

BALANCED SCORECARD AS INTEGRATED CAREER PANNING TOOL FOR OLDER WORKERS

CZEGLÉDI Csilla (HU) – MAROSNE KUNA Zsuzsanna (HU) – HAJÓS László (HU)
Szent István University, Gödöllő, Hungary

ABSTRACT

The Balanced ScoreCard methodology is widely known and used as a general strategic tool. The importance of this method is that it establishes links between strategy, control and monitoring. These functions gave us the idea of applying the method for the measurement of individual performance: older workers represent one of the most valuable human capital of companies because of their special loyal attitude towards the organization. That is why a particular treatment is necessary to retain, and develop them as well as to learn how to work with them. Their increasing ratio in society makes this experience very valuable.

In this paper we are going to present how this surprisingly non-time-consuming method, concentrating only on the main questions, answers and targets, can be used for career planning for older workers.

We are going to show that this core human capital is as important as the general strategy. Older workers can be identified one by one in a Balanced ScoreCard system which is in line with the company's mission and vision. In the centre of this system there is the career vision of the older employee. This vision, from the **financial-employer, customer, operational and learning-developing** perspectives has to be discussed and agreed with the individuals. At the end of the process their goal will be identical with that of the company; identification with the organizational targets won't be a problem anymore.

During this process and as result of it, they feel to be in a safe, secure and predictable position and it will also be reflected in their performance, which can be measured by the given index numbers. Employees are shown these figures at the milestones, and they have the possibility to improve them in time if necessary.

KEY WORDS: integrated personal BSC, loyalty, ageing society, employment

INTRODUCTION

The ageing of the population is a worldwide tendency. The projection for 2060 shows that the ratio of persons aged 65 and over will become much higher (from 18 % to 30 %) in the EU 27¹. It means that the countries affected by this kind of projection have to be prepared for the forthcoming challenge; otherwise they will be facing dramatic social and financial difficulties in the near future. The challenge is reflected in the employment rate of older workers: if they are not involved in the labour market, the economy of the EU will lose a considerable value and at the same time it will have increasing social expenses year by year due to early age pensions and health care. In 1967, Thomas Holmes and Richard Rahe conducted a research involving 5,000 patients, in which they tried to prove that stressful events may cause illnesses. 43 life events were examined and the result showed that retirement is the 10th most stressful factor for any sickness.² This means that early retirement results in higher expenditure. According to the qualitative³ research conducted in 2008 and 2009 in a series of deep

¹ EUROSTAT http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-4_en.pdf

² Holmes TH, Rahe RH "The Social Readjustment Rating Scale". 1967

³ Marosné Kuna, Zs.: The role of non-profit organizations in the fight against discrimination on the basis of age in the field of employment, results and possibilities, AVF, 2009

interviews (Marosné, 2009) with the organizations participating in the employment projects targeting the age group 45⁴ - 64, it turned out that besides the increasing ratio of older workers, health status and knowledge are the most important factors in case of a possible employment. Partial results of ongoing focus group interviews (involving SME companies and multinational firms from 2012⁵) showed that older workers are more loyal to the company, but are not so keen on learning, only if they might lose their position. It is strong interest of the employer, the state, elder workers and the whole society to handle this age group in a special way. On the other hand, SME companies employ 65-70 %⁶ of the total employed workers in Hungary and they rarely use any performance measuring systems. The managers have a general overview of all the employees' every day output, they advise them if necessary but they have no time or energy to record everything⁷. We wanted to find an effective way of doing it.

MATERIALS AND METHODS

Strategic planning is generally used for defining organizational mission and the ways (action plan) of achieving long and short term targets. This process describes the present situation of a firm and the necessary tools needed to reach the goal. In order to have a clear picture of the present situation, the internal (SWOT) and the external (PEST) status of the organization have to be analyzed, too. Using these tools for the purpose of personal development is not new at all: just to mention an example from Szombathely, Hungary where the Savaria Rehab Team non-profit Company⁸ provides personal development services for unemployed and homeless people. These tools have proved to be very useful for defining the position and the targets (besides the problem tree-target tree analysis) because stake holders (the service provider, the target group, the donor and others involved) can clearly see the situation, the expectations and the results.

