecard whose emphasis was on Lean Six Sigma, data driven decision-making and a positive company culture are effective strategies to enhance sustainability in manufacturing, offering valuable insights for companies seeking to improve sustainability while maintaining competitiveness.

The study by Huang et al (2023) takes balanced scorecard as the cornerstone of sustainable performance in organizations. Jaber et al (2022) investigated performance consequences of balanced scorecard-based hospital performance measurement framework realized that no single measure can provide a clear performance target or focus attention on the critical areas of the business. Jaber et al (ibid) add that organizational performance measurement is of utmost importance for organizations as it determines their ability to manage efficiency, effectiveness, customer value and competitiveness.

Helmold (2023) also came up with the Quality Excellence Model (QEM) through which he defined balanced Scorecard as a strategic management tool and was first introduced by the accounting academician Dr. Robert Kaplan and business executive and theorist Dr. David Norton who took previous metric performance measures and adapted them to include non-financial information.

The study conducted by Raksudjadrit et al (2023) on the role of managerial accounting information affecting balanced scorecard effectiveness indicates that the managerial accounting information takes a crucial role in being used as an instrument to achieve the effectiveness of organization. In conducting this study Raksudjadrit et al(ibid) used quantitative approach and technique in data collection and analysis respectively.

Further, the study conducted by Masaki (2021) on improving organizational performance through implementation of balanced scorecard discovered that the effectiveness of balanced scorecard had some challenges in the Income generating wing of the Tanzania National Service *Shirika la Uzalishaji Mali* (SUMA) in Tanzania. That included awareness and intellectuals that could offer best applications of balanced scorecard which brought for knowledge workers and fostered learning and development in the workplace. Masaki put more emphasis on assessing the level of BSC understanding among employees; examining the role of financial perspective in driving organizational performance; establishing the effect

of internal business processes on organizational performance; assessing the influence of learning and growth perspective on organizational performance and examining the role of customer perspective in driving organization performance.

The study by Masaki differs from this study as follows: First the study area of Masaki was Shirika la Uzalishaji Mali Jeshi la Kujenga Taifa in Tanzania (*Tanzania national service*) while this study covered the effectiveness of balanced scorecard performance management system drawing experience from selected public organizations in Tanzania, namely Tanzania Revenue Authority, Tanzania National Electric Supply Company, Medical Stores Department and National Social Security Fund. Secondly, the scope of Masaki's study focused on the four perspectives of balanced scorecard tool while my study focused on assessing the effectiveness of performance management system tools which were previously used before the introduction of balanced scorecard; examined employees' perceptions on the usage of balanced scorecard performance management system and assessed the ability of balanced scorecard performance management system to influence provision of quality services and quality products in Tanzania.

With the view of the above studies, there are few studies done addressing the assessment of perceptions of employees on balanced scorecard performance management system which have benchmarked balanced scorecard to OPRAS or any other previously used performance management system before the introduction of BSC in the context of Tanzania. In that regard, this study is very relevant as such it is going to answer many unfold questions on the perception of a balanced scorecard in Tanzania and subsequently add values to the existing ones.

2. Methodology

Study methodology serves as a backbone of every scientific enquiry. This chapter, therefore presents the methodology employed in this study. It describes the research philosophy, research design, research approach, research area, target population, sample and sampling procedures. It also provides explanations of the data collection methods, instruments and data analysis procedure used.

2.1 Study Philosophy

Saunders et al. (2019) define research philosophy as a system of beliefs and assumptions on knowledge development. Knowledge is generated when a researcher conducts a study in order to give answer to a certain question. In conducting this study, pragmatism research philosophy was applied as it generates knowledge associated with value driven research and action research and emphasizes more on practical solutions and outcomes.

According to Greener & Martelli (2015), knowledge generation is the phenomenon which can produce knowledge since it is associated with empirical testing. Matoka (2020) argues that, knowledge creation is concerned with gaining knowledge by enquiry. The present study employed survey method in order to collect views and opinion of employees on the effectiveness of balanced scorecard by conducting face to face interviews, making telephone interviews and documentary reviews such as individual performance appraisal reports, organization performance reports and performance management guidelines of all four selected public organizations.

2.2 Research Approaches

Based on pragmatism philosophy, this study employed mainly qualitative approach and slightly quantitative approach in order to overcome the disadvantages that are inherent when adopting mono research method. In light of that, the checklist was used to obtain quantitative data related to facilities and equipment which are used to effect balanced scorecard tasks. That approach assisted the researcher to easily track the needed number of respondents and number of tools and number of organizations from which data was to be collected and analyzed.

