



**Addis Ababa University**  
**School of Commerce**

**The Effect of Balanced Scorecard on Employee Satisfaction the case of  
Ethiopian Shipping and Logistics Service Enterprise**

**By: Tesfaye Abera**

A Thesis is submitted to Addis Ababa University School of Commerce in partial fulfillment of the requirements for the Degree of Masters of Arts in Human Resources Management

January, 2025

# The Effect of BSC on Employee Satisfaction

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## THE EFFECT OF BALANCED SCORECARD /BSC/ ON EMPLOYEE SATISFACTION IN THE CASE OF ETHIOPIAN SHIPPING AND LOGISTICS SERVICE ENTERPRISE

A Thesis Paper Submitted to the office of Graduate Studies of Addis Ababa University School of  
Commerce in Partial Fulfillment of the Requirements for the Degree of Masters of Arts in human  
Resource Management

By

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Advisor: SEYFU MAMO (PhD)

January, 2025

Addis Ababa

## DECLARATION

I declare that a project work named *“The effect of balanced Scorecard /BSC/ on Employee Satisfaction in the case of Ethiopian Shipping and Logistics Service Enterprise”* is my own work and that all the sources that I have been indicated and acknowledged by means of complete references.

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TESFAYE ABERA

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Date

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# The Effect of BSC on Employee Satisfaction

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## CERTIFICATE

This is to certify that this project work, The effect of balanced Scorecard /BSC/ On Employee Satisfaction in the case of Ethiopian Shipping And Logistics Service Enterprise undertaken by Tesfaye Abera in partial fulfillment of the award of Master's degree in Human Resource Management at Addis Ababa University School of Commerce, is an original work and not submitted earlier for any degree either at this University or any other University.

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Seyfu Mamo (PHD)

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Date

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## **ABSTRACT**

*This research thesis explores the impact of the Balanced Scorecard (BSC) on employee satisfaction, focusing on how this performance management tool can influence organizational effectiveness through improved employee engagement, motivation, and retention. In today's competitive business environment, organizations recognize that the success of their operations depends heavily on employee satisfaction, which directly affects productivity, innovation, customer loyalty, and turnover rates. The study investigates the relationship between the implementation of the BSC, which aligns organizational goals with individual and team performance, and employee satisfaction. The primary aim of this research is to assess how the BSC framework influences employee satisfaction across various organizational perspectives: financial, customer, internal processes, and learning and growth. By examining existing practices, challenges, and strategies for effective implementation of the BSC, the research seeks to provide a comprehensive analysis of its impact on employee satisfaction and to offer recommendations for enhancing the BSC's effectiveness as a performance management tool. The research is conducted at the Ethiopian Shipping and Logistics Service Enterprise, focusing on the company's head office and employees involved in BSC implementation. The study relies on quantitative data, collected through surveys with directors, team leaders, and employees. The result of hypothesis testing support the beneficial effects of these elements on employee satisfaction and provides insightful information for organizational strategies aimed at improving overall employee satisfaction inside the company. This study is significant as it aims to provide valuable insights for organizations looking to improve employee satisfaction through strategic performance management systems. The study also seeks to fill a gap in existing literature, particularly regarding the impact of BSC on employee satisfaction. The research will provide actionable recommendations for improving the relationship between performance management and employee satisfaction, ultimately contributing to a more positive organizational culture and enhanced business performance.*

*Key words: Balance Scorecard, employee satisfaction, performance management, strategic management*

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## List of Abbreviations and Acronyms

- BSC .....Balanced scorecard
- COM ..... Communication System
- ES ..... Employee Satisfaction
- FES ..... Feedback and Evaluation System
- HR..... Human Resources
- HRM.....Human Resources Management
- KPIs.....Key Performance Indicators
- LMS ..... Leader and Management System
- PMS..... Performance Management System
- RRC ..... Reward and Recognition
- SPSS..... Statistical Package for Social Science
- TAD ..... Training and Development
- WLB ..... Work-Life Balance
- WTD ..... Workload and Task design

## CHAPTER ONE

### 1. INTRODUCTION

In today's organizations, the effective management of employee performance and satisfaction has emerged as a critical factor for achieving sustainable success (Tuan, 2020). Organizations are increasingly recognizing the vital role played by their employees in enhancing productivity, innovation, and customer satisfaction. Only satisfied employees can be creative and able to keep the pace dictated by the contemporary labor market (Vorina et al., 2017). The empirical studies have demonstrated that there is a significant, strong positive correlation between employees' satisfaction with their company and employee productivity and customer loyalty, and a strong negative correlation with staff turnover. Cignitas1, 2022 stated that more satisfied employees stimulate a chain of positive actions which end in an improved company performance. In another research it is said that employee satisfaction influenced employee productivity, absenteeism and retention (Sageer et al., n.d.). Moreover, to successfully operate, companies need satisfied employees because employee satisfaction can lead to the commitment, conscientiousness and honesty of an employee, which in turn relate to their job performance. (Kennedy et al., n.d.)

Performance management is regarded as the “Achilles Heel” of human capital management (Almohtaseb, 2017). It encompasses a range of processes and tools designed to enhance employee performance and align it with organizational objectives. These systems typically involve setting clear performance expectations, providing regular feedback, monitoring progress, and rewarding desired behaviors and outcomes. By establishing a structured framework for managing performance, organizations can foster a culture of accountability, continuous improvement, and employee development (Kadek et al., 2019).

Performance management is a “continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization” (Aguinis et al., 2011).

Performance management System is an integrated system of development, implementation, evaluation and control of an organization's overall performance and helps as a major tool for the successful achievement of strategic objective of an organization. Performance management is a critical aspect of organizational effectiveness. (Cardy & Leonard, 2015).

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Whereas according to (Kuhil, 2019), the overall objective of performance management is to develop and improve the performance of individuals and teams and therefore organizations. It is an instrument that can be used to achieve cultural change in the shape of the creation of a high-performance culture. They also emphasized that performance management aims to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly it is also about ensuring that the support and guidance people need to develop and improve is readily available. The overall goal of performance management in business organizations is to ensure that the business organization and all of its subsystems (processes, departments, teams, employees, etc.) are working together in an optimum fashion to achieve the results desired by the organization.

Performance Improvement of the Organization or a Subsystem is an integrated process because performance management strives to optimize results and alignment of all subsystems to achieve the overall results of the organization. Any focus of performance management within the organization (whether on department, process, employees, etc.) should ultimately affect the overall organizational performance management as well.

Organizations with motivated and talented employees offering outstanding service to customers are likely to pull ahead of the competition, even if the products offered are similar to those offered by the competitors (Gonza, 2016). Customers want to get the right answer at the right time and they want to receive their products and services promptly and accurately. Only people can make these things happen and produce a sustainable competitive advantage. Performance management systems are key tools that can be used to transform people's talent and motivation into a strategic business advantage (Smither & London, n.d.)

Consequently, the implementation of performance management systems that align organizational objectives with individual and team goals which in turn influence employee satisfaction, has become a strategic priority. One such performance management framework that has gained prominence is the Balanced Scorecard (BSC), which provides a comprehensive approach to measuring and managing organizational performance across various perspectives, Financial, Customer, internal process and Learning and development perspectives(Llach et al., 2017)

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The Balanced Scorecard, introduced by Kaplan and Norton in the early 1990s, offers a holistic approach to performance management by incorporating multiple perspectives beyond purely financial measures (Sageer et al., n.d.). It emphasizes the importance of a balanced view, considering financial, customer, internal process, and learning and growth perspectives (Sageer et al., n.d.). By providing a comprehensive set of performance indicators, the Balanced Scorecard enables organizations to align their strategic objectives with operational activities and monitor progress towards their goals. The framework facilitates a clear understanding of the cause-and-effect relationships between different aspects of performance, thereby enabling organizations to make informed decisions and take proactive measures to drive performance improvement.

Employee satisfaction is a critical factor influencing organizational success (Armstrong, 2007). Satisfied employees are more likely to be engaged, motivated, and committed to their work, resulting in higher levels of productivity, lower turnover rates, and improved customer satisfaction. Satisfied employees are more productive and show more organizational commitment. Organizations that prioritize employee satisfaction create a positive work environment that fosters employee well-being, job satisfaction, and organizational loyalty. As a result, understanding the factors that contribute to employee satisfaction is crucial for organizations aiming to attract, retain, and develop a highly motivated and productive workforce (Chen & Wang, 2023).

Nowadays lots of organizations worldwide are using Balanced Scorecard (BSC) as the Performance Management System (PMS). The Balanced Scorecard helps Non-Profit and Public Sector Enterprises (NPSEs) select a coherent use of nonfinancial measures to assess their performance with constituents (Martello & College, 1994).

*''The Balanced Scorecard concept has been adopted by all types of organizations (manufacturing and service, for-profit and not-for-profit, private and public) in virtually every developed and developing nation in the world and it has evolved from its initial purpose of an improved performance measurement system to become the basis of a new management system, one that aligns and focuses the entire organization on implementing and improving its strategy'' (Moisescu, 2007) BSC methodology has appeared regularly since the beginning of the millennium, where its use was from 34% (2010) to 48% (2017) in industrial enterprises in developed countries (Benkov & Gallo, 2019), (Tuan, 2020))*

Compared to performance appraisal, which is primarily interested in measuring employee performance, performance management is a broader and deeper concept. There is considerably more to performance management than just rating employees. It aids in achieving cultural change and is incorporated with other important HR tasks, including human capital management, talent management, learning and development, and reward management. As (Mohrman & Mohrman, 1995) emphasized: *‘Performance management is managing the business’ It is what line managers do continuously, not an HR-directed annual procedure. It is a natural process of management.*

It is apparent that employee satisfaction is crucial to the success of any company or organization. Employee commitment to the firm will rise if they are pleased and satisfied with their management and work environment, and they will undoubtedly give their all to the task at hand in order to help the business succeed. The success of every firm is contingent upon the contentment of its workforce. A reduced incidence of staff turnover is closely correlated with a high level of employee satisfaction. Therefore, ensuring that workers are happy with their careers ought to be a top concern for all employers (Gregory, n.d.).

## 1.1. Problem Statement

The effective management of employee performance and satisfaction is fundamental for organizational success, a concept well-established in prior studies. The BSC is widely recognized for its ability to improve overall organizational performance, as it is linked to higher employee motivation, engagement, productivity, and retention (Martello & College, 1994). Drawing from existing research and practical observations within the Ethiopian Shipping and Logistics Service Enterprise, which has a substantial workforce; it is evident that the company employs various performance management tools to optimize employee output. Notably, the implementation of the Balanced Scorecard (BSC) stands out as a key strategy within the organization. The BSC framework, recognized for aligning organizational goals and performance metrics across diverse dimensions such as financial, customer, internal processes, and learning and growth, has been linked to enhanced organizational performance and employee outcomes (Martello & College, 1994). Despite the apparent advantages, the business faces difficulties maintaining and successfully implementing the BSC, which affects its goals. For example, the company may encounter implementation barriers when attempting to apply the Balanced Scorecard framework

because of resistance to change, employee ignorance, or insufficient instruction on BSC principles and practices (Sageer et al., n.d.).

On the other hand alignment issues i.e. ensuring alignment between BSC objectives and day-to-day operations can be a challenge. If employees do not see how their work contributes to the organizational objectives outlined in the BSC, it can lead to disengagement and reduced effectiveness of the framework. Likewise data quality and measurement is another problem where obtaining accurate and relevant data for performance measurement across the financial, customer, internal processes, and learning and growth perspectives is a challenge. Then Inaccurate or incomplete data may lead to defective and inconsistent performance assessments. Effective communication and feedback of BSC objectives and performance results is crucial. Lack of clear communication channels, feedback mechanisms, and transparency can hinder employee's engagement with the BSC.

Existing studies recognize the BSC as a strategic tool for improving organizational performance, aligning goals, and enhancing metrics like financial outcomes, customer satisfaction, and internal processes (Calderón Molina et al., 2016). And at the same time few studies confirm that Employee satisfaction is generally considered as the driver of the employee retention and employee productivity. Satisfied employees are a precondition for increasing productivity, responsiveness, quality, and customer service.

While prior studies emphasize the BSC's impact on organizational performance, its direct effect on employee satisfaction remains underexplored. Moreover, the empirical exploration of the BSC's influence on employee satisfaction remains limited. Consequently, this study aims to explore the impact of BSC on employee satisfaction within organizational settings, discover best practices found from the research and offering valuable insights for researchers in this specific area.

