**THE EFFECTIVENESS OF BALANCED SCORECARD AS PERFORMANCE MANAGEMENT TOOL AT ETHIOPIAN MANAGEMENT INSTITUTE**


**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF    St. MARY's UNIVERSITY IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS DEGREE IN BUSINESS ADMINISTRATION**


**BY**
**SELAMAWIT AMDEBERHAN**


**ADVISOR: DR. TEMESGEN BELAYNEH**


**JUNE 2016**
**ADDIS ABABA, ETHIOPIA**

# ACKNOWLEDGEMENTS

## *Abstract*

*The main purpose of the study was to assess the effectiveness of BSC implementation as a tool of performance management system in the case of Ethiopian Management Institute (EMI). The assessment attempted to examine the extent in the effectiveness of BSC planning, its implementation and its achievement, identifying major problems encountered by EMI and mechanism or strategies in place to ease the implementation. Descriptive survey method was employed to conduct this study. With regard to sampling the respondent of the study were conveniently stratified by the organization as supportive and core staff that was major source of the data. Then 112 supportive and 58 core staffs were selected by simple random sampling techniques. To attain the objectives, the study were employed both quantitative & qualitative research approaches. The entire closed end questions were analyzed quantitatively using the Frequency, Percentages, Average Mean, Standard deviation, Independent t-test and Chi-Square test. Besides, the data obtained from open-ended questions, interviews, observation and document analysis were transcribed to supplement the quantitative data. In order to assess its effectiveness in performance management, the study utilized the four perspectives of the BSC. Based on these the data was computed in SPSS and analyzed. The finding revealed that, majority of the respondents perceived that there was low participation in planning, low automating system, no established performance evaluation and rating system. The customer oriented activity not competitive and assignment and hiring of process owners was not according to merit. Among many, the major problems for hindrances of the performance of the organization were low participation in planning and budgeting, inconvenient performance evaluating system, inappropriate hiring and assignment of performer. Conserving to conclusion for the implementation of BSC in the organization give to the organization changing environment, effective customer service and profit maximization. On the other hand the top-down approach of BSC was inhibited the participation of all performers in the preparation strategic plan, budgeting and Revision of plan. The automating of BSC systems were not implemented, as the result of this the organization hinder from Documentation, Reporting and Decision making system of the institute. In addition to these, assigning and hiring of process owner was not according to merit and performance measurement or evaluation tools were not well prepared and not engaged to evaluate the performance of the performer these reduce the competitions that individual and team relatively might have relative to the intended result. Even though, BSC could create new culture of change environment within the organization, they still are not properly using it as a tool for high-quality performance management system for better execution of their strategy. Therefore, the study recommended that government bodies should establish transparent and accountable working environment in all directions. In addition to these EMI should place a competency based selection criteria for the hiring and assigning of the process owners.*

*Key Words: BSC, Performance management*

# Contents

Reference

Appendices

## ACRONYMS & ABBREVIATIONS

**BPR:**   Business Process Reengineering

**BSC:**   Balance Scorecard

**EMI:**   Ethiopian Management Institute

**IT:**   Information Technology

**SWOT:**   Strength, Weakness, Opportunity and Trait

**HRD:**   Human Resource Development

**HROD:**   Human Resource and Organization Development

**OD:**   Organization Development

**SPSS:**   Statistical Package for Social Science

**TQM:**   Total Quality Management

<div align="center">**CHAPTER ONE**</div>

<div align="center">**1. INTRODUCTION**</div>

This research shares knowledge on the effectiveness of implementing Balanced score Card (BSC) as performance management tool in Ethiopian management Institute (EMI's). The paper contains background of the study, organizational profile, and statement of the problem, objective of the study, delimitation for the study, definition of key terms and organization of the study.

## 1.1 Background of the Study

As Ir.M. Geense (2005) wrote in the managerialaccounting.com web site, Balanced Scorecard was first introduced in the early 1990's through the work of Schneidermann, Robert Kaplan and David Norton of the Harvard Business School. Since then, the concept has become well known and its various forms widely adopted across the world.

Because of the dynamic nature of the global economic environment, many business organizations failed to survive which resulted from the successive losses they face and the decline in their market. The reason for this was not due to the lack of a strategy to work, but failure to communicate with the staff in implementing their strategies. Today, organizations have become in need of a certain mechanism to implement their strategies and for better utilization of their employees' performance. To alleviate from those problems, BSC which is offered by Kaplan and Norton can be the best solution.

As Kaplan and Norton suggested a new performance management approach that focuses on corporate strategy in four perspectives. BSC aims to make the contribution and the transformation of soft factors and intangible assets into long-term financial success explicit and controllable. From four BSC's perspectives the learning and growth characterized briefly as follows (Kaplan S. , 2002).

<div align="center">1</div>

From the strategic map, learning and growth, describes the orgaqnization intangible assets and their role in the strategy. Intangible assets can be classified into three categories. Human capital /strategic competencies/, information capital /strategic information/ and organization capital /culture/. Therefore, the intangible assets must be aligned with the strategy in order to create value (P.Norton, 2004).

As indicated by (Kassahun, 2010), the emerging global trends, new economic challenges, the rapid growth of human capital and the requirement for multilingual proficiencies are some of the challenges that developing countries need to face. The role of education in building workforce and management capable enough to cope with these challenges has been appreciated and gained much more attention from various governments than ever before (Gill and Lashine, 2003). Particularly, higher education, as the most important source of educated and skilled people, is increasingly recognized as an important way of forming rich human capital through providing high quality education and in addressing the pressing problems of a nation (Karname et al, 2004).

In particular,  today's knowledge-based economy, higher education institutions (HEIs) as the centers of developing human resource play vital role in countries' economic growth and development processes (King, 1995). So strategic planning has got a vital importance for such institutions. Therefore still challenge to the developing country to bulled effective strategic focused organization to sustain the economic development.

According to (Kassahun, 2010), Ethiopia has survived with very limited higher learning opportunities for many decades. However, more recently, the doors are being widely open for potential learners to get access to educational opportunities at various levels more universities and colleges are being opened in the last few years. This quantitative surge requires quality checks/controls through systematic management tool. There is a consensus among scholars that establishing BSC serves as an important tool to measure and manage academic excellence in higher learning institutions. To enhance the participation of the excellence in the development of economy adoption of new management tools is too important.

## 1.2 Organizational Profile

As described in different leaflets of the institution, Ethiopian management institute (EMI) is one of the known management institution established recently in Ethiopia. EMI goes back to the 1950s where by the need to introduce modern management systems in the country were recognized by that time government. Cognizant to this, Economic Development and Public Administration Institution was established in 1954 to shoulder the responsibility.

Coming from its predecessors EMI was created in 1984 as a management institution initially to enhance the management development capabilities of government Institutions. It was transformed later in 1994 in to a full-fledged National and specialized human resources and management development organization extending its scope of operation to serve the private sector and NGOs as well. Since then, EMI has established itself as a major governmental management development institution dedicated to improve managerial performance and organizational effectiveness through Research, training, and consultancy interventions.

The profound economic, social and institutional challenges facing the Nation can largely be attributed to problems of management. It was in recognition of the importance of developing indigenous national management capabilities, to fostering the nation-wide development effort, that the government established EMI with the mandate "to enhance the performance and management effectiveness" of the public sector, the private sector, civil Institutions and development agencies.

Over the years, EMI has moved from concentrating on training of supervisors, middle-and top-level management of public sector to private sector and NGOs. It has been providing training on different management courses through regular/open training programs.

Among the national capacity building programs, the government has given priority to build capacity of the public sector, based on this priority the civil service reform program is being widely exercised in civil service organizations. Tremendous effort is required to implement this program whereby EMI is also demanded to gear its focus on building managerial capacity of civil service organizations. As a result, EMI is currently in the process of transforming itself to this policy direction provided by the government.

EMI has developed its strategic plan by which it has assessed its macro and micro environment. On the basis of its mandate and stakeholders expectations the institute has determined its envisioned future, how of a strategic intent and values govern its performance as portrayed here under.

EMI's vision is to be a leading management development center that enables the civil service and other institutions to provide efficient and effective services. It has also a mission of building managerial capacity of civil service and other organizations through need based and result oriented training, consultancy, research and other interventions.

As shown in ministerial-leadership.org web site titled as "BSC basics', BSC helps to improve performance measurement and strategic management system in the organization by translating vision and strategy in to action, it defines the strategic linkages to integrate performance across organizations, it communicates objectives and measures to a business unit, joint venture, or shared service Aligns strategic initiatives, Aligns everyone within an organization so that all employees understand how and what they do support the strategy, Provides a basis for compensation and Provides feedback to the senior management if the strategy is working.

The EMI managers know and conduct BSC as performance management system but, According to four years evaluations of the EMI'S report indicate that, there is good experience and new lesson to other organization who are ready to learn from them. But still they face different problem such as, lack the full execution of the plan, ineffective communication between the performers according to the plan, lack of understanding about BSC at root level. So, the research will be conducted in reference to the main conceptual frameworks of BSC, like its four perspectives of customer, Financial, Internal business process and learning and growth and to assess the effectiveness of BSC as performance management tool using both qualitative and Quantitative data in the specified institution.

### 1.3 The Problem Statement

It is not known how and to what extent performance management systems improve employees' competency and/or be a challenge for strategic goals. In the current competitive market environment among local organizations and the need for national and international competitiveness calls for improved performance of each individual and teams working together to achieve organizational goals.

Without having a high performing employee and units it will be difficult for organizations to compete with national and international market. To ensure market competitiveness performance management system is highly desired to develop the capacity of the employees and inspired them to put maximum effort in the realization of organizational goals. Performance Management System depends on the performance of an employee in terms of skill, knowledge and attitude. The more people are developed and able to work toward the strategy, the more they are important to the organization.

The reason for the existence of performance management system in an organization is to improve organizational result, deploy a culture that will attract and develop employees, create a good relationship between leaders and employees, enhance meaningful work cooperation among employees, generate an opportunity for growth and development and to make clear on understanding of work objectives. Beside this performance management system will provide information about where employees are in performing day to day activities for the achievement of organizational goal, it gives developmental feedback on the strength and weakness of employees so as to keep the strengths and work on the weakness, it distinguishes good and poor performers and also it uses as a base for HR system improvement in personnel selection as well as design of training programs. In addition to this it will decrease employee turnover, increase productivity and enhance employee well-being in knowing how they are doing by relating their status in the organization in the future.

Even though performance management system has so many advantages both for organizations and employees, it needs a high degree of involvement from senior management and leadership. A key to successful performance management is the ownership and leadership of senior management. When management owns the system instead of HR, and when senior leaders support it, performance management systems are much more effective. It is hard to imagine any organization having an effective performance management system without strong senior leadership.

There might be a quite beautiful policy and procedure which clearly shows the steps, benefits and implementation process of performance management system. But it only can be kept on paper as a policy unless it is converted into practice. This is the rational for the student researcher to assess the practical

implementation of the performance management system at Ethiopian management Institute.

Ethiopian Management Institute is one of the biggest training institutes in Ethiopia which strives to design and deliver a number of management development programs with the aim of enhancing the managerial capacity of different sectors. This will have a great impact in the vision of Ethiopia to be one of the middle income countries in two decades which will be realized by different actors in the economy who have the capacity and capability of implementing the development plan of the country. Cognizant to this, the country needs a highly qualified and competent human resource in different sector. In this regard, EMI has a very huge contribution in developing the capacity of organizations by providing research based training and consultancy service (EMI brochure 2013/14). Through a well-developed and motivated staff, achieving its vision and mission means a lot for EMI. As a result EMI needs a well designed and implemented performance management system to enhance the performance of its employees who are responsible in capacitating others.

### 1.4 Basic Research Questions

To assess the effectiveness of BSC as performance management tool and the prevailing problems related with it, the study will be guided by the following basic research question

1. How does EMI practice BSC as performance management system?
2. What major achievements have been generated by EMI as the result of BSC implemented as performance management system?
3. What are the major problems EMI encountered while implementing BSC as performance management system?
4. What possible strategies would be proposed by EMI to enhance the effective implementation of BSC as performance management system?

### 1.5  Objectives of the study

### General Objective of the Study

The major objective of the study is to assess the effectiveness of BSC as performance management tool in one of the selected Ethiopian sector organization Ethiopian Management Institute.

### Specific objectives of the study

The study will have the following specific objectives.

1. To assess the practices of BSC in the sector organization as performance management tool.
2. To identify major achievements in EMI interventions since BSC's implementation.
3. To assess the major problems in the sector organization since the commencement in implementing BSC as performance management system.
4. To assess the possible strategies set by the sector organization and remedial actions to enhance the effective implementation of BSC.

### 1.6 Basic Research Questions

To assess the effectiveness of BSC as performance management tool and the prevailing problems related with it, the study will be guided by the following basic research question;

1. How does EMI practice BSC as performance management system?
2. What major achievements have been generated by EMI as the result of BSC implemented as performance management system?
3. What are the major problems EMI encountered while implementing BSC as performance management system?
4. What possible strategies would be proposed by EMI to enhance the effective implementation of BSC as performance management system?

### 1.7 Significant of the study

The result of this study is expected in general to indicate the challenges and problems faced during the effective implementation of BSC as performance management system in EMI and take remedial action, and in particular be significant to each level of organization in providing firstly valuable input and direction to the management institute planning, implementation and evaluation of BSC, secondly in identifying the major problem for the effectiveness of BSC planning and implementation, Thirdly in forwarding some specific and practical recommendation for future actions and the basis of the findings and lastly in serving as a reference material to those individual who have the desire to deal with such similar case. More specifically, it serves as a starting ground, and encourage interested researches for further investigation as well as to help as a spring board to undertake in depth study.

## 1.8 Delimitation of the Study

A few organizations try to adopt BSC but they are not in a good position of implementing it, there is no lesson to learn from them as it is written by ukessays.com (2015) on the essay made in Ethiopian Airlines. Due to this the researcher selects the organization that adapts and employs the full scale of the program. Therefore, the study delimits to Ethiopian management institute. On the other hand, BSC has its own development stage and form such as, BSC as performance measurement system, BSC as strategy execution and BSC as performance management system. Therefore, due to budget and time constrains the study has been delimited to BSC as performance management system in EMI. Thus, the findings of this assessment helps to this institute as well as to other organizations.

## 1.9 Limitations of the Study

This study did not come to an end without draw backs, the major factors that contributed to the limitation of the study.

First, for such type of research topic focus group discussion (FGD) is one of the essential tools for getting reliable data. But, as a result of certain inconvenient situation that forced to change the instrument FGD in to interview.

Second, the study involved only one organization it was not including other government or private organization. This was done because; conducting the research in all organization was too difficult due to time and budget constraints. This might be taken as limitation.

Third, lack of the domestic literature and books, due to the recentness of the concept, especially in Ethiopian contexts. So that had it been possible to access these literatures. It would have been possible to substantiate more and come up with better work. Hence, this problem contributed to the limitation of the study. Attempts were made to overcome these limitations by making use at same unpublished materials from different universities, Journals and literatures with world wide experience.

Generally, because of the above mentioned short comings and limitation the study by no means claims to be conclusive. It would rather serve as a springboard to study the effectiveness of BSC implementation as performance management system tool in EMI in detailed and comprehensive approach.

### 1.10    Operational definition of term

**Goal**: An overall achievement considered as critical to the future success of the organization. Goals express where the organization wants to be.

**Measurement**: A way of monitoring and tracking the progress of strategic objectives. Measurements can be leading indicators of performance (leads to an end result) or lagging indicators (the end results).

**Objective**: What specifically must be done to execute the strategy; i.e. what is critical to the future success of our strategy? What the organization must do to reach its goals!

**Programs**: Major initiatives or projects that must be undertaken in order to meet one or more strategic objectives.

**Target**: An expected level of performance or improvement required in the future.

**Vision**: An overall statement of how the organization wants to be perceived over the long-term (3 to 5 years).

### 1.11    Organization of the Study

This study consists of five chapters; chapter one deals with the problem and its approach whereby background of the problem, statement of the problem, objective of the study, significance of the study, delimitation, limitation and definition of operational terms. The second chapter presents the review of related literatures that lays conceptual framework of the study. The third chapter discusses the research design and methodology which is followed by chapter four where presentation and analysis of data would be handled. While chapter five presents summary of the findings, conclusion and recommendation of the study. Finally, list of reference material used for the study, sample questionnaires, interview guide, observation check list and pilot testing result are attached to the appendix of the report.

# CHAPTER TWO

## REVIEW OF RELATED LITERATURE

### 2.1  Brief History of Balanced Scorecard

Since the early 1990s when Robert Kaplan a professor at Harvard University and David Norton a consultant from the Boston area developed the Balanced Scorecard there have been many different Balanced Scorecard applications in all types of industries both in the United States and internationally. Several articles and books have been written on the Balanced Scorecard methodology and there are a variety of software products to assist and expedite implementation of this performance measurement and management process. Historically performance improvement systems have focused on measurements and indicators alone. What is unique about the Balanced Scorecard approach in contrast to other methods is that it links strategy with performance and goes beyond the traditional financial metrics in determining whether or not an organization has been successful. Integral to BSC is the notion that an organization's strategies and their execution

are among the most important factors in performance improvement (Lawrie, 2004).

The shift from an industrialized economy to knowledge or information economy has necessitated a change in how value is determined. According to management researchers, value is now associated more with intangible assets (employees or knowledge) than traditional tangible assets (equipment or plant). Instead of focusing solely on historical financial data, new management concepts were needed to more effectively assess how well an organization was performing (Maisel, 2001).

In 1999, a Fortune magazine story suggested that 70 percent of CEO failures came not as a result of poor strategy, but of poor execution. In addition, it is estimated that nine out of ten organizations fail to implement their strategies.

Over the past twelve years, several methodologies have been developed in various industries to address the need for a more "balanced" way to assess and manage performance (e.g. Economic Value Added (EVA), Value Chain Analysis (VCA), Total Quality Management (TQM), and European Foundation for Quality Management (EFQM), Six Sigma etc.). The fields of organizational development and human performance technology have blossomed in this decade, all focused on better methods to assess and manage performance in organizations (Niven, 2002).

The Balanced Scorecard (BSC) now has a documented history of successful implementation in several organizations including management institute. Benefits of implementation have included, increased financial returns, Greater employee alignment to overall vision, mission and goals of the organization, improved collaboration and Unrelenting focus on strategy.

## 2.2 The Meaning, Concepts and Essence of Balanced Scorecard

The Balanced Scorecard is a tool that translates an organization's mission and vision of the strategy into a comprehensive set of performance measures that provides the framework for a strategic performance measurement and management system. The Balanced Scorecard is an approach for driving organizational improvement toward pre-selected goals which keeps track of progress through carefully selected measures (Kaplan, 1992).

In essence, the Balanced Scorecard approach insists that management track four different types of measures: Financial measures, Customer measures, Internal Business (Process) measures, and Innovation and Learning measures. Using the Balances Scorecard approach and organization identifies corporate objectives

within each of the four categories, and then aligns the management hierarchy by assigning each managers own scorecard with more specific objectives in each of the four categories. Properly used, the system focuses every manager on a balanced set of performance management (Kaplan, 1992).

The Balanced Scorecard is also an integrated management system consisting of three components: 1) strategic measurement system, 2) communication tool and 3) management system.  It results in a carefully selected set of measures derived from and linked to an organization's core strategies. The measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.

Companies are using the scorecard to clarify and update strategy, communicate strategy, align unit and individual goals with strategy, Link strategic objectives to long term targets and annual budgets. Identify and align strategic initiatives and conduct periodic performance reviews to learn about and improve strategy (Niven, 2002).

The concept was developed from the observation that traditional performance measurement systems that were largely based upon financial and non financial performance indicators would be inadequate to push organizations of the future. Such financially based performance measurement approaches were seen as having a number of serious drawbacks (Kaplan, 1992).

As Modell (2011) state the development of BSC can be traced through the gradual evolution of the BSC as a strategic management system (Kaplan & Norton 1996) into comprehensive strategy maps (Kaplan & Norton 2001, 2004) and vehicles of corporate-wide strategic alignment (Kaplan & Norton 2006). The BSC approach sees the performances of any organization or association from four perspectives and the following is a description of the BSC perspectives based on Kaplan and Norton (1996).

I. **Financial Perspective:** Financial measures convey the economic consequences for the actions already taken by the organization, and focus on the profitability related measures on which the shareholders verify the profitability of their investment. Therefore, under this perspective managers are required to generate measures that answer the following question:

*"To succeed financially, how should we appear to our shareholders?"* Kaplan and Norton acknowledge the need for traditional financial data. Under this

perspective the most common performance measures incorporated are: return on investment (ROI), Cash Flow, Net Operating Income, Revenue Growth, etc.

II. **Customer Perspective:** This is a strategy for creating value and differentiation from the perspective of the customer. The managers are obligated to produce measures to respond to the following question: *To achieve our vision, how should we appear to our customers?*

Distinctive measures used under this perspective are: customer satisfaction, customer complaints, and customer lost/won, sales from new product, etc.

III. **Internal Business Process Perspective**: This is a strategy for producing goods and services in the most efficient and effective methods. Consequently, managers are obligated to offer measures that answer the following question*: To satisfy our customers and shareholders, what business processes must we excel at?* The essential idea of this perspective is the consequences of the internal business processes which lead to financial success and satisfied customers. Commonly used measures for this perspective are: cost of quality, cost of nonconformance, process innovation, time savings etc.

IV. **Learning and Growth Perspective:** Under this perspective managers must identify measures to answer the following question: *"To achieve our vision, how will we sustain our ability to change and improve?"* Actually, this perspective is related to the employees of the organization, and it measures the extent to which the organization exerts efforts to provide its employees with opportunities to grow and learn in their domain. Kaplan and Norton acknowledge that the learning and growth measures are the most difficult to select; therefore they suggest the following measures as examples: employee empowerment, employee motivation, employee capabilities, and information systems capabilities.

