

THE IMPACT OF STRATEGIC PLANNING AND THE BALANCED SCORECARD METHODOLOGY ON MIDDLE MANAGERS' PERFORMANCE IN THE PUBLIC SECTOR

Jean-Charles Marin

Professor at the Université du Québec en Abitibi-Témiscamingue (UQAT)
445 boulevard de l'Université
Rouyn-Noranda (Québec) J9X 5E4
Canada

Abstract

The aim of this research is to study the impact of two strategic management systems, strategic planning and the Balanced Scorecard, on the performance and managerial competencies of middle managers working in the public sector. The two strategic management systems are both integrated in a business planning process and the organisation in question is the Defence Department of Canada. The research, supported by a questionnaire, identifies that strategic planning and the Balanced Scorecard are well implemented in the Canadian Defence Sector. Secondly, we discovered that the middle managers working for the Defence Department have the perception that the use of the two strategic management systems has a positive impact on their general performance and also on their managerial competencies. More precisely, we discovered that the competencies of managing change and organisational awareness are the most impacted by the use of the two strategic management systems. Finally, there is a correlation between the two strategic management systems. The more time a managers spends doing strategic planning, the more they are inclined to spend time doing balanced scorecard activities and believe that their performance is increased.

Key words: *Strategic planning, balanced scorecard, middle-managers, managerial competencies, managerial performance, managing change, strategic management, visioning.*

INTRODUCTION

Like several managers in any organisation, public or private, we spend most of our time dealing with the present crisis and operational issues (Armstrong 1982, Pearce et al. 1987). Managers rarely think two or three years into the future to improve their situation and the way they conduct their operations. In fact, research has proven that managers spend most of their time on brief activities and are responding to pressures (Mintzberg et al. 1995). Managers leave the responsibility of dealing with long term matters to high executives who conduct strategic planning meetings and prefer a more centralized strategic planning approach (Mintzberg et al. 1995, Balaji 1987). The purpose of these strategic planning meetings is to prepare the organisation for the future, to analyse the environment so that the organisation can adapt to the changing world, to maximize the use of its resources and to avoid getting beaten by a competitor (Mintzberg et al. 1995, Bryson 2004).

If we compare a middle manager's future time perspective to a senior executive, our first reaction is to say that a middle manager should not even attempt to spend time conducting long term planning meetings and should focus only on the moment because of their focus on operational issues. Middle managers have different future time perspectives and it is all relative to the type of operations they conduct or the length of the projects they manage (Das 1987). Middle managers play a crucial role in strategic thinking and operational implementation in organisation (Blomquist & Müller, 2006). Middle managers are aware of the competition, problems with suppliers and customer's satisfaction and other environmental issues that could help develop strategic decision making (Mintzberg, 1995 & Janczak, 1999). Blomquist & Müller (2006) discovered that, in high performing organisations, middle managers perform activities that are customer-oriented business related but, most importantly, they perform strategic activities. Most managers working in public organisations have structured processes and business models such as project management, business planning, budgeting and other operational systems, models or processes (Bergeron 2001, Nutt & Backoff 1993). The future of the entire organisation and long term planning is often left at the corporate level and cascaded down to lower levels (Bergeron 2001, Thompson & Strickland 2003). It then becomes the role of the middle manager to transform the strategy into short term operations (Blomquist & Müller, 2006).

We believe that, as much as a senior executive, a middle manager or a project manager should spend a proportionate amount of time thinking about the future beyond the operations, just as high executives do for their organisation (Stewart 2001, Bryson 2004, Johnson, Scholes & Frery 2002). Parallel to all other management processes dealing with operations, should a strategic planning process be in place to help all managers at all levels to adapt to their changing environment, to maximize the use of their resources and to improve how they do business? Many researches have proven that strategic planning improves the success of an organisation or there should be a systematic strategic planning process in place (Dutton & Duncan 1987, Chakravarthy 1982, Ansoff 1991, Miller & Cardinal 1994). Such is not the purpose of this research. We conducted an empirical research that identified how strategic planning activities impact the performance of a manager in the public Department, regardless of the future time perspective of the manager.

Objectives of this Research

Kaplan and Norton developed the Balanced Scorecard in 1992. This tool is quite recent compared to other management tools such as total quality management, activity based costing and others. Often, it is used at the strategic level of the organisation and cascaded down. The positive impacts of the Balanced Scorecard on organisations' performance have been researched and published. Furthermore, in recent years, research has been conducted to tailor the Balanced Scorecard for different management systems. The objectives of this research are to measure the impact of a tailored strategic management system and the Balanced Scorecard Methodology on the performance of middle managers working in the Canadian Defence Department.

Limitations and Key Assumptions

Many authors describe strategic management process as strategy formulation, strategy implementation and strategy evaluation (Wheelen and Hunger 1980, David 1986 and others). It is essential to clarify that the scope of this research is about strategy formulation and strategy implementation or more specifically, strategic planning and the implementation of a soft strategic management system and the implementation of the Balanced Scorecard Methodology. The focus of the research is the impact of strategic planning and of the use of the Balanced Scorecard on the performance of middle managers within the Canadian Defence Department. These elements are part of strategy formulation and strategy implementation. This is important to clarify, as the Balanced Scorecard is normally a tool that needs to be developed (formulated) and implemented, but also it is designed originally to help organisations and managers to evaluate and monitor how well they are achieving their strategic formulation and implementation. We will not try to measure how well the tools are being used or how successful the organisations are using them.

I. LITERATURE REVIEW

Strategic Management in the Public Sector

For this research, based on other researches and authors, strategic management in the public Sector will be defined as the integration, at all levels of the organisation, of the continuous management process of formulating, implementing and evaluating the future of the organisation with a time horizon beyond the fiscal year and operational management systems. We decided to add beyond the time horizon of operational management systems in order to exclude multi-year projects or tasks that are sometimes considered within the normal operational management's perspective. The purpose here is not to debate whether strategic management is or is not applicable in project management. Several researches have proven that strategic management tools or systems such as strategic planning, the Balanced Scorecard and vision implementation do improve a project team's effectiveness or project management in general (Norrie and Walker 2004, Stewart 2001, Christenson and Walker 2004).