Qualitative research approach was used because it provides an opportunity for the problem to be studied in-depth and enables the researcher to collect facts and study their relationships.

Thus, qualitative research approach enhances learning whereby the researcher and respondents interacted specially to accomplish already formulated goals. In light of this, the qualitative research approach enabled the researcher to do an in-depth study of how effective BSC was. Essentially, Bell et al. (2019) recommend the use of a qualitative research approach because one can obtain authentic data, which are easy to interpret and analyze.

Quantitative data was equally collected from documents using documentary analysis methods and a documentary review schedule. Conclusively, the researcher used both qualitative and quantitative approaches because both approaches were notably compatible and complemented each other; the former was primary and the latter was secondary.

2.3 Study Area

The study was conducted in four public organizations which are implementing the balanced scorecard performance management system. These were; Tanzania Revenue Authority, Medical Stores Department, Tanzania National Electric Supply Company and National Social Security Fund as indicated in Appendix II and Appendix III. These organizations were selected purposively as they had been using BSC performance management system for five years and above as follows: Tanzania Revenue Authority started using balanced scorecard from 2007, Medical Stores Department from 2014, National Social Security Fund from 2011 and Tanzania Electric Supply Company from 2010. If all factors remained constant, the experience of those public organizations in implementing balanced scorecard was enough to give valid and reliable data on the effectiveness and applicability of balanced scorecard in Tanzania.

2.4 Sample Size and Distribution

A sample is the number of people sought from the larger population for providing information for the study. The sample size of this study was 199, consisting of board members, CEOs, directors, managers, and professional and non-professional employees. The sample distribution was arranged in the following manner: Tanzania Revenue Authority 61 respondents, Medical Stores Department 36 respondents, Tanzania National Electric Supply Company 52 respondents and National Social Security Fund 50 respondents. In totality the sample size was 199 based on gender as indicated in Table 1.1

Table 1.1: Sample Distribution by Gender (N=199)

Category of Respondents	Male	Female	Total
Board members	10(5.02%)	8(4.02%)	18(9.04%)
CEOs and Directors	4(7.03%)	7(3.5%)	21(10.53)
Managers	(4.5%)	8(4.0%)	17(8.5%)
Professional Employees	5(22.6%)	61(30.6%)	106(53.2)
Nonprofessional Employees	5(7.5%)	22(11.05%)	37(18.55%)
Total	13(46.65%)	106(52.3%)	199(100%)

Source: Researcher Data, (2019)

2.5 Sample and Sampling Procedure

Sample size is the number of respondents selected from the study population to obtain the sample population. In this study, the researcher adopted Yamane's, (1967) simplified formula to calculate the sample size. A 95% confidence level and P=.5 was assumed for the equation. Hence, the researcher used the following formula to determine the sample size

$$n = \frac{N}{1 + N(e)^2}$$

Whereby: n=Sample size, N=Population, e=Level of precision

The level of precision *e*, sometimes called *sampling error*, is the range in which the true value of the population is estimated to be. This range is often expressed in percentage points, (e.g., ±5 per cent). The confidence or risk level of 95% is based on ideas encompassed under the Central Limit Theorem.

Therefore: $n = 3,468 / 1 + 3468(0.05)^2 = 199$

In this view, the study consists of 199 respondents as clearly indicated in table 3.1 above and this was the sample of the study.

2.6 Sampling Procedures

The following are details of how sub-samples were obtained.

2.6.1 Professional Employees

As clearly dealt in chapter four, two types of sampling methods were employed to get the number of required professional employees. A purposive sampling method was used to get the required number of professional employees. Since the number of respondents which was obtained after using the purposive sampling method was big, the stratified random sampling method was then used to get the required number of respondents i.e. 45 males and 61 females. In stratified sampling, the researcher attempted to stratify the sample in such a way that the sample remained within the stratum.

2.6.2 Board Members, CEOs, Managers and Non-Professional Employees

Purposive sampling method was used to get the required number of CEOs, directors, managers, non-professional employees and board members as clearly explained in chapter four. Stratified random sampling method was used in selecting each category to get the required number of respondents. That is to say, 21 CEOs and directors, 17 managers and 37 non-professional employees with the composition

from each selected public organization. Sospeter (2021) pinpoints that stratified random sample aims to reduce the potential for human bias in the selection of cases to be included in the sample. Therefore, the researcher had to identify respondents with similar characteristics from which the researcher created non-overlapping of strata of category and sex.