Kaplan & Norton (1996) assume causal relationship between the above four perspectives and their assumption links organizational learning and growth with internal business processes, internal business process with customer perspective and finally customer perspective with financial perspective.

Fig. 1 Four perspectives of balanced score card
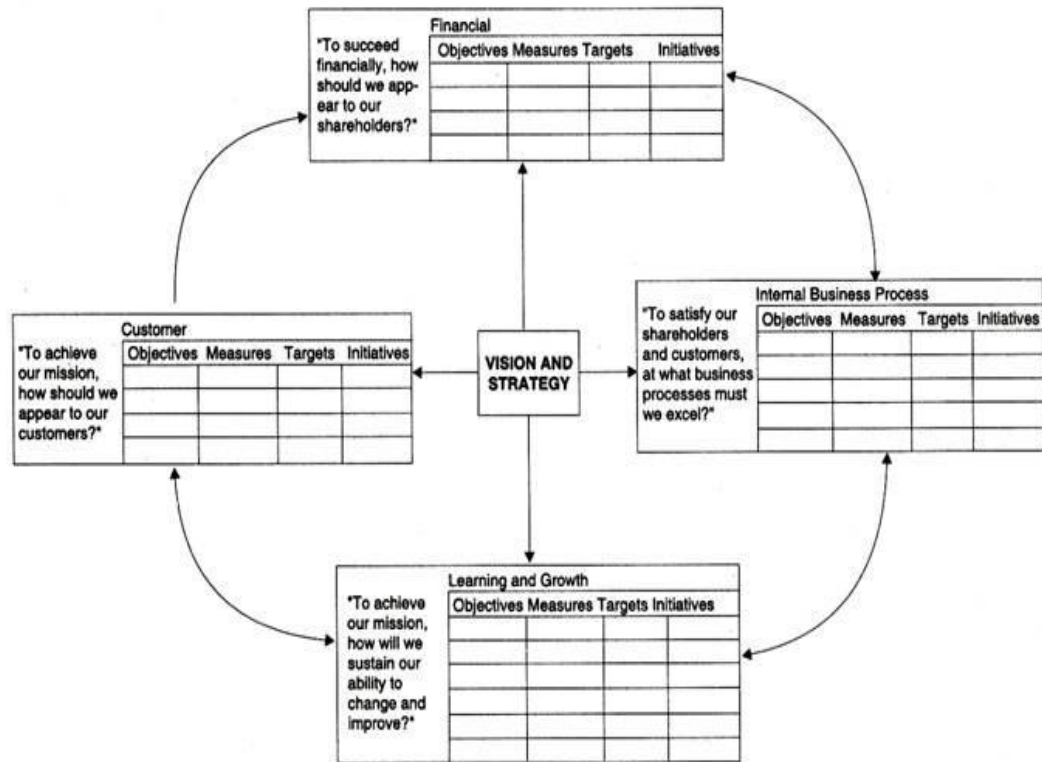
Source: Rohit Agarwal (2015) Perspectives in Balanced scorecard (4 perspectives)

### 2.2.2 The Balanced Scorecard Generation and its Development

### 2.2.2.1 The 1ST Generation of Balanced Scorecard

Balanced Scorecard was initially described as a simple, "4 box" approach to performance measurement tool (Kaplan and Norton, 1992). In addition to financial measures, managers were encouraged to look at measures drawn from three other perspectives of the business: Learning and Growth, Internal Business Process, and Customer, chosen to represent the major stakeholders in a business (Mooraj, 1999).

Definition of what comprised a Balanced Scorecard was sparse and focused on the high level structure of the device. Simple causality between the four perspectives was illustrated but not used for specific purpose. Kaplan and Norton's original paper's focus was on the selection and reporting of a limited number of measures in each of the four perspectives (Kaplan and Norton, 1992). Original work makes no specific observations concerning how the Balanced Scorecard might improve the performance of organizations; the implication is that the provision of accessible relevant measurement data itself will trigger improved organizational performance. However, they do imply that the source of

these improvements is changes in behavior. It establishes goals but assumes that people will adopt whatever behaviors and take whatever actions are necessary to arrive at those goals (Gavin, 2002).

In the light of this, the basis for selecting the goals represented by the Balanced Scorecard is of some importance. But in their first paper Kaplan and Norton say little about how a Balanced Scorecard could be developed in practice beyond a general assertion that design involved putting vision and strategy at the centre of the measurement system (Neely, 2002).

As mentioned above Kaplan and Norton (1992) introduced four perspectives from company activities that can be evaluated by management as follows: Financial Perspective: how we can satisfy stakeholder? Customer Perspective: how we can satisfy customer? Internal Business Perspective: what processes that we should offer in order to achieve company success? Learning and Growth Perspective: how we can maintain ability to face company changes? The four box diagrammatic representation of Kaplan and Norton's original Balanced Scorecard design.

## 2.2.2.2 The 2nd Generation of Balanced Scorecard

2nd Generation Balanced Scorecard saw the idea of causality developed further instead of simply highlighting causal links between perspectives, internal documents from one consulting firm's work (Kaplan and Norton, 1993). Defined strategic objectives linked together using a causal strategy map to help identify the activities and results that needed to be measured (Niven., 2005).

Maintaining the focus that Balanced Scorecard was intended to support the management of strategic implementation, (Kaplan and Norton, 1996) further described the use of this development of the Balanced Scorecard as the central element of a strategic management system. One consequence of this change in emphasis was to increase the pressure on the design process to accurately reflect the organization's strategic goals. Over time the idea of strategic linkage became an increasingly important element of Balanced Scorecard design methodology (Brewer, 2002).

As objectives began to appear in graphical representations of linkages, so they began to require short titles. To compensate the idea of objective descriptions associated with strategic objectives emerged. These descriptions, which were simply longer paragraphs describing in more detail the meaning of the objective, are symptomatic of a significant increase in the volume of purely design related

documentation associated with the design of Balanced Scorecards  objectives began to be assigned to owners, measures to objectives. Early software reporting systems began to enhance these elements of design information by linking it with measurement data, and using email and diary systems to enable speedy diagnosis and interventions in response to data observed: the ability to store and work with these characteristics are now central to leading Balanced Scorecard software systems (Marr and Neely, 2001).

Another consequence was the increased awareness of the need to reflect differences in management agenda within differing parts of organizational structures, and so increasing attention was given to developing strategic alignment between management units by developing Balanced Scorecards as part of a cascade at the Business Unit level (Kaplan and Norton, 1996, Olve, 1999).

The representation of causality between strategic objectives known initially as the Strategic Linkage Model is now considered to be an important part of any Balanced Scorecard design (Kaplan and Norton, 2000). The design elements that make up the $2^{nd}$ Generation Balanced Scorecard now represent mainstream thinking on Balanced Scorecard design as evidenced by considerable consistency of definition across a range of practitioner and academic texts (Olve et al, 1999; Niven, 2002).

Increasing adoption of the explicit causality present in the strategic linkage model has diminished the value of lead and lag measures as the predictive nature of lead measures is now more clearly and less ambiguously documented in the design of the Balanced Scorecard. Finally, the Strategic Linkage Model documentation, although clear to those familiar with construct, has proven less helpful when used for broadcast communication of strategy  it lacks sufficient supportive information to be usefully stand alone as a communication concerning an organization's strategic plans.

Generally framework developed in $2^{nd}$ generation of BSC it help to describe and implementing the organizational strategy it is as used the traditional framework like income statement, balance sheet, and statement of cash flows for financial planning and reporting. The new framework, which we call a "Strategy Map," is a logical and comprehensive architecture for describing strategy map specifies the critical elements and their linkages for an organization's strategy.

Objectives for growth and productivity to enhance shareholder value, Market and account share, acquisition, and retention of targeted customers where profitable growth will occur, Value propositions that would lead customers to do higher margin business with the company, Innovation and excellence in products,

services, and processes that deliver the value proposition to targeted customer segments, promote operational improvements, and meet community expectations and regulatory requirements, Investments required in people and systems to generate and sustain growth (Lawrie, 2004).

By translating their strategy into the logical architecture of a strategy map and Balanced Scorecard, organizations create a common and understandable point of reference for all organizational units and employees. Organizations build strategy maps from the top down, starting with the destination and then charting the routes that lead there. Corporate executives first review their mission statement, why their company exists, and core values, what their company believes in. From that information, they develop their strategic vision, what their company wants to become. This vision creates a clear picture of the company's overall goal, which could be to become a top-quartile performer. The strategy identifies the path intended to reach that destination (Kaplan and Norton 1996).

## 2.2.2.3 The 3$^{rd}$ Generation of Balanced Scorecard

Modern versions of Balanced Scorecard is 3$^{rd}$ Generation Balanced Scorecard that are used at the center of a strategic management system as they provide an easy to use mechanism for the selection and co-ordination of other management tools being applied in the pursuit of strategic goals. When used in this way, the Balanced Scorecard has two roles: First, to inform and priorities the selection of which other tools to use; Second, to report the outcome from the application of these tools when used to achieve strategic objectives (Cobbold, 2002).

The model is based on a refinement of 2$^{nd}$ Generation design characteristics and mechanisms to give better functionality and more strategic relevance. The origin of the developments stem from the issues relating to target setting and the validation of strategic objective selection outlined above. These triggered the development in the late 1990's of a further design element the Destination Statement initially at the end of the design process to check the objectives, measures and targets chosen.

The first Destination Statements were created as a final consensus estimate of the consequences at a particular future time of implementing the strategic objectives previously selected for the strategic linkage model. By agreeing in this statement how much of key things would have been achieved by this time like headcount, revenues, customer satisfaction, quality levels etc. the hope was it would subsequently be easier for example to check for a consistent set of annual targets.

It was quickly found that management teams were able to discuss, create, and relate to the Destination Statement much easily and without reference to the selected objectives. Consequently the design process was reversed, with the creation of the Destination Statement being the first design activity, rather than a final one. Further it was found that by working from Destination Statements, the selection of strategic objectives, and articulation of hypotheses of causality was also much easier, and consensus could be achieved within a management team more quickly.

## 2.3 Balanced Scorecard and Globalization

Inevitably, the origins of the Balanced Scorecard lie in the perceived failures of other models and tools. If something else were successful then, there would be no reason to change, no any reason to develop new ideas. Build a better mousetrap and the world will beat a path to your door is still true today. This section therefore looks at the pressures for change and the problems arising from previous management tools. Pressure for change arises from the dynamics of the surrounding environment. Like, Political, social, economic, technological and legal environment changes have been enormous in the last 50 years of the 21th Century. Significantly, hurtful change was emerging in organizations over the last two decades. They suggest that Powerful macroeconomic forces are found at every work and these forces may grow even stronger over the next few decades (Oliveira, 2001).

According to Robert, (2001), the environment changes also create enormous changes in international relations. They argue Failure to rethink to our enterprises will leave us little relief from our current dilemma, rising turbulence causing rising stress, increasing disconnection and internal competitiveness, people working harder, rather than learning how to work smarter and increasingly intractable problems beyond the reach of any individual or organization.

The restructuring at Security first the example is how American companies are making major changes in responding to an increasing global economy. Indeed, the need for fundamental change is so strong that some leading authorities from academia and industry have called for a complete rethinking and reengineering of Corporate America (Robert, 2001).

Yet this is despite the radical change that had taken place in many organizations over preceding decades. Just-in-time, many Business organization adapt the new management system to maximize their profit such as Economic Value Added(EVA), Value Chain Analysis(VCA), Total Quality Management (TQM),

and European Foundation for Quality Management (EFQM), all these techniques that help to improve business Performance (Robert, 2001).

Balanced Scorecard is one of the special management tools that drive the organization efficient and effective in the direction of changing organizational strategy, vision and mission in to action.

Kaplan and Norton, (1997) work was thus directed at seeking to establish an alternative management system to improve the chances of organizational survival and success. The work done was partly an analysis of successful organizations and its application by assessing and learned lessons from them.

The research indicates that pressures for success are expressed and monitored in relation to financial performance. However, since the financial aspects of performance exert such a strong influence, management is typically seen as concentrating its efforts on managing these issues. They also believed that the focus of management needed to change and give response to the dynamic pressures of the external environment and globalization. But the vagueness leads to major issues concerning measure definition and target setting. Disengagement during the design process also increasing the risk of the management team rejecting the resulting tool as not being useful, we see both these failure modes appearing new type generation.

## 2.4. Implementation of Balanced Scorecard (Strategy + Operation + Change)

### 2.4.1 As Measurement Tool

One of the critical success factors of excellence organizations has been the successful application of performance measurement. These organizations use performance measurement to drive improvements and successfully translate strategy into action, and do not stop at the gathering and analysis of performance data. In other words, they use performance measurement to gain insight into, and make judgments about, the organization and the effectiveness and efficiency of its programs, processes, and people. Business excellence in the 21$^{st}$Century will be driven by a structured methodology for using performance measurement information. Performance measurement is a process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs, how well they are delivered to clients and the extent to which

clients are satisfied and outcomes the results of a program activity compared to its intended purpose (Kaplan, 1992).

The successful system will help set performance goals, allocate and prioritize resources, inform managers to either confirm or change current policy or program direction to meet those goals, and report on the success in meeting those goals. This integrated nature and cause-and-effect ethos are reflected in the Balanced Scorecard.

### 2.4.2   As Communication Tool

The Balanced Scorecard is also seen as a key communication tool of the organization's strategy. This is because the Balanced Scorecard should reflect the key actions required in pursuit of the strategic plan. The one page representation of strategy and performance must provide clarity of objectives for the organization. In so doing it helps to orientate the activities of all employees towards these commonly stated objectives. However, for many staff, particularly in large organizations, the overall objectives of the organization may be too remote. This would be particularly so in conglomerate organizations where overall objectives may have no focus into the lower levels of any subsidiary organization. Consequently it is beneficial for the scorecard to be broken down at lower levels to provide clear articulation of the contribution each lower level makes to the overall objective (Kaplan, 1992).

Managers must have excellent communication skills to ensure strategy execution. The involvement of senior management in communicating strategy is especially important factors for strategy execution. It helps the employees to understand the organizational strategy and know how their jobs contribute to the organizational mission.

### 2.4.3   As Strategic Management System

The Balanced Scorecard emphasizes that financial and nonfinancial measures must be part of the management system for employees at all levels of the organization. Front-line employees must understand the financial consequences of their decisions and actions; senior executives must understand the drivers of long-term financial success. The objectives and the measures for the Balanced Scorecard are more than just a somewhat ad hoc collection of financial and nonfinancial performance measures; they are derived from a top-down process driven by the mission and strategy of the business unit. The Balanced Scorecard

should translate a business unit's mission and strategy into tangible objectives and measures (Robert, 2001).

The measures represent a balance between external measures for shareholders and customers, and internal measures of critical business processes, innovation, and learning and growth. The measures are balanced between the outcome measures-the results from past efforts-and the measures that drive future performance. And the scorecard is balanced between objective, easily quantified outcome measures and subjective, somewhat judgmental, performance drivers of the outcome measures.

The Balanced Scorecard is more than a tactical or an operational management and measurement system. Innovative companies are using the scorecard as a strategic management system, to manage their strategy over their long run. They are using the measurement focus of the scorecard to accomplish critical management processes.

Translating the Vision, this process helps managers to build a consensus of opinion about the vision and strategy that will enable translation into the local level of operation of employees, to achieve an agreed upon set of objectives. Communication and Linking, this process replaces financial performance indicators with achievement performance indicators, and creates total awareness of the company's long-term strategy. The scorecard ensures that departmental and individual objectives are in line with company objectives. Business Planning, this process facilitates the integration of financial and business plans. The Balanced Scorecard can be used to identify priorities and to refine the allocation of financial resources. Feedback and Learning, the advantage of the Balanced Scorecard approach over traditional models is that it focuses management's attention on managing results from the perspective of Customers, Internal Processes and Learning for growth (David, 1996).

## 2.5  Planning, Designing and Implementing Steps of Balanced Scorecard

The balanced scorecard helps everyone in an organization understand and work towards a shared vision. A completed scorecard system aligns the organization's picture of the future, with business strategy, desired employee behavior and day-to-day operations. Strategic performance measures are used to better for decision-making and show progress toward desired results. The organization can focus on the most important things that are needed to achieve its vision and satisfy customers, stakeholders, and employees. Other benefits include measuring what matters, identifying more efficient processes focused on customer needs,

improving prioritization of initiatives, improving internal and external communications, improving alignment of strategy day-to-day operations and linking budgeting and cost control processes to strategy. Going by the experience of companies that have made the transition to the Balanced Scorecard approach, implementation takes three years or more and will follow at least some of the following stages (David, 1996). According Kaplan and Norton (2001), the mean function to adapting balanced scorecard in the organization building and designing of the balanced scorecard activity consist six steps and implementing activity consist three steps.

Therefore building balanced scorecard steps are, balanced scorecard building process starts from the organization's mission, vision, core value and long and short term objectives. It also includes preparing a change management plan for the organization. Planning process involved all levels of management, at which strategic issues and possible solutions are identified, including strategic results, strategic themes and perspectives, are developed to focus attention on customer needs and the organization's value proposition. A strategic Planning Committee is formed to formulate objectives for each previously identified perspective in the firm's Balanced Scorecard. One of strategic elements is strategic objectives developed and decomposed into the basic strategy building blocks of the organization and define the organization's strategic intent. Objectives are first initiated and categorized on the strategic theme level, categorized by perspective, linked in cause-effect linkages for each strategic theme and then later merged together to produce one set of strategic objectives for the entire organization ( Norton, 2001).

The cause and effect linkages between the enterprise-wide strategic objectives are formalized in an enterprise-wide strategy map. The previously constructed theme strategy maps have merged into an overall enterprise-wide strategy map that shows how the organization creates value for its customers and stakeholders. Performance measures are developed for each of the enterprise-wide strategic objectives. Leading and lagging measures are identified, expected targets and thresholds are established and baseline and benchmarking data is developed. Strategic initiatives are developed that support the strategic objectives. To build accountability throughout the organization, ownership of performance measures and strategic initiatives is assigned to the appropriate staff and documented in data (Kaplan, 2001).

Implementing is one of the activity of adopting of balanced scorecard consist the implementation process begins by applying performance measurement software

to get the right performance information to the right people at the right time. Automation adds structure and discipline to implementing the balanced scorecard system, helps transform disparate corporate data into information and knowledge and helps communicate performance information. In short, automation helps people make better decisions because it offers quick access to actual performance data. Based on the final Balanced Scorecard, management formulates a five year strategic plan for the organization (Norton 2001).

The enterprise-level scorecard is cascaded down into organization and support unit scorecards, meaning the organizational level. Cascading translates high-level strategy into lower level objectives, measures and operational details. Cascading is the key to organization alignment around strategy. Team and individual scorecards link day-to-day work with department goals and corporate vision. Performance measures are developed for all objectives at all organizational levels. As the scorecard management system is cascaded down through the organization, objectives become more operational and tactical, as do the performance measures. Accountability follows the objectives and measures, as ownership is defined at each level. Evaluation of the completed scorecard is done (Norton, 2010). During this evaluation, the organization tries to answer questions such as, 'Are our strategies working?', 'Are we measuring the right things?', 'Has our environment changed?' and 'Are we budgeting our money strategically? Then, Based on each Personal Balanced Scorecard, management evaluates each member's performance for the past year and makes decisions relating to retention, promotion, salary increases (Robert, 2001).

As indicate by Kaplan and Norton, (1997) the aim of the balanced scorecard is to direct, help manage and change in support of the long-term strategy in order to manage performance. It acts as a catalyst for bringing in the 'change' element within the organization. It allows, for the first time, an organization to look ahead using leading indicators instead of only looking back using lagging indicators. The balanced scorecard puts strategy the key driver of results today at the center of the management process. Translates vision and strategy; Defines the strategic linkages to integrate performance across organizations; Communicates objectives and measures to a business unit, joint venture, or shared service; Aligns strategic initiatives; Aligns everyone within an organization so that all employees understand how and what they do supports the strategy; Provides a basis for compensation; and Provides feedback to the senior management if the strategy is working. Therefore, five principles of successful organizations emerged from Kaplan and Norton's research on successful balanced scorecard users

### 2.5.1 Balanced Scorecard and Intangible Assets

All organizations today create sustainable value from handling their intangible assets like human, information and organization capital. Because an organization intangible assets may easily represent more than 75 percent of its value, than its strategy formulation and execution need to explicitly adders their mobilization and alignment. The balanced score card, introduced more than a decade ago as performance management and measuring system. A learning-and-growth perspective is a framework for quantitatively assessing employee satisfaction, productivity, and retention in the framework of the balanced scorecard (BSC). Such a perspective targets the learning-and-growth perspective of BSC that is and remains the foundation for all strategy (Kaplan & Norton, 2001).

A framework for describing strategies for creating value from intangible assets, intangible assets can be classified in to three categories Human capital (strategic competencies), the availability of skills, talent, and know how to perform activities required by the strategy. Information capital (strategy information), the availability of information system and knowledge applications and infrastructure required supporting the strategy. Organization capital (culture), awareness and internalization of information of the shared mission, vision and values needed to execute the strategy; leadership the availability of qualified leaders at all levels to mobilize the organizations toward their strategy at all organization levels teamwork the sharing of knowledge and staff assets with strategic potential (Huselied, 1995).

In any organizations intangible assets more visible to managers by placing those on an organizational strategy, But several factors prevent valid valuation of intangible assets on performance management system. First, the value from intangible assets is indirect. Assets such as knowledge and technology seldom have a direct impact on revenue and profit. Improvements in intangible assets affect financial outcomes through chains of cause-and-effect relationships involving two or three intermediate stages (Huselied, 1995).