A similar strategic planning method is the Balanced Score Card System⁹. It has originally four perspectives: customer, operational, financial-owner and learning-development. The speciality of this system is that all the perspectives are closely connected to the mission of the organization in question. In addition to this advantage, the perspectives have their **index numbers, relevant expectations and they also show what measures have to be taken** in order to achieve the agreed measurable goal. This method is used for both for-profit and non-

⁴ As per http://ec.europa.eu/employment_social/social_situation/docs/com221_en.pdf, 29 September 2008., 15.28 (p. 8.) the EU defines mature workers as those between the ages of 50-64. According to Adler, J. A 45 év felettek Foglalkoztatási helyzete, OFA Kutatási Évkönyv 3, Szerk. Pongrácz, L. the economic activity of the 45-49 age group is relatively high, but for those over the age of 50 it is only 43 %. Therefore by considering those over the age of 45 as an endangered generation, we may perhaps be able to prevent their becoming unemployed in 5 years or more.

⁵Conference paper - title: Marosné Kuna-Czegledi: Labour market position of older worker, their education and training possibilities in Hungary - for the International conference of Analysis and Comparison of Forms and Methods for the Education of Older Adults in the V4 Countries, on 11th April, Prague, Czech Republic, Faculty of Arts, Charles University in Prague, Celetná 20, Praha

⁶ Dr. Jelen T., Dr. Giday A., Kerégyártó G., Mihalkovné Szakács K.: A KKV szektor szerepe a foglalkoztatáspolitikában, fejlesztési lehetőségek, BKIK, 2010. p. 77.
www.bkik.hu/container/container_attachments/download/377

⁷ Kertészné Benkóczy L.: Humán erőforrás Tevékenységek alkalmazásának lehetőségei a magyar kisvállalkozások esetében, MSc szakdolgozat awarded by the Hungarian Association of Personnel Consultation, 2008, p. 63.,
http://www.sztnsz.dev.directinfo.hu/uploads/letoltheto_dokumentumok/hr_oscar_palyazatok_2009/2009_legjobb_diploma.pdf

⁸ Savaria Rehab Team, Egyéni Fejlesztési és Szolgáltatási Terv, HEFOP 2.2.2, 2006

⁹ Kaplan R S and Norton D P: "The balanced scorecard: measures that drive performance", Harvard Business Review Jan – Feb 1992. p. 71-80.,

profit organizations¹⁰. The original model has been revised: since in the case of non-profit organizations there is no owner but there are donors and beneficiaries, and on the basis of the revised model it can be used for NGOs¹¹.

The idea comes from the concept that individuals as well as organizations have their own “mission” in life. If the same system (originally used for for-profit firms), with some correction, can be used for non-profit organizations, the Balanced Score Card could be used for personal purposes as well. A person has a long term goal. He/she knows (or is able to define) his/her personal mission and this mission can be in close connection with their financial, learning, physical-mental perspectives as well as with their family-related plans for the near or distant future.¹². And if this system can be used for general personal carrier management, it can also be useful for integrated employee management purposes. In the next part, we describe this method in details.

RESULTS AND DISCUSSION

It is very important that the employee should be familiar with the activity of the organization, should know the general mission of it. We assume that an older worker is aware of these issues. If he/she is a new employee, before the personal development discussion, the person should be informed of the above mentioned major issues. The discussion (between the employee and the direct supervisor) should take no more than 30 minutes, 10 minutes for each step. It can be implemented at SME firms, since it is not time consuming at all, it won't take the employee away from daily work for a long time. Mutual confidence is an essential condition of a successful discussion. In what follows, we present the steps. Besides, in **Figure 1** there are examples for all indices and actions:

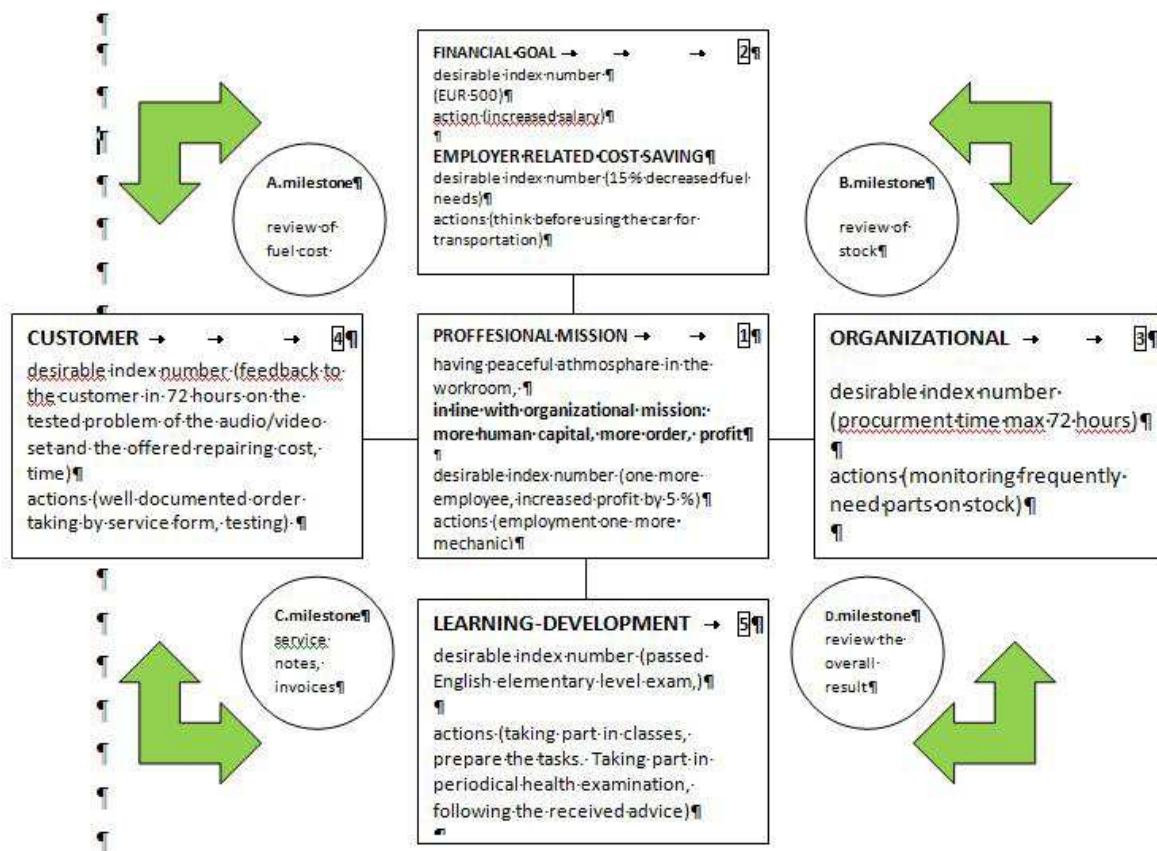
1. The defined and **agreed career mission** (with the main activity) should be in line with the mission of the organization (it can be prepared for a longer term like 5 years or 1 year or both). Older workers have no career plans or visions. What is important for them is to work in decent conditions and to get their agreed salary - which is lower than the market “price” - on time.
2. The next step, the **financial-employer** perspective: the employee defines the salary he/she desires to receive at the end of the period in question and at the same time they agree on the business process related necessary cost saving method and its measurement. Experience has shown that an older worker prefers traditional working hours to flexible ones and free time to overtime possibilities and overtime payment.

¹⁰ Kaplan R S and Norton D P: A stratégia központú szervezet, Panem, 2002, p. 158-191.

¹¹ Mihalka M: Mozgáskorlátozottak Ócsai Egyesületének BalancedScore Cardjának kidolgozása, TDK AVF Humán Erőforrás, Non-profit Section, II helyzet, 2005.

