ST'MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE PRACTICES AND CHALLENGES OF BALANCED SCORE CARD IMPLEMENTATION: A CASE OF COMMERCIAL BANK OF ETHIOPIA

BY

MITIKU REGASSA KUMA

JULY, 2015

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MASTER OF BUSINESS ADMINISTRATION

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr.Temesgn Belayneh. All sources of materials used for the thesis have been duly acknowledged, I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the Purpose of earning any degree.

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Name   Signature

St Mary's University, Addis Ababa   June, 2015

ENDORSEMENT

This thesis has been submitted to St. Mary's university, school of Graduate Studies for examination with my approval as a university advisor.

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Advisor   Signature

St Mary's University, Addis Ababa   June, 2015

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List of Acronyms

BSC: Balanced Score Card

CBE: Commercial Bank of Ethiopia

PMS: Performance Management System

BPR: Business Process Re-engineering

MOCB: Ministry of Capacity Building

KPI: Key performance Indicator

ERP: Enterprise Resource Planning

NBE: National Bank of Ethiopia

MOFED: Ministry of Finance and Economy Development.

SPSS: Statistical Package for Social Sciences

ICT: Information Communication Technology

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ABSTRACT

Commercial Bank of Ethiopia is currently implementing the balanced score card at all districts characterized as a strategic process aimed at the development of an appropriate culture linking people management, service issues, vision and long term goals. The main purpose of this study to assess the practice of balanced score card implementation in CBE in line with BSC framework and theory. This study adopted a descriptive design with qualitative in nature since to meet the research objectives by analyzing the immediate situation. Primary data was collected by using of a questionnaire and interview and a likert scale was employed to gauge the degree of response in terms of strength or weakness on a scale of one to five. The purposive sampling was utilized to select thirteen branches from districts. The analysis and summary of findings reflected major achievements and challenges, Attitude of employees and leadership commitments toward Balanced Score Card and its implication. The study concludes that CBE gained plenty of benefits due BSC implementation and its affect by several challenges. It is recommended that for bank to become more effective by address the problem faced at implementation in order to obtained various benefit from BSC system.

Keywords: Balanced scorecard (BSC), Strategic management tool, commercial banks

CHAPTER ONE

INTRODUCTION

This chapter deals with the background of the study, Statement of the problem, Research questions, Objectives of the study, Research design and methodology, Significance of study, Scope of study, Limitations of the study, and Organization of the study. The details are presented as follows**.**

1.1   Background of the Study

Balanced Score Card gained prominence with organization around the globe as the key tool in strategic implementation and the balanced score card has been translated and effectively implemented in both the non-profit and public sector. (Niven, 2006), the concept of a balanced score card for businesses in which private bank sector organizations have had success in applying although the balanced scorecard was designed originally to serve private businesses, it would appear to offer even greater benefit to the public sector. For the public sector, the mission perspective must be included in balanced score card to ensure the appropriate measurement of an agency's performance (Esties, 1998). Since the Balanced Scorecard was invented in 1990s, it was received a wide range of use and promotion in the global business community, and some of the major international banks have successfully used the Balanced Scorecard. (*Nanchang*, 2009).

Corporations big and small can fail for several reasons, but the most significant cause of failure is not a lack of strategy or they have a wrong strategy, but the incapacity to execute on a balanced strategy and they lack the methods to achieve the tactics that surround a strategy. (Nair, 2004). Performance management is relatively unknown in many African countries, but the interest in strategies. Improvement tool is growing among African organizations and in specific African countries for instance there seems to be a real need for BSC in Burkina Faso, Egypt, Zimbabwe, Kenya, South Africa, Ethiopia etc (Da Waal, 2007)**.**

To the researcher's, locally a few studies on the practices and challenges of balanced score card have been done for public and private sectors and this study has been done on implementation of the balanced scorecard and the challenges faced as a strategic management tool in bank industry and hence this study seeks to fill the knowledge gap sectors.

According to Ministry of Capacity building the Civil Service Reform Program some organization: Transport and Communication, Agriculture and Rural Development, and Foreign Affairs ministries, together with agencies they oversee, are building a balanced score card (BSC) after successfully implementing BPR.BSC is a performance management tool for measuring whether the smaller scale operational activities of a company are aligned with its large scale objectives in terms of vision and strategy. The Revenues and Customs Authority, Commercial Bank of Ethiopia, Development Bank of Ethiopia and Ministry of Health are on their way to implement Balanced Core card. (Ministry of Capacity Building (MoCB), 2013)

There are five principal events, which may conveniently be taken as dividing Ethiopian banking history into periods. The first event was establishment in 1906 of the Bank of Abyssinia, marking the advent of banking into the country. The second event was Italian Occupation in 1936, when, following liquidation of the Bank of Ethiopia, a broad colonial banking network, extended to encompass all Italian possessions in the Horn of Africa (Eritrea, Ethiopia and Somalia) and closely linked with the metropolitan financial system, was set up in the country. The third event was, in 1943, establishment of the State Bank of Ethiopia, marking the rebirth of the Ethiopian independent banking. This occurred during World War II after liberation of the country. The fourth event was the revolution of 1974, which wiped out the monarchy, nationalized companies and shaped a "socialist banking" two-tier model "suited "to Ethiopia, the whole credit system being based on the central bank and three state-owned financial institutions, each of them enjoying monopoly in its respective market.3 The fifth event was the collapse of socialist regime followed by a financial sector reform and liberalization according to Monetary and Banking Proclamation of 1994.(Mauri,2003)

Commercial bank of Ethiopia established in 1942, It is a Pioneer to introduce modern banking to the country and it has over 911 branches stretched across the country.CBE is leading African bank with asset of birr 210 Billion, over 167.2 Billion in total deposits and as on January, 2014.It has played catalytic role in the economic progress & development of the country. It is the first bank in Ethiopia to introduce ATM service, Mobile Banking and Internet banking for local users. Currently CBE has more than 8.5 million Account holders. It has strong correspondent relationship more than 50 renowned foreign banks and a SWIFT bilateral arrangement with 500 others and combines a wide capital base with more than 18,000 talented and committed

employees. Pioneer to introduce Western union Money Transfer Services in Ethiopia. The bank has reliable and long-standing relationships with many internationally acclaimed banks throughout the world. In general CBE is the bank that comes to most Ethiopians in regards as being the most reliable.