2.7 Data Collection Methods and Instruments

The study employed mainly two data collection methods: interviews and documentary review. The data collection methods and instruments that were used to collect both primary and secondary data are described below. Interviews were used in this study because the method and instrument required simple facilities such as paper and pens. The researcher had face to face interviews with only 8 out of 18 board members, while the remaining 10 were interviewed through telephone calls. This instrument was easily administered in all types of environment; that is, some were interviewed in their personal offices, some in the corridors, and some out of their office.

The researcher used unstructured interview to get the general understanding of respondents on the effectiveness of balanced scorecard performance management system, how employees perceive balanced scorecard and how balanced scorecard influenced the quality of services and products in general. Sospeter (2021) highlights that an unstructured interview is used when the researcher attempts to achieve a wholistic understanding of the interviewee' point of view or situation.

Documentary review was used to review identified documents during the study. Official documents from targeted organizations were scrutinized. These included the Tanzania Revenue Authority Act, Cap.399 R.E 2019, MSD Establishment Act No. 13 of 1993, the National Social Security Act, Cap.50.RE 2018 and the Electricity Act of 2008. Further, the researcher consulted Public Service Act, No .8 of 2002 .

2.8 Data Analysis

The process of data analysis aimed at determining whether the collected data supported the research objectives or not. Based on research philosophy this study mainly used qualitative techniques and slightly quantitative technique was used only to analyze few quantitative data. Generally, qualitative data was systematically analysed using qualitative techniques. The analysis begun with an individual respondent; then responses from different sources were grouped and sorted in correspondence with research objectives and research questions. The sorted data was then compared to identify similarities. In so doing, a large amount of organized data was reduced into small manageable analytical portions to save both time and space.

3. Results and Discussion

The overall objective of this study was to assess employee's perception on balanced scorecard. There were several questions which were administered to 199 respondents so as to capture the perceptions of employees on the usage of balanced scorecard performance management system.

3.1. Perception on the Ability of Balanced Scorecard to Bring Positive Behavioral Change

It was expected that the use of balanced scorecard performance management system would bring about positive behavioral change which would result into increase of employees' commitment to work. The researcher conducted in-depth interview with 59 respondents who included; managers, directors, chief executive officers and board members in order to collect their views on their employees' commitment toward work as the result of the use of balanced scorecard performance management system.

The result of those interviews, as indicated that out of 59(100%) respondents 26(44.1%) answered that the employees were excellently committed, they deeply explained that Balanced Scorecard was excellent because of being more open with regard to what is measured/what is required from the employee to prove the extent of his/her performance. The comparison was made with the performance tool which was previously replaced, that is OPRAS and commended that the performance measurement tool currently in use as was best ever experienced since they were employed. Based on this response the researcher contends that there was a great commitment of such respondents to work.

It was also indicated that respondents 25(42.4%) answered that employees were committed. They explained that in order to be valued by the employer they were indulged to score high during performance management exercise.

3.2 Perception on Improved and Enhanced Relationship Between Employer and Employee

There was an assumption that the introduction and implementation of Balanced Scorecard Performance Management System would enhance and improve to a larger extent the relationship between employer and employee. The respondents in this case were; Managers, Directors, CEOs and Board Members who came up with the following results and the following were the findings.

Findings indicated that out of 59 respondents, 56(84.9%) said that Balanced Scorecard enhanced and improved the relationship between employer and employee in the selected four public organizations. Further, the study findings revealed that there were 3 respondents (5.1 %) who said that balanced scorecard performance management system neither enhanced nor improved the relationship between the employer and employee.

Respondents 56(84.9%) who said that Balanced Scorecard had enhanced and improved the relationship between employer and employee in the selected four public organizations explained that the performance management system was a tool for improving socialization. They narrated that the Balanced Scorecard Performance management system was entirely a frequent talk between employees and employer and that it is from this mutual talk which results into building mutual relations among both sides.

It was also revealed from the study that the relationships which resulted from implementation of balanced scorecard management system anchored into both employer and employees merge to value the existence of their organizations and that resulted into fulfillment of vision and missions.

3.3. Perception on Positive Behavioral Change of Employees

There was an assertion that the introduction and implementation of Balanced Scorecard Performance Management System would enhance positive behavioral change of employees in the selected public organizations. The researcher administered the study in this area so that to determine whether the introduction and implementation of Balanced Scorecard contrary to previously performance management tools enhanced the positive behavioral change or not. The study was conducted to CEOs and Board Members which came up with the following results.

Out of 25 respondents, all 25 respondents who made 100 % said that Balanced Scorecard enhanced and brought about positive behavioral change of employees in the selected public institutions.