¹² <http://www.bscdesigner.com/personal-scorecard-how-bsc-help-achive-personal-goals.htm>

FIGURE 1. Integrated BSC for an employee working for a small company - a **51 year- old male employee who deals with repairing audio visual sets.** BSC was prepared for ONE year, milestones can be by 3 or 6 months



Source: based on Kaplan R S and Norton D P, 1992. figures, own design

3. From the **organizational** perspective it must be defined what the employee can undertake for the sake of smooth operation. This point also has to be connected to the mission and the relevant action plans of the employer. The action should be beneficial for the company as well. The measurement should contain numbers in order to be comparable. The effectiveness must be defined clearly.
4. The **customer perspective** should consider the improvement of the service. The satisfaction of the customer has to be monitored. The process can be planned, defined if it was not before. The employee has to be asked for his/her opinion and proposals and they have to be discussed; some of them should be accepted so that the employee can feel that he/she is involved. This part of planning contributes to the success of the implementation.
5. The last part– **learning-development** - is the most sensible point, mainly for men. Focus group interviews have shown that they are generally not so keen on taking part in training, unless their job is threatened. The older workers have some deficiencies in IT and the knowledge of foreign languages. They cannot be required to remedy these deficiencies during the examined period. If they find a training area which will possibly provide a sense of achievement for the elderly person, half the battle is won. Having succeeded in it, the employee will be more motivated to take up an IT or a language course in the future. This generation must play an important role in

knowledge sharing or knowledge management¹³. The experience they have is very important for the younger generation, and they are responsible for sharing this experience with them. Another important factor of the development is monitoring the health status of an older worker. Otherwise nothing can be carried out from the performance evaluation agreed on by the employee and the employer.

It is important to mention, that the employee in question is a member of an e-community operating telecommunication instruments in Hungary. They provide help for the members in their daily work. They are in contact on-line, using Skype, so this kind of informal network can be developed into a formal one.

At the end of this process, the milestones have to be defined (exact dates). In the first period, a quarterly review is preferable to a six-month one. If some difficulty arises in the course of implementation, first of all its recognition is important. Then it should be discussed and the original plan must be modified according to the new situation.

CONCLUSION

The above-described idea of applying the integrated BSC carrier planning tool for older workers supports the long term employment of the elder generation. This method helps to start and maintain communication and cooperation between generations. In addition to that, it helps to recognize and handle the special needs of older workers.

During the testing period, two difficulties arose originating from the special type of ownership of SME in Hungary: there are family members in the companies, so it may frequently happen that for example the father is the boss and the nephew is the employee or vice versa. The discussion on the employee's performance under such circumstances is not easy, but not impossible. For all the stakeholders it has to be clear that the family has a common source of income, which makes permanent performance evaluation essential.

Another problem is that older workers gained much of their work experience in the previous political system, in socialism, where the attitudes to customers and organizational interests were quite different from those today.

So the attitude of this generation has to be changed as well in order to conduct the performance evaluation process successfully. Older workers add special value to the product or services of companies: "The multi-generational workplace is the ideal for many reasons. Workers along the age spectrum bring different skills and strengths to the table."¹⁴

It also has to be mentioned that in order to measure its results, we need more case studies and feedback on the effectiveness. This will be carried out in the near future.

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¹⁴ MAROSNÉ Kuna, Zs. – KAPSDORFEROVÁ, Z. – CZEGLÉDI Cs. – HAJÓS, L. (2012/3): Diversity management versus ageism, *Economics of Agriculture*

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CONTACT ADDRESS

Zsuzsanna Marosné Kuna 2100 Hungary, Gödöllő Páter K. u. 1.
kuna.zsuzsa1968@gmail.com

Dr. Csilla Czeglédi 2100 Gödöllő Páter K. u. 1. Hungary, Czeglédi.Csilla@gtk.szie.hu

Dr. László Hajós 2100 Gödöllő Páter K. u. 1. Hungary, Hajos.Laszlo@gtk.szie.hu