For example, consider the linkages in the service management profit chain (Heskett, 1994).Investments in employee training lead to improvements in service quality, better service quality leads to higher customer satisfaction, higher customer satisfaction leads to increased customer loyalty, increased customer loyalty generates increased revenues and margins. Financial outcomes are separated causally and temporally from improving employees' capabilities. The complex linkages make it difficult, if not impossible, to place a financial value on an asset such as workforce capabilities or employee morale, much less to

measure period-to-period changes in that financial value. Second, the value from intangible assets depends on organizational context and strategy. This value cannot be separated from the organizational processes that transform intangibles into customer and financial outcomes. The balanced score card as performance management system   is a linear, additive model. It records each class of asset separately and analyzed the total by sum up each intangible asset's value.

The value created from investing in individual intangible assets, however, is neither linear nor additive. People with the same knowledge, experience, and capabilities, however, are nearly worthless to a financial services company such as ecommerce that emphasizes operational efficiency, low cost, and technology-based trading. The value of an intangible asset depends critically on the context the organization, the strategy, and other complementary assets in which the intangible asset is deployed. Intangible assets seldom have value by themselves. Generally, they must be bundled with other intangible and tangible assets to create value. For example, a new growth oriented sales strategy could require new knowledge about customers, new training for sales employees, new databases, new information systems, a new organization structure, and a new incentive compensation program. Investing in just one of these capabilities, or in all of them but one, could cause the new sales strategy to fail. The value does not reside in any individual intangible asset. It arises from creating the entire set of assets along with a strategy that links them together. The value creation process is multiplicative, not additive (Robert, 2001).

### 2.5.2    The Role of Information Technology in the Implementation BSC

By far, the best strategy for boosting productivity is to leverage transformational change in the management system to improve outcomes. To do so, requires a fundamental rethinking of the structure and delivery of information technology in the management system. (Huselied, 1995).

Link the vision to strategic objectives and measures and show cause and effect of relationships. More than a list of measures, from vision to strategy to objectives to measures using drill-down and cause and effect diagrams. Allow creation and linkage of organizational and personalized scorecards. Create and manage scorecards across business units and build individual scorecard portfolios support both quantitative and qualitative information  (Huselied, 1995).

The numbers are important, but the commentaries add real meaning enable dynamic communication. More than a reporting vehicle it is a strategic feedback system. It must support feedback loops, dialogue, comments, personalized assessments and initiative management. Link through to tactical or operational applications. Integrated environment with linking feeder systems and drill through to analytical applications specific to that organization easy to set-up and maintain. Standard implementation features with ease-of-use and security automating the Scorecard are using software to automate the collection, reporting, and visualization of performance data, Transforming performance measurement data into useful information and business intelligence, Presenting performance information to the people who need it in a visually appealing format, Using performance information to better inform decision making (Huselied, 1995).

Automating data collection and reporting for the scorecard requires an assessment of the data that needs to be collected, the performance information that needs to be collected and the information technology options that will be used to process the data and transform it into information. Use the checklist below to organize the information needed for the computerization stage (Marr, 2001).

## 2.6 Successes, Failure Factors and Best Practices of Balanced Score Card

### 2.6.1 Successes Factors of Balanced Score Card

It's a good holistic performance measuring approach, Balanced Scorecard is a good internal scanning and assessment tool and it is very good at encouraging learning. It is an excellent educational tool to help staff see how financial, non-financial results and shareholder value is really created. It's a good tool to use too to help managers and teams see and define the actions needed to achieve their objectives. So it's an excellent educational tool and supports the payments of incentives to individuals. Even though, it is a flexible management tool and complex to implement, Balanced Scorecard may even change provided basic principles are adopted. In the following sections the key issues of Strategy and internal communication, Performance Indicators, Reward, External communication, Business plan, Breakthrough performance, Linking to resourcing and management processes are the common one that enhanced the efficiency by balanced score cord.

When measures indicating strong performance are distributed throughout the four scorecard categories, managers make better decisions than when the same data is presented without a supporting framework using a balanced scorecard to implement sustainability (Lipe et al, 2002). Managers like working for organizations with good performance management systems in place the processes of organization and management (Malina and Selto, 2002).Firms using good Corporate Performance Management systems have stronger internal strategic alignment than other firms aligning strategic performance measures with results (Gates 1999).Understand customers (stake holders), Focus on strategic results, Align vision with operations, Build in employee accountability, Produce a balanced strategic plan, Identify critical performance measures, Evaluate strategy performance (Robert, 2001).

### 2.6.2   Failure or Criticism Factors of Balanced Scorecard

The comments some researcher interested about the Kaplan and Norton model is that it asks for measures of innovation, learning, and growth; company scorecards often neglect measures in these areas. Furthermore, all of their measures focus on past and present time periods (Rillo, 2004). It's a good holistic performance measuring approach too, but it cannot take provide all the information an organization needs to manage its current and future positions. Indeed, there are cases where non-executive directors have refused appointments where reporting just using a Balanced Scorecard format has been proposed. The Balanced Scorecard is a good internal scanning and assessment tool but it has real shortcomings when looking at the outside world and cannot replace a well-constructed environmental scanning system which is another essential part of any manager's toolkit (Khomba, 2011).

The balanced scorecard has attracted criticism from a variety of sources. Most has come from the academic community, who dislike the empirical nature of the framework; Kaplan and Norton notoriously failed to include any citation of prior art in their initial papers on the topic. Some of this criticism focuses on technical flaws in the methods and design of the original Balanced Scorecard proposed by Kaplan and Norton and has over time driven the evolution of the device through its various Generations. Other academics have simply focused on the lack of citation support (Khomba, 2011).

Another criticism is that the balanced scorecard does not provide a bottom line score or a unified view with clear recommendations; it is simply a list of metrics these critics usually include in their criticism suggestions about how the unanswered question postulated could be answered. Typically, the unanswered question relates to things outside the scope of balanced scorecard itself such as developing strategies.

There are some empirical studies linking the use of balanced scorecards to better decision making or improved financial performance of companies, but some work has been done in these areas. However, broadcast surveys of usage have difficulties in this respect, due to the wide variations in definition of what a balanced scorecard is noted above so that making it hard to work out in a survey if you are comparing like with like. Single organization case studies suffer from the lack of a control issue common to any study of organizational change, you don't know what the organization would have achieved if the change had not been made, so it is difficult to attribute changes observed over time to a single intervention, such as introducing a balanced scorecard. However, such studies as have been done have typically found balanced scorecard to be useful. But also a common use of balanced scorecard is to support the payments of incentives to individuals, even though it was not designed for this purpose nor is particularly suited to it (Rillo, 2004).

### 2.6.3   Best Practices for Implementing a Balanced Scorecard

To support the successful implementation of the Balanced Scorecard have to identify the best practices. The analysis undertaken included the results of recent surveys, a critical analysis of related literature (Kaplan and Norton, 1996), and detailed case studies. The case studies included Nat West, Celestica, best practice Chemicals, US Procurement Executive Association (Government Agency), Unilever, TNT Express, Boeing, and Texas Instruments. The best practices identified (David Norton, 2008).

An organization-wide adoption of the Balanced Scorecard, across all key organizational functions this has been shown to provide a co-ordinate framework and a common approach for all organizational performance measurement efforts, utilize the Balanced Scorecard to provide objective data for business decisions. The data provided by the Balanced Scorecard can be used a base for business decisions from allocation of available resources to future direction, ensure commitment, to and buy-in for, the Balanced Scorecard at all organizational

levels, especially at the top, focus on employee training. Comprehensive training is needed to expand employees' technical capabilities and to achieve buy-in for undertaking meaningful improvement efforts (Robert, 2008).

Training should be provided to help employee understand and implement the Balanced Scorecard in terms of the ability to design their own measures, the understanding of how these measures affect organizational goals and strategy, and the ability to use improvement tools and techniques to action the outcomes for the meat for continuous improvement, Align the reward and recognition system. Organizations should tie any reward and recognition system to performance improvement as measured by the Balanced Scorecard. Thus, employee incentives will tend to reinforce the organizational objectives being measured by the Balanced Scorecard, Facilitate implementation by managing change and breaking down organizational barriers (David Norton, 2008).

Like any improvement initiative, implementing the Balanced Scorecard will bring about many changes within the organization. These changes may stir up some resistance based on unfounded fears about the perceived adverse effects of performance measurement and improvement. To overcome such resistance and barriers, it is necessary to follow well known change management strategies like open communication with employees and managers to explain the uses, need for, and benefits of the Balanced Scorecard, as well as their role. Another approach is to demonstrate success stories that show the non-threatening nature of the Balanced Scorecard methodology, including how an organization can target areas most in need of improvement, benchmark against best-in-class organizations, and undertake performance improvements (Jarrar, 2010).

Eat the elephant one bite at a time. Too aggressive an approach may overwhelm employees and result in lack of 'buy-in' thus limiting the chances of success. However, too slow an approach may not be able to build enough organizational momentum to bring the Balanced Scorecard to fruition. Thus, the successful Balanced Scorecard implementation will rely on a well-planned, realistic framework of deployment.

Move form Performance measurement to performance management by integrating the Balanced Scorecard into the way the organization does business. Incorporating performance measurement and improvement into the existing management structure, rather than treating it as a separate program, will greatly increase the Balanced Scorecard's long-term viability (Jarrar, 2010).

## 2.7   Overview of Balanced Scorecard in Ethiopian Context.

It is a widely shared understanding that Ethiopia has survived with very limited higher learning opportunities for many decades. However, more recently, the doors are being widely open for potential learners to get access to educational opportunities at various levels more universities and colleges are being opened in the last few years. This quantitative surge requires quality checks or controls through systematic management tool. There is a consensus among scholars that establishing BSC serves as an important tool to measure and maintain organizational development (Kassahun,2010).

BSC is now the only strategic planning and management tool being used across the Government of Ethiopia.  In the next 5 years, with continued political and leadership commitment from the governmental organization like FMOH, technical support of BSCI, and funding from the Gates Foundation, the health sector in Ethiopia (Kevin Zemetis, 2009).

In its desire to bring about national transformation in the shortest possible time, the Ethiopian Government is working hard to realize its vision of making the country as one of the middle-income countries by 2025. To this end, it has put in place an aggressive and a comprehensive civil service reform across the country. As a result, almost all public organizations, including HEIs are under reform since 2002. Business Process Reengineering (BPR) is chosen as the main reform tool to be applied across the country.

Establishing an integrated performance management system is one of the requirements of BPR for which BSC is found to be the right fit for the kind of change that is being practiced in the country. Unlike the traditional higher education performance measurement and management system that relies on such indicators as enrollment ratio, number of graduates … etc, the BSC is an integrated management approach that employs both the lagging and the leading indicators of organizational performance measurement. This makes some organization in Ethiopia has tray to established BSC. However, when it comes to global setting, BSC is believed to be widely used in business enterprises and a good number of HEIs have introduced it in various countries (kassahun, 2010).

Therefore, the student researcher feels that examining the practice of BSC in various international organizations and HEIs will contribute something of value in customizing and creating a theoretical framework suitable to the Ethiopian HEIs system.

## 2.8  The Implementation of BSC in Ethiopian Management Institute (EMI)

As organization 2011 annual report, EMI was established in 1984 as a management institution initially to enhance the management development capabilities of government Institutions. It was transformed later in 1994 in to a full-fledged National and specialized human resources and management development organization extending its scope of operation to serve the private sector and NGOs as well. EMI has since then established itself as a major governmental management development institution dedicated to improve managerial performance and organizational effectiveness through Research, training, and consultancy interventions.

The profound economic, social and institutional challenges facing the Nation can largely be attributed to problems of management. It was in recognition of the importance of developing indigenous national management capabilities, to fostering the nation-wide development effort, that the government established EMI with the mandate to enhance the performance and management effectiveness of the public sector, the private sector, civil Institutions and Development Agencies.

Nowadays, the government has developed different national policies and strategies and the implementation process is undergoing, in this regard, capacity building if found the most critical agenda that would enable the government succeed in materializing these policies and strategies. Taking in to account this fact, ministry of Capacity Building has been established by incorporating those institutions in line with building capacity. Therefore, EMI is found one among others that will help other organizations build and maintain managerial capacity.

Among the national capacity building programs, the government has given priority to build capacity of the public sector, based on this priority the civil service reform program is being widely exercised in civil service organizations. Tremendous effort is required to implement of BSC program whereby EMI is also demanded to gear its focus on building managerial capacity of civil service organizations.

EMI has made great strides in creating a culture of planning. From strategic to operational planning, members of the EMI'S at large appreciate the value of planning their work and working their plans. In 2000, the EMI embarked on a journey to transform its strategic planning and management processes by adopting the Balanced Scorecard (BSC) as their framework. Extensive work has been done at the leadership level to inculcate the Sector with the concepts of

balanced scorecard and to link day-to-day activity with the organization's long term direction. However, an assessment of the current state of BSC implementation within the Sector has revealed that, in order to evolve the BSC into a truly strategic system and for the Sector to full realize the benefits of a best practice BSC system, significant changes in both the EMI BSC structure and leadership action must be carried out. The Balanced Scorecard Institute (BSCI) conducted an assessment of the current state of BSC implementation within the different organization of Ethiopia.

In this sense, the present work can be considered as an eye opener for those who are great interest in creating and developing a BSC culture in the Ethiopian management system in general and that of Ethiopian management institute (EMI) in particular.

# CHAPTER THREE

# RESEARCH DESIGN AND METHODOLOGY

A number of design options, including in the broad arena of modern management system, are available given the research problems and the results aspired to be attained at the end of the day. Hence, so as to base the research in a convincing methodological foundations and forward valid and reliable information to the recipients, the following research design, instruments and procedures are employed throughout the endeavor.

## 3.1  Research Design

Based on the study problems and stated objectives, descriptive survey research design was selected to examine BSC as a performance management system in EMI. As Best and Kahn (1995) pointed out, the descriptive survey method also enables to obtain the current status. It helps to draw valid general conclusion from the facts discovered, and also facilitates the way to delineate the impending problems and strategies and it helps to implement BSC effectively.

The major methodological concern of the research has been descriptive analysis and interpretation of the responses for the questionnaires, interview, observation and document analysis in reference with the theoretical and practical framework of BSC. The analysis and interpretation had mainly the current practices, achievement, problems and the prospect mechanism or strategies of BSC implementation.

The research has also both qualitative (textual) and quantitative (statistical) research analysis approaches employed to fully address its aims and secure valid and reliable result.

### 3.2 Sources of Data

Both primary and secondary sources of data were employed to answer the research questions. The Core staff including higher officials, the experts and academic staff and Supportive staff that including the administrative performer of the institutes were involved as valid primary sources of information. Moreover, documents with enormous valuable information regarding the BSC practice of the institutes are consulted. Strategic plans, policy documents, organizational structure, BSC reports and other written information are utilized with the permission of the organizations responsible organ. Institutional web sites of the organization, information systems, and databases were seen in collaboration with officials can also be taken in this category.

Books of BSC, research methodology, and statistics analyzed documents like articles found in Ethiopian Management Institute libraries were pertinent secondary sources. Web resources like and other important sites were also parts of the secondary sources from information used while conducting this paper.

### 3.3 Participants of the Study

The study has aimed at evaluating the current practices and prospects of BSC as a performance management system in business organization. Among these entities, Ethiopian Management Institute is selected having the fact that Ethiopian Management Institute adapt the balanced scorecard as new performance management system for more than four years and implemented it. Therefore, the student researcher selects the organization purposively that assumes the institute has certain level of BSC practice.

The total numbers of employees found in EMI are 246, these numbers however includes 83 core and 163 supportive staff all types of workers, the study also include irrespective of their gender, employment type, educational background and working experience. Hence the entire core staffs of the intuition those who are engaged in providing consultancy, research, and training services and support members like accountants, human resource personnel, IT experts, librarians, project coordinators and other similar position holders are considered. These two groups of employees therefore, 246 of Ethiopian management institute workers have formed the total population size of the study in the institution.

## 3.4 Sampling Techniques

To make the research manageable and to achieve the desired result, the study used different sampling techniques for the various groups of study participants. EMI is one of the management institutes in federal levels in Ethiopia. It gives training, consultation, evaluating and supportive activity for higher, middle and first level managers to the government and to the private organization related in managerial and change activities. The organization implements BSC as performance management system more than for four years. So that they have a lot of experience concerning about BSC. The organization selected to this study purposively, to get ample information from the organization BSC experience (Fraenkel, 2009).

Initially, the study was used purposefully contact to some core staff to get the opinion and reaction about the practice of BSC in their organization. These officials are deliberately contacted with the assumption that they have information pertinent to the study and had the chance to fully observe what was going on from the management side in their organization. Besides, their response can represent the organization's thinking since they have the responsibility and the authority rank to do so. Thus the process owners of the EMI's, HRD, and MD and the Library's section head have been sampled for the interview for qualitative analysis and triangulation of other data sources.

Employee participations were the other major building blocks of the study. As a matter of fact, the institute has different grouping of staff in terms of working position, fields of study, and responsibility rank. According to (Fraenkel, 2009) certain subgroups, or strata, are selected for the sample in the same proportion as they exist in the population. So that EMI stratified legally as core and supportive staffs for their own purpose in order that, the study was taken as convenient stratification for this study. Accordingly employees in the institution were stratified into supportive and core staff; stratum used for the sake of avoiding confusion and maintain uniformity of analysis. Then simple random sampling method has been used to select sample respondents from each stratum in the institution. According to (Fraenkel, 2009), every member of the population has an equal and independent chance of being selected Proportional number of employees from each stratum has been taken as per the population size. Besides, different age, sex, working experience and educational background were taken

into consideration while selecting respondents from each stratum to increase the representativeness of the samples.

One way of determining the size of a sample is by exercising carful mathematical calculations (tables) and ensuring that the sample represents the wider features of the population under consideration (Morrison, as cited in Cohen, 2000). According to Krejcie and Morgan as cited in Cohen (2000), taking the theoretical explanations into account, the number of employee respondents to participate in the study has been determined that is from 246 population number 170(69.3 %) of sample was taken as a sample.

According to Cohen (2000), Determining sample size is critical step in research endeavors and has to take attrition and respondent mortality, i.e. some participants was leave the research or fails to return questionnaires, into account. Therefore, greater number of samples should primarily be included to maintain the research reliability in such circumstances. Basing the Krejcie and Morgan tabular suggestion for appropriate sample size then, with sampling error of 95% confidence interval and alpha is equal to 0.05, some portion of employees have taken part in the study as a sample.

T

| | Employee's Stratum | Ethiopian Management Institute | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | | Population | Sample Size (N) | % | Sample Technique | Data Collection Tools |
| | Supportive staff | 163 | 112 | 68.7 | Convenient sampling | Questionnaire |
| | Core staff | 83 | 58 | 69.9 | | Interview |
| pul | Total | 246 | | 69.3 | | Document analysis |
| | | | | | | Observation |

**ation**N.B: Adopted from Krejcie and Morgan, 1970

As the table shows, 170 employees were taken as a sample from 246 population size of as per their proportion in the sampling frame, 68.7% supportive staff and

69.9% of core staff of EMI have been included in the study, all in all, 170 (69.3%) employees were sampled from the institution.

### 3.5 Data Gathering Tools

Different instruments are used to collect relevant information for the research. This study was intensively used questionnaire, interview, and non-participant observation in the process. The use of questionnaires (quantitative), semi-structured interviews and observation (qualitative) employed in this study allowed for the collection of data from large and varied groups of employees and managers.

### 3.5.1 Questionnaires

The questionnaire mainly contains close-ended questions and some open ended questions. Questionnaires were prepared and modified after extensive review of literatures in this field. Those questions in the questionnaires focused on the research problems, objective and questions rose in the statement of the problem.

The questionnaire has two parts: Section I; contains the background of the respondents, Gender, Age, Educational background, Employed type, Work experiences, Training and Planning related to BSC. Section II; contains questions requesting the respondents to state their agreement or disagreement on the issues of Practices, Achievement, Major Problems and Strategy of BSC implementation as performance management system. In this study, the 5 point (5 =Strongly Agree, 4 = Agree, 3 = Undecided (Neutral), 2 = Disagree, 1 = Strongly Disagree) Likert Scale that was developed by Rensis Likert had been chosen and applied. Every response is given point value, the respondent's score is determined by adding the point value of every question in such a way that valid and reliable differences among individuals can be represented using statistical package for social science (SPSS) version 20.0.

The study took a pilot on 12 supportive and 8 core staffs in total of 20 participants were selected to check the validity of the questionnaire. Later those respondents has been avoided from the data collection because if they considered again there may be a change in in their response & the validity of the analysis will be in question if the pilot is given from the selected sample size. The content validity also was assured when the questionnaire was prepared based on extensive reading of literature review. Testing the questionnaires' reliability is crucial for valid explanations so that, Internal consistency of this study was checked with the Cronbach's alpha (alpha= 0.799). This method seemed the most

viable option to capture the responses and 8u9to gauge the perception they have of the practices and problems of BSC implementation as performance management system in Ethiopian management institute.

Finally, to make necessary adjustments in the data collection tools, before the final copy is distributed for the actual study, pilot test was conducted on from supportive and from core staff that was not included in the actual study.

### 3.5.2 Interview

Interview is the other methods to be used in the study. For this research, personal interviews with three managers and two core process owner of EMI was undertake to have the required information regarding the practices and problems of BSC implementation as performance management system. The interview is semi structured to raise relevant side issues and grab unforeseen information beforehand. The issues and questions in the sessions have been developed after taking samples and best practices of questioning and styles of asking from different studies. Two BSC expertise found in EMI was contacted to evaluate the interview questions and validate the issues to be raised in the interview. Their view and expertise opinion was inculcated to finally have a well-crafted interview questions. Generally, the interviews' outputs was used to triangulate the results find from other sources and check whether the strategic moves made on BSC implementation as performance management system was fruitful or futile from the BSC management's theoretical  point of view.

### 3.5.3 Observation

Observation is the last tool available to collect the necessary information for the study. Non-participant observation is appropriate to scrutinize the practices and problems of BSC implementations as performance management of the institutions. People go on observing something or other while we are conscious or unconscious. Most of such observations are just casual and have no specific purpose. However, observation as a method of data collection is different from such casual viewing. Observation as a method includes both 'seeing' and 'hearing'. It is also go along with by perceiving the activities well (Alemayehu, 2009). Like the interview, triangulating the information from other sources was the primary concern of the observation.