Strategic management is about the entire organisation practicing strategic management activities and not day-to-day activities related to work, operations or projects, but day-to-day implementation of the strategic plan (Pfeiffer, Goodstein and Nolan 1993). Managing its day-to-day operations, tasks or projects is necessary to achieve success but, then again, not sufficient because the environment changes all the time. It is important to isolate strategic management from operational management as two separate continuous management processes. It is feasible and desirable for a project management team or operations managers to add strategic management tools to the normal operational management systems in place. In this case, the managers involved in the strategic management system must have a time horizon beyond the normal time duration of operations, multi-year tasks or projects in order to affirm that they are practicing strategic management.

Strategic management deals with the environment of the entire organisation and not one specific group within an organisation, one particular process or project. If managers are using strategic management tools and systems for projects or operations, following our definition of strategic management, it implies that those managers are in fact doing planning. They might be using its concepts and ideas, but they are not doing strategic management because they do not meet the important conditions to call this strategic management. The first condition for strategic management is the entire continuous process that includes formulation, implementation and evaluation of strategy (Byars, 1984). Also, the second condition for strategic management is an appropriate time horizon that is beyond the actual fiscal year, programme or project. For this research, we insist on those two conditions as essential to the definition of strategic management in the public Department. We believe it is especially important to understand this definition, as it will lead us to a clear definition of strategic planning, a pillar for this research.

Strategic Management and the Public Sector

In the public sector, strategic management has been widely used by the Defence Department. In fact, most of the terminology in strategic management is borrowed from military terms like mission, objectives and goals (Glueck 1980). It is only in the 1980's that public Department managers started using strategic management (Côté and Malo 2002).

Strategic management is applicable in the public Department (David 1984, Charih and Paquin 1993). It is as important in the public Department as in the private sector. In order to understand how strategic management is applicable with its variations in the public Department, it is important to state significant differences from strategic management in profit versus public Department organisations (Johnson, Scholes and Fréry 2002). It is understood by many researchers that strategic management in the public Department differs from the private sector because the aim of the private sector is to make strategic transformations to the organisation in order to make profit. The market, for the public Department, is replaced by rule making bodies and legislation (Nutt and Backoff 1993). Other distinctions such as political influences, limited powers by laws, responsibilities aimed at the taxpayers and regulations also differ from the private sector (Bryson 1988, Côté and Malo 2002). These differences are strategically important since the public Department is in the business of providing or contracting for services, often not profitable, to the population of the ruling state or government. The following list demonstrates only some of the weaknesses of the public Department versus the private sector, but it must be understood that the private sector also has weaknesses with regards to strategic management.

1. Competition: In the public Department, the notion of competitors is based on the struggle to obtain more funding from higher levels of the organisation (Charih and Paquin 1993);
2. Maximizing the use of resources: In the public Department, all managers must demonstrate that the use of human, financial and material resources is maximized to help justify their budget (various authors);
3. Performance measurement: Services are often intangible and hard to measure (Wheelen and Hunger 1984);
4. Decentralization is complicated: Since services are intangible and hard to measure, the delegation process has some difficulties and results in lower level managers waiting for top management decisions (Wheelen and Hunger 1984); and
5. Focus is more on inputs: Since inputs (financial resources) can be measured more easily than outputs (mostly services), the focus of the public manager is more on resources spending than on providing services (various authors).

Strategy Formulation in the Public Sector

The definition of strategic planning by the Canadian public Department is: "A process that allows an organisation to analyse the internal and external environments, define major priorities and facilitate the resource allocation." (Charih & Paquin 1993). The purpose of the following section is to mention that this definition could add a few more components and the definition given by Charih and Paquin is simply adapted for this research. If we use the definition of strategic management and compare it with strategic planning, the two conditions of strategic management (future time horizon and scope of operations) are applicable to the definition of strategic planning. Based on the findings of this literature review, what we suggest is that strategic planning in the public sector should be defined as outlining a course of action in order to achieve an organisational vision.

We believe it is not necessary to repeat the conditions of strategic management in the strategic planning definition since the vision naturally implies that the time horizon is beyond the fiscal year and the normal scope of operations. Strategic planning and planning could be differentiated using the same analogy as we used earlier to isolate strategic management from operational management. Strategic planning and operational planning both have planning as a common denominator. Planning is defined as outlining a course of action in order to achieve an objective (AMA 1991). Other authors define planning as a conscious, systematic process during which decisions are made about the goals and activities that an individual, group, work unit, or organisation will pursue in the future (Bateman and Zeithaml 1993). From these definitions of planning, strategic planning is differentiated from operational planning, again, by a longer time horizon in the future and a different scope.

The function of planning is divided into several core steps: Setting the objectives, evaluating the environment, analysing alternatives and selecting the best course of action (AMA 1991). Strategic planning differs from operational planning because of the future time horizon (Vancil, Lorange 1983) combined with the scope for that level of the organisation. Therefore, it is arguable to say that strategic planning has the same definition as the managerial function of planning, but with a different scope depending on the hierarchy of the organisation conducting strategic planning (strategic, business and functional levels) and a future time horizon dealing beyond the fiscal year and operational planning systems.

Strategy Implementation in the Public Sector

In the field of management, organizing is described as: “the establishment of the framework and the conditions within which the work of the plan can be done effectively” (AMA 1991). In greater detail, organizing is the management process of:

1. Analysing the work to be done to achieve the objectives of the plan;
2. Defining the work that each position in your organisation will be accountable or responsible for; and
3. Delegating the work. (AMA 1991)

Planning is to strategic planning as organizing is to strategy implementation. There are several models for strategy implementation. David (1986) describes implementation as the restructuring and reorganizing of internal activities to achieve the stated objectives followed by a resource allocation. Strategy implementation is the process of:

1. Designing the structure of the organisation;
2. Ensuring that divisional and functional managers have the right background; and
3. Allocating resources (Digman 1986).

Balanced Scorecard Methodology and the Public Department

Chan (2004) studied the introduction of the Balanced Scorecard and strategic management system in municipal governments in the United States and Canada. The Balanced Scorecard is defined as a tool that translates the organisation’s mission and strategy into a balanced set of performance measures. Chan’s research proved that managers agree that the benefits of using the Balanced Scorecard in a non-profit organisation outweigh its implementation costs. Managers using it as a strategic management system perceive the Balanced Scorecard as a useful management tool. In addition, Chan’s research discovered that 40% of managers have knowledge about the Balanced Scorecard Methodology and the size of the organisation is positively correlated to the implementation of management tools.