This study addresses the gap by Providing empirical evidence on how BSC implementation impacts employee satisfaction and offering practical recommendations to enhance BSC frameworks for better employee outcomes, thereby bridging theoretical and applied knowledge

## 1.2. Research questions

The research aims to address the following questions:

- How effective was the implementation of Balanced Scorecard system in Ethiopian Shipping and Logistics Service Enterprise?
- What is the level of employee satisfaction in Ethiopian Shipping and Logistics Service Enterprise?
- What is The effect of balanced Scorecard on employee satisfaction?

By examining these research questions, the study intends to contribute to the existing literature on strategic management and human resource management by providing empirical evidence on the impact of implementing the Balanced Scorecard on employee satisfaction. The findings of this research could inform organizations and managers about the potential benefits and challenges associated with adopting the Balanced Scorecard as a strategic tool to enhance employee satisfaction and overall organizational performance.

## 1.3. Objective of the Study

### 1.3.1. General Objective

The general objective of this study is to analyze the effect of Balanced Scorecard (BSC) on employee satisfaction.

### 1.3.2. Specific Objectives

- 1.3.2.1. To assess and evaluate the effectiveness of Balanced Scorecard (BSC) in an organization.
- 1.3.2.2. To measure the employee satisfaction of the company that implement BSC
- 1.3.2.3. To show the effect of balanced score card on employee satisfaction

## 1.4. Scope of the Study

The scope of this thesis aims to comprehensively investigate the impact of the Balanced Scorecard (BSC) as a performance management tool on employee satisfaction within an organization.

The company where this study will be conducted has many directorates. Among these this study is only limited Head office of the organization. In this respect, directors, team leaders, senior experts and experts, employees, will be considered as prime source of primary data collection and analysis; this is due to the reason that they are crucial actors in the implementation of BSC at

investigation area. In addition to these the methodology of the research is empirical data analysis and to complete the research within the current academic year of the school.

## 1.5. Significance of the Study

The study holds paramount importance for the Ethiopian Shipping and Logistics Service Enterprise as it explores into the impact of the Balanced Scorecard framework on employee satisfaction within the organization. By exploring how the Balanced Scorecard affects employee satisfaction, the study offers valuable insights that can directly influence organizational strategies and policies. Understanding the relationship between these factors can help the organization enhance employee morale, productivity, and overall performance.

The findings of this study can provide crucial guidance to the organization's leadership in aligning strategic objectives with employee satisfaction metrics. By fostering a work environment that prioritizes employee well-being and engagement through the Balanced Scorecard approach, the organization stands to benefit from improved retention rates, increased productivity, and a more motivated workforce.

This study can also contribute significantly to the existing literature on strategic management, performance measurement, and employee satisfaction. By focusing on the specific context of the Ethiopian Shipping and Logistics Service Enterprise, it adds a unique perspective to the broader body of knowledge on organizational management practices.

The research outcomes can enrich academic discussions and practical applications related to the Balanced Scorecard framework and its implications for employee satisfaction. For Future Study:

For future research endeavors, this study sets a foundation for exploring the long-term effects of Balanced Scorecard on various aspects of organizational performance beyond employee satisfaction. Moreover, future studies could investigate deeper into the mechanisms through which the Balanced Scorecard influences employee satisfaction, considering factors like leadership styles, organizational culture, and employee engagement initiatives. By expanding on these areas of inquiry, researchers can uncover new dimensions of the Balanced Scorecard's impact on organizational dynamics and outcomes.

In conclusion, the study on the impact of the Balanced Scorecard on employee satisfaction in the context of the Ethiopian Shipping and Logistics Service Enterprise holds substantial significance for the organization, contributes to the existing literature, and provides a valuable springboard for future research endeavors in the field of organizational management and performance measurement..

## **1.6. Limitation of the Study**

The research will be conducted within a specific context and may not be generalizable to all organizations or industries. Also the study is limited only on studying the interaction and impact of balanced scorecard with employee satisfaction.

## **1.7. Organization of the Study**

This thesis was organized in to five chapters. The first chapter deals with the introductory part of the study. Which includes back ground of the study, significance of the study, statement of the problem, objectives of the study, scope and limitation of the study and organization of the paper are incorporated. The second chapter includes literature review. The research methodology and design will be discussed in the third chapter. Chapter four deal with research analysis and interpretation of the finding and finally summery of the major findings, conclusion and recommendation will be discussed under chapter five. The survey questionnaire and the interview that will be used for data collection are attached to this document.

## CHAPTER TWO

### 2. LITERATURE REVIEW

The literature review part focuses on the papers which are done in the area of theoretical and practical aspects of balanced scorecard. Literature reviewing verifies effect of balanced scorecard on employee satisfaction in different industry.

#### 2.1. Employee Satisfaction

One of the main aspects of Human Resource Management is the measurement of employee satisfaction.

Companies have to make sure that employee satisfaction is high among the workers, which is a precondition for increasing productivity, responsiveness, quality, and customer service. (Anna Salanova, 2010)

A key component of organizational success is employee happiness, which includes attitudes that workers have about their jobs and work environment (Veacesav & Veacesav, 2022). It represents the degree to which aspirations and actualities coincide, influencing output, welfare, and general performance (Veacesav & Veacesav, 2022). Workplace circumstances, job recognition, team lead support, and work-life balance are just a few examples of the factors that have a big impact on job satisfaction (Santhiya & S.Sneka, 2022). Job satisfaction is influenced by feeling appreciated for one's contributions as well as perks and advantages (Bhattacharya, 2021). It has a direct bearing on how successful, fulfilled, and accomplished a person feels at work (Veacesav & Veacesav, 2022). In the end, contented workers are more likely to be dependable, productive, and less likely to quit, underscoring the significance of creating a favorable work environment to improve overall job satisfaction and organizational outcomes.

Employee satisfaction is generally considered as the driver of the employee retention and employee productivity. Satisfied employees are a precondition for increasing productivity, responsiveness, quality, and customer service. (Kaplan & Norton, 2005)

Employee satisfaction refers to the extent to which employees feel content, fulfilled, and valued in their roles and workplace environment. It encompasses their emotional and psychological responses to job-related factors such as work conditions, compensation, relationships with colleagues and supervisors, recognition, career growth opportunities, and alignment with

organizational values. Unlike employee engagement, which focuses on employees' emotional commitment and proactive contribution to organizational goals, satisfaction is more closely tied to personal contentment and perceived fairness in the employment experience.

## Key Factors Influencing Employee Satisfaction

1. **Compensation and Benefits:** Fair and competitive pay, along with health insurance, retirement plans, and bonuses, directly impact satisfaction.
2. **Work-Life Balance:** Flexible schedules, remote work options, and manageable workloads reduce stress and improve well-being.
3. **Career Development:** Opportunities for skill-building, promotions, and mentorship foster a sense of progress and investment in the organization.
4. **Recognition and Feedback:** Regular acknowledgment of contributions and constructive feedback validate employees' efforts.
5. **Work Environment:** A safe, inclusive, and collaborative culture enhances morale and reduces turnover.
6. **Job Security:** Stability and transparency about the organization's future alleviate anxiety.

## Importance in Human Resource Management

In HRM, employee satisfaction is a cornerstone of organizational success due to its ripple effects:

1. **Retention and Reduced Turnover:** Satisfied employees are less likely to leave, minimizing recruitment and training costs. Studies show that replacing an employee can cost up to 200% of their annual salary (Cascio & Boudreau, 2011).
2. **Productivity and Performance:** Content employees are more motivated, leading to higher quality output and innovation. Research by Harter et al. (2020) links satisfaction to 14% higher productivity.
3. **Employer Branding:** Positive workplace experiences enhance an organization's reputation, attracting top talent. Platforms like Glass door amplify employee voices, making satisfaction a recruitment tool.

4. Employee Engagement: Satisfaction is a precursor to engagement; happy employees are more likely to go "above and beyond" for their employer.
5. Reduced Absenteeism: Satisfied employees have lower stress levels and better mental health, decreasing absenteeism.
6. Conflict Mitigation: A satisfied workforce fosters collaboration and reduces workplace disputes.

## 2.2. Performance Management

There are several factors that can significantly impact employee performance and satisfaction. These factors can vary depending on the individual, the organization, and the specific work environment. On the other hand according (Hee et al., 2018). There are numerous factors that might discourage the employees and lead to job dissatisfaction and poor performance such as high stress, lack of organizational communication, lack of recognition, limited opportunity for personal and career growth, job characteristics, job security, pay, social relationship within an organization and many more. Here are some key factors that commonly affect employee satisfaction:

### 2.2.1. Communication:

Effective communication plays a crucial role in employee performance and satisfaction. Clear and open communication channels ensure that employees understand their roles, goals, and expectations. Communication also facilitates feedback, collaboration, and the resolution of any issues or conflicts that may arise.

According to(Smith & London, 2009)communication allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.

### 2.2.2. Leadership and Management

The other key factor that affects employee performance is Leadership and Management. Strong leadership and effective management practices have a direct impact on employee performance. Supportive and empowering leaders inspire and motivate employees, provide guidance and resources, and foster a positive work culture. Conversely, poor leadership and management can demotivate and hinder employee performance(Hee et al., 2018).

## 2.2.3. Work Environment and Culture

The working environment consists of two broader dimensions such as work and context. Work includes all the different characteristics of the job like the way job is carried out and completed, involving the tasks like task activities training, control on one's own job related activities, a sense of achievement from work, variety in tasks and the intrinsic value for a task (Raziq & Maulabakhsh, 2015). The work environment and organizational culture significantly influence employee performance. A positive work environment that promotes teamwork, collaboration, and employee well-being can enhance motivation, engagement, and productivity. Conversely, a toxic or negative work environment can have adverse effects on employee performance and overall job satisfaction. According to (Raziq & Maulabakhsh, 2015) has put the next model to show the relationship between work environment and Job satisfaction.

