

# Human Resource Measurement: A Balanced Scorecard Approach

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**Abstract:** This study aims to adopt the balanced scorecard approach to improve the measurement and evaluating of human resources performance in the USA public sector. We use a balanced scorecard approach in terms of innovation, learning and growth for employees feeling to contribute to the governmental agency ends. Innovation, learning and growth may represent constitutive elements of organizational strategies value oriented. In this study we have built a set of key performance drivers drawn by a sample of American public employees during 2010. The United States are the first country introducing public management reform programs fostering continuous attention on human resources performances. The study is a research desk. Data are collected by United States Office of Personnel Management (OPM) with regard to last Federal Employees Viewpoint Survey conducted in 2010 and concern employees of every Federal agencies which responded to the survey. The results show that the employee's perception of the organization performance seems to be positively judged.

**Keywords:** Federal Civil Workforce, Organization Performance Measurement, Balanced Scorecard Approach

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## 1. Introduction

The Human Resource Management (HRM) has received a growing attention and interest coherently with developments of New Public Management (NPM) doctrines encouraging public organizations to adopt and implement management techniques and tools drawn by private sector in order to implement measurement performance systems within the western and industrialized countries. Since 1980, in the OCSE area strategic and organizational changes driven by public management reform improved the relationship between organizational performance and human resources management.

This study aims to adopt the balanced scorecard approach to improve the measurement and evaluating of human resources performance in the USA public sector. Measurement performance systems as evaluated by a balanced scorecard approach lead civil servants to perceive positively what public organization do and how perform task. We use a balanced scorecard approach in terms of innovation, learning and growth perspective in order to verify that measurement performance methodologies may have a positive impact on employees' perceptions about the organizational performance. Innovation, learning and growth constitute a driver for em-

ployees that feel to contribute to the governmental agency ends. Learning and growth represent constitutive elements of organizational strategies value oriented for developing and implementing successfully the internal processes.

We have considered a sample of civil servants in the USA public sector. In the OCSE area the United States are the first country introducing public management reform programs fostering continuous attention on managing and evaluating the human resources performances.

The paper is structured as follows. In the section two the literature review about the relationship HRM development and the employees' performance is presented. In the section three how to manage Federal Civil Service by act is presented. In the fourth section the research design is described. Finally, conclusions and future research perspectives are presented.

## 2. Literature Review

In the last decade management changes occurred in public sector organizations coherently with a growing relevance of the human resource management for improving the organizational performance [1, 2, 3, 4]. The Harvard Scholars School, in 1985, defined the HRM in terms of "all management deci-

sions that affect the relationship between the organization and employees" [2, 5]. In the HRM field both practices and academic studies have shown more and more a growing need to explore the HRM systems. Some authors have conducted comparative studies about the human resource management diffusion. For example Rainey et al., Scott and Falcone argue that differences of management practices about human resources in the public and private organizations were influenced by ownerships [6, 7]. In a similar vein, the ownership may exert influence on HRM policies and practices. Public managers have been encouraged to adopt and embrace private sector management practices and policies [4, 8, 9, 10]. Boyne et al. [4] try to answer to this question. Is there the difference between public and private managers in their attitudes and behaviors? In 1992, Brewster [11] agrees about the HRM practices in ten European Countries and underlines the existence of different styles of HRM. Accordingly, Farnham and Horton [12] have conducted a research about the implementation of HRM and identified a number of fundamental characteristics in conventional HRM practice in public sector.

A large number of empirical studies examine the relationship between HRM and organizational performance. According to Williams [11] there is a positive relationship between implementation of HRM practices in public sector and management performance. According to this approach same scholars study the relationship between HRM and performance; these studies consider a HRM as a set of ideal or best practices [14, 15]. The dominant focus on the HRM literature has demonstrated the importance of introducing these practices and implementation in the public sector, in order to increase the public performance [16, 17]. Similarly Tessema and Soeter [18], in their article, examine how, when and to what extent HR practices may affect performance on the employees level. Some scholars describe the different national experiences in order to explore the different steps about the developments and the diffusion of HRM practices. For Example the Public Administration Observatory [19] published the report on human resources in different countries in OCSE area (Australia, Canada, France, Germany, Great Britain, Spain, USA and Sweden). In accordance with this study, other authors describe the various HR practices in different countries around the world. In the public sector HRM practices can be influenced by different management cultures [4, 8, 13, 18, 19].

Some scholars have implemented the balanced scorecard approach in order to measure the performance in the public sector [19]. For example Kloot and Martin [20] by analyzing performance management systems in local government used all dimensions of the balanced scorecard: financial, community, internal business process, innovation and learning. Fitzgerald et al. [21] have suggested a performance model based on six dimensions: competitiveness and financial dimensions as results of strategy are included. In a similar vein, Ballantine et al. [22] illustrated the relationship between strategy and performance management. Accordingly, Estis and Hyatt [23] provided a framework for applying a balanced scorecard approach to measuring the performance in the public sector based on financial, customer, internal processes, learning and

growth perspectives.