Paul Niven (2003) devoted a book on how to adapt the Balanced Scorecard Methodology to the public Department and non-profit agencies. The main difference between the original design of the Balanced Scorecard of Kaplan and Norton and the one proposed by Niven for public organisations is that the mission, instead of the vision, is at the top of the Balanced Scorecard. In the public Department, the mission is aligned with the legislative mandate of the organisation and will dictate the measures of success (Mohanani 2001). Also, the output measures of a “traditional” Balanced Scorecard are financial in nature while for the public Department, the customer’s perspective or good customer service is the output measured and the ultimate goal of a public department organisation (Kaplan 1999).

It is important to state that the customer’s perspective is at the top of a public Department Balanced Scorecard. It does not mean that the financial perspective, along with the internal processes and learning and growth perspectives are of lesser importance.

The main difference is that mission is the reason for being of the public organisation; therefore customer satisfaction is the measure for success and not profit. In the public Department, the financial perspective is seen as a catalyst, not an output.

II. Middle Managers Competencies in the Public Sector

Middle Managers in the Public Sector

To identify what a middle manager is, his/her role is explained as a translator of strategies and policies developed by top managers into specific programs and actions that will be implemented by first-line managers (Hellriegel & Slocum 1982, Schermerhorn 1986, Mangaliso 1995). The role is summarized as a “buffer” between top management and first-line managers. For the purpose of this research, middle managers are defined as managers located between the strategic level of an organisation and first-line managers or supervisors who deal directly with collaborators or workers. (Farquhar 1998). Several researches have found that middle managers’ involvement in strategic planning activities can improve organisational performance (Wolldrige & Floyd 1990). What is important is that middle managers play a central role in strategic management as they often implement strategy and are responsible for informing top management about operational performance (Burgelman, 1983, Nonaka, 1988 and Mangaliso, 1995).

Managerial Competencies and the Canadian Public Sector

The Canadian Defence Department does not seem to have a clear definition of the word competencies (Darr and Morrow 2008) but agrees that it includes a group or combination of knowledge, skills, abilities and other work attributes for any expected performance by a manager (Darr and Morrow 2008). The example stated in Darr and Morrow’s research explains the perspective of the Department of National Defence by providing an example, stated below, of a competency:

“The competency labelled problem-solving might represent a combination of the following: knowledge of issues at hand or of problem-solving methods, analytical or decision making skills, the ability to extract or integrate key information, and a natural interest or aptitude for problem-solving”

The Treasury Board of Canada (2006) created a document explaining the key leadership competencies expected of its managers. This important document explains its purpose is to guide all Departments, including the Department of Defence, in the integration of the competency model. The Model in question includes four major competencies, which are:

1. Management Excellence: Delivering through action management, people management and financial management;
2. Engagement: Mobilizing people, organisations and partners;
3. Strategic Thinking: Innovating through analysis and ideas; and
4. Values and Ethics: Serving with integrity and respect.

From these competencies, behaviours were identified in order to allow the Departments to develop performance measures for its managers (Treasury Board of Canada 2006).

For middle managers specifically, the Government of Canada has developed a corporate competency profile (Government of Canada 2008). There are four different competency categories including, overall, 18 different sub-competencies:

1. Intellectual Competencies which include:
 - a. Cognitive Capacity: Middle managers are able to identify, define and analyse problems or situations and anticipate potential risks. They are able to generate solutions to problems and have an awareness of the potential implications of these solutions.
 - b. Creativity: Middle managers are able to innovate when they face problems and situations.
2. Management Competencies which include:
 - a. Action Management: Middle managers are focussed on reaching goals and accomplishing tasks with the allocated resources.
 - b. Organisational Awareness: Middle managers understand the mandate, mission and business process of their organisation. They also understand the organisational processes in order to reach their business objectives and contribute to the success of their organisation.

- c. Team Work: Middle managers are team players and team managers. They seek expertise from the members of their team and are able to collaborate with a diverse workplace.
 - d. Partnering: Middle managers avoid waste and do better with less. They look for better ways of doing their activities, analyse the efficiency of their processes and look for partnering opportunities outside their organisation.
 - e. Visioning: Middle managers embrace the mandate of their organisation as a framework to guide their operations. They understand the Department's vision and strategic plans.
3. Relationship Competencies which include:
- a. Interpersonal: Middle managers build trust, commitment, loyalty and respect within their organisation. They can facilitate and are solid team players.
 - b. Communication: Middle managers are able to present information clearly and persuasively to their team and higher echelons. They make sure that the plan is understood.
4. Personal Competencies which include:
- a. Stamina/Stress resistance: Middle managers should be able to maintain their effectiveness in judgement and decision-making. They should be able to ask for assistance if needed.
 - b. Ethics and Values: Middle managers should treat their team members with fairness and dignity. They should always act in the best interests of the public service.
 - c. Personality: Middle managers should have the capacity of self-assessment. They set goals for themselves, their unit and team members.
 - d. Behaviour flexibility: Middle managers should have the capacity to adjust strategies and behaviours as new information might arrive and priorities change. They should tailor the procedures to different team members according to the situation.
 - e. Self-confidence: Middle managers should take ownership and responsibility for decisions even with the risk of failure and profusion of critics. They should have self-confidence in their projects and in managing their processes.
 - f. Service: Middle managers should have the capacity to improve the service they provide. They must balance their resources limitations with the needs of their customers.
 - g. Policy: Middle managers must find ways to link their responsibilities to policy framework, implementation and government issues.
 - h. Governance: Middle managers must demonstrate a good understanding of the Canadian parliamentary system. They should understand all aspects of the legislative and judiciary systems and the impact they have on public service.
 - i. Managing change: Middle managers should have the capacity to adapt and shift their priorities according to the changing environment. They should maintain a vigil and remain aware of the overall environment, the big picture. They must identify trends and developments likely to impact their organisation.

For the purpose of this research, the competencies of interest are the ones that are linked to the topic of strategic planning. The competencies of interest are Cognitive capacity, Organisational awareness, Partnering, Visioning, Communication, Behaviour flexibility, Self-confidence, Action Management skills, Service and Managing change.

III. METHODOLOGY

Research Philosophy

The growing interest in strategic planning added to the formalization and implementation of the Balanced Scorecard in the Defence Department represent a great opportunity to adopt a research philosophy that is positivist in nature. Since the objectives of this research are to measure the impact of a strategic management system and the Balanced Scorecard Methodology on the managerial skills of middle managers working in the Canadian Defence Department, we believe that this philosophy is appropriate and will help in reaching objectivity.