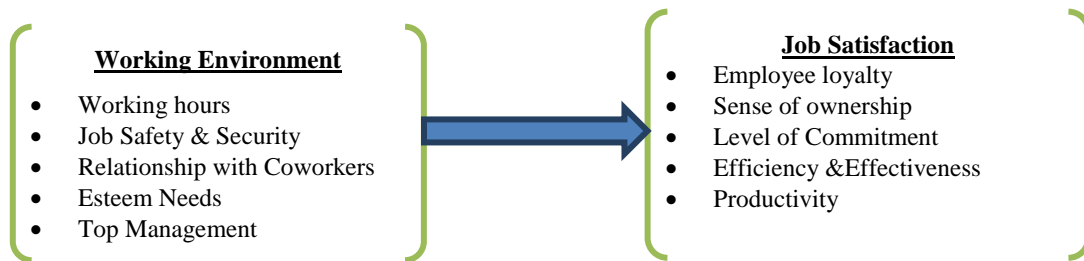
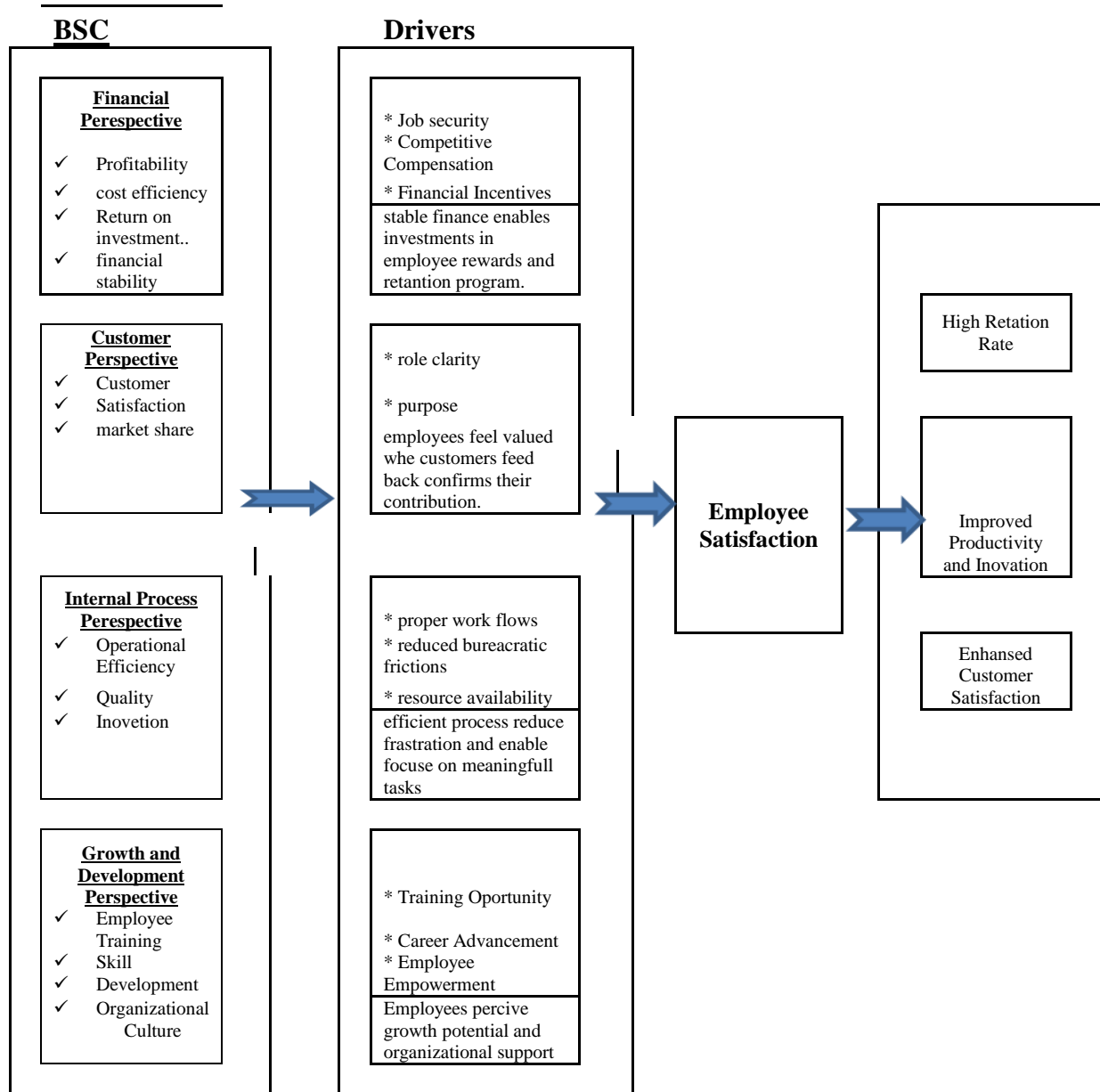


Figure 2-1: A conceptual model of Working Environment and Job Satisfaction

The conceptual model of balanced Scorecard how its four perspectives affects employee performance and employee satisfaction developed by the researcher is presented below.



## 2.2.4. Recognition and Rewards

Recognizing and rewarding employee achievements and contributions is crucial for maintaining high levels of motivation and performance. Employees who feel valued and appreciated are more likely to be engaged and productive. Recognition can take various forms, such as verbal praise, financial incentives, bonuses, promotions, or opportunities for professional growth(Armstrong, 2007).

## **2.2.5. Training and Development**

Providing employees with opportunities for training, skill development, and career advancement positively impacts their performance. Continuous learning and growth opportunities not only enhance employee knowledge and capabilities but also increase their job satisfaction and commitment to the organization.

According to (Murlis & Armstrong, 2005) acquiring knowledge is an essentially fulfilling and gratifying endeavor. They quoted Alderfer too1 underlined the value of giving individuals the opportunity to develop as a way to honor and subsequently inspire them. "A person must find the opportunity to be what he or she is most fully and become what he or she can be in order to satisfy growth needs," the author stated. Employers may provide this chance by giving employees a progression of training and experience that helps prepare them for any degree of responsibility they may be able to achieve.

## **2.2.6. Work-Life Balance**

Striking a balance between work and personal life is essential for employee well-being and performance. Organizations that support work-life balance initiatives, such as flexible working hours or remote work options, can help reduce stress, improve employee morale, and promote higher productivity.

## **2.2.7. Resources and Tools**

Providing employees with the necessary resources, tools, and technologies to perform their jobs effectively is critical. Inadequate resources or outdated tools can hinder productivity and frustrate employees, while access to modern and efficient resources can streamline workflows and boost performance.

## **2.2.8. Performance Feedback and Evaluation:**

Regular feedback and performance evaluations are vital for employee development and improvement. Constructive feedback helps employees understand their strengths and areas for growth, enabling them to make necessary adjustments and enhance their performance.

## **2.2.9. Job Satisfaction and Motivation:**

Employee satisfaction and motivation are closely linked to performance. When employees are satisfied with their jobs, feel a sense of purpose, and are motivated to achieve their goals, they are more likely to demonstrate high levels of performance.

## **2.2.10. Workload and Task Design:**

Overloading employees with excessive workloads or assigning tasks that do not align with their skills or interests can negatively impact performance. Proper workload management and task design that matches employees' capabilities and interests can enhance productivity and job satisfaction.

According to (Lunenburg, 2011) individuals who are provided with specific, difficult but attainable goals perform better than those given easy, nonspecific, or no goals at all. However he at the same time emphasizes that the individuals must have sufficient ability, accept the goals, and receive feedback related to performance.

So far we have scanned the decisive factors that contribute employee job satisfaction. By taking these factors in to consideration we shall examine how BSC affects these factors and directly measure its impact through the identification of key performance indicators.

## **2.3. Balanced scorecard**

Organizational performance review was revolutionized by Kaplan and Norton's introduction of the Balanced Scorecard, a strategic performance measuring instrument, in the early 1990s (Silalahi, 2023),(Zhang, 2023). It provides a comprehensive picture of an organization's performance and consists of four main perspectives: learning and growth, internal processes, customers, and financial (Popa et al., 2023). This methodology guides businesses in fulfilling their vision and purpose while strengthening their competitive advantage by helping to match strategic objectives with performance measurements (Silalahi, 2023). The Balanced Scorecard is a flexible tool that may be used by small and mid-sized enterprises as well as major corporations, allowing them to make well-informed managerial decisions based on a restricted set of indicators (Silalahi, 2023). Improvements in performance have resulted from its adoption, which has demonstrated notable effects on strategic planning and productivity in a variety of industries, such as metalworking and healthcare.

This concept has drawn a lot of attention from researchers for being one of the modern management concepts. Researchers differ in their opinions of this concept according to their backgrounds. Some researchers see that the balanced scorecard is an integrated, inclusive control system that integrates financial and non-financial criteria within four basic perspectives: finance, internal operations, learning and growth, and customers (Hameed et al., 2019).

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According to (Kaplan, 2010) future research studies of BSC could certainly benefit from measuring organizational leadership in each implementation and assessing this factor's role in creating success. Several authors have done limited testing about the environments in which the Balanced Scorecard has succeeded or failed. Most of these studies were ad hoc correlations of nonfinancial and financial variables. Few of the studies were informed by the concepts described in our writings on strategy-focused organization principles and the most recent work on integration of strategic planning and operational execution. According to (Quesado et al., 2018) reviews the following are some contributions that the company get from implementing BSC:

- It brings the plan to life and makes it possible to come up with a common understanding of it. As a result, every person of the company will be able to understand how strategic activities relate to the organization's vision and goal and the impact of their contributions;
- It also offers a systematized view of operational performance, which serves as a process for validating and updating the strategy;
- It is an information and control tool that disseminates the organization's mission and strategic objectives, promoting coherence in all actions by enabling employees to align their goals with the organization's;
- It facilitates understanding the performance of departments where it is challenging to analyze them using quantitative data (create seamless departmental communication by utilizing a common language and thinking);
- It serves as a tool for coordination, motivation, and training since it teaches both correct and incorrect acts; in other words, it fosters the growth of a culture of learning;
- It integrating internal and external performance measures is made possible.

In conclusion, the Balanced Scorecard performance management system can help employees set goals more effectively compared to other performance management systems. The BSC system provides a comprehensive and balanced framework, promotes alignment with strategy, facilitates cascading goals, emphasizes measurement and feedback, and encourages collaboration and communication. In addition to these it also provides clarity, motivation, personal growth opportunities, feedback, collaboration, autonomy, and alignment with organizational objectives these features enable employees to set meaningful goals that align with the organization's objectives, enhance their motivation and engagement, and contribute to their overall satisfaction.

Goal setting has a profound influence on employee satisfaction in an organization. By incorporating effective goal-setting practices, organizations can create a positive work environment that fosters employee satisfaction, engagement, and productivity.

## 2.4. Key Performance Indicators (KPIs)

Identifying and defining specific KPIs that will be used to measure employee satisfaction in relation to the performance management system is important (Sageer et al., n.d.). These KPIs may include factors such as goal clarity, performance feedback, recognition, career development opportunities, and overall job satisfaction. Communication, Leadership and Management, Work Environment and Culture, Recognition and Rewards, Training and Development, Resources and Tools, Performance Feedback and Evaluation, Job Satisfaction and Motivation, Workload and Task Design.

One of the key performance indicators, KPI, is goal setting (Arso et al., 2018). Goal setting plays a significant role in influencing employee satisfaction within an organization. When employees have clear and meaningful goals, it provides them with a sense of direction, purpose, and motivation. Here are several key ways in which goal setting influences employee satisfaction:

**Clarity and Focus:** Setting specific goals helps employees understand what is expected of them and where their efforts should be directed. Clear goals provide employees with a roadmap, enabling them to focus on the most important tasks and prioritize their work. This clarity reduces confusion and creates a sense of purpose, which contributes to higher job satisfaction.

**Motivation and Engagement:** Goals serve as a source of motivation for employees. When employees have challenging yet achievable goals, they are more likely to feel engaged and enthusiastic about their work. Goals provide a sense of accomplishment and progress, which boosts employee morale and satisfaction. The act of setting goals also involves employees in the decision-making process, increasing their sense of ownership and commitment to achieving those goals.

Balanced scorecard performance management system helps an employee to set goal better than other kinds of performance management system. The BSC approach provides a comprehensive framework that considers multiple dimensions of performance beyond just financial metrics. It takes into account various perspectives, such as financial, customer, internal processes, and

learning and growth, to evaluate and set goals. For example, according to (Arso et al., 2018) Indonesia telework company got 0.295(9.47%) improvement on their performance after applying BSC. Here is how the BSC performance management system facilitates effective goal setting:

1. **Holistic View:** The BSC system encourages a holistic view of performance by considering multiple perspectives. This broader outlook helps employees set goals that align with the organization's overall strategy and objectives. It prompts employees to think beyond financial targets and consider other critical aspects such as customer satisfaction, process efficiency, and employee development. By considering a balanced set of performance indicators, employees can set goals that encompass a wider range of key success factors.
2. **Cascading Goals:** The BSC system promotes the cascading of goals throughout the organization. When strategic objectives are translated into operational goals at different levels, it ensures alignment and clarity of purpose. The hierarchical structure of goal setting in the BSC system ensures that individual employee goals are aligned with departmental and organizational goals. This alignment helps employees understand how their work contributes to the achievement of broader objectives, enhancing their sense of purpose and motivation.
3. **Balanced Objectives:** The BSC system emphasizes a balance between short-term and long-term objectives, as well as between leading and lagging indicators. This balanced approach helps employees set goals that consider not only immediate performance outcomes but also the drivers of future success. By setting goals that encompass both outcome measures and performance drivers, employees can focus on activities that contribute to sustainable and long-term success.
4. **Measurement and Feedback:** The BSC system places a strong emphasis on measurement and feedback. It provides a structured framework for tracking progress and evaluating performance against set goals. By regularly monitoring performance indicators and receiving feedback, employees can make informed decisions about their goals, identify areas for improvement, and make necessary adjustments. This continuous feedback loop enhances the effectiveness of goal setting and empowers employees to take ownership of their performance.