4. Conclusions and Recommendations

The study concludes that employees perceived balanced scorecard as a powerful tool that is result oriented, user-friendly, enhances relationship between employer and employee, increases commitment of employees to work and brings positive behavioral change of employees. Based on that, the study concludes that balanced scorecard is effective and is applicable in public institutions in Tanzania compared to OPRAS.

Also, the study concludes that balanced scorecard is the tool which is fair from planning stage, implementation stage to appraisal stage. Additionally, it is concluded that balanced scorecard is the tool which is more clear and focused compared to OPRAS or any previously used tool, it increases employee satisfaction and enhances a sense of responsiveness, responsibility and accountability to both employer and employee and is a solution of performance management. Lastly, the study concluded that balanced scorecard is perceived as the tool which guides employers to reward performers and sanction non-performers accordingly and therefore it suits organizations that are strategically set to achieve higher productivity.

References

1. Andreas, D. (2022). EMPLOYEE PERFORMANCE: The Effect Of Motivation And Job Satisfaction. *PRODUKTIF: Jurnal Kepegawaian dan Organisasi*, 1(1), 28-35. <http://jurnalpustek.org/index.php/sdmo/article/view/10>
2. Bell, E., Bryman, A., & Harley, B. (2019). *Business Research Methods* (5th Edition). New York: Oxford University Press.
3. Greener, S., & Martelli, J. (2015). *An Introduction to Business Research Methods* INCOMPLETE
4. Helmold, M. (2023). *Quality Excellence Models. In Virtual and Innovative Quality Management Across the Value Chain: Industry Insights, Case Studies and Best Practices* (pp. 87-97). Cham: Springer International Publishing. https://doi.org/10.1007/978-3-031-30089-9_8 House.
5. Huang, J., Irfan, M., Fatima, S. S., & Shahid, R. M. (2023). The role of lean six sigma in driving sustainable manufacturing practices: an analysis of the relationship between lean six sigma principles, data-driven decision making, and environmental performance. *Frontiers in Environmental Science*, 11. <https://doi.org/10.3389/fenvs.2023.1184488>

6. Jaber, A. A. A., Nashwan, A. J., & AbuJaber, A. (2022). Balanced scorecard-based hospital performance measurement framework: a performance construct development approach. *Cureus*, *14*(5).<https://doi.org/10.7759/cureus.24866>
7. Kenya Digital News (Director). (2021, May 1). *Tanzania President Samia Suluhu Leads Labour Day Celebrations at CCM Kirumba Stadium in Mwanza [Video File]*. Youtube. <https://www.youtube.com/watch?v=SP9pFxFxLaV-4>
8. Lamia, R. (2023). Driving Sustainable Performance: Implementing a Balanced Scorecard Approach for Integrating Sustainability into Performance Management. *Journal of Contemporary Business and Economic Studies*, *6*(2)<https://www.asjp.cerist.dz/en/downArticle/617/6/2/230149>
9. Masaki, L. O. P. (2021). *Improving Organizational Performance through Implementation of the Balanced Score Card: The Case of Shirika la Uzalishaji Mali (SUMA) JKT*. Masters thesis, The Open University of Tanzania, 1-71. <http://repository.out.ac.tz/3411/>
10. Matoka, C. A. (2020). *Effects of Perceived Psychological Contract Breach on Organizational Commitment of Public Universities Academic Staff in Tanzania* [PhD Thesis, The Open University of Tanzania]. <http://repository.out.ac.tz/2498/>
11. Mtatifikolo, F. A. (1998). *Civil Service Reform in Tanzania: Rationale, Developmental Challenges and Prospects*. Presentation at the national symposium, Dar es Salaam.
12. Raksudjadrit, S.Kaewfai, J.Namburi, N.Namburi, S.Waranantakul, W.&Thunputtadom,P.(2023). The Role of Managerial Accounting Information Affecting Balanced Scorecard Effectiveness. *Procedia of Multidisciplinary Research*, *1*(1), 7-7.
13. Saunders, M. N. K., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th Edition). New York: Pearson.
14. Sospeter, M. (2021). *Social Emotional Model for Coping with Learning among Adolescent Secondary School Students in Tanzania: A Case Study of Hai District*. [DhD Thesis, The Open University of Tanzania]. <http://repository.out.ac.tz/3259/>
15. United Republic of Tanzania(URT) (2022).Public Service Regulations, Supplement: The Gazette of the United Republic of Tanzania, 103(25). Dodoma: The Government Printer
16. Yamane, T. (1967). *Statistics: An Introductory Analysis* (2nd ed.). New York: Harper & Row.