Research Questions

Strategic planning and the Balanced Scorecard Methodology are formal processes within the business planning process of the Department of National Defence for level 0 and level 1 organisations (executive levels).

All other levels are not mandated to use the Balanced Scorecard Methodology but are encouraged in getting the training to help them with those strategic management processes. Since the objectives are to measure the impact of the use of these management tools on managerial competencies of middle managers, there is a need to determine if the strategic planning process and the Balanced Scorecard are being implemented. This leads us to question the implementation of these processes. The first two questions that the research will try to answer are:

1. How strategic planning is implemented within the Defence Department?
2. How the Balanced Scorecard is implemented within the Defence Department?

These questions now raise the issue of whether strategic planning and the Balanced Scorecard Methodology, used by middle managers, have an impact on their ability to manage their budget, people and other resources more effectively. To specify how strategic planning and the Balanced Scorecard Methodology impact the managerial competencies, the questions are raised with both concepts (strategic planning and the Balanced Scorecard) separately:

3. How strategic planning improves middle managers' performance?
4. How the Balanced Scorecard Methodology improves middle managers' performance?

Since we are now asking about the implementation of both strategic planning and the Balanced Scorecard within the Department of National Defence, we need to research if there are groups of people that are more inclined to use these processes and tools and what contributes to the implementation. This leads to the following questions:

5. What is the profile of a middle manager that engages in strategic planning activities and uses the Balanced Scorecard?
6. What is the profile of a middle manager that uses the Balanced Scorecard Methodology?
7. What is the profile of a middle manager that participates in strategic planning?
8. What are the contextual issues that affect a manager's ability to participate in strategic planning activities?
9. What are the contextual issues that affect a manager's ability to use the Balanced Scorecard Methodology?

Finally, strategic planning and the Balanced Scorecard will be studied as two separate tools in order to identify if managerial competencies are impacted by their use. It is interesting to suppose that there might be a discrepancy between the two. This leads to the following question:

10. Is there a discrepancy between strategic planning and the Balanced Scorecard Methodology?

Hypotheses

The main issue discussed in this research is to measure a possible impact of the context in which the middle manager is working on the use of two strategic management systems: Strategic planning system and the Balanced Scorecard Methodology. Is there a relationship between the context and the middle manager that is affecting the use of both strategic management systems? The intent is to measure the impact of the usage of those systems on the perceived usefulness and the perceived performance of the middle manager working in the Canadian Defence Department. There were several researches on the use of strategic management systems and organisational performance (Kaplan and Norton, 1993, 2005). There were several researches on the involvement of middle managers in strategic planning activities proving that it increases organisational performance (Wooldridge and Floyd, 1990). This research tries to identify if the use of strategic management systems, in the Canadian Public Department and more specifically the Defence Department, has an impact on the middle manager's managerial performance.

This leads us to the following hypotheses:

H1: Middle managers within the Defence Department have the perception that strategic planning improves their overall performance.

H2: Middle managers within the Defence Department have the perception that the Balanced Scorecard Methodology improves their overall performance.

Measure

The questionnaire was designed to collect data on three categories of variables (figure 1):

1. The context category which includes variables about the organisation of the middle managers working in the Defence Department and the profile of the middle managers questioned;

2. The strategic management systems category which includes variables about the Canadian Defence Department Strategic Planning Process and the Balanced Scorecard Methodology; and
3. The outcome category which includes variables about the perceived impact on performance in general and perceived performance on 10 of the 18 managerial competencies related to strategic management.

The questionnaire was divided in five groups of questions: (1) Information about the middle manager questioned; (2) Information about the Organisation or Unit of the; (3) The Strategic Planning Process and the middle manager; (4) Balanced Scorecard Methodology and the middle manager; (5) Strategic Planning Process and the Organisation of the middle managers. Overall, 39 questions were developed.

Various Groups Studied

When subjects were asked about their knowledge in the topic of strategic planning and the answer was nil, they were instructed to bypass all the questions about strategic planning and were directed to the Balanced Scorecard section. The same option was provided to the subjects regarding their knowledge of the Balanced Scorecard. Therefore, several groups were created: Group 1 represents middle managers within the Defence Department who are using the strategic planning process and the Balanced Scorecard Methodology, Group 2 represents middle managers using strategic planning but not using the Balanced Scorecard Methodology, Group 3 represents middle managers using the Balanced Scorecard Methodology and Group 4 represents middle managers who are not using any strategic management system. (Figure 2) It is important to mention that group 1, group 2 and group 3 will be surveyed for all the questions and hypotheses. The proportion in each group will be an indicator of the overall knowledge of strategic planning and the Balanced Scorecard Methodology within the Defence Department.

Sample Characteristics

Respondents were middle managers of the Canadian Department of National Defence from various types and sizes of organisations, with broad responsibilities and from various business planning levels of the organisation.

Respondents Profiles

As shown in Figure 3, 59% of respondents were male and 41% were female and 80% of them have some college education and above. Fifty-nine percent (59%) of respondents have 10 years or less experience in management and almost 75% of them lead 30 people or less. Large proportions (55%) of respondents are public servants while the others are from the Navy (22.3%), the Army (12.5%) and the Air Force (7.2%).

Respondents Organisation's Profile

As shown in figure 4, almost half of the respondents are from business levels 3 organisations and most of them are from an operational unit (45%) or a headquarter (44%). A third of the middle managers are responsible for \$2 000 000 budgets or more and half of them are managing their activities by functions, while 25% of respondents work by projects and 25% by processes. The respondents belong to the following organisations: the Air Force in a proportion of 22.6%, the Navy in a proportion of 20%, the Army with 13.4%, ADM had 19.7% and 6.9% from Central Commands.

Knowledge of Strategic Planning and the Balanced Scorecard Methodology

Within the various groups described earlier in figure 4, Group 1 has a number of 55 middle managers with a minimum of very little knowledge about strategic planning and the Balanced Scorecard Methodology (18%). Group 2 has a number of 115 middle managers with a minimum of very little knowledge about strategic planning but have no knowledge about the Balanced Scorecard (37.7%). Group 3 has a number of 6 middle managers with a minimum of very little knowledge about the Balanced Scorecard Methodology and no knowledge about strategic planning (2%). Finally, 129 middle managers have no knowledge about strategic planning and the Balanced Scorecard Methodology (42.3%).