### 3. Managing Federal Civil Service by Act

In the USA public sector the continuous attention on Human resource management (HRM) is growing coherently with fostering employees performance. The performance measurement system has been applied in both industrialized countries and developing countries. In the United States there is great attention on managing strategically and measuring human resources performance. Thereby, performance measurement practices seem not to be a part of what public sector organizations do [24]. Several performance measurement oriented acts were promulgated over time. The first step of reform was implemented in 1979. According to the Civil Service Reform Act as promulgated in the 1979 the US Office of Personnel Management introduced a set of actions regarding on human resource appraisal, merit pay programs, clarification and simplification of appeal procedures for personal actions. Reform changes occurred over time (1984, 1994, 2000 and 2004).

The Chief Human Capital Officer Act of 2002 was signed into law with the promulgation of the Homeland Security Act of 2002. The scopes are: setting the agency's workforce development strategy; assessing workforce characteristics and future needs based on the agency's mission and strategic plan; aligning the agency's human resources policies with organizational mission, goals and performance outcomes; developing a culture of learning, identifying the best practices and benchmarking studies; applying methods for measuring intellectual capital; identifying links to organizational performance and growth, and serving on the Chief Human Capital Officer's Council.

In 2004 the Federal Workforce Flexibility Act provides great emphasis on employee development and training to promote strategic alignment with agencies' missions. This part of the Act is effective immediately; the OPM and Federal agencies will be working together to align training programs with agency strategic goals and performance objectives. The issues of these actions concern the importance of the relationship between performance measurement and human resource management.

Nowadays, the public employees' perceptions on performance measurement systems are considered as factors that may characterize successful organizations. Accordingly, the Office of Personnel Management conducted a survey for Federal Employees, the Employee Viewpoint Survey as administered for the first time in 2002 and then repeated every two years: 2004, 2006, 2008 and 2010.

### 4. Research Design

In this section we describe the research methodology: the implementation of one perspective of balanced scorecard approach and the results.

The aim of this study is to elucidate that human resources measurement performance systems may be measured by a

balanced scorecard approach in order to improve the organizational performance as positively perceived by civil servants in USA. In accordance with previous studies [25, 26] we choose to implement one dimension of balanced scorecard approach: innovation, learning and growth because this perspective may constitute a driver for employees that feel to contribute to the agency ends. Innovation, learning and growth represent constitutive elements of organizational strategies value oriented. The objectives of internal processes concern as strategic themes innovation and corporate citizenship too [25, 27]. The organizational success can depend on the innovation, the ability to learn and the attitude of personnel to learn and contribute to organizational growth [20, 28, 29]. The sample under investigation concerns USA Federal employees. The data are collected by United States Office of Personnel Management (OPM). Data are available on OPM's Fed-View survey website regarding last Federal Employees Viewpoint Survey and being located at [www.FedView.opm.gov](http://www.FedView.opm.gov) as conducted in 2010 [30]. The Federal Employee Survey is a tool that measures employees' perception of whether and to what extent conditions that characterize successful organizations are present in their agencies. This survey is the fifth in a series of survey starting in 2002. These survey samples are the full-time permanent employees of Departments, large agen-

cies, small agencies and independent agencies and the small/independent agencies that accepted an invitation to participate in the survey. These institutions comprise approximately 97% of the executive branch workforce. In the year under investigation more than 260,000 Federal employees responded to the survey, a response rate of 52 percent.

We have chosen only 12 items on the 89 which are presented in the survey in order to implement the balanced scorecard approach in terms of innovation, learning and growth perspective.

We identify two outcomes and some corresponding key performance drivers to measure innovation, learning and growth perspective: strategic team work condition and gratification of innovation, learning and growth perspective on for employees in their job. Implementation of a good leadership program and employees satisfaction are key performance drivers for the first outcome. Implementation project plan for knowledge and best practice, employees work experience, implementation of new strategies and routine, employees relation are the key performance drivers for the outcome gratification for employees in their job.

In the following table the framework to guide this research is described (table 1).

**Table 1.** *Balanced scorecard approach*

Balanced Scorecard Perspective	Outcomes	Key performance Drivers
Innovation Learning and Growth	Strategic team work condition	Implementation of good leadership program
		Employees satisfaction
	Gratification for employees in his job	Implementation project plan for new knowledge and best practice
		Employees work experience
		Implementation new strategies and routine
		Employees relation (good team work relation)

Source: our elaboration

**Table 2.** *Key performance drivers: measurement (Federal Employee Viewpoint Survey FEV Survey)*

Key performance Indicator	Measurement
1 Implementation of good leadership program	Questions number 53- 56 -61 of FEV Survey
2 Employees satisfaction	Questions number 63 – 64 – 65 66 of FEV Survey
3 Implementation project plan for new knowledge and best practice	Question number 11- 15 – 18 of FEV Survey
4 Employees work experience	Question number 5 – 10 – 13 of FEV Survey
5 Implementation new strategies and routine	Question number 1- 4- 32 of FEV Survey
6 Employees relation (good team work relation)	Question number 20 – 21 – 22 of FEV Survey