5. **Alignment with Strategy:** The BSC system ensures that goals are aligned with the organization's strategic priorities. It helps employees understand the strategic objectives of the organization and how their goals contribute to those objectives. By linking individual goals to the broader strategy, employees gain a better understanding of the organization's direction and can set goals that have a meaningful impact on achieving strategic outcomes. This alignment enhances employee motivation, engagement, and satisfaction.
6. **Collaboration and Communication:** The BSC system promotes collaboration and communication across different levels and functions within the organization. It encourages dialogue and information sharing to ensure that goals are understood and supported by all stakeholders. By involving employees in the goal-setting process and fostering open communication, the BSC system allows for a better understanding of expectations and promotes a shared sense of responsibility for goal achievement.
7. **Personal and Professional Growth:** Goal setting encourages employees to strive for continuous improvement and development. By setting ambitious goals, employees are pushed to acquire new skills, enhance their knowledge, and expand their capabilities. This focus on personal and professional growth not only benefits the employees but also leads to higher job satisfaction as individuals feel a sense of progress and advancement in their careers.
8. **Performance Evaluation and Feedback:** Goals provide a basis for evaluating employee performance. Regular feedback and performance reviews related to goal achievement help employees understand their strengths and areas for improvement. This feedback loop facilitates ongoing development and enables employees to make necessary adjustments to their work. When employees receive constructive feedback and recognition for their efforts, it boosts their satisfaction and fosters a positive work environment.
9. **Collaboration and Teamwork:** Goal setting can be used to foster collaboration and teamwork within an organization. When teams have shared goals, it encourages employees to work together, share knowledge, and support one another. Collaborative goal setting promotes a sense of camaraderie and collective responsibility, which enhances employee satisfaction and strengthens team dynamics.

10. **Autonomy and Empowerment:** Setting goals allows employees to have a certain degree of autonomy and decision-making power. When employees are involved in the goal-setting process, they feel empowered and valued by the organization. This autonomy fosters a sense of trust and independence, leading to higher job satisfaction as employees has the freedom to work in ways that align with their strengths and preferences.

11. **Alignment with Organizational Objectives:** Goal setting ensures that individual employee goals are aligned with the broader objectives of the organization. When employees can see how their work contributes to the overall success of the company, it enhances their sense of purpose and job satisfaction. Feeling a sense of meaning and impact in their roles is crucial for employee satisfaction and long-term engagement.

## 2.5. Conceptual Framework

In this study employee satisfaction is considered as dependent variables. Balanced scorecard on communication system, leadership and management system, reward and recognition system, training and development, work life balance, resource and tools usage, feedback and evaluation, job satisfaction and motivation, work load and task design as independent variables.

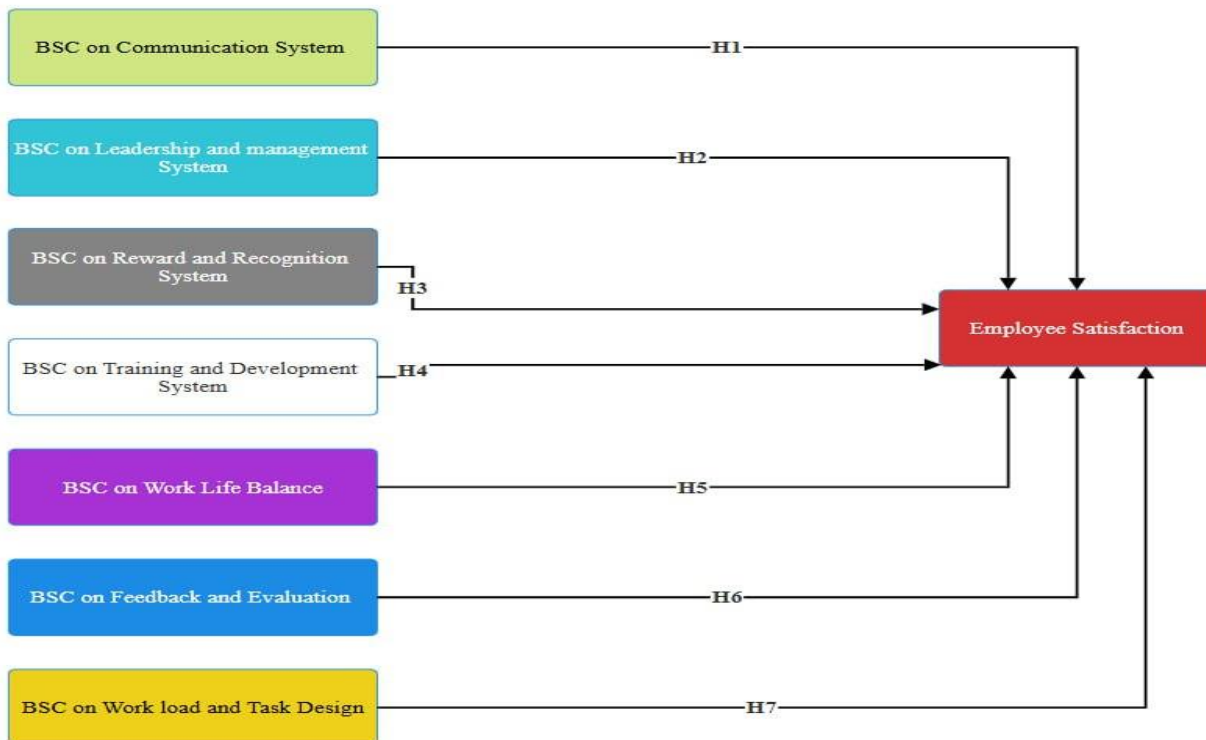


Figure 2-2: Conceptual framework

## 2.6. Hypothesis

H1: Balanced scorecard improves communication and transparency within the organization, leading to increased employee satisfaction.

H2: Balanced scorecard improves leadership and management system within the organization, leading to increased employee satisfaction.

H3: Balanced scorecard improves reward and recognition system within the organization, leading to increased employee satisfaction.

H4: Balanced scorecard improves training and development system within the organization, leading to increased employee satisfaction.

H5: Balanced scorecard improves work life balance within the organization, leading to increased employee satisfaction.

H6: Balanced scorecard improves feedback and evaluation of employee within the organization, leading to increased employee satisfaction.

H7: Balanced scorecard improves workload and task design within the organization, leading to increased employee satisfaction.

## CHAPTER THREE

### 3. RESEARCH DESIGN AND METHODOLOGY

#### 3.1. Introduction

This chapter presents the methodology employed in the research study, "The effect of balanced Scorecard on Employee Satisfaction." It outlines the research design, data collection methods, and statistical analysis techniques to be utilized to investigate the research objectives. The primary aim of this chapter is to provide a comprehensive understanding of how the research is going to be conducted and to ensure the reliability and validity of the findings.

Using the research design, the researcher can collect relevant data to achieve the objectives of the study. A research design, according to (KOTHARI, 2004)(KOTHARI, 2004)(KOTHARI, 2004)(KOTHARI, 2004), is a conceptual framework that directs the collection, measurement, and analysis of data throughout a study. It ensures that the research will be relevant to the problem. This study is quantitative in nature as the researcher wants to identify the factors that influence employee satisfaction in the context of Balanced Scorecard, one of the performance management tools.

#### 3.2. Research Design

The research is structured into five chapters the introduction part outlines the problem statement, objectives, scope, and significance. The literature review analyzes BSC frameworks, employee satisfaction, and performance management, identifying gaps. The next topic is Research Design and Methodology. This shows that the target population, employees at the Ethiopian Shipping and Logistics Service Enterprise's head office (N=800). Then Sampling, Stratified random sampling (n=125) across seven departments (e.g., HR, Finance, Multimodal Operations). The data collection helped to make quantitative surveys using Likert-scale questionnaires to measure the variables (communication, leadership, rewards, etc.) and employee satisfaction. Finally analysis is made through descriptive statistics, correlation, regression, and hypothesis testing using SPSS to assess relationships between BSC factors and employee satisfaction.

The data analysis and result presents demographic profiles, reliability tests, and statistical findings. The conclusion and recommendations Summarizes key findings and proposes actionable strategies for improving BSC implementation and employee satisfaction.

The Ethiopian Shipping and Logistics Service Enterprise (ESLSE) is a state-owned enterprise established under Ethiopian law to provide integrated logistics and maritime transport services. As a strategic entity in Ethiopia's trade and economic development, ESLSE oversees critical operations in shipping, freight forwarding, and multimodal logistics, connecting Ethiopia to global markets through the Port of Djibouti. Headquartered in Addis Ababa, the organization employs approximately 800 staff across seven departments, including Human Resources, Finance, Multimodal Operations, and Training & Development. ESLSE has adopted the Balanced Scorecard (BSC) as a performance management framework to align its strategic objectives with operational activities and employee performance metrics. The enterprise's implementation of the BSC provides a relevant context for this study, given its emphasis on enhancing organizational effectiveness and employee outcomes. The research focuses on the head office, targeting directors, team leaders, senior experts, and employees directly engaged in BSC processes, to explore how this tool influences workplace satisfaction and aligns individual roles with broader organizational goals.

Data collection has been done using a quantitative approach. Researchers can evaluate correlations between variables with the use of a quantitative technique (Creswell, 2019a). Because it may entail gathering and evaluating numerical data as well as using statistical tests, the researcher thinks that this type of research strategy offers pertinent information about the study topic and aids in achieving the research goal. It guarantees that the study will employ cost-effective methods and be pertinent to the issue. As suggested by (Creswell, 2019a), a quantitative method was used in this investigation. When using a quantitative method, the researcher mostly utilizes statements to build knowledge, such as the cause-and-effect relationship between known variables of interest.

The seven variables, that are measured if there is cause and effect relationship between them and employee satisfaction, are proven to be the major factors that differentiate Balanced Scorecard from other performance management tools and by so doing the research implies that there will be direct cause and effect relationship between employee satisfaction and BSC.

### **3.3. Target population**

The target population of the study are head office employees of the Ethiopian Shipping and Logistics Service Enterprise located at Addis Ababa.

All individuals or objects (unit of analysis) with the desired qualities are referred to as the population. A sample is a subset of the population that is thought to be representative of the total population. According to (Zikmund.Babin, 2012), sampling involves any procedure that draws conclusions based on measurements of a portion of the population. In other words, a sample is a subset from a larger population.

The practical limitations of time, money, and other elements that are typically present in the circumstance that prevent the research of the entire population make it impossible. As per the data from human resource department of Ethiopian Shipping and Logistics Service Enterprise, total number of employees in the head office is 800.

### 3.4. Sample Selection

The target population for this study consists of employees working in the case organization that have implemented the Balanced Scorecard framework. The sample size will be determined based on the principle of saturation, aiming for a sufficient number of participants to ensure data richness and analysis adequacy.

### 3.5. Sampling Techniques

To conduct this research the researcher selected samples from each department of the entire population using the proportional stratified sampling approach, distributed questionnaires, and gathered the necessary data from the samples identified.

This method selects components for the sample by first organizing the sampling frame into generally homogenous groups (strata). This procedure raises the likelihood that the sample will be representative of the stratified groups, The head office's strata are departments(Catherine Dawson, 2009) Asserts that the population's characteristics and the study's objectives determine the appropriate sample size. The population to be researched often determines the sample size; however there is no hard-and-fast rule.

There are 7 departments or sections within the Ethiopian Shipping and Logistics Service Enterprise head office. The departments will serve as a stratum for the researcher. From each stratum, the approximate number of employees is determined. Next, responders are chosen at random from each stratum.

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Once the sample size was determined the next step was determining appropriate sampling technique. Systematic random sampling technique was used to select the respondents from the Enterprise. It was appropriate because each employee's in the population has an equal probability of being selected (Creswell, 2014). First, by using the list of employees in the enterprise and then sample of employees will be selected through calculated intervals from the list of employees in each department. Therefore, as per the table below, 125 employees are selected.

## 3.6. Sample Size

In order to determine the sample size stratified sampling was used. Applying stratified random sampling technique enables to get more representative samples(Creswell, 2019b).

To calculate the representative sample size, the researcher employed the sample determination table below, which was created by Carvalho in 1984 and cited by Malhotra in 200. Because the target population size (800) is found in the fifth row of the table, a sample of 125 employees was chosen. The largest sample size of 125 from the row was chosen in order to make the study more representative. The sample size that can be determined for the study is displayed in the following table.

Table 3-1: Sample Size Determination.