Data

Data for this research were collected by means of an electronic questionnaire sent by email to middle managers working for the Canadian Department of National Defence. Before sending the questionnaire, approval was sought from the Directorate of Military Personnel Operational Research and Analysis (DMPORA), the organisation responsible for authorizing any questionnaire sent to public servants for research purposes. A detailed report explaining the intent of the questionnaire was completed and sent to the DMPORA Research Review Board for examination and final approval.

It is important to mention that the questionnaire had to be translated into French in order to respect the two official languages of Canada and the law. The questionnaire was approved by DMPORA on the 10th of April 2008. The questionnaires were sent between the 5th of May 2008 and the 23rd of September 2008. The target population included one thousand four hundred seventy-eight (1478) middle managers ranking from sergeant to major for military personnel and their equivalent for the civilians working for the Department of National Defence of Canada. The questionnaire was sent directly to the middle managers, using existing databases from both the Department on National Defence Manager's Network (982) and the Canadian Forces Management Development School (496). Out of the one thousand four hundred seventy-eight (1478) questionnaires that were sent, five hundred and one (501) middle managers opened the electronic questionnaire and three hundred and five (305) middle managers responded and completed the questionnaire, demonstrating a 20.6% response rate.

Limitations of the Research

Before stating the implications of this research, it is important to mention the limitations of this study. One limitation is the sample size, particularly for the group that contains middle managers who have both knowledge of strategic planning and the Balanced Scorecard Methodology. With a group of 55 middle managers, it was not recommended to conduct a factors analysis. The recommended appropriate sample size for a factors analysis is at least 100 (Field 2004).

The other difficulty is related to the perception of successful implementation of strategic planning and the Balanced Scorecard Methodology by the middle managers. This entire research does not study the quality of the implementation of the strategic management systems within the organisations. Therefore, middle managers might have a perception that the use of strategic planning and the Balanced Scorecard improves their performance and managerial competencies but at the same time, they might use these tools unsuccessfully and unethically.

Finally, the definition of a middle manager is very large and middle managers work at all levels of the organisation (strategic, operational and tactical). It complicates the efforts to identify whether the size of the organisation and the budget play an important role in profiling middle managers using strategic planning or the Balanced Scorecard Methodology.

IV. CONCLUSIONS

Conclusions

Many researches have studied the impact of strategic planning on organisational performance (Dutton & Duncan 1987, Chakravarthy 1984, Ansoff 1991, Miller & Cardinal 1994, Hart & Bandury 1994). Other researches propose the same with the Balanced Scorecard Methodology (Niven 2003, Kaplan & Norton 1995). What we have tried to study in this research is how the use of strategic planning activities and of the Balanced Scorecard impacts on the perceived performance, but at the middle manager level, not how it impacts on the organisation's performance. We have tried also to determine if strategic planning and the Balanced Scorecard Methodology have an impact on middle managers' performance and managerial competencies.

We have therefore hypothesised that the middle manager's competencies, developed by the Canadian Public Sector and general performance are impacted by the use of a highly formal planning system that has a planning focus described as "bottom-up". The same was hypothesised regarding the use of the Balanced Scorecard. The contribution of this research is that middle managers perceive that conducting strategic planning activities or using the Balanced Scorecard Methodology impacts positively on their general performance. At the same time, they perceive that their managerial competencies are positively impacted. From the list of managerial competencies for middle managers working for the Canadian public sector, the first and second skills that are believed to be the most positively impacted by conducting strategic planning activities or the Balanced Scorecard are the following:

1. Remaining aware of the overall environment, the big picture, identifying trends and developments to impact the organisation; and
2. The understanding of the mandate, mission and business processes of the middle manager's organisation.

The first and second competencies that are believed to be the most positively impacted by conducting strategic planning activities or Balanced Scorecard activities are:

1. Managing change; and

2. Organisational awareness.

Another attempt of contribution from this research is the profiling of middle managers engaging in strategic planning activities and/or the Balanced Scorecard Methodology. We were only able to discover that managers with the most experience and with the highest education level were the most inclined to conduct strategic planning activities, and as for the Balanced Scorecard, only the education level was, in the same way, positively correlated.

With respect to contextual issues that affected the manager's ability to participate in strategic planning activities and the Balanced Scorecard Methodology, we have found that the rate of operations impacted negatively on the middle managers in both cases and surprisingly, the higher levels and the executives play an important role since they have a positive impact on the ability of a middle manager to conduct strategy. Hence, formal strategic management systems are definitely an asset for middle managers practicing strategic planning. Since it is mandated, middle managers practicing strategic planning probably have a tendency to read the higher level's strategic plan.

Finally, with regards to the relationship between strategic planning and the Balanced Scorecard Methodology, we had a sample of 55 middle managers who conduct strategic planning and also use the Balanced Scorecard Methodology. Knowing that the sample is small, we were able to correlate and discover that the knowledge of strategic planning has a positive correlation with the knowledge of the Balanced Scorecard. This brings credit to the organisations studied and their attempts to integrate the Balanced Scorecard Methodology in their strategic planning processes and also in the training they offer to their middle managers.

We were able to note that the training offered in strategic planning probably includes the Balanced Scorecard Methodology since the two are highly correlated (0.850 $p=0.01$). The same observation can be made between the two systems since the successful communication of the organisation's strategic plan is also correlated to the successful communication of the Balanced Scorecard. The two are probably correlated since the Balanced Scorecard is included as an integral part of strategic planning. We can also observe, with restriction, that the communication of the organisation's strategic plan and Balanced Scorecard help to present and communicate the entire corporate strategic plan and Balanced Scorecard (0.357 $p=0.01$ and 0.413 $p=0.01$).

As regards the use of strategic planning and the Balanced Scorecard, we have found that middle managers who believe that strategic planning is useful for operational planning and are often using the strategic plan for decision making are members that use the Balanced Scorecard and believe it contributes to a better performance and improves managerial competencies. This also indicates that the Balanced Scorecard is a highly supportive system for people conducting strategic planning and probably very appreciated by those using it.