Source: our elaboration

We have selected these items for two motives. First of all, these items are used by the literature [25, 27] in order to measure overall organizational and human resource performances by applying a balanced scorecard approach. These

items are relevant for the analysis conducted in order to measure and evaluate both satisfaction and performance of employees coherently with the Chief Human Capital Officers Act of 2002. According to the Federal Employee Viewpoint Survey (Fed-View) these items were just tested and verified. We choose some questions as measurement too for each driver of performance 1 (table 2).

Some questions are identified in the OPM survey in order to measure the six key performance indicators.

The questions (Q) are described in the following table (table 3).

We have assigned a weight to the responses as classified in accordance with OPM research based on a Likert scale: strongly agree- very satisfied (6); agree- satisfied (5); neither agree nor agree (4); neither satisfied nor dissatisfied (3); disagree and do not know (2); dissatisfied and very satisfied (1). We have not considered the values of responses when the respondents have not made a choice. Secondly, we have considered the percent of response classified in relation to scales and multiplied for the weight assigned in order to build the key

performance indicators.

**Table 3.** Questions chosen

Key performance Drivers	Questions
Implementation of good leadership program	53- Managers/supervisors/team leaders work well with employees of different backgrounds. 56-Managers communicate the goals and priorities of the organization. 61-I have a high level of respect for my organization's senior leaders. 63-How satisfied are you with your involvement in decisions that affect your work? 64-How satisfied are you with the information you receive from management on what's going on in your organization?
Employees satisfaction	65-How satisfied are you with the recognition you receive for doing a good job? 66-How satisfied are you with the policies and practices of your senior leaders?
Implementation project plan for new knowledge and best practice	11-My talents are used well in the workplace. 15 My performance appraisal is a fair reflection of my performance. 18-My training needs are assessed.
Employees work experience	5-I like the kind of work I do. 10-My workload is reasonable. 13-The work I do is important. 1-I am given a real opportunity to improve my skills in my organization.
Implementation new strategies and routine	4-My work gives me a feeling of personal accomplishment. 32-Creativity and innovation are rewarded.
Employees relation (good team work relation)	20-The people I work with cooperate to get the job done. 21-My work unit is able to recruit people with the right skills. 22-Promotions in my work unit are based on merit.

Source: adaptations by Federal Employee Viewpoint Survey FEV Survey

In accordance with previous studies the organizational success seems to depend on the organizational and human resources capabilities to innovate and learn. Public organizations have to learn on changing behaviors and strategies to prepare for the future. The civil servants may exert influence on the organizational performance as a whole. Measuring learning, growth and innovation aspects may help public administrations to face the challenge of embracing a continuous change.

The analysis of data gathered on federal civil workforce in 2010 shows how to implement the balanced scorecard approach based on innovation, learning and growth perspectives.

With regard to *implementation of an effective leadership program* as the first key performance driver, we agree that the effective leadership style may lead the employees to achieve positive results in their performance. They feel a high level of respect for their leader. Communications between employees and their leaders are positively judged and satisfying.

The employees seem to be satisfied by corporate policies and practices. With regard to key performance driver *employees satisfaction* only the 26% of employees respond to be negatively impressed.

With regard to key performance driver *implementation project plan for new knowledge and best practice*, the 60% of the interviewed employees believe that their talent is well used in the workplace. The 54% of the interviewed employees consider that their training should be assessed.

The employees consider their workload as reasonable and important in relation to the third key driver, *employees work experience*.

The creativity and innovation are considered to be important for the most part of the sample (40%). They believe

that organization could offer them the opportunity to improve their abilities (key driver indicator *implementation new strategies and routine*).

The employees believe there is cooperation in the workplace and there are merit systems for gratification in relation to the key driver *employees relation*.

## 5. Conclusion

In the public sector the diffusion and implementation of management techniques is the priority in the agenda of industrialized countries. Strategic and organizational changes driven by public management reform may improve the relationship between organizational performance and human resources management coherently with the implementation of performance strategic measurement systems.

Public sector organizations have to develop and measure outcomes consistent with strategic goals and human resources performance.

Innovation, learning and growth perspective as result of a balanced scorecard approach may emerge as an useful methodology for measuring the civil service workforce performance. The study highlights a framework to analyze the employees performance. The results are concordant with issue of previous literature concerning the relationship between human resource management and public management reform performance oriented.

In this study there are some limits. Data collected and gathered are no recent. We have considered only the innovation, growth and learning perspective and used only six key performance drivers.

Future research perspectives lead us to consider the other key drivers indicators of a balanced scorecard approach for building an integrated pattern of analysis.

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