## 3.6 Document Analysis

Document analysis is the other methods used in the study. Strategic plan documents were reviewed to reveal the organization's major focuses and distinguish BSC strategies of the institution. BSC reports have also been examined to see the emphasis given for performance management in the new organizational setup. The place of performance management function in the organizational hierarchy has been grasped from the structural document. If there is also a chance to have a look on operational documents (policies, procedures, reports) of EMI and they have contributed to see whether BSC is considered and fully integrated with the daily routine of the organization. Finally web and other technological resources of the institutions were assessed to observe the level of BSC automation and/or computerization.

## 3.7 Procedures of Data Collection

Once the pre filed preparation was completed, with the letter of request for access to the concerned body of each institution, the formal contact was made. Along with this, the formal request for access to the relevant documents was made and secured on the first visit. Then the exact number of participants was made and secured on the first visit. Then the exact number of participants as per the sample size in each group was decided and the actual number of participants was determined.

Having done this on the second day of the visit an interview schedule was presented to the contact person and appointment for interview was made with the selected respondents.

After the questionnaires were prepared pilot testing of the tool was made on one randomly selected of supportive and core staff from non-sampled 12 supportive and 8 core staff for pilot testing. Based on the pilot test result, Crobach alpha reliability of    the instrument was calculated by using SPSS software. It was appropriate test the reliability of likert scale question items. As a result the reliability of the instrument was found to be 0.799.   This shows that the questionnaire designed have got a reliability measurement of 79.9%. According to Sekaran (2000) , closer the reliability coefficient gets to 1.0, is the better,   a reliability factor less than 0.65 was considered poor, in the range of 0.65 to 0.80 acceptable and 0.80 and above was considered good. On the basis of obtained reliability coefficient, the feedbacks                   from                   a pilot study

and comments from experts, some improvements were made on some questions and sequences of few items. Hence, the questionnaire were polished and made ready for the final study. The reliability results in terms of items were listed below.

**Table 2:- Reliability test result**

| No | Items | No of Item | Crobach alpha value |
|----|-------|------------|---------------------|
| 1 | Planning, Designing and Implementation Practices. | 39 | 0.890 |
| 2 | Achievement of the Implementation of BSC | 11 | 0.764 |
| 3 | Major Problems that Faced During the Implementation of BSC | 11 | 0.791 |
| 4 | The Strategy or Mechanism that to use to Alleviate the Challenge | 7 | 0.753 |

**Source: Own survey 2016**

Hence, according to Maslach and Jackson, (1986), the instrument was found reliable as statistical literatures usually recommended test result of 0.65 and above as reliable for attitude opinion and perception question items.

Moreover, to confirm the validity of the instrument participants of the pilot test were oriented about the objectives of the pilot study, how to fill, evaluate and give feedback regarding the relevance of the question items. Based on the suggestion forwarded and information obtained the necessary corrections and modifications were made before the questionnaires were administered to subjects of the study.

In general the pilot test helped the research reduce number of items; avoid errors related to clarity of languages and contents and to include same important concepts which were not included in the questionnaires. After the necessary improvements were made the questionnaires were duplicated and distributed with the necessary orientations to be filled by the respondents.

### 3.8 Method of Data Analysis

To come across suitable presentation of the performance management system and valid generalization of findings, the study used both qualitative and quantitative mechanisms of data analysis. Quantitative data from the questionnaires was tabulated around the subtopics related to the research to the research questions. Moreover, the data gathered through questionnaire methods was analyzed using descriptive and inferential statistical tools like frequency, percentages, arithmetic mean and standard deviation and was used to indicate the extent of response or frequency per each item. Advanced statistical tools namely independent two samples t-test and Chi-Square were employed to see whether or not there existed a statistical significant difference between the response given by supportive and core staff and those relationship were statistically significant different. The questionnaire was coded and analyzed by using statistical package for social science (SPSS) version 20 program. Besides, the decision rules used in the analysis was average mean less than 3 was considered as low, average mean equal to 3 was considered as medium and average mean greater than 3 was considered as high throughout the study (Best and khan 1995).

Likewise, the study was use qualitative data analysis tool for that information collected via interview, document and observation. To discover patterns, ideas and explanations, data organization, summary and interpretation steps of analysis was employed. Generally, the collected and analyzed information via different tools was presented by using of tables, graphs, text and figures. The triangulation of facts from different sources (especially for qualitative and quantitative) was also being carefully checked to maintain the reliability of the paper and produce concrete result.

### 3.9 CONCEPTUAL FRAMEWORK AND HYPOTHESES OF THE STUDY

+-The conceptual framework of this study is as pictured below and it is developed based on theories, different literatures reviewed and the researcher understanding. It is intended to summarize what in detail narrated about the BSC perspective, the performance dimensions and the performance indicators and it will help to show the whole idea of the study in a general form.

As presented in chapter one, the main objective of this study is to develop a balanced scorecard approach performance evaluation framework to be

implemented in EMI and to evaluate the performance of selected Ethiopian EMI using the developed BSC framework. After the intended BSC framework is developed and the performances of Ethiopian EMI are analyzed in line with the above conceptual framework, what is left is examining the extent to which the application of BSC in case of EMI is successful by looking the fulfillment of the BSC approach assumptions. To do this the following 4 hypotheses are developed based on the cause and effect relationship assumption of BSC and the figure below summarize the cause and effect relationship assumption of BSC as pictured byTarigan and Wedjaja(2012).

**Figure 3.3 balanced scorecard model**
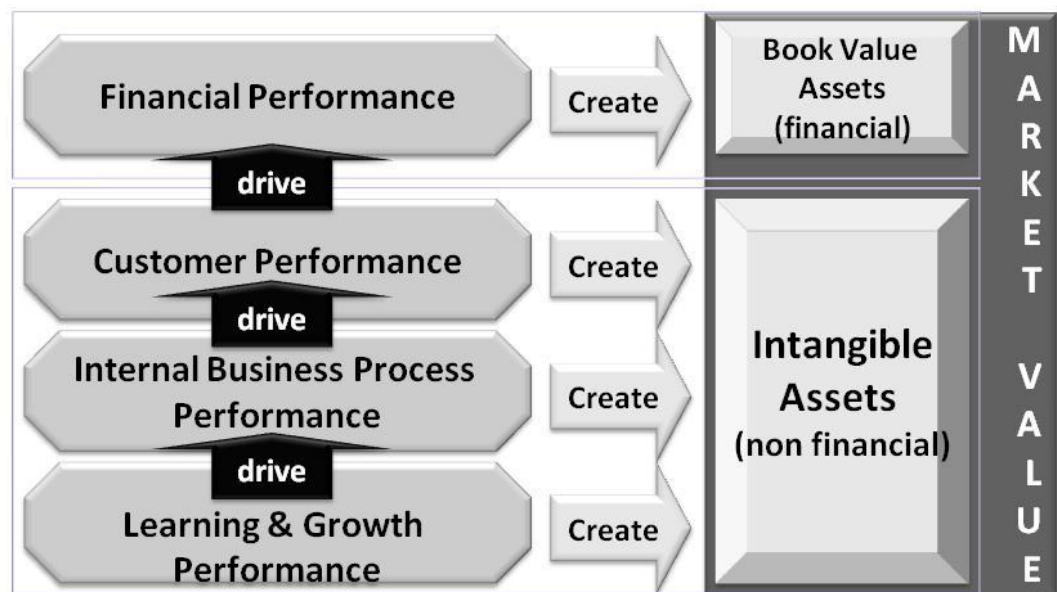


**Source: Tarigan and Wedjaja(2012)**

*H1: There is positive correlation between learning and growth (LG) and internal business process (IBP).*

In this case BSC assume the performance of any organization with respect to learning and growth are the drivers of the performance of the internal business processes perspective. So, if the learning and growth performance of an EMI is well in turn the internal business process of that institution is well.

*H2: There is positive correlation between internal business process (IBP) and Customer perspective (CP).*

Like the case of the first assumption BSC assume the performance of internal business processes are the driver of the measures of the customer perspective. So

if the internal business process performance of an EMI is effective and efficient, in turn the customer perspective performance also will be glowing.

*H3: There is positive correlation between Customer perspective (CP) and financial performance (FP).*

The next assumption that links BSC perspectives is the relationship between CP and FP which state performance on customer perspective is turn the drivers of financial performance. This means if customers" side performance is in good condition existing clients will be loyal to that institution and even new clients gripped and the financial performance of that institution will pushed up and vice versa.

*H4: There is positive correlation between financial performance (FP) and non-financial performance (NFP).*

BSC finalize by stating there is a positive relation between financial and non-financial performance. This means institution with high performance in its non-financial performance will perform highly in its financial performance as well.

## CHAPTER FOUR

## DATA ANALYSIS AND INTERPRETATION

This chapter presents, the data gathered from higher officials, core and supportive staff by using questionnaires, interview, independent observation and document analysis. These data are categorized in to two sections the first part treats the characteristics (demographic character) of respondents and the second part deals with the analysis of the data obtained from different source supported with discussion important issues. With regard to questionnaires 170 copies of questioners were distrusted of which 112(68.7%) for supportive staffs and 58(69.9%) were given for core staff and higher officials of EMI. Among distributed questionnaires 107(95.5%) of supportive staff and 55(94.8%) of core were filled and returned. But 5(4.46%) of supportive staff and 3(5.17%) of core staff, total 8(4.7%) questionnaires were not returned. Thus, the data from return

was organized, tabulated, transcribed and analyzed by SPSS program to get findings.

## 4.1 Characteristics of the Respondents.

Basically background information of the respondents in a research is considered as a determinant factor for the accomplishment of the study. Hence, the background information of the respondents of the study was analyzed and discussed in terms of their implication for BSC implementation program. As main source of information the respondents of this study were the Ethiopian Management Institute (EMI) employees that are the higher officer, core and supportive staff who have direct responsibility for BSC implementation program.

To get relevant and dependable information the selection of these sample representative was based on their position and role they have on the BSC implementation. The characteristics where summarized in the following figure

Fig 1:- Respondent distribution related to Types of employee with Gender

**Responbents distribution gender with respect to type of employee**

| | Male | Female | Total |
|---|---|---|---|
| supportive staff | 49 | 58 | 107 |
| core staff | 34 | 21 | 55 |
| total | 83 | 79 | 162 |
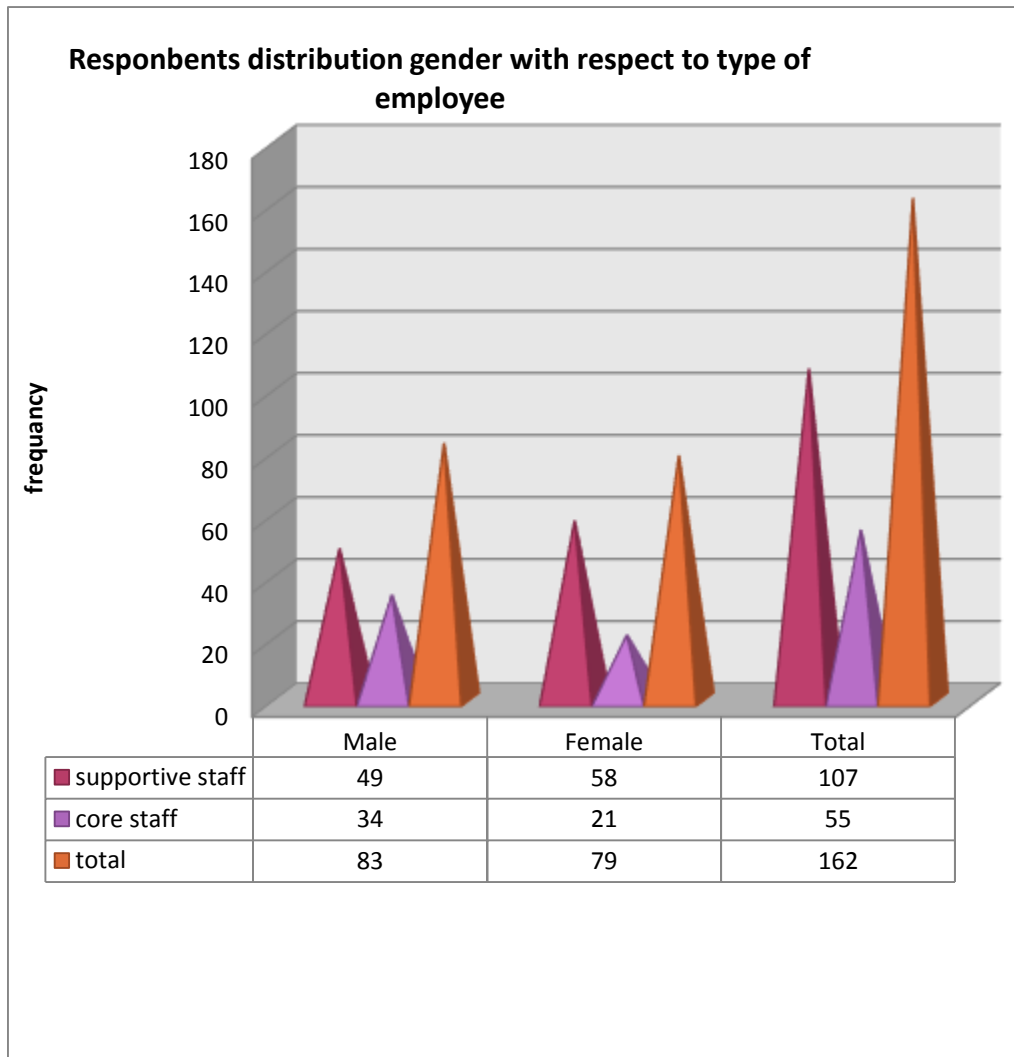
As observe from fig 1, the majority of respondent 83(51.2%) were males while the reaming 79 (48.8%) were females.

Fig 2:- Respondent distribution related to Types of employee with Age

Respondents distribution respect to type of employee with age
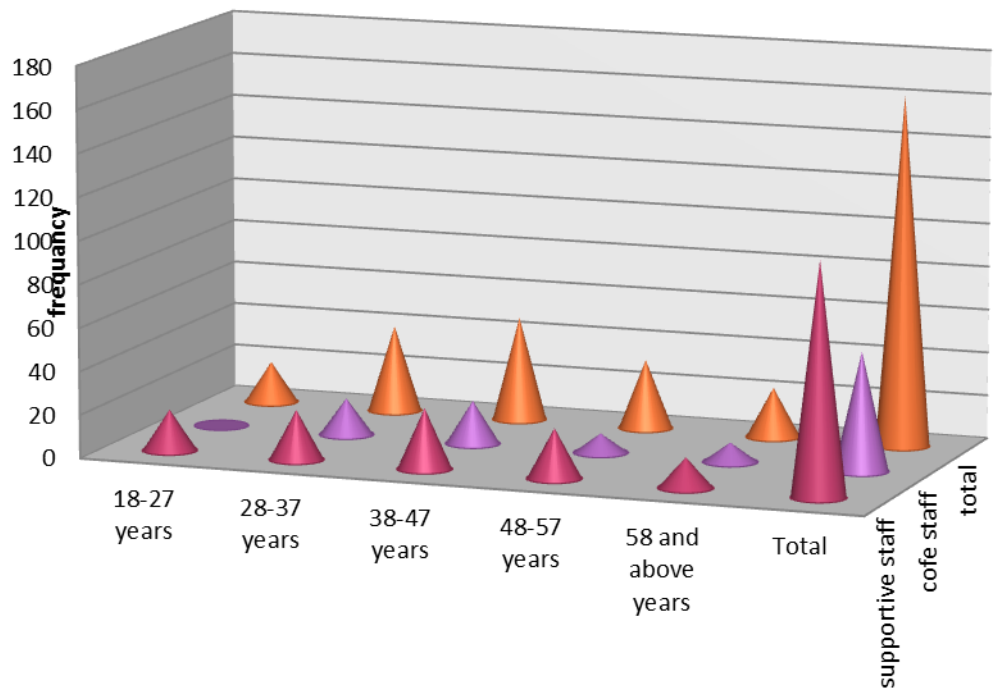
| | 18-27 years | 28-37 years | 38-47 years | 48-57 years | 58 and above years | Total |
|---|---|---|---|---|---|---|
| supportive staff | 19 | 23 | 28 | 23 | 14 | 107 |
| cofe staff | 0 | 17 | 20 | 9 | 9 | 55 |
| total | 19 | 40 | 48 | 32 | 23 | 162 |

Concerning the age distribution of the respondent fig 2, the majority of the respondents 48(29.6%) was found 38 and 47 age range and the list age category 19(11.7%) was found the age between 18 and 27 age range. This shows that under normal circumstance, they can express ideas related to the study consistently and with good understanding. Thus, their opinion can be taken as valuable idea to the study.

Fig 3:- Respondent distribution related to Types of employee with Educational background

**Respondents distribution in Educational backgrund with type of emloyement**

| | Certificate | Diploma | Bachelor | Masters | Total |
|---|---|---|---|---|---|
| supportive staff | 16 | 39 | 47 | 5 | 107 |
| core staff | 0 | 0 | 26 | 29 | 55 |
| total | 16 | 39 | 73 | 34 | 162 |
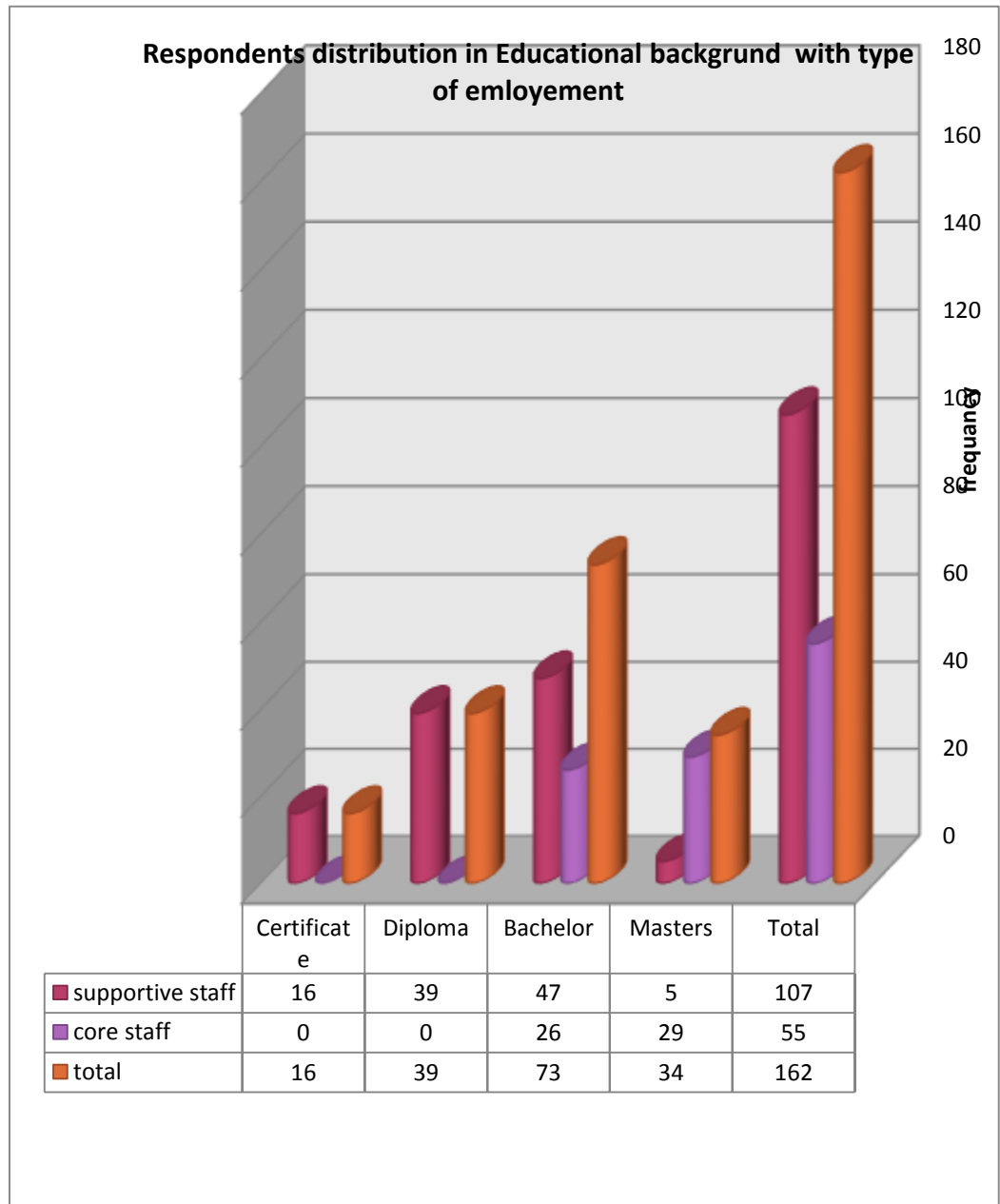
As depicted by fig 3, the educational background of the respondents, while majority of the supportive staff 47(43.9%) had bachelor, 39(36.4%) of the diploma and 16(15%) of had certificate. And majority of the core staff 29(52.7%) of had masters and 26(47.3%) of had bachelor. The education background revealed that the EMI employee have the necessary level of education to implement the new management system. The information they provide were more reliable and valid since they have to understanding about the new work processes.