Future Research

Many recommendations could be made for future research relating to the impact of strategic planning and the Balanced Scorecard Methodology on managerial competencies within strategic management systems that use different approaches or tactics. We were faced with a strategic management system that was bottom-up and mandated at several levels of the organisation. Therefore, comparative researches between strategic management systems and leadership styles would be helpful for organisations implementing management systems. The question raised is: Is there a strategic management system that has a greater impact on managerial competencies than others?

Strictly for the Balanced Scorecard Methodology, as mentioned in the literature review, there are several cases that were studied to prove that it improves organisational performance. This research tried to demonstrate what happens to the middle managers when using the Balanced Scorecards. A similar research, specific to high executives would be complementary to this research, the same as a validation by executives that have the perception that their middle managers improve their competencies would support the findings of this research.

Figure 1. Summary of Variables: Context, Strategic Management Systems and Outcome

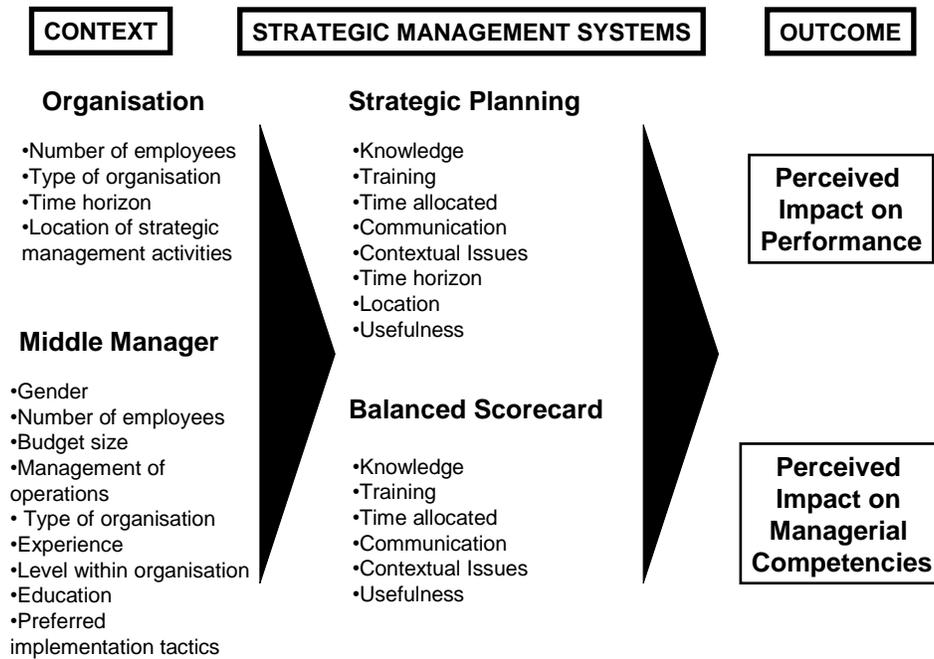


Figure 2. Various groups within the Defence Department with regard to strategic planning and the balanced scorecard methodology