	Population Size	Sample size		
		Low	Medium	High
1	51-90	5	13	20
2	91-150	8	20	32
3	151-280	13	32	50
4	281-500	20	50	80
5	501-1200	32	80	125
6	1201-3200	50	125	200
7	3201-10000	80	200	315
8	10001-35000	125	315	500
9	35001-150000	200	500	800

Source: Naresh Malhotra, 2007

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Table 3-2: List of Sample size

No	Department	No of employees in the Department	Proportion	Sample size
1	Property Administration	66	8.25%	10
2	Human Resource Management	126	15.75%	20
3	Finance	124	15.5%	20
4	Change Management	71	8.87%	11
5	Organization and methods	85	10.625%	13
6	Multimodal	256	32%	40
7	Training and development	72	9%	11
	<b>Total</b>	<b>800</b>	<b>100%</b>	<b>125</b>

*Source: HR data of of the Enterprise.*

## 3.7. Source and Instrument of Data Collection

Even if the questionnaire doesn't have the same personal touch as an interview, it can still be a very effective way to gather data. In fact, the independence makes them the most widely used survey instrument. An effective questionnaire can "stand on its own" and allow a researcher to get information without having to speak with the responder directly. Because of this characteristic, questionnaires can cut through most time and location restrictions.

The study employed both primary and secondary sources of data collection. In order to realize the target, the study used well-designed questionnaire as best instrument. The questionnaire is designed to capture data on employee satisfaction levels up on the implementation of the Balanced Scorecard. The questionnaire was adopted from different sources which were found to be appropriate for the study. The questionnaire method as instrument of data collection was used because it provides wider coverage to the sample and also facilitates collection of a large amount of data. The questionnaire contained closed ended questions with 5 Likert Scale from "Strongly Disagree" =1 to "Strongly Agree" =5 and it was administered by the researcher as well as open-ended questions to gather qualitative insights. Employees of the enterprise were taken to serve as the main source of primary data. Secondary data on the company's records and on the previous works conducted in the subject matter were collected mainly from companies' Annual report and websites was reviewed to make the study a complete picture.

## 3.7.1. Questionnaire Design

The questionnaire is designed based on established measures of employee satisfaction and the key dimensions of the Balanced Scorecard framework. It consists of two main sections:

➤ Section 1: Demographic Information

This section will investigate any differences in employee satisfaction depending on various demographic criteria, such as gathering information on the participants' age, gender, educational background, employment position, and years of experience.

➤ Section 2: Employee Satisfaction and Balanced scorecard

This section focuses on measuring employee satisfaction levels after the implementation of the Balanced Scorecard. It includes a series of statements related to various aspects of work and job satisfaction, using a Likert scale response format ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Participants will be asked to indicate their level of agreement with each statement (Tuan, 2020).

Table 3-3: Likert scale Design

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

## 3.8. Data Analysis Method

Data from questionnaires will be analyzed through both descriptive and inferential statistics using IBM SPSS Statistics 20 software

### 3.8.1. Descriptive

### Statistics

Descriptive statistics will be utilized to summarize and describe the main characteristics of the collected data. Measures such as mean, standard deviation, median, and frequency distributions will be calculated to provide a comprehensive overview of the data.

### 3.8.2. Inferential

### Statistics

Inferential statistics will be employed to determine the relationships and associations between the dependent variable (employee satisfaction) and independent variables. The following statistical techniques will be used:

- Analysis of Variance (ANOVA): ANOVA will be employed to identify any significant differences in employee satisfaction levels across the factors being studied (communication system, leadership and management system, record and recognition, training and development, work-life balance, feedback and evaluation system, and workload and task design)
- Correlation Analysis: Correlation analysis will be conducted to examine the strength and direction of the relationship between the implementation of the Balanced Scorecard and employee satisfaction. Pearson's correlation coefficient will be used to measure the linear association between variables.

### 3.9. Reliability of the Instrument

(KOTHARI, 2004) asserts that a measuring device is dependable if it consistently yields results. Cronbach's alpha is a reliability coefficient. It is frequently employed as a gauge of the reliability or internal consistency of a psychometric test result for collected samples. Cronbach's Alpha will be computed to assess the data instrument's dependability.

According to(Zikmund.Babin, 2012), scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum V_i}{V_t} \right)$$

Where:

- k stands for the number of items in the scale
- $V_i$  stands for Variance of individual item
- $V_t$  stands for Variance of total scale

The reliability of the construct items were evaluated using Cronbach's coefficient alpha. The result of the reliability test was 0.932 which exceeds the minimum acceptable point. This suggested that the internal reliability in this study is acceptable and well above minimum point..

### **3.10. Validity of the Instrument**

Validity of the instrument involves the degree to which the study is measuring what it is supposed to measure. The analysis of data should be sufficiently adequate to reveal its significance and the methods of analysis used should be appropriate. The validity and reliability of the data should be checked carefully (Kothai, 2004). More simply, it focuses on the accuracy of the measurement (John, 2007). All measures used to construct the instruments have shown acceptable level of construct and content validity in previous studies and are used in this study with slight modification. (Celattia, 2011) under related research title and sample questionnaires were administered before distributing finalized one for 15 respondents and adjustments were made to the questionnaire items based on the comments of the respondents.

### **3.11. Ethical Considerations**

To ensure ethical standards are met, the research will adhere to the principles of informed consent, confidentiality, and data protection. Participants will be informed about the purpose of the study and assure their consent before participating. Confidentiality will be maintained by ensuring that individual responses will be anonymized and that data will be stored securely

## CHAPTER FOUR

### 4. DATA ANALYSIS, RESULT AND DISCUSSTION

#### 4.1. Introduction

The objective of this study is to examine the effect of performance management system/BSC/ on employee satisfaction, in the case of Ethiopian Shipping and Logistics Service Enterprise. For this end, the data obtained through survey are summarized, analyzed, presented, interpreted and discussed under this section.

The chapter begins by providing the response rate of the questionnaire followed by demographic and personal information of the respondents. Then the descriptive and inferential statistics are presented. Statistical Package for Social Science IBM SPSS statistics version 20 is used to analyze the data.

#### 4.2. Data Presentation and Analysis

##### 4.2.1. Response Rate

In the Methodology section, the sample size of the study is determined to be 125. Thus, the researcher distributed 135 questionnaires to insure the determined sample size. However, out of 135 questionnaires distributed, only 125 questionnaires were collected and valid for the intended analysis, as some employees were reluctant to take and fill the questionnaires and still some others are filling the questioners with no serious attention. Therefore, the response rate is 92.6%. But the number of collected responses is exactly what is determined to be the sample size of the study.

##### 4.2.2. Demographic Profile of Respondents

In this section, the respondents' profile is presented. It includes gender, age group, marital status, job position, and educational background of employees. This chapter presents and analyzes the data collected from the participants. The results about the demographic characteristics, the relevant statistical analysis to answer the research questions is presented and interpreted.

As we can see from frequency distribution table of the data (Table 4.1) 60%(75) of the respondents are male and 40%(50) are female out of the total 125 respondents.

Age wise, the majority 93(74.4%) of the respondents age lies between 30 and 50 and 21(16.8%) are below 30. The remaining group of employees consisted of 11(8.8%) employees greater than

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50 years. This indicates that most of the respondents are in the young age group and mature employees, which will be looking for challenging works, open for change, ready to learn more and need dynamic environment.

Table 4-1: Demographic characteristics of the respondents

Variables	Type	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender</b>	Valid Male	75	60.0	60.0	60.0
	Valid Female	50	40.0	40.0	100.0
	Total	125	100.0	100.0	
<b>Age</b>	Valid <30	21	16.8	16.8	16.8
	Valid >30<50	93	74.4	74.4	91.2
	Valid >50	11	8.8	8.8	100.0
	Total	125	100.0	100.0	
<b>Education Level</b>	Valid college diploma	19	15.2	15.2	15.2
	Valid Degree holder	61	48.8	48.8	64.0
	Valid Master's degree and above	45	36.0	36.0	100.0
	Total	125	100.0	100.0	
<b>Year of Service</b>	Valid <5 years	16	12.8	12.8	12.8
	Valid >5years <15 years	58	46.4	46.4	59.2
	Valid >15 years <30 years	51	40.8	40.8	100.0
	Total	125	100.0	100.0	
<b>Job Position</b>	Valid employe/expert	68	54.4	54.4	54.4
	Valid Line manager	22	17.6	17.6	72.0
	Valid Middle level manager	32	25.6	25.6	97.6
	Valid Top level manager	3	2.4	2.4	100.0
	Total	125	100.0	100.0	
<b>Marital Status</b>	Valid Married	81	64.8	64.8	64.8
	Valid Single	37	29.6	29.6	94.4
	Valid Divorced	7	5.6	5.6	100.0
	Total	125	100.0	100.0	

*Source; Survey data, 2024*

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In terms of educational level, the distribution shows that 15.2%(19) of employees had college diploma, while the majority 61(48.8%) of employees had first degree and 45(36%) of employees had master degree. In general 81 percent of employees had first degree and above.

When looking at the tenure of sample of employees in the company, 16(12.8%) of the employees were with up to 5 years of work experience in the company, 58(46.4 %) between 5 to 15 years and 51(40.8%) have between 15 to 30 years of work experience in the company. This shows that majority of the respondents (87%) worked for at least 5 years within the company.

Furthermore, most of the respondents 68(54.4%) are employees or experts but a good number of line and top level managers have also took part in responding the questioners.

Regarding marital status, majority of employees 81 (64.8%) were married which is followed by single employees 37(29.6%) and the last 7(5.6%) employees were divorced.

### 4.2.3. Reliability Test

To make sure that measuring scales yield consistent results over time, reliability testing is essential in research. Cronbach's Alpha, a statistic that gauges internal consistency, is frequently used in SPSS (Statistical Package for the Social Sciences) to determine dependability (Field, 2009). According to (George & Mallery, 2016) the following guideline is used to interpret the Cronbach alpha value.

Figure 4-1: Cronbach alpha value and its description

<b><math>\alpha</math> Value</b>	<b>Descriptions of the result</b>
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

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Table 4-2: Reliability statistics measure (Cronbach alpha) value

Reliability Statistics	
Cronbach's Alpha	N of Items
.932	43

The table outlines the reliability statistics for the variables in the study, as calculated using Cronbach's Alpha. Cronbach's Alpha is a measure of internal consistency, indicating how closely related a set of items are as a group. Higher values of Cronbach's Alpha (typically above 0.7) suggest better reliability.

In this case, the Cronbach's Alpha value is 0.932, which is generally considered to be *Excellent* in terms of reliability. This value indicates that the items that grouped together (communication system, leadership and management system, reward recognition, training and development, work-life balance, feedback and evaluation system, and work load and task design) are highly correlated with each other. The number of items associated with this Cronbach's Alpha value is 43. It means that these 43 items, which represent different aspects of the Balanced scorecard in our study, collectively show a satisfactory level of internal consistency.

This statistical analysis suggests that the items that have chosen to measure various factors related to the Balanced scorecard are adequately consistent and can be used together to assess their impact on employee satisfaction (ES).

#### 4.2.4. Descriptive Statistics of the Variables

Since the data was collected using Likert scale questionnaire, the recommended data analysis procedure used for the interval scale items is descriptive statistics of mean for central tendency and standard deviations for variability. As a result of this, the responses of the participants regarding the independent and dependent variables were summarized using the mean and standard deviation.

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Table 4-3: Descriptive statistics of the Variables

Descriptive Statistics										
	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
ES	125	2.15	4.92	3.7631	.50419	.254	-.631	.217	1.427	.430
LMS	125	1.67	5.00	3.6960	.73570	.541	-.461	.217	-.592	.430
RRC	125	1.50	5.00	3.7480	.92811	.861	-.816	.217	.334	.430
TAD	125	1.50	8.50	3.8840	1.06282	1.130	1.456	.217	7.434	.430
WLB	125	2.00	5.00	3.8080	.62147	.386	-.436	.217	.887	.430
FES	125	1.00	5.00	3.8080	.73721	.543	-1.520	.217	4.144	.430
WTD	125	2.00	5.00	3.9147	.52347	.274	-.874	.217	3.370	.430
Valid N (listwise)	125									

This table presents descriptive statistics for several variables, all related to employee satisfaction and factors that may influence it. The data comes from 125 employees(respondents), and the interpretation of the key measures for each variable is as follows:

➤ **ES (Employee Satisfaction):**

In this dataset on employee satisfaction, there are 125 data points in total. The range of satisfaction scores is from a minimum of 2.15 to a maximum of 4.92. The average satisfaction score is 3.76, with a standard deviation of approximately 0.50, indicating that scores vary around this mean value. The variance, which is the squared standard deviation, is 0.254, showing a moderate spread in satisfaction scores. The skewness value of -0.631 suggests a slight left skew in the distribution, meaning more employees rated higher satisfaction. The kurtosis value of 1.427 indicates a distribution with relatively normal shape and moderate tails, neither highly peaked nor flat compared to a normal distribution.