Fig 4 :- Respondent distribution related to Types of employee with work experience

**Respondent destribution of work experiance with type of employment**

| | 1-5 years | 6-10 years | 11-15 years | 16-20 years | 21-25 years | 26 and above | total |
|---|---|---|---|---|---|---|---|
| ■ supportive staff | 35 | 28 | 26 | 12 | 3 | 3 | 107 |
| ■ core staff | 14 | 26 | 8 | 5 | 2 | 0 | 55 |
| ■ total | 49 | 54 | 34 | 17 | 5 | 3 | 162 |
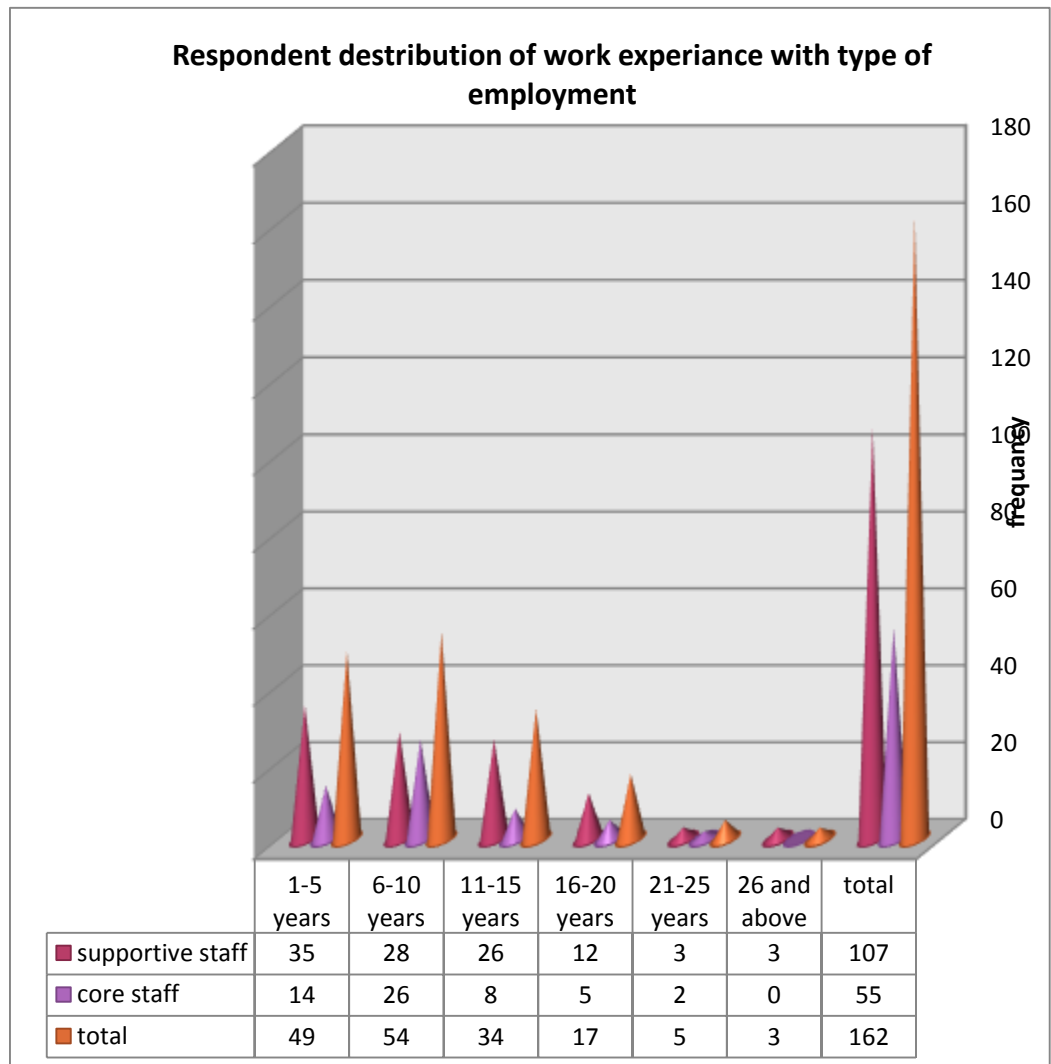
Source: Own survey 2016.

Vis-à-vis to work experience from fig 4, the majority 54(33.3%) and 34 (21%) at the respondents had worked for 6-10 and 11-15 years respectively in this organization. This implies that the performers had adequate understanding of how their office is working to attain its objectives.

Regarding training and planning provision, all the supportive staff 107(100%) and the core staff 55(100%) were taken the training related to BSC and based on the training they prepared the BSC individual and organization plan.

## 4.1 Analysis of Data on Planning, Designing and Implementation

This part deals with the analysis of data gathered from the respondent in related to the internal process, customer, financial and learning and growth perspective of the BSC implementation as performance management system. By using Mean score decision was made, in the analysis average mean less than 3 was taken as

low, average mean equal to 3 medium and average mean greater than 3 high throughout the study and standard deviation were used to interpret each responses disparity from the mean. The t-test and Chi-squire was done to reveal the agreement level of the two groups of respondents the result revealed that, at 95 percent confident interval, the associated p-values were found to be greater than 0.05 level of significant employing that there was an agreement between the response given by the two respondents, otherwise there is statistical significant difference between the respondents.

### 4.1.1  Internal Process Perspective

This phase is the initial point it including the organizational assessment or need assessment planning, designing and implementation BSC in a series of activities. Any change cannot be conducted for the sake of change only. That is behind any change there is certain driving factors that pushes it to occur.

According to Oliveira, (2001), the pressures of change arising from previous management tools and from the dynamics of the surrounding environment like Political, social, economic, technological and legal environment changes have been enormous in this 21th Century. Otherwise there would be no reason to change and no any reason to develop new ideas. Just-in-time, many organizations adapt the new management system to maximize their profit such as Balanced Scorecard is one of the special management tools that drive the organization efficient and effective in the direction of changing organizational strategy, vision and mission in to action.

### 4.1.1.1  Planning and Designing Phase

Before going to implementation phase we have to have what to implement.  BSC as a change initiative requires careful planning and preparation for its successful implementation the objective of planned change are twofold.  First it seeks to improve the preparation of the organization to adopt the change in its environment second it seeks to change employee behavior (Clemans 1995).  As shown in tables both groups of respondents have rated the extent of the EMI offices have done the planning and preparation phase to the implementation of Balance scorecard.

Table 3:- Mean distribution and t-test result for planning and designing activities of BSC program

| No | Internal process perspective (planning phase item) | Respondents | | | | | | T | Sing 2-tailed |
| | | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
| | | N | Mean | SD | N | Mean | SD | | |
| 1 | EMI conducting organizational assessment.(ex, SOWT) | 107 | 3.22 | 1.067 | 55 | 3.56 | 1.032 | 1.938 | 0.054 |
| 2 | Develop organizational strategic plan with good participation. | 107 | 2.99 | 1.236 | 55 | 2.98 | 1.434 | 0.170 | 0.865 |
| 3 | EMI developing Strategic Objectives. | 107 | 3.51 | 1.031 | 55 | 3.47 | 1.199 | 0.329 | 0.743 |
| 4 | Architect the strategy map by using cause and effect linkages. | 107 | 3.44 | 1.142 | 55 | 3.38 | 1.284 | 0.290 | 0.772 |
| 5 | Develop meaningful performance management system. | 107 | 3.22 | 1.119 | 55 | 3.25 | 1.109 | 0.163 | 0.870 |

| 6 | Setting targets and prioritizing strategy initiatives. | 107 | 3.24 | 1.080 | 55 | 3.31 | 1.086 | 0.368 | 0.713 |
|---|---|---|---|---|---|---|---|---|---|

Av. Mean <3 Low, Av. Mean=3 Medium, Av. Mean> 3 High, SD= Standard Deviation N=Frequency, df=160.

Source: Own Survey 2016

Planning phase is the primary activity in undertaking BSC implementation program and the other phase of BSC depend on what we build at this stage. As indicated in table 3 of item 1 is EMI conducting organizational assessment ex, SOWT analyses. Both of supportive and core staff of the respondents was rated as high (Av. Mean 3.22 and 3.56 respective). This implies that the assessment of SOWT in related to in all aspects (the tangible and intangible assets) in EMI was highly conducted. In addition this to the standard deviation value (1.067 for supportive staff, 1.032 for core staff) also shown the response of both respondents was around the mean value. This shows that the respondents were not much more dispersed.

Moreover, a t-test was done to reveal the agreement level of between two groups of respondents. The result obtained revealed that of item 1 at 95 present confident interval that associated p-value found to be greater than 0.05 (p-value=0.054).The test indicated no significance difference, implying that there was an agreement between the response given by the respondents of the two groups. This might be because the preparation made for planning like conducting assessment; resource mobilization.

Item 2 of Table 3, Develop organizational strategic plan with good participation, both the respondents, supportive and core staff was rated as low (Av. Mean 2.99 and 2.98 respectively). This implies that BSC (strategic) plan developed not in good participation of both supportive and core staff, the BSC plan was develop by core process owner level (top-down way of planning). Moreover the standard deviation (1.236 for supportive, 1.434 for core staff) value also shown the response of both respondents was around the mean value. This shows that the respondents were not much more dispersed.

 Moreover, a t-test was done to reveal the agreement level of between two groups of respondents. The result obtained revealed that of item 2 at 95 present confident

interval that associated p-value found to be greater than 0.05 (p-value=0.865).The test indicated no significance difference, implying that there was an agreement between the response given by the respondents of the two groups. This might be because the preparation made for planning like conducting assessment; resource mobilization.

As it can be seen in Table 3 item 3, that both groups respondent rated the emphasis given to developing Strategic Objectives, rated by supportive and core staff as high (Av. Mean=3.02 and 3.47 respectively).Therefore, this show that EMI has developed strategic objective, hence the two groups have common understanding about it. The standard deviation value (1.031for supportive, 1.199 for core staff) also shown the response of both respondents was around the mean value. This shows that the respondents were not much more dispersed.

A T-test was done to reveal the agreement level of two groups of respondents. The result obtained revealed that with regard to item 3 the associated p-value is greater than 0.05 (p-value=0.743). This implying that there was an agreement or there is no statistically significant difference between the responses given by the respondents of two groups this might be because of the above reasons.

With regard to planning the key informants on interview at EMI higher officials indicated that much of the work of planning of EMI developing Strategic Objectives was done by core process owner level to same extent it was create conducive environment for the participation.

According to Lawrie, (2004), the new framework, which we call a Strategy Map, is a logical and comprehensive architecture for describing strategy map specifies the critical elements and their linkages for an organization's strategy. As shown item 4 in table 3 Architect the strategy map by using cause and effect linkages. Both the supportive and core staff was rated as high (Av. mean=3.44 and 3.38 respectively). This depicts that architect the strategy map also describing the organizational BSC plan by cause and effect relation was high. As shown from the table the response of both respondents was around the mean value, this indicates that the respondents were not much more dispersed.

As portrayed in Table a t-test was done to reveal the agreement level of two groups. With regard to item 4 the associated p-value 0.772 is greater than 0.05, this implying that there was no statistically significant different at alpha is equal to 0.05 between the responses given by the respondents of two groups this might be because of the above reasons.

The Balanced Scorecard is a tool that translates an organization's mission and vision of the strategy into a comprehensive set of performance measures that provides the framework for a strategic performance measurement and management system (Kaplan, 1992). As depicted in table 3 item 5, develop meaningful performance management systems. The mean score of both was rated as high (Av. Mean=3.22 and 3.25). This shows that EMI develops meaningful performance management systems in the internal organizational process. In addition to this the standard deviation (1.119 for supportive staff, 1.109 for core staff) also shown the response of both respondents was around the mean value. This shows that the respondents were not much more dispersed.

What is more, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that items 5 at 95% Confidences interval the associated p-values are found to be greater than 0.05 (p-value=0.870).This implying that there was an agreement between the respondents given by the respondents of two groups the supportive & the core staff.

The scorecard ensures that departmental and individual objectives are in line with company objectives. It can be used to identify priorities and to refine the allocation of financial resources.
Regarding this Norton, (1997), a strategic Planning Committee is formed to formulate objectives for each previously identified perspective in the firm's Balanced Scorecard. One of strategic elements is strategic objectives developed and decomposed into the basic strategy building blocks of the organization and define the organization's strategic intent. Objectives are first initiated and categorized on the strategic theme level, categorized by perspective, linked in cause-effect linkages for each strategic theme and then later merged together to produce one set of strategic objectives for the entire organization.

As we observe from Table 3 in item 6, Setting targets and prioritizing strategy initiatives. Thus both the responses of the supportive and core staff was rated as high (Av. Mean=3.24 and 3.31 respectively). This show that EMI Setting targets and prioritizing strategy initiatives and this activity acknowledge by all performers was high. In addition to this the standard deviation (1.080 for supportive staff, 1.086 for core staff) also show that the response of two respondents is no such more disparate from the mean.

Furthermore, to assess whether or not there existed statistically significant different among the respondents given a t-test was conducted. The result of the t-test revealed that of 95% confidence interval the associated p-value was greater than 0.05 implying that there was an agreement between the responses given by the respondents of the two groups. Regarding to this item P-value is greater than 0.05, (p-value= 0.713) therefore no statistical significant different between the two respondents.

### 4.1.1.2 Implementation Phase

Implementing is one of the activity of adopting of balanced scorecard consist the implementation process begins by applying performance measurement software to get the right performance information to the right people at the right time. To adapting the new activities and actions that the organization need to realize the implementation of BSC and related to organizational change. Implementation phase of BSC is the most difficult and hardest part of BSC implementation, for this reason the EMI implement serious of activity (David, 1996).

Table 4: - Mean distribution and t-test result for implementation of BSC program

| No | Internal process perspective (implementation phase item) | Respondents | | | | | | t | Sing 2-tailed |
| | | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
| | | N | Mean | SD | N | Mean | SD | | |
| 1 | Automating the balanced scorecard system. | 107 | 2.48 | 1.003 | 55 | 2.49 | 1.086 | 0.083 | 0.934 |
| 2 | Cascading the process in to team and performer level. | 107 | 3.43 | 1.100 | 55 | 3.36 | 1.060 | 0.368 | 0.714 |

| # | Statement | N | Mean | SD | N | Mean | SD | t | Sig. |
|---|---|---|---|---|---|---|---|---|---|
| 3 | EMI established performance evaluation and rating system. | 107 | 2.24 | 0.970 | 55 | 2.45 | 1.184 | 1.218 | 0.225 |
| 4 | After analyzing current trends of the organization, select and adapt a good processes for better future | 107 | 3.35 | 1.082 | 55 | 3.33 | 1.055 | 0.104 | 0.917 |
| 5 | There is better communication with organization vision and individual activity. | 107 | 3.16 | 1.214 | 55 | 3.07 | 1.200 | 0.429 | 0.668 |
| 6 | EMI organize infrastructure elements for the achievement of our objectives. | 107 | 3.22 | 1.144 | 55 | 3.42 | 1.083 | 1.040 | 0.300 |
| 7 | The organization uses other process measurement tool like ISO, Six Sigma ………. | 107 | 2.18 | 1.035 | 55 | 2.29 | 1.100 | 0.646 | 0.519 |

Table 4: - Mean distribution and t-test result for implementation of BSC program

Av. Mean <3 Low, Av. Mean=3 Medium, Av. Mean> 3 High, SD= Standard Deviation N=Frequency, df=160.

**Source: Own Survey 2016**

As indicate by Kaplan and Norton, (1997) the aim of the implementation of balanced scorecard is to direct, help manage and change in support of the long-term strategy in order to manage performance. It acts as a catalyst for bringing in the 'change' element within the organization.

To adapting the new activities and actions in to the organization implement serious of activity like, Automating the balanced scorecard system, Cascading the process in to team and performer level, analyzing current trends, established

performance evaluation and rating system, form better communication with organization vision and individual activity and the organization measure its process by uses other process measurement tool like ISO, TQM, Six Sigma….these are some of the common functions that help to adapt and implementing the new management system in the organizations.

Automation adds structure and discipline to implementing the balanced scorecard system, helps transform disparate corporate data into information and knowledge and helps communicate performance information. In short, automation helps people make better decisions because it offers quick access to actual performance data.

As depicted in the Table 4 item 1, automating the balanced scorecard system in the organization. Both the respondents, supportive and the core staff was rated as low (Av. mean 2.48 and 2.49 respectively). This implies that the EMI were not given much attention to automating the balanced scorecard system or low performance, this lead the organization to inefficient reporting system and better decision making. The value of the standard deviation, (1. 003 for supportive, 1.086 for core staff) implies that the standard deviation value also shown the response of both respondents was around the mean value. This shows that not much more dispersed between the respondents.

Additionally, to assess whether or not there existed a perceptual different among the respondents given a t-test was conducted. The result of the t-test revealed that of 95% confidence interval the associated p-value was greater than 0.05 implying that there was an agreement between the responses given by the respondents of the two groups. Regarding to this item P-value is greater than 0.05, (p-value= 0.934) therefore no statistical significant different between the two respondents.

The literature reveals that cascading is important for changing the strategic plan in to action during implementation of BSC. According to Robert, (2001) says cascading translates high-level strategy into lower level objectives, measures and operational details. Cascading is the key to organization alignment around strategy. Team and individual scorecards link day-to-day work with department goals and corporate vision. As we can see from item 2 in Table 4, cascading the process in to team and performer level was rated and response by supporting staff rated as high (Av. Mean=3.43) similarly by core staff rated as high (Av. Mean=3.36).This indicating that the Cascading the process form the strategic plan in to team and performer level was done properly by the EMI. In addition to

his the standard deviation (1.100 for supporting staff, 1.060 for core staff) implies that the standard deviation value is not disparate from the mean value.

This implies that the t-test value of the responses of the two groups respondents was no significantly difference (p-value= 0.714).This implies that organization cascade and translates from high-level strategy into lower level team and individual objectives, operational details and measures. In item 3 in Table 4, EMI established performance evaluation and rating system as the rating indicate by the supporting staff rated as low (Av. Mean=2.24) and similarly the core staff rated as low (Av. mean=2.45).This implies that EMI was not established performance evaluation and rating system properly in addition to this the standard deviation values (0.970 for supportive staff, 1.184 for core staff) the standard deviation also shown the response of both respondents was around the mean value.

Likewise, the result of the t-test revealed that of 95% confidence interval, associated p–values were found to be greater than 0.05 (p-value=0.225) implying that there was an agreement between the responses given by the two respondents.

Some organizations try to form a system to sustain a new change in the firm that helps to compute from the environment. Regarding to this EMI in item 4 table 5, after analyzing current trends of the organization, select a good processes for better future, the responses of the supportive staff rated as high (Av. Mean=3.35) and the core staff rated as high (Av. Mean=3.33).This implies that EMI create a system to analyzing current trends of the organization was high, and adapt a new processes for better future.  In addition to this the standard deviation (1.082 for supportive staff, 1.055 for core staff) implies that both respondents have not much deviation from the mean.

Besides, a t-test result revealed that of 95% confident interval, associated p-valve were found to be greater than 0.05 (p-value=0.917) indicate that there is no statistically significant different between the response given by the respondents at two groups.

As theoretical assumption and researcher reveal, communication in any change processes is a key element to make the implementation effort successful. According Kaplan, (1992), The Balanced Scorecard is also seen as a key communication tool of the organization's strategy. This is because the Balanced Scorecard should reflect the key actions required in pursuit of the strategic plan. As we can see form Table 4 item 5, there is better communication with

organization vision and individual activity. The responses of supportive staff rated as high (Av. mean=3.16) and the core staff rated as high (Av. Mean= 3.07) and the interview of higher official and some supportive staff argued that the communication with organization vision and individual activity was high. In addition to this the standard deviation (1.214 for supportive staff, 1.200 for core staff) also shown the response of both respondents was around the mean value. This shows that the respondents were not much more dispersed.

Furthermore, from interview opinion in semi structured interview question the interviewee was indicating that there was good communicating system to the vision and mission by cascading plan from high level to operational level throughout the EMI. Thus, it is sate to conclude that there is a good communication made throughout the organization through BSC implementation plan.

T-test was done to reveal the significant deferent level of the two groups of respondents. The item 5 of 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.668) implying that there was an agreement between the response given by the two respondents.

In item 6 Table 4, EMI organize infrastructure elements for the achievement of our objectives. Both the responses from the supportive staff rated as high (Av. Mean= 3.22 and 3.42 respectively). This implies that there is common understanding that the organization organizes infrastructure elements for the achievement of its objectives was high.Also conduct Non-participated observation by check list the student researcher observe that organization well equipped and well organized. In addition to this the standard deviation (1.144 for supportive staff, 1.083 for core staff) this show that the responses of the two respondents is not more deviate from the mean.

Also, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, the items 6 of 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.300) implying that there was no statistical significant different between the respondents. As 2GC conference paper, (2005), indicate that concerning Balanced Scorecard, the strength of the process measurement framework as a tool to support strategic or operational management activity, but highlights its dependence on effective measure selection. As depicted from the table 4 item 7 the organization uses other process measurement tool like ISO, Six Sigma …

responses of the supportive staff rated as low (Av. mean=2.18) and the core staff rated as low (Av. mean=2.29). This implies that the organization is give low attention to use other process measurement tool like ISO, Six Sigma … during document analysis the researcher did not found any certificate as the result of measured and acknowledge the internal process of the organization (EMI) by standard framework. In addition to this the standard deviation (1.035 for supportive staff, 1.100 for core staff) also show that the responses of the two respondents it is not more deviate from the mean.

Additionally, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, with the exception of items 6 of 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.519) implying that there was no statistical significant  different between the respondents.

## 4.12   Customer Perspective

According to Evans, (2002), The Customer Perspective need to understand the values we provide to our customers extremely efficient also delivered the service on time. Therefore, on time delivery is the specific value to the customers. Organizations that emphasize operational efficiency usually provide certain value attributes, such as competitive pricing, on-time delivery, or superb quality. Other organization may create value for customers through their great relationship with the customer. Finally, some organization may add value by emphasizing innovative and unique products or services. It is extremely important to define your customer and the values you provide; otherwise you run the risk of building a scorecard that doesn't fit with the capabilities of the organization. Once you have clearly defined your customer values, you can define strategic objectives within the Customer Perspective. And growing revenues is our strategy for meeting our strategic thrust or area of creating customer value.