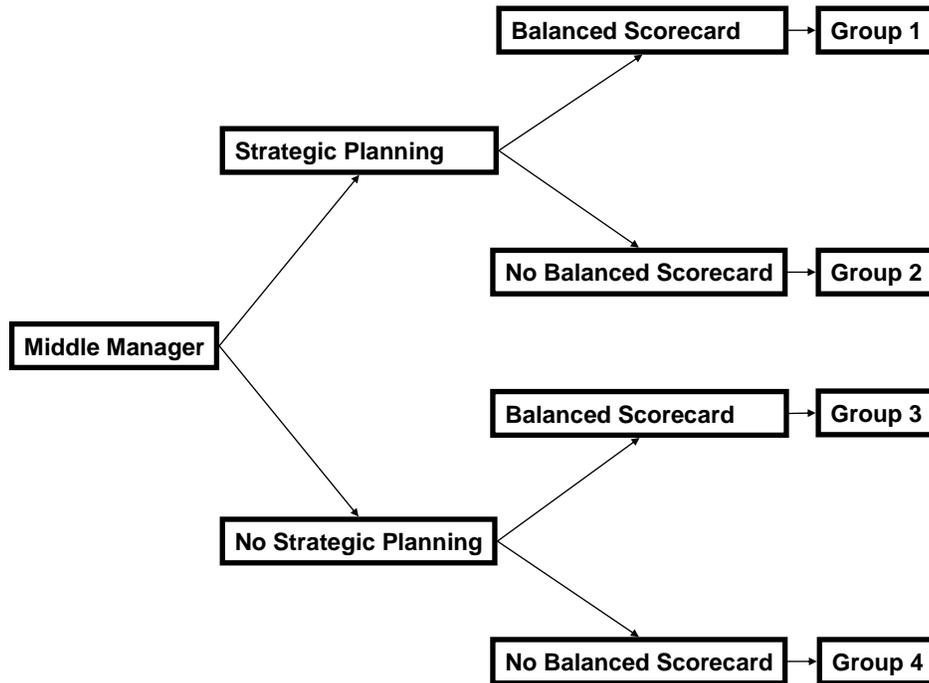


Figure 3. Respondents Profiles

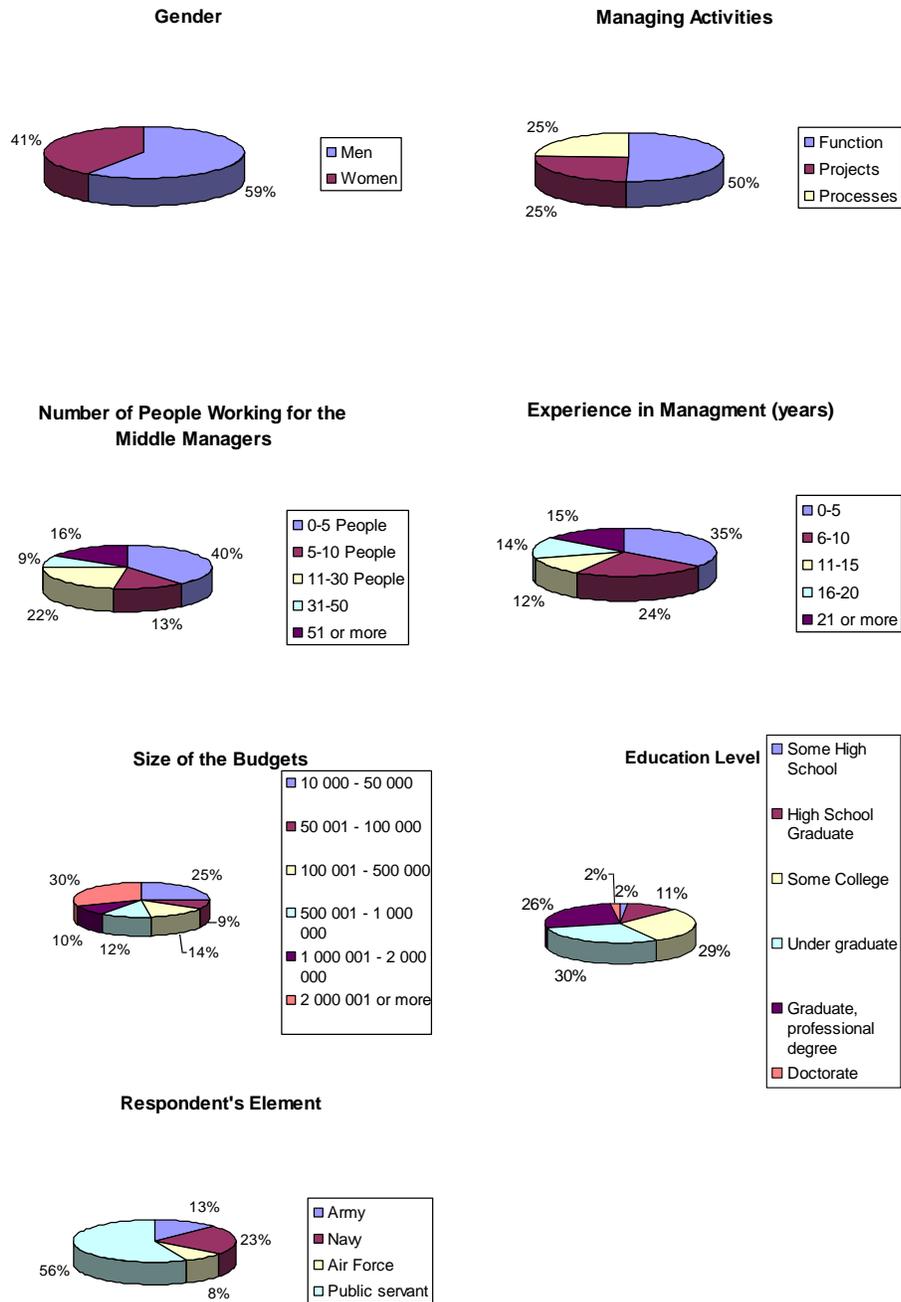
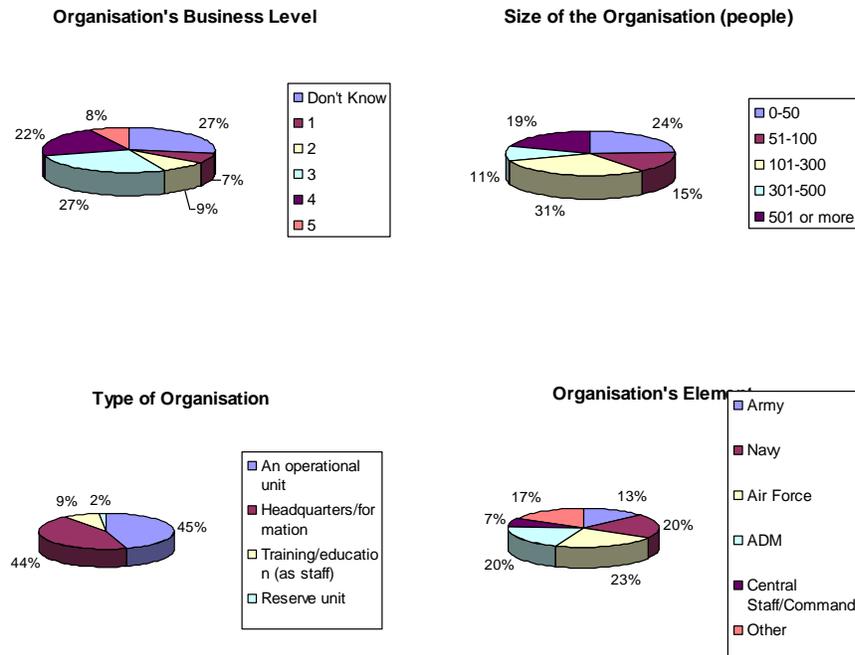


Figure 4. Respondents Organisation's Profiles**REFERENCES**

- American Management Association. (1991), *Essentials of Management*, AMA
- Ansoff, H.I. (1991), "Critique of Henry Mintzberg's "The desing school: Reconsidering the basic premises of strategic management."", *Strategic Management Journal*, vol. 12, pp. 449-461.
- Armstrong, J.S. (1982), "The value of formal planning for strategic decisions: Review of empirical reasearch", *Strategic Management Journal*, vol.3, pp.197-211.
- Bateman, T. and Zeithaml, C. (1993), *Management Function and Strategy*, Boston, Irwin
- Bergeron, P. (2001), *La gestion Dynamique*, Boucherville, Gaëtan Morin
- Blomquist, T & Müller, R. (2006), *Middle Managers in Program & Portfolio Management : Practices, Roles & Responsibilities*, Project Management Institute
- Bryson, J. (1988), *Strategic Planning for Public and Nonprofit Organisations*, San Francisco, Jossey-Bass.
- Bryson, J. (2004), (3rd Ed), *Strategic Planning for Public and Nonprofit Organisations*, San Franciscso, Jossey-Bass.
- Burgelman, R. (1983), "A model of interaction, of strategic behaviour, corporate context, and the concept of strategy", *Academy of Management Review*, vol. 8, no. 1, pp. 61-90.
- Byars, L. (1984), *Strategic Management Planning and Implementation*, New York, Harper and Row.
- Chan, Y.C.L. (2004), "Performance Measurement and Adoption of Balanced Scorecards: A survey of municipal governments in the USA and Canada", *The International Journal of Public Department Management*, vol. 17, no. 3, pp. 204-221.
- Charih, M. and Paquin, M. (1993), "La planification stratégique dans l'administration dans un ministère : les motifs et les conditions de succès", *Optimum*
- Charih, M. and Paquin, M. (1994), *Les organisations publiques à la recherche de l'efficacité*, École Nationale d'Administration, Québec, Université du Québec.
- Chakravarthy, B.S. (1982), "Adaptation: A Promising Metaphor for Strategic Management", *Academy of Management Review*, vol. 7, no.1, pp.35-44.
- Chakravarthy, B.S. and Lorange, P. (1984), "Managing Strategic Adaptation: Options in administrative Systems Design", *Interfaces*, vol.14, no.1, pp. 34-46.
- Christenson, D. & Walker, D. (2004), "Understanding the Role of Vision in Project Success", *Project Management Journal*, vol.35, no 3, pp 39-52.
- Côté, M. and Malo, M. C. (2002), *La gestion stratégique*, Montréal, Gaëtan Morin.
- Darr, W.A., Morrow, R. (2008), "An Evaluation of Competency-Based Approach to Canadian Forces Human Resources", *Director General Military Personnel Research and Analysis*, August.
- Das, T.K. (1987), "Strategic Planning and Individual Temporal Orientation", *Strategic Management Journal*, vol. 8, pp 203-209.