## ➤ **LMS (Leadership and Management System):**

Within the assessment of the leadership and management system, the data reveals various insights. The range spans from a minimum score of 1.67 to a maximum of 5.00, showcasing the diversity of evaluations. The average rating for the leadership and management system is 3.70, with scores fluctuating by approximately 0.74 around this mean value, as indicated by the standard deviation of 0.73570.

The variance of 0.541 suggests a wider spread compared to employee satisfaction, signifying a greater range of perceptions regarding leadership effectiveness. The skewness value of -0.461 implies a slight leftward skew in the distribution, hinting at a tendency for slightly higher ratings compared to lower ones. Furthermore, the negative kurtosis value of -0.592 indicates a distribution that is somewhat flatter than a normal distribution, with fewer extreme values, highlighting a more moderate distribution of scores in the assessment of leadership and management.

## ➤ **RRC (Reward and Recognition):**

The evaluation of reward and recognition within the organization reveals a spectrum of responses. Ranging from a minimum score of 1.50 to a maximum of 5.00, these scores illustrate the diversity of opinions on this aspect. The average rating stands at 3.75, reflecting a moderate overall sentiment among employees. The standard deviation of 0.92811 indicates a considerable spread of 0.93 in responses, showcasing the range of views regarding reward and recognition. With a variance of 0.861, there is a notable diversity in opinions, suggesting a wider disparity in perceptions within the workforce. The negative skew of -0.816 implies that a greater proportion of employees rated reward and recognition positively, although with a noticeable leftward bias in the distribution. The positive kurtosis value of 0.334 suggests a somewhat peaked distribution, indicating a moderate concentration of ratings without extreme values..

## ➤ **Training and Development (TAD):**

The dataset concerning employee perceptions of training and development programs provides valuable insights into the organization's training initiatives. With a sample size of 125, the scores exhibit a wide range from 1.50 to 8.50, indicating significant variability in how employees perceive these programs. The average score of 3.88 suggests an overall positive sentiment towards training and development.

The substantial standard deviation of 1.06 underscores the varied opinions among employees, reflecting a significant spread in how these programs are rated. The variance, standing at 1.130, further emphasizes the diversity in perceptions within the workforce. The positive skewness of 1.456 suggests that responses are skewed to the right, indicating that more employees tend to rate training and development negatively, potentially signaling areas of dissatisfaction.

Moreover, the high positive kurtosis of 7.434 reveals a highly leptokurtic distribution, indicating a strong peak around the mean with some extreme responses at both ends. This suggests that while there is a central tendency towards certain ratings, there are also notable outliers with particularly high or low evaluations of the training and development programs.

➤ **WLB (Work-Life Balance):**

The assessment of work-life balance within the organization reveals valuable insights into employee perceptions. Ranging from a minimum score of 2.00 to a maximum of 5.00, the scores demonstrate a diverse range of opinions on this aspect. With an average rating of 3.81, employees generally feel they maintain a good work-life balance. The moderate standard deviation of 0.62147 indicates a reasonable variation in how work-life balance is perceived among employees.

A low variance of 0.386 suggests that most responses closely align with the average rating, indicating a consensus around the perceived work-life balance. The negative skew of -0.436 implies that more employees provided higher ratings for work-life balance, though the distribution is not heavily skewed towards either extreme. The positive kurtosis value of 0.887 indicates a distribution that is slightly more peaked than a normal distribution, suggesting a concentration of ratings around the mean without extreme outliers.

➤ **FES (Feedback and Evaluation System):**

The evaluation of feedback and evaluation systems within the organization unveils crucial insights into employee perceptions. Ranging from a minimum score of 1.00 to a maximum of 5.00, the diverse scores reflect varying opinions on this crucial aspect of work. With an average rating of 3.81, employees generally hold a positive view of the feedback and evaluation processes. The standard deviation of 0.73721 indicates a notable degree of variability in how employees perceive these systems, showcasing diverse viewpoints within the workforce.

The moderate variance of 0.543, akin to the leadership aspect, suggests a moderate spread of opinions regarding feedback and evaluation. The negative skew of -1.520 reveals that a majority of employees rated the feedback and evaluation system highly, with fewer individuals giving lower ratings, indicating a predominantly positive sentiment towards these processes. The high kurtosis value of 4.144 points to a highly peaked distribution, with a significant number of employees providing either very high or very low ratings for the feedback system. This variability showcases a wide range of attitudes towards the feedback and evaluation system, with extremes being significantly represented in employee responses.

➤ **WTD (Workload and Task Design):**

In the analysis of workload and task design feedback, a comprehensive understanding of employee sentiments emerges. Ranging from a minimum score of 2.00 to a maximum of 5.00, employees express a diverse range of perspectives on this critical aspect. The average rating of 3.91 signifies a positive reception towards the design of tasks and workload within the organization. With a relatively low standard deviation of 0.52347, most employees' ratings closely align with this average, showcasing a consensus in perceptions. The low variance of 0.274 further indicates a limited range of variation in how workload and task design are perceived among employees.

The negative skew of -0.874 suggests that the majority of employees provided higher ratings for workload and task design, indicating a prevalent positive outlook on these elements. Furthermore, the positive kurtosis of 3.370 reveals a moderate peak in the distribution, demonstrating a concentration of ratings around the mean with a notable presence of both high and low ratings. This collective feedback underscores a generally favorable perception of workload and task design, with a tendency towards higher ratings among employees.

To summarize employee satisfaction (ES) and other variables like leadership, work-life balance, and feedback and evaluation system are generally rated positively by employees, with scores clustering around 3.7 to 3.9 out of 5. Training and development (TAD) shows significant variability, partly due to an outlier value of 8.5. This may suggest an extreme perception of training. Skewness and kurtosis values show that some variables, like training and development and feedback, have more extreme ratings (either positively or negatively skewed), which may

indicate strong opinions or satisfaction among employees. In general, the distribution of scores for most variables is somewhat normal, but some (like feedback and training) have more peaked distributions, suggesting more concentrated opinions from employees.

#### 4.2.5. Correlation Analysis

The broader science that measures the association between variables is correlation. According to Schober & Schwarte, (2018) the interpretation guideline for correlation analysis is shown on table 4.4.

Table 4-4: Conventional approach to interpret correlation (Schober & Schwarte, 2018)).

Absolute magnitude of the observed correlation coefficient	Interpretation
- 0.10	Negligible correlation
0.10 - 0.39	Weak correlation (low positive or negative correlation)
0.40 – 0.69	Moderate correlation (positive or negative)
0.70 – 0.89	Strong positive or negative correlation
0.90 – 1.00	Very strong positive or negative correlation

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Using the collected data with the questionnaire the correlation matrix with the predictors and the dependent variable is incorporate from SPSS software as shown in table 4.5.

Table 4-5: Correlation between predictors and dependent variable

		Correlations							
		COM	ES	LMS	RRC	TAD	WLB	FES	WTD
COM	Pearson Correlation	1	.354**	.466**	.211*	-.069	.247**	.015	.254**
	Sig. (2-tailed)		.000	.000	.018	.441	.005	.866	.004
	N	125	125	125	125	125	125	125	125
ES	Pearson Correlation	.354**	1	.787**	.671**	.382**	.798**	.472**	.680**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
	N	125	125	125	125	125	125	125	125
LMS	Pearson Correlation	.466**	.787**	1	.523**	.264**	.606**	.313**	.488**
	Sig. (2-tailed)	.000	.000		.000	.003	.000	.000	.000
	N	125	125	125	125	125	125	125	125
RRC	Pearson Correlation	.211*	.671**	.523**	1	-.016	.674**	.382**	.575**
	Sig. (2-tailed)	.018	.000	.000		.863	.000	.000	.000
	N	125	125	125	125	125	125	125	125
TAD	Pearson Correlation	-.069	.382**	.264**	-.016	1	.308**	.290**	.248**
	Sig. (2-tailed)	.441	.000	.003	.863		.000	.001	.005
	N	125	125	125	125	125	125	125	125
WLB	Pearson Correlation	.247**	.798**	.606**	.674**	.308**	1	.473**	.738**
	Sig. (2-tailed)	.005	.000	.000	.000	.000		.000	.000
	N	125	125	125	125	125	125	125	125
FES	Pearson Correlation	.015	.472**	.313**	.382**	.290**	.473**	1	.661**
	Sig. (2-tailed)	.866	.000	.000	.000	.001	.000		.000
	N	125	125	125	125	125	125	125	125
WTD	Pearson Correlation	.254**	.680**	.488**	.575**	.248**	.738**	.661**	1
	Sig. (2-tailed)	.004	.000	.000	.000	.005	.000	.000	
	N	125	125	125	125	125	125	125	125

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

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## A. Multi Co-linearity Test

Before interpreting the result it is necessary to test the multi co-linearity test. Tolerance and VIF are the two parameters provided under co-linearity diagnostics. Tolerance is a measure of the proportion of the variability of the designated independent variable that cannot be accounted for by the other independent variables in the model. The likelihood of multi-co-linearity is suggested if this number is very modest (less than 0.10), indicating a high multiple correlation with other variables. The VIF (Variance Inflation Factor) is the other parameter provided; multi co-linearity is present when the VIF value is more than 10.

Table 4-6: Multi co-linearity coefficient

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.628	.173		3.634	.000		
	COM	.036	.034	.049	1.060	.291	.701	1.427
	LMS	.266	.039	.388	6.885	.000	.472	2.117
	RRC	.116	.032	.213	3.657	.000	.441	2.265
	TAD	.081	.022	.171	3.738	.000	.716	1.396
	WLB	.221	.057	.273	3.864	.000	.301	3.320
	FES	.020	.037	.029	.543	.588	.521	1.920
	WTD	.089	.067	.093	1.336	.184	.312	3.205

a. Dependent Variable: ES

The general guide for interpreting co-linearity coefficient is when the tolerance values close to 1 and VIF values below 10 are generally considered acceptable. From the above co-linearity coefficient table most variables have acceptable levels of multi co-linearity.

From the table 4.5 correlation matrices we can clearly observe the relationship between each independent variable (Predictors) and the dependent variable.

The dependent variable, Employee Satisfaction, shows strong positive correlations with several independent variables. It exhibits significant correlations with LMS (Leadership and

Management System) with a Pearson Correlation coefficient of 0.787\*\*, indicating a strong positive relationship between employee satisfaction and the leadership and management system of Ethiopian Shipping and Logistics Service Enterprise. Additionally, Employee satisfaction is strongly correlated with WLB (Work-Life Balance) at 0.798\*\* and moderately correlated with WTD (Workload and Task Design) at 0.680\*\* and Reward and Recognition with a correlation value of 0.671\*\*. These correlations suggest that, there is a tendency for positive associations between factors like work-life balance and leadership and management system, reward and recognition and employee satisfaction within the organization.

Furthermore, the correlation between ES and FES (Feedback and Evaluation system) is also noteworthy, with a significant positive correlation of 0.472\*\*. This correlation implies that there might be a relationship between employee satisfaction and feedback and evaluation system within the organization, whereas training & development, and communication system have a correlation value of 0.382\*\* and 0.354\*\* respectively. These values indicate that both predictors are weakly related with employee satisfaction.

In general, the strong positive correlations of ES with various independent variables emphasize the importance of considering and potentially enhancing factors such as the leadership and management system, work-life balance initiatives, workload and task design, feedback and evaluation system to improve overall employee satisfaction levels in Ethiopian shipping and logistics service enterprise.

## 4.2.6. Regression Analysis

Regression analysis is a statistical method that examines the relationship between a dependent variable and independent variables, using mathematical equations to predict the dependent variable's value based on the independent variables (Wooldridge, 2020).

Finding a mathematical equation that best fits the data points and enables us to make predictions based on that model is the fundamental concept of regression analysis. One of the most popular forms of regression analysis is linear regression, in which a linear connection between the variables is assumed. A linear regression model often takes the following form (Montgomery et al., 2019):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon$$

Where:

- Y is the dependent variable.
- X<sub>1</sub> X<sub>2</sub>... X<sub>n</sub> are the independent variables.
- $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ...  $\beta_n$  are the coefficients that represent the relationship between the independent and dependent variables.
- $\varepsilon$  is the error term.