Table 5:- Mean distribution and t-test result for customer perspective.

| No | Customer perspective (item) | Respondents | | | | | | T | Sing 2-tailed |
| | | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
| | | N | Mean | SD | N | Mean | SD | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | The organization conducts market research. | 107 | 2.54 | 1.223 | 55 | 3.15 | 1.407 | 2.824 | 0.005 |
| 2 | EMI add value to customers and clients. | 107 | 3.05 | 1.253 | 55 | 3.45 | 1.393 | 2.805 | 0.060 |
| 3 | EMI's customers are satisfied. | 107 | 2.59 | 1.205 | 55 | 3.07 | 1.260 | 2.383 | 0.018 |
| 4 | The organization Identify the potential customer. | 107 | 2.59 | 1.303 | 55 | 3.07 | 1.451 | 2.153 | 0.033 |
| 5 | EMI delivered service to customer in a reasonable and good price. | 107 | 2.64 | 1.305 | 55 | 2.65 | 1.322 | 0.045 | 0.965 |
| 6 | EMI Communicate with customers using various communication tools like newsletters, e-mail…… | 107 | 2.67 | 1.265 | 55 | 3.00 | 1.171 | 1.598 | 0.112 |
| 7 | There is good documentation and data collection system In EMI. | 107 | 2.37 | 1.103 | 55 | 2.45 | 1.136 | 0.437 | 0.663 |
| 8 | Customer handling system | | 3.0 | 1.17 | 5 | | 1.17 | 1.39 | |

| No | Statement | N | | | | | | | | p-value |
|----|-----------|---|---|---|---|---|---|---|---|---------|
| | is good, as the result of this we maximize profit. | 107 | 6 | 2 | 5 | 3.33 | 1 | 5 | | 0.165 |
| 9 | We are competitive because of our customer oriented activity. | 107 | 2.69 | 1.153 | 55 | 2.96 | 1.154 | 1.422 | | 0.157 |
| 10 | Customer feedbacks are keys for our performance appraisal systems. | 107 | 2.63 | 1.240 | 55 | 2.91 | 1.251 | 1.371 | | 0.172 |

Av. Mean <3Low, Av. Mean=3Medium, Av. Mean> 3High, SD= Standard Deviation, N= Frequency, df=160.

Source: Own Survey 2016

Identifying customer interest is one the majority objectives for service delivering organization to maximized profit. EMI planned to increase the customer satisfaction. As shown in the items 1, 3 and 4 Table 5, EMI conducts market research, customers are satisfied, the organization Identify the potential customer. The supportive staff was rated as low (Av. Mean = 2.54, 2.59 and 2.59 respectively). These implies that according to supportive staff the organization emphases given to the activities of conducting market research, to customer satisfaction by adding value and identifies the potential customer, to maximizing profit was less. On the other hand the core staff rated to item 1, 3 and 4 as high (Av. Mean=3.15, 3.07and 3.07 respectively). These implies that according to the core staff the organization give emphasis to the activities of conducting market research, adding value to customers its satisfaction and identify the potential customer to maximizing profit was high.

A t-test result revealed that at 95% confident interval the associated P-value was found to be less than 0.05 (p-value= 0.005, 0.018 and 0.033 respectively) for

In addition to this key informants and responses from open ended questions the structured interview revealed that EMI made an effort to adopted the new managerial theories and create and adapt change management environment to the potential customers (The Government). Still satisfaction is not easily achievable but, relatively there is good feedback. They also indicate EMI evaluate weekly about customer handling situation. Therefore the activities of conducts market research, to customer satisfaction by adding value and identifies the potential customer, to maximizing profit customer still need more studies and effort to develop the organization performance.

Likewise, a t- test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, item 5, 7 and 10 at 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.965, 0.663 and 0.172 respectively). This implies that there was no statistical significant different between the response given by the respondents of two groups.

As portray in the above table 5 item 6 that EMI Communicate with customers using various communication tools like newsletters, e-mail…, responding by supportive staff was rated as low (Av. Mean=2.67). This implies that EMI Communicate with customers using in various communication tools like newsletters, e-mail, internet …… was low. On the other hand the core staff responses was rated as medium (Av. Mean=3.00). This implies that EMI Communicate with customers using various communication tools like newsletters, e-mail……was medium. In addition to this the standard deviation (1.265 for supportive staff, 1.171 for core staff respectively) also show that the responses of the two respondents it is not more deviate from the mean.

Moreover, a t-test was done to reveal that to check either statistically significant different between the respondent or not. The result attained revealed that the item 6 at 95% Confidences interval the associated p-values are found to be greater than 0.05 (p-value=0.112) implying that there was an agreement between the respondents given by the respondents of two groups.

<span style="color:red">Form the observation the organization website was not update on time and other mechanism was not properly functioned. Therefore communicating system with customers is not that much effective.</span>

As depicted in the above Table 5 items 2 and 8, EMI add value to customers and clients, and Customer handling system is good for maximize profit that respond by supportive staff for items 2 and 8 was rated as high (Av. Mean=3.05 and 3.06). This implies that Customer handling system is good, as the result of this we maximize profit was high. On the other hand the core staff respondents was rated as high (Av. Mean=3.45 and 3.33). <span style="color:red">This implies that EMI add value to customers and clients and Customer handling system is good, as the result of this maximize profit was high. In addition to this the standard deviation (1.172 and 1.253 for supportive staff, 1.171and 1.393 core staff respectively) it is not more deviate from the mean.</span>

Besides, a t-test was done to reveal that to check either statistically significant different between the respondent or not. The result attained revealed that the items 2 and 8  at 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.165 and 0.060) implying that there was an agreement between the respondents given by the respondents of two groups.

As shown in the above Table 5 item 9, EMI are competitive because of our customer oriented activity. Both the respondents the supportive and core staff was rated as low (Av. Mean=2.69 and 2.96 respectively). This implies that EMI are competitive because of our customer oriented activity was low. In addition to this the standard deviation (1.153 for supportive staff, 1.422 core staff) it is not more deviate from the mean.

Besides, a t-test was done to reveal that to check either statistically significant different between the respondent or not. The result attained revealed that the item 8  at 95% Confidences interval the associated p- values are found to be greater than 0.05 (p-value=0.157) implying that there was an agreement between the respondents given by the respondents of two groups.

### 4.12.1 Financial Perspective

The Balanced Scorecard emphasizes that financial and nonfinancial measures must be part of the management system for employees at all levels of the organization. According to Robert, (2001), Front-line employees must understand the financial consequences of their decisions and actions; senior executives must understand the drivers of long-term financial success. The objectives and the measures for the Balanced Scorecard are more than just a somewhat ad hoc collection of financial and nonfinancial performance measures; they are derived from a top-down process driven by the mission and strategy of the business unit. The Balanced Scorecard should translate an organizational unit's mission and strategy into tangible objectives and measures.

Table 6:- Mean distribution and t-test result for financial perspectives.

| No | Financial Perspective (item) | Respondents | | | | | | t | Sing 2-tailed |
| | | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
| | | N | Mean | SD | N | Mean | SD | | |
| 1 | There is a good participatory approach for budget planning system. | 107 | 2.53 | 1.067 | 55 | 2.62 | 1.163 | 0.468 | 0.640 |
| 2 | EMI use the resource effectively. | 107 | 2.62 | 1.163 | 55 | 2.73 | 1.162 | 0.573 | 0.568 |
| 3 | EMI use opportunities and develop new method to enhancing revenue. | 107 | 3.42 | 1.252 | 55 | 3.04 | 1.290 | 1.831 | 0.069 |
| 4 | Our internal financial system | 107 | 2.32 | 1.060 | 55 | 2.53 | 1.086 | 1.181 | 0.239 |

| No | Statement | N | Mean | SD | N | Mean | SD | | |
|---|---|---|---|---|---|---|---|---|---|
| | contributes to organization success. | | | | | | | | |
| 5 | EMI use the appropriate technology and infrastructure effectively. | 107 | 3.05 | 1.200 | 55 | 3.00 | 1.217 | 0.234 | 0.816 |
| 6 | Our financial report accepted in all level of organization performer. | 107 | 2.11 | 1.093 | 55 | 2.38 | 1.163 | 1.455 | 0.148 |

Av. Mean <3Low, Av. Mean=3Medium, Av. Mean> 3High, SD= Standard Deviation, N= Frequency, df=160.

Source: Own Survey 2016

The financial perspective represents the long-term objectives of the organization. The Efficiency of an organization can be determined by tasks accomplished per unit cost. Mean and standard deviation of the respondents as depicted in the above Table 6 items 1, 2, 4 and 6 following the description of the group statistic, t-test was carried out to check either is there statistically significant different in financial perspective or not.

As portray in the Table 6 items 1, 2, 4 and 6, there is a good participatory approach for budget planning system, EMI use the resource effectively, and our internal financial system contributes to organization success, our financial report accepted in all level of organization performer. Both the supportive and core staff give responses to the participatory approaches for budget, use the resource efficiently, good internal financial system, acceptance of financial report was rated as low (Av. Mean<3). This implies that low participatory approach for budget planning system, use the resource not use wisely, the contribution internal financial system to organization success was low, and acceptance of financial report in all level of organization performer was low. In addition to this the standard deviation also shows form the above table that the responses of the two respondents it is not more deviate from the mean.

Furthermore, A t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, items 1, 2, 4 and 6  at 95%

Confidences interval the associated p- values are found to be greater than 0.05(p-value= 0.640 ,0.568 ,0.239 and 0.148 respectively) implying that there was an agreement between the respondents given by the respondents of two groups.

Table 6 in item 3 and 5 indicate that both groups of respondents rated the EMI use the new method to enhancing revenue and using the appropriate technology as high (Av. Mean >3). This implies that EMI use opportunities and develop new method to enhancing revenue and use the appropriate technology and infrastructure effectively in a good way. In addition to this the standard deviation was not more deviate from the mean.

In addition, a t-test was done to reveal significant different level of the two groups of respondents. The result attained revealed that, the items 3 and 5 at 95% Confidences interval the associated p- values are found to be greater than 0.05(p-value=0.069 and 0.816) implying that there was an agreement between the respondents or no statistical significant different between  given by the respondents of two groups.

### 4.2.3  Learning and Growth Perspective

According to Kaplan, (1996), the learning and growth perspective identifies the infrastructure that organizations need to build up to create long-term growth and improvement. By only using the capabilities and technologies that exist today organizations are unlikely to meet the targets for customers and internal processes. Organizational learning and growth are mainly based on people, systems, and organizational procedures, and the scorecard can reveal gaps between the existing infrastructure and the one needed to improve the performance. Now to what extent Learning and growth perspective was implemented in the EMI to the supportive and the core staff of the organization is discussed below.

Table 7:- Mean distribution and t-test result for learning and growth perspective.

| No | Learning and Growth perspective | Respondents | | | | t | Sing 2-tailed |
|---|---|---|---|---|---|---|---|
| | | Supportive staff (N=107) | | Core staff (N=55) | | | |
| | | | | | | | |

| | | N | Mean | SD | N | Mean | SD | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | The organization conducts skills assessment. | 107 | 2.65 | 1.100 | 55 | 3.13 | 1,055 | 2.628 | 0.009 |
| 2 | EMI consider intellectual capital is the main source of profitability. | 107 | 3.09 | 1.069 | 55 | 3.13 | 0.963 | 0.160 | 0.844 |
| 3 | To fill gap the organization provides training to the employee after feedback. | 107 | 2.48 | 1.136 | 55 | 3.11 | 1.149 | 3.343 | 0.001 |
| 4 | EMI invest in supporting employee knowledge. | 107 | 2.84 | 1.047 | 55 | 3.20 | 1.007 | 2.092 | 0.038 |
| 5 | EMI treat the employee as the most valuable assets of the organization. | 107 | 2.50 | 1.040 | 55 | 3.09 | 1.040 | 3.449 | 0.001 |
| 6 | EMI develop the employee's skills and competencies. | 107 | 2.71 | 1.046 | 55 | 3.16 | 1.050 | 2.609 | 0.010 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 7 | Assignment of process owners is according to the merits. | 107 | 1.92 | 0.881 | 55 | 2.31 | 1.052 | 2.516 | 0.103 |
| 8 | There is a behavioral change in all performers to implementation BSC. | 107 | 2.16 | 1.150 | 55 | 3.44 | 1.102 | 2.789 | 0.018 |
| 9 | EMI's Culture and alignment to the goals throughout the plan is strong. | 107 | 2.29 | 1.108 | 55 | 3.67 | 0.982 | 2.813 | 0.040 |
| 10 | Employees have an access of information they need to help to achieve the mission. | 107 | 2.73 | 1.178 | 55 | 3.33 | 1.055 | 3.109 | 0.002 |

Av. Mean <3 Low, Av. Mean=3 Medium, Av. Mean> 3 High, SD= Standard Deviation N=Frequency, df=160.

Source: Own Survey 2016

As observed from the Table 7, the mean values of responses using likert scale were calculated. Based on statistical result to discuss how the organization was implemented the learning and growth activities in table 7 of items 1, 3 and 6, the organization conduct skills assessment, after feedback the organization provides training to employee fill gap and develop the employee's skills competencies. The supportive staff response to the items was rated as low (Av. Mean= 2.65, 2.48, 2.71 respectively).This implies that the organization activity to conduct skills assessment was low, the activities after feedback the organization provide

training to employee fill gap was low and there is low development the employee's skills competencies. On the other hand the core staff response to similar items was rated as high (Av. Mean=3.13, 3.11, 3.16 respectively). This implies that the organization skills assessment activity was high, to fill gap after feedback the organization provides training to employee activity high and development of the employee's skills competencies activity was also high.

Moreover, the t-test was done to reveal the statistical significant different level of the two groups of respondents. The result attained revealed that, items 1, 3 and 6 at 95% Confidences interval the associated p- values are found to be less than 0.05 (P-value=0.009, 0.001, 0.010 respectively). This implies that there was statistical significant different between the responses given by the respondents of two groups. In addition to these issues interview revealed that the EMI conduct skill assessment to adopt new managerial theories, as training institute more training provide to the core staff (academics staff) to updating and to upgrade the trainer to meet organizational objectives. But still some training program issued to the supportive staff also.

As observed form the Table 7 in item 2 is the organization considers intellectual capital as the main source of profitability. Both the supportive and core staff responses was rated as high (Av. Mean= 3.09 and 3.13 respectively). This implies that EMI consider intellectual capital as the main source of profitability. In addition to this the standard deviations (1.069 for supportive staff, 0.963 for core staff) also show that the response of the two respondents not more deviate from the mean.

Furthermore, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, item 2 at 95% Confidences interval the associated p-values are found to be greater than 0.05 (p-value= 0.844) implying that there was no statistically significant different between the respondents given by the respondents of two groups.

As portray in the Table 7 items 4 and 5, EMI invest in supporting employee knowledge and treat the employee as the most valuable assets of the organization, the supportive staff respond to both item rated as low (AV. mean= 2.48 and 2.84). This implies that EMI invest in supporting employee knowledge and treat the employee as the most valuable assets of the organization was low. But the core staff responses of two items was rated as high (Av. Mean=, 3.20 and 3.09). Now this implies that EMI invest in supporting employee knowledge and treat the employee as the most valuable assets of the organization was high. The

t-test was done to reveal either statistical significant different in the responses of two groups or not. The result attained revealed that, items 4 and 5 at 95% Confidences interval the p-values are found to be less than 0.05 (p-value=0.038 and 0.001 respectively) implying that there was no an agreement between the respondents given by the respondents of two groups.

In connection this issues from open ended questionnaires the respondents indicated that the EMI give educational opportunities or chance to the core staff and consider the intangible assets as valuable one. On the other hand the supportive staff not that much happy concerning about the educational opportunities they would like to get but they have still doubt about it.

As depicted in Table 7 items 8, 9 and 10, about the behavioral change in all performers to implementation BSC, culture and alignment to the goals throughout the plan and access of information in the EMI the supportive staff responses to items 8, 9 and 10 was rated as low (Av. Mean=2.16, 2.29 and 2.73 respectively). This implies that the behavioral change in all performers to implementation BSC, culture and alignment to the goals throughout the plan and access of information in the EMI was low. On the other hand the core staff responses to the items 8, 9 and 10 rated as high (Av. Mean= 3.44, 3.67 and 3.33 respectively). Now this implies that the behavioral change in all performers to implementation BSC, culture and alignment to the goals throughout the plan and access of information in the EMI was high.

What is more, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, items 8, 9 and 10  at 95% Confidences interval the associated p- values are found to be less than 0.05 (p-value=0.000 and 0.002 ) implying that there was no an agreement or there is statistically different significant between the responses given by the respondents of two groups.

As indicate Table 7 item 7, is assignment of process owners is according to the merits. Both the responses given by the respondents of the two groups was rated as low (Av. Mean= 1.92 and 2.31) this implies that in assignment of process owners is according to the merits was low. In addition to this the standard deviation (0.881 for supportive, 1.052 for core staff) the two respondents it is not more deviate from the mean.

Likewise, the t-test computed to see either significant different between the two respondent or not. The result attained revealed that, item 7 at 95% Confidences interval the p- values are found to be greater than 0.05 (p-value=0.103) implying

that there was an agreement between the respondents given by the respondents of two groups.

## 4.3   Effectiveness on Implementation of BSC Program

According to Kaplan and Norton, (2008), an organization-wide adoption of the Balanced Scorecard, across all key organizational functions this has been shown to provide a co-ordinate framework and a common approach for all organizational performance measurement and management efforts, Utilize the Balanced Scorecard to provide purposeful data for organizational decisions, allocate the future direction, Ensure commitment, and increased understand and awareness of the alignment about operations across the whole management team; effective monitoring of performance improvement initiatives; Improved understanding of the links between measures and makes target setting easily and finally performance describes across the four perspectives… Now to what extent the organization achieve from the implementation of BSC as performance management system responses of the supportive and the core staff of the organization is discussed below.

Table 8:- Mean distribution and t-test result for achievement of BSC as performance management system Tool.

| No | Achievements (item) | Respondents | | | | | | T | Sing 2-tailed |
|----|---------------------|-------------|--|--|--|--|--|---|---------------|
|    |                     | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
|    |                     | N | Mean | SD | N | Mean | SD | | |
| 1 | Aligning team and individual goals with organizational goals | 107 | 3.01 | 1.094 | 55 | 3.11 | 0.916 | 2.426 | 0.108 |
| 2 | EMI encourage vertical and lateral | 107 | 2.64 | 1.084 | 55 | 2.11 | 1.012 | 2.639 | 0.090 |

| # | Statement | 107 | Mean | SD | 55 | Mean | SD | | |
|---|---|---|---|---|---|---|---|---|---|
| | information-sharing/feedback among organization unit. | | | | | | | | |
| 3 | EMI revised its strategy at list once a year. | 107 | 2.76 | 1.140 | 55 | 2.22 | 0.937 | 2.585 | 0.110 |
| 4 | Teams are formed and maintained better execution strategy. | 107 | 2.66 | 1.090 | 55 | 3.02 | 1.045 | 1.988 | 0.048 |
| 5 | EMI translated organizational goals into actionable deliverables. | 107 | 2.89 | 1.127 | 55 | 3.13 | 1.090 | 1.322 | 0.028 |
| 6 | EMI Prepared and implemented a comprehensive communication plan | 107 | 2.87 | 1.158 | 55 | 2.95 | 1.061 | 0.408 | 0.648 |
| 7 | EMI aligning incentives, rewards and recognition to the employee. | 107 | 2.81 | 1.091 | 55 | 2.98 | 0.952 | 0.972 | 0.333 |
| 8 | Implementation of BSC increase internal creativity or innovativeness | 107 | 3.88 | 1.088 | 55 | 3.40 | 0.881 | 0.930 | 0.304 |
| 9 | Hiring candidates based on their ability to support the strategy. | 107 | 2.52 | 1.013 | 55 | 2.20 | 0.951 | 2.111 | 0.210 |
| 10 | EMI use the appropriate | 107 | 3.08 | 1.11 | 5 | 3.18 | 0.94 | 2.8 | 0.05 |

| No | Item | N | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | technological infrastructure. | | | 3 | 5 | | 5 | 44 | 6 |
| 11 | EMIs' performers trust the leaders and vise verse. | 107 | 2.63 | 1.178 | 55 | 2.68 | 1.045 | 2.082 | 0.309 |

Av. Mean <3 Low,  Av. Mean=3 Medium,  Av. Mean> 3 High,  SD= Standard Deviation  N=Frequency, df=160.

Source: Own survey 2016

Table 8; illustrate the achievement of BSC implementation as a management system. For the responses of the respondents using likert scale, the average means were computed and compared each item. In items 4 and 5, Aligning team and individual goals with organizational goals, teams are formed and maintained better execution strategy and translated organizational goals into actionable deliverables. The responses given by the supportive staff was to all these items was rated as low (Av. Mean= 2.66 and 2.89 respectively). This shows that, teams maintaining execution strategy and translated organizational goals into actionable deliverables was low. On the other hand the core staff responded to the same item was rated as high (Av. Mean= 3.02 and 3.13 respectively). This implies that aligning team and individual goals with organizational goals, teams are formed and maintained better execution strategy and translated organizational goals into actionable deliverables was high.

Moreover, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, with items 4 and 5 at 95% Confidences interval the associated p-values are found to be less than 0.05 (p-value=0.048 and 0.028) implying that there was no agreement or there is significant different between the responses given by the respondents of two groups.

In relationship to this from the interview the higher officer reveal that the organization use maximum effort to aligning team and individual goals with organizational goals, team maintaining better execution strategy and translated organizational goals into actionable deliverable. But still there is limitation on equally understanding use maximum effort to execute strategic plan in all performer.

In addition to this in item 2, 3 and 6  as shown Table 8, Prepared and implemented a comprehensive communication plan, encourage vertical and lateral information sharing feedback among organization unit and revised its strategy at list once a year. Both the supportive and core staff respondents given their responses to these items 2, 3 and 6 were rated as low (Av. Mean=2.64, 2.76 and 2.87 for supportive, 2.11, 2.22 and 2.95 for core staff respectively). This implies that Prepared and implemented a comprehensive communication plan, encourage vertical and lateral information sharing feedback among organization unit and revised its strategy at list once a year  activity was low.