- David, F. (1986), *Fundamentals of Strategic Management*, Columbus, Merrill Publishing.
- Dutton, J. & Duncan, R. 1987, "The influence of the Strategic Planning Process on Strategic Change", *Strategic Management Journal*, vol. 8, pp 103-116.
- Farquhar, C.R. (1998), "Le retour en grâce des gestionnaires intermédiaires auprès de leurs entreprises", *Rapport à l'intention de la Commission de la fonction publique du gouvernement du Canada*, Conference Board of Canada.
- Field, A. (2005), *Discovering Statistics Using SPSS*, Second Edition, New Delhi, Sage Publications.
- Glueck, W. (1980), *Strategic Management and Business Policy*, New York, McGraw-Hill.
- Government of Canada (2008), *Corporate Competency Profile for Middle Managers*, National Managers.
- Hart, S. & Bandury, C. (1994), "How Strategy-Making Processes Can Make a Difference", *Strategic Management Journal*, vol.15, pp 251-269.
- Hellriegel, D. and Slocum, J.W. (1982), *Management*, Third Edition, Philippines, Addison-Wesley Publishing Company.
- Janczak, S. (1999), "Knowledge Integration: A New Approach to the Role of Middle Management", Canada, Thesis, Université de Montréal.
- Johnson, G., Scholes, K. and Fréry, F. (2002), *Exploring Corporate Strategy*, Sixth Edition, Harlow, Pearson Education
- Kaplan, S. (1999), "The Balanced Scorecard for Public-Department Organisations", *Balanced Scorecard Report*, November-December.
- Kaplan, R S., Norton, D P. (1992), "The Balanced Scorecard: Measures that drive Performance", *Harvard Business Review*, January-February
- Kaplan, S., Norton, R. (1993), "Putting the Balanced Scorecard to Work", *Harvard Business Review*, Sep.-Oct., pp. 134-149.
- Kaplan, S. Norton, R. (1996), "The Balanced Scorecard as a Strategic Management System", *Harvard Business Review*, Jan.-Feb., pp. 75-85.
- Kaplan, S. and Norton, R. (2005), "The Office of Strategy Management", *Harvard Business Review*, October, pp. 72-81.
- Kaplan, S. and Norton, R. (2006), *Alignment*, Harvard Business School Press.
- Mangaliso, M.P. (1995), The Strategic Usefulness of Management Information as Perceived by Middle Managers, *Journal of Management*, vol. 21, no. 2, pp. 231-250.
- Miller, C. and Cardinal, L. (1994), "Strategic Planning and Firm Performance: A synthesis of More Than a Decade of Research", *Academy of Management Journal*, vol. 37, no. 6, pp. 1648-1665.
- Mintzberg, H. (1995), *The Rise and Fall of Strategic Planning*, New York, Free Press.
- Mintzberg, H., Quinn, J.B. & Voyer, J. (1995), *The Strategy Process*, New-Jersey, Prentic Hall.
- Mohanan, K.E. (2001), *Balanced Measures for Strategic Planning, A Public Department Handbook*, Virginia, Management Concepts.
- Niven, P. R. (2003), *Balanced Scorecard Step by Step for Government and Nonprofit Agencies*, New Jersey, John Wiley and Sons.
- Niven, P.R. (2006), *Balanced Scorecard Step by Step: Maximizing Performance and Maintaining Results*, John Wiley and Sons.
- Nonaka, I. (1988), Creating organisational order out of chaos, *California Management Review*, vol. 20, no. 3, pp.57-73.
- Norrie, J. & Walker, D. (2004), "A Balanced Scorecard Approach to Project Management Leadership", *Project Management Journal*, vol.35, no.4, pp 47-56.
- Nutt, P.C. & Backoff, R.W. (1993), "Transforming Public Organisations with Strategic Management and Strategic Leadership", *Journal of Management*, vol. 19, no. , pp. 299-347.
- Pearce, J.A., Robbins, D.K. and Robinson, R.B. (1987), "The impact of grand strategy and planning formality on financial performance", *Strategic Management Journal*, vol. 8, pp.125-134.
- Pfeiffer, J.W., Goodstein, L.D. and Nolan, T.M. (1993), *Plan or Die*, San Diego, Pfeiffer and Company.
- Schermerhorn, J.R. (1986), *Management for Productivity*, New York, Wiley and Sons
- Steiner, G., Miner, J.B. and Gray, E.R. (1986), *Management Policy and Strategy*, USA, Macmillan Publishing Company.
- Stewart, W. (2001), "Balanced Scorecard for Projects", *Project Management Journal*, vol. 32, no. 1, pp 38-53.
- Thompson, A. and Strickland A.J. (2003), *Strategic Management Concepts and Cases*, New York, McGraw-Hill.
- Treasury Board of Canada (2006), "Key Leadership Competencies", *Public Service Human Resources Management Agency of Canada and the Public Service Commission*, Her Majesty the Queen in Right of Canada.
- Vancil, R. and Lorange, P. (1983), "Strategic Planning in Diversified Companies", *Strategic Management Harvard Business Review*, New York, John Wiley and Sons, pp 201-215.
- Wheelen, T. and Hunger, J. (1980), *Strategic Management*, Pennsylvania, Addison-Wesley.
- Wooldridge, B. and Floyd, S. (1990), "The Strategy Process, Middle management involvement, and the organisational performance", *Strategic Management Journal*, vol. 11, p.231-241.