## B. Model Summary Information

Table 4-7: Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908 <sup>a</sup>	.825	.814	.21730
a. Predictors: (Constant), WTD, TAD, COM, RRC, FES, LMS, WLB				

From the above table the correlation coefficient (R) is 0.908 which indicates that the dependent variables are positively correlated or the strength and linear relationship between employee satisfaction and other independent variable is strong and positive.

Although coefficient of determination R Square in this instance is 0.825, which indicates that the independent variables in the model account for around 82.5% of the variability in the dependent variable (Employee satisfaction). And also adjusted R square is approximately 81.4% of the

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variability in the dependent variable can be explained by the independent variables included in the model. Generally the model is in good fit as per the interpretation (JR et al., 2020).

## C. ANOVA Test

Table 4-8: ANOVA Table

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	25.997	7	3.714	78.656	.000 <sup>b</sup>
	Residual	5.524	117	.047		
	Total	31.522	124			
a. Dependent Variable: ES						
b. Predictors: (Constant), WTD, TAD, COM, RRC, FES, LMS, WLB						

The analysis is done at  $\alpha = 0.05$  significance level, but from the above ANOVA table Significance value (P) is 0.000 which is less than 0.05 ( $\alpha$ ). So, the ANOVA results indicate that the regression model as a whole is statistically significant in predicting the dependent variable (ES).

In conclusion, based on the ANOVA results provided in the tables, it can be inferred that the factors being studied (communication system, leadership and management system, record and recognition, training and development, work-life balance, feedback and evaluation system, and workload and task design) significantly influence employee satisfaction.

## D. Regression Model

Since regression analysis enables us to comprehend how altering the independent factors affects the value of the dependent variable. Finding a mathematical equation that best fits the data points and enables us to make predictions based on that model is the fundamental concept of regression analysis (Montgomery et al., 2019).

### *Model Assumption:*

Y = Employee Satisfaction (ES)

X<sub>1</sub> = Communication System (COM)

X<sub>2</sub> = Leadership and Management System (LMS)

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X<sub>3</sub> = Reward and Recognition (RRC)

X<sub>4</sub> = Training and Development (TAD)

X<sub>5</sub> = Work life Balance (WLB)

X<sub>6</sub> = Feedback and Evaluation System (FES)

X<sub>7</sub> = Work load and task Design (WTD)

Table 4-9: Coefficient of independent variables

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.628	.173		3.634	.000
	COM	.036	.034	.049	1.060	.291
	LMS	.266	.039	.388	6.885	.000
	RRC	.116	.032	.213	3.657	.000
	TAD	.081	.022	.171	3.738	.000
	WLB	.221	.057	.273	3.864	.000
	FES	.020	.037	.029	.543	.588
	WTD	.089	.067	.093	1.336	.184
a. Dependent Variable: ES						

Table 4.9 indicates that ES is dependent variable which may affect by the independent variables (COM, LMS, RRC, TAD, WLB, FES and WTD). The coefficients show how strongly and in which direction each independent variable and the dependent variable are related. As a result the general linear regression model contracted as follows:

$$Y = 0.628 + 0.036X_1 + 0.266 X_2 + 0.116X_3 + 0.081X_4 + 0.221X_5 + 0.020X_6 + 0.089X_7$$

Using the values of X<sub>1</sub> through X<sub>7</sub>, this model offers a method for predicting the value of Y. The coefficients in the above regression model provide information on the relationship between the independent variables (X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub>, X<sub>5</sub>, X<sub>6</sub>, and X<sub>7</sub>) and the dependent variable (Y).

## The Effect of BSC on Employee Satisfaction

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The intercept term  $\beta_0$  is 0.628, which serves as a baseline reference point for the model's predictions, represents the expected value of employee satisfaction when all independent variables are zero. Let's move on to the independent variables' individual coefficients:

When the communication system of the organization improved by one unit, the employee satisfaction of the company increased by 0.036, assume the rest predictors are constant. Similarly leadership and management system improves by 0.266, which indicates that this predictor is more essential to handle employee satisfaction as compared to the other independent variables.

Whereas, reward and recognition is the other important factor which affects the employee satisfaction. When the value of reward and recognition increased by one unit, it improves employee satisfaction by 0.116 units, assuming other predictors are kept constant.

Moreover as the work life balance increased by one unit, the value of employee satisfaction is also increases by 0.221 units with the same assumption that the value of the rest predictors is constant.

Though the values are not significant their relationship between training and development, feedback and evaluation system, workload and task design with employee satisfaction is weak positive i.e. when the value of training and development, feedback and evaluation system, workload and task design increased by one unit the value of employee satisfaction will increase by 0.081, 0.020, and 0.089 respectively.

When we see the significance value, leadership and management system, rewards and recognition, training and development, and work-life balance have statistically significant impact on employee satisfaction with  $p = 0.000$ , which is less than  $\alpha = 0.05$ . The other predictors are not statistically significant with significance value greater than  $\alpha = 0.05$ .

In conclusion, our model shows that work-life balance, training and development, leadership and management systems, and rewards and recognition are important predictors of employee satisfaction, whereas communication systems, feedback and evaluation systems, workload, and job design have less impact.

## 4.2.7. Testing Hypothesis

**Hypothesis 1: Communication System (COM) - X1 Hypothesis: H1: The Balanced scorecard improves communication and transparency within the organization, leading to increased employee satisfaction.**

The coefficient of 0.036 for the Communication System (COM) suggests that for every one-unit increase in the effectiveness of the communication system, Employee Satisfaction (ES) is expected to increase by 0.036 units. This implies that a hypothesis could be formulated stating that a well-structured and efficient communication system within the organization positively impacts employee satisfaction, as clear and open communication channels often lead to higher levels of employee engagement and contentment.

**Hypothesis 2: Leadership and Management System (LMS) - X2 Hypothesis: H2: The Balanced scorecard improves leadership and management system within the organization, leading to increased employee satisfaction.**

With a coefficient of 0.266 for Leadership and Management System (LMS), the hypothesis could propose that for each one-unit enhancement in the effectiveness of the leadership and management system, Employee Satisfaction (ES) is anticipated to increase by 0.266 units. This suggests that strong leadership and effective management practices likely contribute significantly to enhancing employee satisfaction within the organization.

**Hypothesis 3: Reward and Recognition (RRC) - X3 Hypothesis: H3: The Balanced scorecard improves reward and recognition system within the organization, leading to increased employee satisfaction.**

The coefficient of 0.116 attached to Reward and Recognition (RRC) implies that a one-unit improvement in the reward and recognition system corresponds to a 0.116 unit increase in Employee Satisfaction (ES). Therefore, the hypothesis might suggest that a well-structured and fair reward and recognition program positively influences employee satisfaction, as employees feel acknowledged and appreciated for their contributions.

**Hypothesis 4: Training and Development (TAD) - X4 Hypothesis: H4: The Balanced scorecard improves training and development system within the organization, leading to increased employee satisfaction.**

Given the coefficient of 0.081 for Training and Development (TAD), a hypothesis could be formulated stating that a one-unit increase in training and development initiatives leads to a 0.081 unit increase in Employee Satisfaction (ES). This suggests that investing in employee development and learning opportunities can positively impact satisfaction levels by enhancing skills, knowledge, and career growth.

**Hypothesis 5: Work-life Balance (WLB) - X5 Hypothesis: H5: The Balanced scorecard improves work life balance within the organization, leading to increased employee satisfaction.**

The coefficient of 0.221 for Work-life Balance (WLB) indicates that for every one-unit improvement in work-life balance practices, Employee Satisfaction (ES) is expected to increase by 0.221 units. The hypothesis might propose that prioritizing work-life balance initiatives within the organization leads to higher levels of employee satisfaction, as employees experience reduced stress and improved overall well-being.

**Hypothesis 6: Feedback and Evaluation System (FES) - X6 Hypothesis: H6: The Balanced scorecard improves feedback and evaluation of employee within the organization, leading to increased employee satisfaction.**

With a coefficient of 0.020 for Feedback and Evaluation System (FES), a hypothesis could suggest that a one-unit enhancement in the feedback and evaluation system corresponds to a 0.020 unit increase in Employee Satisfaction (ES). This implies that establishing effective feedback mechanisms and evaluation processes positively impacts employee satisfaction by providing valuable insights and recognition for their work.

**Hypothesis 7: Workload and Task Design (WTD) - X7 Hypothesis: H7: The Balanced scorecard improves workload and task design within the organization, leading to increased employee satisfaction.**

The intercept value in a regression equation (in this case, 0.628) represents the expected value of the dependent variable (Employee Satisfaction, Y) when all independent variables (Communication System, Leadership and Management System, Reward and Recognition, Training and Development, Work-life Balance, Feedback and Evaluation System, Workload and Task Design) are set to zero.

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In this context, an intercept value of 0.628 implies that even when all the independent variables are absent or have a value of zero, the predicted level of Employee Satisfaction would be 0.628. It serves as a baseline or starting point for the Employee Satisfaction score in this model, indicating the minimum level of satisfaction that can be expected in the absence of any influence from the factors being considered.

The intercept value of 0.628 in our regression equation indicates that, independent of the values of the organizational components under investigation, there is a baseline level of employee satisfaction. Regardless of the particular organizational interventions or practices taken into account in the model, this value represents the intrinsic or inherent amount of satisfaction that may exist.

.Table 4.16: Summary of Hypothesis

No	Hypothesis	Results	Reason from table 4.9 above
<i>H1</i>	The Balanced scorecard improves communication and transparency within the organization, leading to increased employee satisfaction	Rejected	Regression Result $\beta=0.049$ sig=0.291
<i>H2</i>	The Balanced scorecard improves leadership and management system within the organization, leading to increased employee satisfaction.	Accepted	Regression Result $\beta=0.388$ sig=0.000
<i>H3</i>	The Balanced scorecard improves reward and recognition system within the organization, leading to increased employee satisfaction.	Accepted	Regression Result $\beta=0.213$ sig=0.000
<i>H4</i>	The Balanced scorecard improves training and development system within the organization, leading to increased employee satisfaction.	Accepted	Regression Result $\beta=0.171$ sig=0.000
<i>H5</i>	The Balanced scorecard improves work life balance within the organization, leading to increased employee satisfaction	Accepted	Regression Result $\beta=0.273$ , sig=0.000
<i>H6</i>	The Balanced scorecard improves feedback and evaluation of employee within the organization, leading to increased employee satisfaction.	Rejected	Regression Result $\beta=0.029$ , sig=0.588
<i>H7</i>	The Balanced scorecard improves workload and task design within the organization, leading to increased employee satisfaction	Rejected	Regression Result $\beta=0.093$ , sig=0.184

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From the above table of summary of hypothesis, the regression analysis result revealed that the most influential factors are leadership and management system, work life balance, reward and recognition system and training and development system respectively while, the contribution of communication system, feedback and evaluation system and workload and task design were found statistically insignificant to the dependent variable, employee satisfaction.

To summarize, the implementation of a balanced scorecard is expected to enhance various organizational aspects such as communication, leadership, reward and recognition, training and development, work-life balance, feedback and evaluation systems, workload, and task design. Each hypothesis posits that as these elements improve due to the Balanced scorecard, Employee Satisfaction is anticipated to increase. For instance, the hypotheses suggest that a well-structured communication system, effective leadership and management practices, fair reward and recognition programs, robust training and development initiatives, improved work-life balance practices, efficient feedback mechanisms, and optimized workload and task design all contribute positively to enhancing Employee Satisfaction within the organization.

The coefficient of 0.089 for Workload and Task Design (WTD) suggests that for each one-unit improvement in workload distribution and task design, Employee Satisfaction (ES) is anticipated to increase by 0.089 units. Therefore, the hypothesis might propose that optimizing workload management and task design positively influences employee satisfaction levels, as employees experience better

## CHAPTER FIVE

### 5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

#### 5.1. Summary:

The study explores the relationship between employee satisfaction and the Balanced Scorecard in the Ethiopian Shipping and Logistics Service Enterprise. The research aims to analyze the impact of the BSC on employee satisfaction within the case organization, outlines research questions, objectives, and significance, emphasizing the need for empirical research to explore this relationship. Limitations and the organizational structure of the thesis are also discussed, setting the stage for further exploration of how the BSC influences employee satisfaction.