In order to check either there is statistical significant different of opinion between the two group or not, independent t-test was computed and significant different among the groups was observed to items 2, 3 and 6 that the p-value was greater than 0.05 (p-value=0.090, 0.110 and 0.648 respectively). Implying that there was an agreement or there is no significant different between the responses given by the respondents of two groups.

As indicate in Table 8 item 7, 9 and 11, the organization aligning incentives, rewards and recognition to the employee, hiring candidates based on their ability to support the strategy and performers trust the leaders and vise verse.  To these both the supportive and core staff respondents given their responses to these items 7, 9 and 11 was rated as low (Av. Mean=2.81, 2.52 and 2.63 for supportive, 2.98, 2.20 and 2.68 for core staff respectively). This implies that the organization aligning incentives, rewards and recognition to the employee, hiring candidates based on their ability to support the strategy and performers trust the leaders and vise verse was low.

Moreover, to check either there is statistical significant different of opinion between the two group or not, independent t-test was computed and significant different among the groups was observed to items 7, 9 and 11 that the p-value was greater than 0.05 (p-value=0.333, 0.210 and 0.309 respectively). Implying that there was an agreement or there is no significant different between the responses given by the respondents of two groups.

In Table 8 items 1, 8 and 10, Aligning team and individual goals with organizational goals, Implementation of BSC increase internal creativity or innovativeness and use the appropriate technological infrastructure. Both the respondents of supportive and core staff to these items 1, 8 and 10 were rated as high (Av. Mean=3.01, 3.88 and 3.08 for supportive, 3.11, 3.40 and 3.18 for core

staff respectively). This implies that Aligning team and individual goals with organizational goals, Implementation of BSC increase internal creativity or innovativeness and the organization use the appropriate technological infrastructure was high.

Furthermore, a t-test was done to reveal the agreement level of the two groups of respondents. The result attained revealed that, items 1, 8 and 10 at 95% Confidences interval the associated p-values are found to be greater than 0.05 (p-value=0.108, 0.304 and 0.056 respectively) implying that there was no significant different between the responses given by the respondents of two groups.

## 4.4 Major Problems in the Implementation of BSC

There are some empirical studies linking the use of balanced scorecards to better decision making or improved financial performance of companies, but due to the wide variations in definition of what a balanced scorecard is noted above so that making it hard to work. Single organization case studies suffer from the lack of a control issue common to any study of organizational change, you don't know what the organization would have achieved if the change had not been made, so it is difficult to attribute changes observed over time to a single intervention, such as introducing a balanced scorecard. Now to what extent the organization face a major problem from the implementation of BSC as performance management system responses of the supportive and the core staff of the organization is discussed below.

Table 9:- Mean distribution and t-test result for major problems of BSC as performance management system

| No | Major problems (item) | Respondents | | | | | | T | Sing 2-tailed |
|----|----|----|----|----|----|----|----|----|----|
| | | Supportive staff (N=107) | | | Core staff (N=55) | | | | |
| | | N | Mea | SD | N | Mea | SD | | |

| | | | n | | | n | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | EMI is not Creating a culture of change to the change resistance. | 107 | 2.98 | 1.149 | 55 | 2.31 | 0.960 | 1.922 | 0.710 |
| 2 | There is confusion over goals or expectations | 107 | 2.78 | 1.081 | 55 | 2.25 | 0.947 | 1.656 | 0.115 |
| 3 | EMI is not creating mutual understanding for redesign process on time. | 107 | 2.79 | 1.067 | 55 | 2.82 | 1.097 | 0.723 | 0.467 |
| 4 | EMI's performers inadequately focus on strategic objective. | 107 | 2.05 | 1.161 | 55 | 2.24 | 1.018 | 1.070 | 0.307 |
| 5 | There is no communication with vertical and lateral information sharing, feedback and reporting among organization unit. | 107 | 2.67 | 1.011 | 55 | 2.61 | 1.066 | 0.146 | 0.884 |
| 6 | EMI's Managers did not support the subordinate for proper execution of strategy. | 107 | 3.21 | 1.213 | 55 | 3.11 | 1.272 | 0.517 | 0.606 |
| 7 | BSC hinder individual accountability and | 107 | 2.25 | 1.222 | 55 | 2.21 | 1.149 | 0.72 | 0.47 |

| | | 107 | Mean | SD | 55 | Mean | SD | | |
|---|---|---|---|---|---|---|---|---|---|
| | responsibility for expected results. | | | | | | | 1 | 2 |
| 8 | EMI's managers are unable to predict change. | 107 | 2.38 | 1.210 | 55 | 2.52 | 1.238 | 0.905 | 0.367 |
| 9 | EMI is not creating measurement tool to measure the performance of performers accordingly. | 107 | 3.70 | 1.175 | 55 | 3.60 | 1.132 | 0.524 | 0.601 |
| 10 | EMI's leaders are not engaged to the new change. | 107 | 2.43 | 1.206 | 55 | 2.18 | 1.140 | 1.263 | 0.209 |
| 11 | We are not getting the results; as we wanted from our plan. | 107 | 3.59 | 1.107 | 55 | 3.18 | 1.140 | 0.633 | 0.528 |

Av. Mean <3 Low, Av. Mean=3 Medium, Av. Mean> 3 High, SD= Standard Deviation, N=Frequency, df=160.

Source: Own Survey 2016

With regard to the major problem that faces EMI during the implementation of BSC; eleven questions were administered to gather the view and opinion of the supportive and core staff. The Table 9 indicates that in item1, 2 and 4, EMI is not creating a culture of change to the change resistance, there is confusion over goals or expectations, EMI is not creating mutual understanding for redesign process on time and performers inadequately focus on strategic objective. Both the two groups responses to items 1, 2, 3 and 4 was rated as low (Av. Mean=2.98, 2.78, 2.79 and 2.05, for supportive, 2.13, 2.25, 2.82 and 2.24 for core staff respectively). This indicates that EMI is creating a culture of change to the change resistance, there no confusion over goals or expectations, creating

mutual understanding for redesign process on time and performers are focus adequately on strategic objective was high.

In addition to this the value of t-test for Table 9 items 1, 2, 3 and 4, shows that p-value is greater than 0.05 (p-value=0.710, 0.115, 0.467 and 0.305 respectively). This implies that there no statistical significant different between the responses of the two group respondents.

In Table 9 of items 5, 7, 8 and 10, there is no communication with vertical and lateral information sharing, feedback and reporting among organization unit, BSC hinder individual accountability and responsibility for expected results, managers are unable to predict change and leaders are not engaged to the new change. Both supportive and core staff responses was rated as low (Av. Mean = 2.67, 2.25, 2.38 and 2.43 for supportive, 2.61, 2.21, 2.52, and 2.18 for core staff respectively). This implies that there is communication with vertical and lateral information sharing, feedback and reporting among organization unit, BSC not hinder individual accountability and responsibility for expected results, EMI's managers are able to predict change and EMI's leaders are engaged to the new change. In addition to this all the standard the deviation values of these items are not deviate from mean.

Additionally, a t-test indicates that at 95% confident interval. The associated p-value of these items was found to be greater than 0.05 (P-value= 0.884, 0.472, 0.367 and 0.209 respectively). This implying that there was no statistically significant difference in the opinions between two groups.

Table 9 in items number 6, 9 and 11 of table 9, EMI's Managers did not support the subordinate for proper execution of strategy, EMI is not creating measurement tool to measure the performance of performers accordingly and they are not getting the results; as we wanted from our plan. Both the respondents the supportive and core staff was rated as high (Av. Mean= 3.21, 3.70 and 3.59 for supportive and 3.11, 3.60 and 3.18 for core staff respectively). This shows that, EMI's Managers did not support the subordinate for proper execution of strategy, EMI is not creating measurement tool to measure the performance of performers accordingly and we are not getting the results; as we wanted from our plan. In addition to this the standard deviation values of these items are not more disparities from the mean.

Furthermore, the t-test indicates that at 95% confident interval. The associated p-value of items 6, 9 and 11 was found to be greater than 0.05 (P-value =0.606,

0.601 and0.528 respectively) implying that there was statistically significant difference in the opinions between two groups of respondents.

Table 10:- Mean distribution, t-test and prison chi-square   result for strategies of BSC as performance management system

| No | Statements | Responses | Respondents | | | | chi-square | Sing (2 tailed) |
| | | | Supportive staff (N=107) | | Core staff (N=55) | | | |
| | | | No | % | No | % | | |
| 1 | Creating clear shred vision and common values | Yes | 90 | 84.1 | 48 | 87.3 | 0.845 | 0.448 |
| | | No | 12 | 11.2 | 6 | 10.9 | | |
| | | I don't know | 5 | 4.7 | 1 | 1.8 | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 2 | Identify and remove roadblocks | Yes | 81 | 75.7 | 10 | 18.2 | 0.926 | 0.040 |
| | | No | 21 | 19.6 | 44 | 80.0 | | |
| | | I don't know | 5 | 4.7 | 1 | 1.8 | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 3 | According to the efficiency of the performer Reward, | Yes | 80 | 74.8 | 6 | 10.9 | 3.476 | 0.010 |
| | | No | 22 | 20.6 | 48 | 87.3 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Reinforce and motivation is needed | I don't know | 5 | 4.7 | 1 | 1.8 | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 4 | Creating effective performance measurement tools/system/ | Yes | 86 | 80.7 | 38 | 69.1 | 2.576 | 0.110 |
| | | No | 21 | 19.3 | 17 | 29.9 | | |
| | | I don't know | - | - | - | - | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 5 | Assignment of process owner according to merit | Yes | 81 | 75.7 | 43 | 78.2 | 0.214 | 0.813 |
| | | No | 10 | 9.5 | 4 | 7.3 | | |
| | | I don't know | 16 | 15.0 | 8 | 14.6 | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 6 | Creating good communicating tools in all level | Yes | 73 | 68.2 | 44 | 80.0 | 3.006 | 0.231 |
| | | No | 20 | 18.7 | 5 | 9.1 | | |
| | | I don't know | 14 | 13.1 | 6 | 10.9 | | |
| | | Total | 107 | 100 | 55 | 100 | | |
| 7 | Provision of adequate training | Yes | 79 | 73.8 | 46 | 83.6 | 2.005 | 0.174 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| and upgrading program to the performer | No | 21 | 19.3 | 7 | 12.7 | | |
| | I don't know | 7 | 6.5 | 2 | 3.6 | | |
| | Total | 107 | 100 | 55 | 100 | | |

Av. Mean <3 Low, Av. Mean=3 Medium,  Av. Mean> 3 High,  SD= Standard Deviation  N=Frequency, df=160.

Source: own Survey 2016

## 4.5    The Responses on Mechanisms or strategies in Place to Alleviate Problems for the Sustainability of BSC Implementation

According to Gates, (1999), it's a good holistic performance measuring approach, Balanced Scorecard is a good internal scanning and assessment tool and it is very good at encouraging learning.  It is an excellent educational tool to help staff see how financial, non-financial results and shareholder value is really created.  It's a good tool to use too to help managers and teams see and define the actions needed to achieve their objectives.  So it's an excellent educational tool and supports the payments of incentives to individuals. Even though, it is a flexible management tool and complex to implement, Balanced Scorecard may even change provided basic principles are adopted. In the following sections the key issues of Strategy and internal communication, Performance Indicators, Reward, External communication, Business plan, Breakthrough performance, Linking to resourcing and management processes are the common one that enhanced the efficiency by balanced score cord. Now to asses' strategies for sustainability of implementation of BSC as performance management system responses of the supportive and the core staff of the organization is discussed below.

Table 10:- Mean distribution, t-test and prison chi-square   result for strategies of BSC as performance management system

Av. Mean <3 Low, Av. Mean=3 Medium,  Av. Mean> 3 High,  SD= Standard Deviation  N=Frequency, df=160.

Source: own Survey 2016

As indicated in Table 10, the majority of the respondents revealed that mechanisms to sustainability BSC as performance management system Creating clear shared vision and common values, identify and remove roadblocks, according to the efficiency of the performer Reward, Reinforce and motivation is needed, Creating effective performance measurement tools/system/, assignment of process owner according to merit, Creating good communicating tools in all level, Provision of adequate training and upgrading program to the performer, creating a sense of urgency, commitment and responsibility to reinforcing change. This implies that, it needs common understanding.

The majority of supportive staff confirmed that creating a clear shared vision and common values 90(84%), Identify and remove roadblocks 81(75.7%), According to the efficiency of the performer Reward, Reinforce and motivation is needed 80(74.8%), Creating effective performance measurement tools/system/86(80.7%), Assignment of process owner according to merit 81(75.7%), Creating good communicating tools in all level 73(68.2%), Provision of adequate training and upgrading program to the performer 79(73.8%) EMI were used the strategies to alleviate the challenges.

Similarly the core staff established that creating a clear shared vision and common values 48(87.3%), , Creating effective performance measurement tools/system/38(69.1%), Assignment of process owner according to merit 43(78.2%), Creating good communicating tools in all level 44(80.0%), Provision of adequate training and upgrading program to the performer 46(83.6%) EMI were used the strategies to alleviate the challenges

But the core staff, Identify and remove roadblocks 44(80.0%) and According to the efficiency of the performer Reward, Reinforce and motivation is needed 48(87.3%) were not used as strategies to tackle the problems.

This implies that the response at the two respondents was no different in opinion between the responses given by two respondents groups might originate from the fact that leaders were get better input to the future plan.

A chi-square test was calculated to check whether perceptual difference exists between the two groups of respondents. Accordingly, the result revealed that, for 2 degrees at freedom at 95%. Confidence interval except item 2 the associated p-value were found to be greater than 0.05 implying that there is no statistically significant difference in perception regarding the responses given to the items 1, 4, 5, 6 and 7.

On the other hand, for items 2 and 3 the associated p-values were found to be less than 0.05 implying that there was a statistically significant difference between the responses given by the two respondent groups. The difference in the opinion between the two groups of respondents might have been aroused from the fact that higher officials may not awareness to the issues and also need further study.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATION OF THE STUDY

The final chapter of the study deals with the summery of the study, the finding to show the Practices, Achievement, Major Problem and Mechanisms or strategies that was identified, Conclusions drawn from the findings and the Recommendations based on the conclusions.

## 5.1 Summary

The purpose of the study was to assess the effectiveness of BSC implementation as a tool of performance management system in the case of Ethiopian management institute (EMI). Furthermore, the study was intended to delineate the current practices, achievement, major problem and prospect strategies to for1. ward possible solutions for identified problems while implementing the problem in to effect with the following specific objectives.

1. To assess the effectiveness of EMI in the implementation of BSC as a tool of performance management system.
2. To identify major achievements of EMI after implemented BSC as performance management system.
3. To assess the major problems of EMI during implementation of BSC as performance management system.
4. To assess the possible mechanism or strategies set by EMI that helps to enhance the effective implementation of BSC.

In order to meet the objective, the study was guided by the following basic questions of the research.

How EMI practiced BSC as performance management system?

1. What major achievements of EMI as the result of BSC implemented as performance management system?
2. What are the major problems EMI encounter while implementing BSC as performance management system?
3. What possible mechanisms or strategies of EMI have put in place to facilitate (enhance) the effective implementation of BSC as performance management system?

The study was conducted in the Ethiopian management institute by employing description survey method. EMI stratified the employers as core and supportive staffs for its own purpose in order that, the study was taken as convenient stratification for this study. Therefore, the subjects of the study were 107 supportive and 55 care staff in total of 162 respondents. As a sampling technique simple random was used to select the respondents. As indicated on different research literature the data collected by 162 (69.9%) from the total population it gave confident to infer the conclusion.

To assess the effectiveness of BSC implementation in the organization reviewed different literatures. Based on these domains information was obtained from the sample respondent through questionnaire, interview, observation and document analysis. The data obtained were computed in SPSS and analyzed using frequency, mean scares, in dependent t-test and chi-square. As a result of the analysis made, the following major findings were obtained.

### 5.1.1 Major Findings

The major finding are organized according to the basic questions. Accordingly planning and implementation of BSC, achievement, problems and mechanism or strategies in place to alleviate the challenge encountered during the implementation were the major areas under which they are organized. As a result of the analysis made, the following findings were obtained.

### 5.1.1.1 Characteristics of the Respondents

1. Majority of the respondents 83(51.2%) were male the remaining 79(48.8%) were females.

2. The majority of the respondents 48(29.6%) and 40(24.7%) tell in the in the range of 38-47 and 28-37 years of age respectively.

3. The majority respondents 54(33.3%) and 49(30.2%) tall in the range of them had worked for 6-10 and 1-5 years in their office, respectively.

4. The over whelming majority 73(45.1%) of them had Bachelor, the remaining 39(24.1%) and 34(20.9%) had collage diploma and Masters respectively.

5. All the respondents 162(100%) had taken basic BSC related training and prepared BSC individual pan.

### 5.1.1.2 Planning, Designing and Implementation Phase of BSC

**Planning of BSC**

1. Majority of the respondents rated EMI conducting organizational assessment was high (Av. Mean 3.22 and 3.56 respective)
2. Both the respondents rated developing organizational strategic plan the participation of performer was low (Av. Mean 2.99 and 2.98 respectively).
3. Both the supportive and core staff rated architect the strategy map by using cause and effect linkages was high (Av. mean=3.44 and 3.38 respectively).
4. Majority of the respondents rated EMI develop meaningful performance management systems was high (Av. Mean=3.22 and 3.25).

**Implementation phase**

1. Automating the balanced scorecard system in the organization was low by both the respondents, supportive and the core staff (Av. mean 2.48 and 2.49 respectively).
2. Cascading the process in to team and performer level rated was high by supporting and core staff (Av. Mean=3.43 and 3.36 respectively).
3. Majority of the respondents rated EMI customizing performance evaluation and rating system was low (Av. Mean=2.24 and 2.45 respectively).
4. Both the responses rated was high for EMI organize infrastructure elements for the achievement of our objectives (Av. Mean= 3.22 and 3.42 respectively).
5. Majority of the supportive and core staff rated the organization uses other process measurement tool like ISO, Six Sigma … responses of the supportive staff rated was low (Av. mean=2.18 and 2.29 respectively).

### 5.1.2 Customer Perspective

1. Both the respondents rated was low for EMI delivered service to customer in a reasonable and good price (Av. Mean= 2.64 and 2.65 respectively).
2. Both the supportive and core staff respondent rated there is documentation and data collection system in EMI was low (Av. Mean=2.37 and 2.45 respectively).
3. Majority of the respondents rate EMI add value to customers and clients was high (Av. Mean=3.05 and 3.45).
4. Customer handling system is good for maximize profit that respond by supportive staff rated was high (Av. Mean=3.06 and 3.33).
5. Both the respondents the supportive and core staff were rated low that EMI are competitive because of our customer oriented activity (Av. Mean=2.69 and 2.96 respectively).

### Finance Perspective

1. Majority of the supportive and core staff rated there is a participatory approach for budget planning system was low (Av. Mean=2.53 and 2.62 respectively)
2. Both the supportive and core staff rated that our internal financial system contributes to organization success was low (Av. mean= 2.32 and 2.53 respectively)
3. Both groups of respondents rated the EMI use the new method to enhancing revenue and using the appropriate technology was high (Av. Mean =3.42 and 3.04 respectively).
4. Majority of the respondents our financial report accepted in all level of organization performer was low (Av. mean=2.11 and 2.38 respectively).

### Learning and Growth Perspective

1. Both the respondents rated the organization considers intellectual capital as the main source of profitability was high (Av. Mean= 3.09 and 3.13 respectively).
2. The supportive staff rated, after feedback the organization provide training to the employee fill gap and develop the employee's skills competencies was rated low (Av. Mean= 2.48), on the other hand the core staff response to this item was rated high (Av. Mean=3.11).

3. Majority of the supportive and core staff rated assignment of process owners is according to the merits was low (Av. Mean= 1.92 and 2.31)

### 5.2.2 Effectiveness in the Implementation of BSC

1 Aligning team and individual goals with organizational goals was rated by both respondents was high  (Av. Mean=3.01and 3.11 respectively)

2  The activity of revised its strategy at list once a year was rated by both the supportive and core staff low (Av. Mean= 2.76 and 2.22 respectively).

3 Majority of the respondents the organization aligning incentives, rewards and recognition to the employee performance was low (Av. Mean=2.81 and 2.98 respectively)

4  Majority of the respondents rated was low for Hiring candidates based on their ability to support the strategy (Av. Mean= 2.52 and 2.20 respectively)

5 Both the supportive and core staff respondents given their responses to performers trust the leaders and vise verse rated was low (Av. Mean= 2.63 and 2.68 respectively)

### 5.2.3 Major Problems that Faced During the Implementation of BSC

1. EMI is not creating a culture of change to the change resistance, Both the two groups responses was rated  low (Av. Mean=2.98, for supportive, 2.13 for core staff respectively)

2. Majority of the respondents rated that the performers inadequately focus on strategic objective was low (Av. Mean= 2.05, for supportive, 2.24 for core staff respectively).

3. Both the respondents rated EMI's Managers did not support the subordinate for proper execution of strategy was high (Av. Mean= 3.21 and 3.11 respectively).

4. EMI is not creating measurement tool to measure the performance of performers accordingly was high by both respondents (Av. Mean=3.70 and 3.60 respectively)

5. Majority of the respondents was rated high; we are not getting the results; as we wanted from our plan. (Av. Mean= 3.59 for supportive and 3.18 for core staff respectively).

### 5.2.4. The Strategy used to alleviate the Challenge   in the sustainability of BSC Implementation

1. The majority of supportive staff confirmed that creating a clear shared vision and common values 90(84%), Identify and remove roadblocks 81(75.7%), According

to the efficiency of the performer Reward, Reinforce and motivation is needed 80(74.8%), Creating effective performance measurement tools/system/86(80.7%), Assignment of process owner according to merit 81(75.7%), Creating good communicating tools in all level 73(68.2%), Provision of adequate training and upgrading program to the performer 79(73.8%) EMI were used the strategies to alleviate the challenges.

2. But the core staff, Identify and remove roadblocks 44(80.0%) and according to the efficiency of the performer Reward, Reinforce and motivation is needed 48(87.3%) were not used as strategies to tackle the problems.

## 5.2    CONCLUSION

This study was conducted to assess the practices and problems of BSC implementation as performance management system in the case of Ethiopian management institute (EMI). It was concerned with the extent of preparation of BSC plan, implementation and its achievements. On the other hand the study also tried to identify the major challenges encountered by the institute –during implementation of the new management process as performance management system and mechanism or strategy that was put in place to facilitate the

implementation of BSC in EMI. Therefore, preparing to the findings deduced from the study, the following conclusion was drawn.

Many organizations adapted balanced scorecard concepts to improve and to be competent in their performance management system. Ethiopian management institute adopted the four BSC perspectives, including Customer, Financial, Internal Processes, and Employee Learning and Growth. EMI acclimatize the values of change and create potential customers. Because of this management system the organization was enhanced internal capabilities and invests in employees, internal processes, infrastructures and improves the revenue that helps for the maximizations of profit. The organizational linkage between BSC perspectives is based on cause and effect relationship which is done through strategy mapping. Therefore BSC created new culture of change environment within the organization.

On the other hand, the top-down approach of BSC was inhibited the participation of all performer in the preparation strategic plan, budgeting plan and Revision of plan, all these were emanated from lack of knowhow of the dynamic nature of BSC as the result subdue the commitment and responsibility of the performers. The automating of BSC system was not done, as the result of this the organization hinder from Documentation, Reporting and Decision making system of the institute. In addition to these assigning and hiring of process owner not according to merit and performance measurement or evaluation tools were not well prepared and not engaged to evaluate the performance of the performer these reduce competitions individual and team relatively to the intended result. Internal process of the organization was not measure by standard measurement tool like ISO... standard evaluation tools helps to know the experience and the states of the implementation of BSC in organization. But, this was not done therefore the institution was not better competent to external environment. Assessing potential customer except the government organization others organization were not properly identify (ex: private and other organization). Even though, in international experience BSC was effective and created new culture of change environment within the organization. In EMI still not properly used and implemented efficiently and effectively in high-quality of performance management system for better execution of strategy.

## 5.3    RECOMMENDATIONS

Based on the findings of the study and the conclusion drawn the following recommendations have been forwarded so to augment the BSC effort of the Ethiopian Management Institute.

1. Successful implementations of BSC need the participation of all performers in the planning, budgeting as well as revision of the organization strategic plan. As the study revealed there were little participation on planning of strategic plan. Participation in planning helps the organization to assure and enhance the commitment and responsibility of the performer for better execution of the strategy in all level. Therefore, the organization should improve the participation of the performer.

2. In the study it was found out that, automating of BSC system was not adapted in the organization. Automation is important for full scale implementation of BSC for documentation, reporting and decision making process. It is also important for the visualization of performance data, the transforming performance measurement data into useful information for business intelligence and also helps for presenting performance information of the team as well as individual activities. Therefore, EMI should give emphasis for adapting of automation of BSC system for better implementation of BSC.

3. Performance measurement rating tool helps the organization to enhance the appropriate motivation, hiring and create mutual understanding between performer that leads the organization to improve strategic execution ability. The finding showed that, there was no performance evaluating tool in the organization Therefore, EMI should develop standard performance evaluation rating tool to the performer that increase competitions individual and team relatively lead to the intended result.

4. As the study revealed that, Assignment on process owner and hiring was not done by merit. Therefore, this may be due to lack of well-prepared performance measurement tools in the institute to measure the efficiency of the performer. EMI should apply competency based selection criteria for the hiring and assigning to process owner. This is one of the mechanisms that help to decreasing the turnover and incompetence of the performer.

5. International standard tools like ISO…. is important to examine and to ensure whether the current management system found in a better position or not. This helps the organization to adjust the system in international standard. The finding showed that, the internal management process of EMI was not evaluated by such standard tools. As we know that BSC is one of the adopted management experiences from abroad it needs standard evaluation tools to measure the states. For that reason, EMI should know the position by international tools. This may help the organization for better computation in the Global market environment.

6. The finding revealed that, they lack trust each other between the performers. Therefore, for better implementation of BSC plan, the higher officials should employ transparency and responsibility system in the organization.

7. Finally, it is recommended that further studies should be conducted by the Government on the effectiveness of BSC in all organization and also may be

better considering other possible alternative for performance management system with regard to the issue for better executions of strategic plan.

**Reference**

Anna. (2010): **Performance Management in a process oriented organization.** A study of IKEA supplying process, and its core process plan and secure supply.

Armstrong. M (2008), **Strategic human resource management**; A Guide to action 4th

Balanced scorecard institution press

Best, J.W. & Khan, J.V. (1995). **Research in Education (7th Edition).** Prentice Hall press board, New York.

Chavan. M (2007). **The Balanced Scorecard: A new challenge**, Macquarie University Press. Austria. (www.emeraldinsight.com (2015).

Chetty. T. (2010): **The drives and inhibitors of strategy execution**. University of Pretoria.

Cobbold I (2002). **The development of balanced scored as a strategic management tool**, presented PMA conference, Boston, USA.

Cohen et.al (2007). **Research methods in education 6th edition**, Routlede Group. London

David. N (1996). **The Balanced Scorecard change into action**, Harvard Business School Press, Boston.

Divandri. A (2011), **Balanced scorecard: A Tool for measuring competitive advantage of parts with focus on container terminals,** International journal of trade, Tehran- Iran **edition**, London.

Figge. F (2002). **The sustainability of balanced scorecard linking sustainability management to business strategy** University Luneburg. Germany.

Fraenkel. J (2009). **How to Design and evaluating research 7th edition**, Mc-Graw-hill, New York.

Gates. S (1999). **Aligning strategic performance measurement and result**, the conference

Gavin. L (2002).**Strategic performance management in particular in complex organization**, active management press, UK

Gavin. L (2004). **Development of the 3rd Generation Balanced Scorecard.** 2GC Active Management Press UK. (www.2gc.ca.uk (2016)).

Heskett. T (1994): **Putting the service profit**, Harvard Business Review, USA.

Huselied (1995). **The impact of Human Resource Management Practices an turnover, productivity,** Academy at Management Journal Press.

Jarra, M (2010). **Best practices for implementing the balanced scorecard**, European center for best practice management, UK

Jelke. B, (2009). **Applied Survey Methods a statistical perspective**, A John Wiley and Sons, inc publication, Canada.

Kamwachale. J (2012). **Relevance of the balanced scorecard model in Africa shareholder center or stakeholder center**? University of Malawi, Malawi.

Kaplan. R (1992). **Translating Strategy in to action the balanced scorecard**, Harvard Business School Press, Boston. .

Kaplan. R (1992): **The Balanced Scorecard Measures that drive performance**. Harvard business school press, USA, P. 71-79.

Kaplan. R, (2002): **The balanced scorecard and non-profit organization balanced scorecard Report**. Harvard business school press USA.

Kassahun. T (2010): **Rethinking institutional excellence in Ethiopia: Adapting and adapting the balanced scorecard model**. St. Marry's University College Press Addis Ababa. ([www.tilayek@gmail.com](www.tilayek@gmail.com) )

Kevin. Z (2009). **Ethiopian Federal Ministry of Health Assessment Status Report**,

Khomba. J (2011). **Redesigning the balanced scorecard model: An African perspective,** university of South Africa, South Africa.

King W. (1995). How effective is your information systems planning? Long Range Planning.

Krejcie. R (2000). **Determining sample size for research activities educational and**

Lawrie. G (2004). **3rd Generation of Balanced Scorecard evaluation,** 2GC active management,

Leoni. J. (2011). The **Balanced Scorecard as a performance measurement tool for the South Africa Government,** University of South Africa (Unpublished).

Lipe. M (2002), **The Judgmental effects of the balanced scorecard's information**, Accounting

Malina. M (2001). **Communicating and controlling strategy: An empirical study of**

Marr. N (2001). **Balanced Scorecard Software Report**. Gartner, Business Review, New York

Niven. R (2002). **Balanced Scorecard: Step-by-step maximizing performance and maintaining result.** New York.

Norton. D (2001): **The strategy focused organization**, Harvard Business School Press USA.

Oliveira (2001). **Balanced Scorecard: An integrative Approach to Performance Evaluation**. Health care finance management.

Rillo. M (2004). **The limitation of balanced scorecard**, Tallinn Technical University Italy.

Roberk. K (2008). **The execution premium linking strategy to operations from competitive advantage.** Harvard Business Press, Boston

Robert. K (2008). **Strategy Execution and the Balanced Scorecard**, Harvard Business School, Boston.

Robert. N, (2001). **Transforming the balanced scorecard from performance measurement to strategic management part I,** American Accounting Association, New York.

Roger (2006). **Data Collection and analysis,** SAGE publications Canada.

Sharma. A (2009). **Implementing Balanced Scorecard for performance measurement**. The Icfai University Press, India. ( www.ashu@ibsindia.org )

South Africa. (MA thesis unpublished)

Woodley. PM (2006). **Culture Management through the balanced scorecard**: A Case Study. Canfield University British, London

**www.4shared.com** **(2015)**

**www.edscohost.com** **(2015)**

**www.emeraldinsight.com** **(2015)**

# APPENDICE

**<u>Questionnaires to be filled by Core and Supportive Staffs of EMI</u>**

**Dear Respondent**

I am a post graduate regular student of St. Mary's University studying Masters in Business Administration. Currently I am conducting a research on the effectiveness of BSC implementation in EMI as a performance management tool. The main purpose of this study is purely academic that will have no any negative effect on you, So that you are kindly requested to fill out this questionnaire. The response will use a paramount important to draw lessons from the BSC implementation effectiveness and its effect on enhancing the performance of the institute. Therefore, the effectiveness of the study depends on your genuine and frank response and also your response kept in secret confidentially.

*Thank you in advance for your cooperation!!!*

Answer the following questions by putting "✓"mark on the box or writing on the space provided

**1.** Gender:    Female ☐    Male ☐

2. Age:    1 ☐    28 ☐    3 ☐

☐ 7    58 and a ☐

**3.** Education level:

Grad 12 and below ☐    Certificate ☐    Diploma ☐

Bachelor ☐    Masters ☐    PhD ☐

**4.** How long you have been employed in EMI?

1-5 years ☐    6-10 years ☐    11-15 years ☐

16-20 year ☐    21-25 years ☐    26 and above years ☐

5. Your Type of employment?    Support ☐    Core st ☐

**6.** Have you ever attend any training related to BSC?

☐    No ☐    I don't know ☐

**7.** Have you ever have BSC planning and implementing experience?

☐    N ☐    I don't know ☐

**SECTION TWO: - PRACTICES, EFFECTIVNESS, PROBLEMS AND STRATEGIES OF BSC IMPLEMENTATION**

This questioner tries to assess practices and problems of BSC implementation therefore, in your opinion, to what extent your organization has done these activities to implement BSC. Answer the following questions by writing "✓"mark on the box.

**PART ONE: - PRACTICES IN PLANNING, DESIGNING AND IMPLEMENTATION OF BSC AS PERFORMANCE MANAGEMENT SYSTEM TOOL**

1.1 Planning design process are the Maine activities of BSC implementation. In your opinion, to what extent your organization has done these activities to implement BSC.

(Rating: - 5=Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

| No | Statements | Ratings | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| | | 5 | 4 | 3 | 2 | 1 |
| I | **Part 1. BSC practices** | | | | | |
| 1 | **Internal Process perspective** | | | | | |
| | **A. Planning phase** | | | | | |
| 1.1 | EMI conducting organizational assessment (ex SOWT). | | | | | |
| 1.2 | Develop organizational strategic plan with good participation. | | | | | |
| 1.3 | EMI developing Strategic Objectives. | | | | | |
| 1.4 | Architect the strategy map by using cause and effect linkages. | | | | | |
| 1.5 | Develop meaningful performance management system. | | | | | |
| 1.6 | Setting targets and prioritizing strategy | | | | | |

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | | initiatives. | | | |

Comment                                                                                    (if any)_____

1.2 The following table contains a list of BSC implementation activity that organizations need to take to realize or implement the new management system and related changes. According to your observation rate the level at implementation of each of these activities in your organization.

(Rating: - 5=Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| | **B. Implementation phase** | | | | | |
| **1.7** | Automating the balanced scorecard system. | | | | | |
| **1.8** | Cascading the process in to team and performer level. | | | | | |
| **1.9** | EMI established performance evaluation and rating system. | | | | | |
| **1.10** | After analyzing current trends of the organization, select a processes for better future | | | | | |
| **1.11** | There is better communication with organization vision and individual activity. | | | | | |
| **1.12** | EMI organize infrastructure elements for the achievement of our objectives. | | | | | |
| **1.13** | The organization uses other process measurement tool like ISO, Six Sigma ………. | | | | | |

If          any          other          readiness          factor          please specific_____

1.3 Customer is one of the key perspectives in implementing of BSC. In the following, Table there is same points that indicate customer perspective in BSC according to your observation, please rate the customer activities done in your organization.

(Rating: - 5=Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| 2 | **Customer Perspective** | | | | | |
| 2.1 | The organization conduct market research | | | | | |
| 2.2 | EMI add value to customers and clients | | | | | |
| 2.3 | EMI's customers are satisfied. | | | | | |
| 2.4 | The organization Identify the potential customer. | | | | | |
| 2.5 | EMI delivered service to customer in a reasonable and good price. | | | | | |
| 2.6 | EMI Communicate with customers using various communication tools like newsletters, e-mail and internet. | | | | | |
| 2.7 | There is good documentation and data collection system In EMI. | | | | | |
| 2.8 | Customer handling system is good, as the result of this we maximize profit. | | | | | |
| 2.9 | We are competitive because of our customer oriented activity. | | | | | |
| 2.10 | Customer's feedbacks are keys for our performance appraisal systems. | | | | | |

If there are any other customer related comment. Please specify them the space proved. _____

1.4 Financial perspective is one of the BSC perspective elements in implementing BSC. In the following, Table there are same points that indicate financial activities in BSC according to your observation, please rate the financial a

| No | Statements | Ratings | | | | |
|----|------------|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| 3 | **Financial Perspective** | | | | | |
| 3.1 | There is a good participatory approach for budget planning system. | | | | | |
| 3.2 | EMI use the resource effectively. | | | | | |
| 3.3 | EMI use opportunities and develop new method to enhancing revenue. | | | | | |
| 3.4 | Our internal financial system contributes to organization success. | | | | | |
| 3.5 | EMI use the appropriate technology and infrastructure effectively. | | | | | |
| 3.6 | Our financial report accepted in all level of organization performer. | | | | | |

your organization

(Rating: - 5=Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

If there is any other financial related comment. Please specify them the space proved. _____

_____

1.5 Learning and growth perspective is one of activity in implementing

BSC. In the following, Table there are same points that indicate learning and growth perspective in BSC according to your observation, please rate the learning and growth perspective activities done in your organization.

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| **4** | **Learning and Growth perspective** | | | | | |
| **4.1** | The organization conducts skills assessment. | | | | | |
| **4.2** | EMI consider intellectual capital is the main source of profitability. | | | | | |
| **4.3** | To fill gap the organization provide training to the employee after feedback. | | | | | |
| **4.4** | EMI invest in supporting employee knowledge. | | | | | |
| **4.5** | EMI treat the employee as the most valuable assets of the organization. | | | | | |
| **4.6** | EMI develop the employee's skills and competencies. | | | | | |
| **4.7** | Assignment of process owners is according to the merits. | | | | | |
| **4.8** | There is a behavioral change in all performers to implementation BSC. | | | | | |
| **4.9** | EMI's Culture and alignment to the goals throughout the plan is strong. | | | | | |
| **4.10** | Employees have an access of information they need to help to achieve the mission. | | | | | |

ree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| **II** | **Part 2. Achievements** | | | | | |

| 1 | Aligning team and individual goals with organizational goals | | | | | |
|---|---|---|---|---|---|---|
| f 2 | EMI encourage vertical and lateral information-sharing/feedback among organization unit. | | | | | |
| t | | | | | | |
| 3 | EMI revised its strategy at list once a year. | | | | | |
| e 4 | Teams are formed and maintained better execution strategy. | | | | | |
| r | | | | | | |
| e | | | | | | |
| 5 | EMI translated organizational goals into actionable deliverables. | | | | | |
| r 6 | EMI Prepared and implemented a comprehensive communication plan | | | | | |
| e | | | | | | |
| 7 | EMI aligning incentives, rewards and recognition to the employee. | | | | | |
| y 8 | Implementation of BSC increase internal creativity or innovativeness | | | | | |
| o | | | | | | |
| 9 | Hiring candidates based on their ability to support the strategy. | | | | | |
| e 10 | EMI use the appropriate technological infrastructure. | | | | | |
| r | | | | | | |
| 11 | EMIs' performers trust the leaders and vise verse. | | | | | |

arning and growth perspective other comment please specify them the space proved. _____

_____

**PART TWO:- EFFECTIVNESS OF BSC IMPLEMENTATION AS PERFORMANCE MANAGEMENT SYSTEM TOOL**

2.1 In the following table one same listed factor that indicate achievement at the BSC project in perspective of the founders of any organization. According to your observation in your organization (office) rate them.

(Rating: - 5= Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

If there are any other Achievements (successes) factors other comment. Please specify them the space proved. _____

_____

_____

## PART THREE: - THE MAJOR PROBLEMS OF BSC IMPLEMENTATION AS A TOOL OF PERFORMANCE MANAGEMENT SYSTEM.

3.1 major problems in implementing any change are natural in an organization. But overcome /solving/ the major problems is one of the key success for achieving their intended result. In the following table there are list of same strategies used to overcome the challenge. Which at them are used your organization. (Rating: - 5=Strongly Agree, 4= Agree, 3=Neutral, 2=Disagree and 1=Strongly Disagree)

| No | Statements | Ratings | | | | |
|---|---|---|---|---|---|---|
| | | 5 | 4 | 3 | 2 | 1 |
| III | **Part 3. Major problems** | | | | | |
| 1 | EMI is not Creating a culture of change to the change resistance. | | | | | |
| 2 | There is confusion over goals or expectations | | | | | |
| 3 | EMI is not creating mutual understanding for redesign process on time. | | | | | |
| 4 | EMI's performers inadequately focus on strategic objective. | | | | | |
| 5 | There is no communication with vertical and lateral information sharing, feedback and reporting among organization unit. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 6 | EMI's Managers did not support the subordinate for proper execution of strategy. | | | | | |
| 7 | BSC hinder individual accountability and responsibility for expected results. | | | | | |
| 8 | EMI's managers are unable to predict change. | | | | | |
| 9 | EMI is not creating measurement tool to measure the performance of performers accordingly. | | | | | |
| 10 | EMI's leaders are not engaged to the new change. | | | | | |
| 11 | We are not getting the results; as we wanted from our plan. | | | | | |

If there are any other major problem other comment please specify them the space proved. _____

_____

## PART FOUR: - POSSIBLE STRATEGIES FOR BETTER FUTURE

4.1 Challenges in implementation any change are natural in an organization. But overcoming the problem is one the key success for achieving the intended result. In the following table there are list of some strategies used to overcome the challenges. Which of them are used in your organization?

| No | Statements | Yes | No | I don't know |
|---|---|---|---|---|
| IV | PART 4  STRATEGIES | | | |
| 1 | Creating clear shred vision and common values | | | |
| 2 | Identify and remove roadblocks | | | |
| 3 | According to the efficiency of the performer Reward, Reinforce and motivation is needed | | | |

| 4 | Creating effective performance measurement tools/system/ | | | |
|---|---|---|---|---|
| 5 | Assignment of process owner according to merit | | | |
| 6 | Creating good communicating tools in all level | | | |
| 7 | Provision of adequate training and upgrading program to the performer | | | |

Any comment------------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------

## PART FOUR: - GENERAL OVER VIEWS OF BSC IMPLEMENTATION

1. What do you suggested as a possible strategy for future effective BSC implementation?------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
-------------------------------------------------------------------------------------

2. In your opinion what achievement the organization gain from the implementation of BSC?----------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
-----------

3. What problem the EMI face while implementing BSC?---------------------------
-----------------------------------------------------------------------------------------------
-----------------------------------------------------------------------------------------------
--------------------------------------------------------

4. If you would like to add any comment on BSC practices of EMI please write comment.--------------------------------------------------------------------------------------
-------------------------------------

**Appendix B**

**St. Mary's University**

**Masters of Business Administration**

**Interview Guiding Questions for higher officials**

*The purpose of this interview is to gather information from EMI's higher officials regarding major issues raised in the questionnaires in order to support interpretation of the data that were gathered through the questionnaires.*

1. Would you explain pressure that forced EMI to adapt BSC?

**2.** What adjustments/readiness/ taken by EMI before adopt BSC?

**3.** What are the success/improvement/of EMI after implementing BSC?

**4.** What mechanisms EMI creating to enhance communication among the staffs?

**5.** Do you have prospect plan for the sustainability of BSC implementation in this organization? And Why?

Thank you!!!!!!!!!!!!!!!!

## Appendix C

**Department of Management, College of Business and Economics, St. Mary's University**

**Observation – Checklist**

**Organization name_____**

**Date of observation_____**

**Place of observation_____**

**Name of observer_____**

| No. | Items | Yes | No |
|-----|-------|-----|-----|
| 1 | Is the offices lay out properly arranged and proper used by the performer? | | |
| 2 | Are there enough human resource? | | |
| 3 | Are the customers get services on time? | | |
| 4 | Is there enough waiting place to the customers? | | |
| 5 | Are the performers punctual on their work? | | |

| 6 | Are all performers communicating properly? | | |
|---|---|---|---|
| 7 | Are the offices clean and smart? | | |