The Literature Review investigates into the application of the BSC in the service industry, employee satisfaction, and performance management. It discusses the service sector's role in Ethiopia's economy, the importance of employee satisfaction, and factors influencing performance. The BSC's role in aligning strategic objectives and enhancing productivity is highlighted, along with the conceptual framework for the study and proposed hypotheses.

In the Research Design and Methodology, a quantitative research design is chosen to assess factors impacting employee satisfaction within BSC implementation. The target population consists of head office employees of the Ethiopian Shipping and Logistics Service Enterprise. Sampling techniques, data collection methods, analysis tools, and ethical considerations are outlined, ensuring reliable and valid research outcomes. In this respect the sampling techniques used to conduct this research is selecting samples from each department of the entire population using the proportional stratified sampling approach after sample size is determined.

The demographic profile is dominated by male employees between the ages of 30 and 50 who have substantial work experience and higher education levels, according to the survey data analysis, which also shows a high response rate of 92.6%. The reliability test's Cronbach's Alpha rating of 0.932 indicates that the measurements have great internal consistency.

In data analysis, results, and discussion regarding the BSC's impact on employee satisfaction, descriptive and inferential statistics, correlation analysis, and regression analysis are conducted

to understand the relationships between variables. Significant impacts of leadership, reward systems, and work-life balance on employee satisfaction are highlighted, while challenges like workload and feedback systems are identified.

Positive ratings are shown by descriptive statistics for factors including management system, leadership, and employee satisfaction. Strong positive correlations between Work-Life Balance and Leadership and Employee Satisfaction are revealed by correlation analysis. The substantial effects of leadership, training and development, reward and recognition, and work-life balance on employee satisfaction are further shown by regression analysis.

The results of hypothesis testing support the beneficial effects of these elements on employee satisfaction while emphasizing the less significant effects of the Workload and Task Design, Feedback and Evaluation System, and Communication System. In the end, the study emphasizes how important leadership, incentive programs, training, and work-life balance are to raising employee satisfaction and provides insightful information for organizational strategies aimed at improving overall employee satisfaction inside the company.

## 5.2. CONCLUSION

The examination of descriptive statistics obtained from survey data provides important information about how employee satisfaction in the case organization interacts with the use of the Balanced Scorecard (BSC) as a performance management system. Notably, the results clarified a number of important points. First, with a mean score of 3.76 out of 5, Employee Satisfaction (ES) is assessed as moderate. This implies that workers are generally satisfied, even though the distribution is somewhat skewed negatively, meaning that more people are inclined toward satisfaction than dissatisfaction. Still, there is a noticeable room for improvement in this area.

A closer look at the independent variables—communication systems, management and leadership structures, reward systems, training and development programs, work-life balance policies, feedback and evaluation procedures, workload and task design—reveals clear trends. Positive average perceptions of the organization's leadership, recognition strategies, and work-life balance are particularly remarkable for the Leadership and Management System (LMS), Reward and Recognition (RRC), and Work-Life Balance (WLB).

Training and Development (TAD), on the other hand, reveals a more diverse environment with notable response differences. The strong kurtosis and positive skew suggest that some employees are quite satisfied with the training possibilities that are offered, while others express dissatisfaction or take a neutral position. This could indicate that program quality and expectations are not aligned.

Comparably, the Feedback and Evaluation System (FES) shows a positive trend, although with a more pronounced skew and kurtosis, suggesting that most employees have a positive opinion of the feedback mechanism, while a smaller percentage believe it is less effective. The wide range of answers, especially with regard to Training and Development (TAD) and Feedback and Evaluation (FES), highlights a likely discrepancy between what employees expect and what is actually provided in these areas.

Additionally, the moderately rated satisfaction levels in important areas such as Leadership and Management System (LMS) and Employee Satisfaction (ES) suggest that the Balanced Scorecard may not yet have fully realized its potential in optimizing these systems for maximum impact on employee satisfaction.

### 5.3. Recommendations

Based on the findings of this analysis, several recommendations can be made for improving employee satisfaction and the effectiveness of the Balanced Scorecard (BSC) in the case organization:

#### 1. Improve Communication and Employee Engagement:

- While Employee Satisfaction is moderate, and communication is likely a factor affecting this, the organization should invest in better communication systems (COM). Employees need clear, consistent communication regarding organizational goals, performance expectations, and feedback on their performance. Regular updates on the Balanced Scorecard's implementation and its impact on employee development could foster a sense of involvement and ownership.
- More interactive, two-way communication channels can help employees feel more heard and valued. Employee forums, town halls, or focus groups could allow employees to discuss their concerns about the BSC's impact and provide feedback on improvements.

## 2. Enhance Training and Development Programs (TAD):

- The Training and Development scores showed the greatest variability, suggesting that some employees feel satisfied with the opportunities provided, while others are dissatisfied or neutral. The company should conduct a needs assessment to identify gaps in employee skill development and align the training programs with both employee needs and organizational goals.
- Personalized training opportunities that cater to the diverse career aspirations and development needs of employees can improve satisfaction. Additionally, providing more clarity about career growth paths through the Balanced Scorecard can help align employee development with organizational objectives.

## 3. Strengthen the Reward and Recognition System (RRC):

- While Reward and Recognition (RRC) is generally viewed positively, there may still be opportunities to make this system more inclusive and transparent. Employees may feel that recognition is not always linked to their performance or is not as meaningful as it could be. The company should consider:
  - Implementing more frequent and diverse recognition programs (e.g., peer-to-peer recognition, team-based rewards).
  - Aligning the reward system more closely with specific BSC metrics (such as individual and team performance) to create a stronger link between employee effort and rewards.

## 4. Refine Feedback and Evaluation Systems (FES):

- Feedback and Evaluation received favorable ratings, but the significant skew and kurtosis suggest that there may be a subset of employees who find the feedback system less effective. To address this:
  - Increase the frequency and quality of feedback. Employees should receive constructive feedback regularly, not just during annual performance reviews.
  - The organization should also consider 360-degree feedback to ensure that employees receive comprehensive feedback from multiple sources, including peers, subordinates, and supervisors.

- Training managers to give actionable feedback and guidance on performance improvement can ensure that feedback is valuable and actionable for employees.

## 5. Enhance Work-Life Balance (WLB) Initiatives:

- The ratings for Work-Life Balance (WLB) are positive, but there is always room for improvement. The company should continue to foster policies that allow employees to balance work with personal commitments effectively, such as:
  - Offering more flexible work options, such as remote work or flexible hours.
  - Expanding employee wellness programs that support mental health, physical well-being, and work-life integration.

## 6. Ongoing Monitoring and Evaluation of the Balanced Scorecard:

- Since the Balanced Scorecard was implemented to improve organizational performance and employee satisfaction, continuous monitoring and evaluation of its impact is essential. The company should:
  - Regularly assess the alignment between the BSC's performance metrics and employee satisfaction outcomes.
  - Use employee surveys and feedback mechanisms to track how well the Balanced Scorecard is driving improvements in employee engagement and satisfaction.
  - Review and adjust the BSC periodically to ensure it remains relevant and effective, especially in addressing employee concerns and changing organizational needs.

## General Recommendations for the Implementation of the Balanced Scorecard (BSC):

1. Customization to Organizational Context: The Balanced Scorecard should be adapted to the specific context and needs of the organization. While it provides a structured approach, it must be flexible enough to account for the unique challenges and objectives of the company.
2. Integration of Employee Development: Employee development should be embedded more explicitly in the BSC framework. Linking performance evaluation and reward systems with professional growth and development goals will help employees see the direct impact of the BSC on their career progression and personal satisfaction.

3. **Communicating the BSC's Purpose:** It is critical for employees to understand how the Balanced Scorecard is being used to track performance and how it relates to their individual roles. Regular communication about how the BSC measures success can help align employee expectations with organizational goals.
  4. **Training for Managers:** Managers play a crucial role in the successful implementation of the Balanced Scorecard. They must be well-trained to interpret BSC data, provide feedback, and ensure that their teams understand and align with the broader organizational goals.
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# Annexes

# The Effect of BSC on Employee Satisfaction

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Dear Participant,

I am currently pursuing my Master's degree in Human Resource Management and conducting research for my thesis on The effect of balanced Scorecard **on employee satisfaction in the case of Ethiopian Shipping and Logistics Service Enterprise**. Your valuable insights and experiences as an employee or management staff are crucial to the success of this study.

I kindly request your participation in filling out the following questionnaire, which will provide valuable data for my research. Please be assured that all responses will be treated with the utmost confidentiality. Your name or any other personally identifiable information is not required, ensuring complete anonymity.

I understand that your time is valuable, and I genuinely appreciate your willingness to contribute. Your prompt response would greatly assist in the timely completion of my research. Please be assured that the information provided will be used solely for academic purposes and will not be shared with any third parties.

Thank you once again for your cooperation and support. Your valuable contribution will significantly contribute to advancing our understanding of performance management practices within organizations.

Sincerely,

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# The Effect of BSC on Employee Satisfaction

## Questionnaire

Appendix 1A: **Demographic Data** (General Information)

PART-1A: Fill in the blanks provided by a means of a cross (√) by indicating your correct choice.

- Gender:-**            Male             Female
- Age:-**            under 30             from 30-50             above 50
- Educational Level:-**            High school             College diploma   
   Degree Holder             Masters' Degree and above
- **Department/Functional area** \_\_\_\_\_
- Year of service:-**            Under 5 years             From 5-15 years   
   From 15-30             More than 30 years
- **Job Position/Level :-**    Employee/expert     Line Manager   
   Middle level Manager     Top level Manager
- **Marital Status:** Married             Single             Divorced

# The Effect of BSC on Employee Satisfaction

## Appendix 1B: balanced score card effect on employee performance

The following questions are presented on a five point Likert scale.

Indicate with a  $\surd$  in the appropriate answer box, according to the following code definitions: Please rate your response as follows: 1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4 = Agree (A), 5= Strongly Agree (SA)

No	Communication system	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The implementation of the Balanced Scorecard has improved communication within my organization.					
2	Managers and supervisors has direct, clear and timely reported communication with employees					
3	The company has transparent communication system to employees					
No	Leadership and Management system	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	I believe that leadership practices have improved since the BSC was implemented.					
2	My supervisor treats all his/her employees fairly					
	Our management actively involves employees in the goal-setting process through the BSC.					
No	Reward and Recognition	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The BSC has provided clearer criteria for rewards and recognition within my organization..					
2	The company has clear procedure on how to implement the reward policy					
No	Training and Development	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The BSC implementation has led to better training and development opportunities for employees.					
2	Continuous development opportunities are provided based on the BSC assessments.					
No	Work Life Balance	1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)

## The Effect of BSC on Employee Satisfaction

1	The implementation of the BSC in our organization considers a healthy work-life balance.					
2	The BSC helps to set realistic expectations regarding performance without compromising personal time.					
	<b>Feedback and Evaluation System</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
1	I feel that performance evaluations conducted through the BSC are fair and unbiased.					
No	<b>Work Load and Task Design</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
1	The task design in my role has improved since the BSC was implemented.					
2	The company has big concern of creating safe working conditions					
1	The existence of safe working conditions has increased my performance and satisfaction.					
No	<b>Employee Satisfaction</b>	<b>1 (SD)</b>	<b>2 (D)</b>	<b>3 (N)</b>	<b>4 (A)</b>	<b>5 (SA)</b>
1	I feel well-informed about the goals and objectives set by the management					
2	The feedback from management regarding my performance is communicated effectively.					
3	My supervisor understands my problems, needs and wellbeing					
4	I am very satisfied with my manager and management system					
5	My performance is fairly assessed and rewarded through the BSC framework.					
6	The recognition for good work encourages me to work beyond the requirements of my job.					
7	I feel recognized for my contributions because of the metrics established by the BSC.					
8	I receive adequate training to understand my role in relation to the BSC objectives.					

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9	My workload is manageable.					
10	The performance feedback I receive through the BSC is constructive and helpful.					
11	Evaluation criteria established by the BSC effectively reflect my contributions to the organization.					
12	My tasks and responsibilities align well with the objectives set out in the BSC.					
13	I find the distribution of workload in my team to be fair and manageable due to BSC assessments.					

+