CBE has a vision of becoming a world-class commercial bank of Ethiopia by the year 2025.It also a mission of being committed to best realize stakeholder's needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as state of the art technology. And strongly believe that winning the public confidence is the basis of our success. (www.combanketh.et)

In order to achieve the above vision and mission, CBE has to focus in developing strategic management tool employees which are dedicated to their work. One way of insuring this is by implementation balanced score card (BSC) to achieve organization objectives. This research will be helpful in identifying its benefit, challenges improving the process of implementation BSC in bank , will identify link BSC with goals set and how to use it to the bank's advantage.

1.2   Statement of the Problem

The impact of the information era is even more revolutionary for service organizations than for manufacturing companies. The need to remain competitive, productive and organizational change is becoming more important than ever, today organizations are competing in complex environments so that an accurate understanding and recognizing that a different approach to attaining their goals through strategic management and organizational development, one that could respond to these challenges was needed. On the strategic level, the Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. (Kaplan and Norton, 1996). A well developed Balanced Scorecard can provide the bridge from Strategy to Execution thus; needs a clear implementation methodology by cascading the scorecard to individual level can go a step further and build highly performing teams where people feel empowered and can reach their full potential (Wang 'ombe,2013).

To realize and make sustainable the benefit from this change management tool. CBE   is currently implementing the balanced score card at all districts characterized as a strategic process aimed at the development of an appropriate culture linking people management, service issues, vision and long term goals. But, half year evaluation in 2014/2015 (1st quarter and 2nd quarter) in west district of commercial bank of Ethiopia who is currently implementing the balanced score card indicated the overall status of the district in putting the system in to place is below satisfactory or weak at executing Balanced Score Card implementation, the assessment is identified under list problems: Most of branches are not taking care of the Job title and grade level of their employees on cascading targets, In some branches the financial and operational goals should have been given wrongly to their employees. In addition branches failed to send both performance contract and performance appraisal to districts timely. Moreover branch managers and employees are not committed to keep the performance management system active or for effective implementation (Biniyam, 2014).

Besides to the above assessment, the researcher's conduct own preliminary assessment through prepared checklist questionnaire for 30 (thirty) employees to visualize if any gap and challenges while implementation the balanced score card in Commercial Bank of Ethiopia (CBE). The result from the majority of respondents implies: - In adequate training every each level of organization on BSC implementation, performance Appraisal Judgmental/subjective rather objective measurement; therefore, lack of awareness of employees and confusion on BSC results/Implementation process not clear. On the other hand, problem of cascading targets to individual performers and Poor of linkage between reward and strategy. Furthermore, Lack of commitment of process owners, Branch managers and performers for effective coordination of activities toward BSC implementation. Employees still traditional way of doing more dominant than focus on BSC implementation culture as result of awareness.

The vast majority of employees do not understand the organizations strategy especially lower level employees were in adequately trained, Consequences employees had insufficient capabilities to perform their job in addition organization structure is hampering employees. To successfully implement any strategy it must be understood, acted on by every level of the firm and cascading the score card means driving it down into the organization and giving all

employees the opportunity to demonstrate how their day to day activities contribute to the company's strategy. (Niven, 2004).

In the rapid development of financial markets, commercial banks are facing with intense competition. The traditional performance management appears to be inadequate in how to measure all-round performance to meet the banking needs of strategic development. Organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard, Some of them the key impediment or challenges of implementing BSC: - Lack of senior management commitment where delegation of the BSC project is left to middle management and defining the project as performance measurement. This has been described as one of the most common causes of failure since the focus and alignment to implement strategy is lost. This is a process that can only be led from the top and too few individuals are involved resulting to lack of shared commitment which is required to align the organization (Niven, 2004).

1.3 Research Questions

This study was formulated under listed questions based on statement of problem.

1. What are the major achievements of Balanced score card implementation?
2. What are the major challenges of Balanced score card implementation?
3. Does the BSC implementation get the proper commitment from the leadership?
4. What is the attitude of performers towards BSC implementation?

1.4 Research Objectives

The general objective of the study is to assess the Practices and Challenges of Implementing the Balanced Scorecard as a strategic management tool in CBE.

More specifically, the objectives of the study are:-

➤ To identify the major achievements of Balanced score card implementation
➤ To identify the major challenges of Balanced score card implementation
➤ To examine the importance of leadership commitment during the preparation and implementation stages.
➤ To scrutinize the perception and attitude of performers towards BSC implementation.

1.5 Significance of study

As Balanced Score Card implementation is a new strategy to CBE (Ethiopian organization as well), it important to assess the implementation. This has enabled the organization to strengthen and overcame challenges, and contribute as input for decision makers(Executives and Process owner) selection of Balanced Score Card appropriate as tool or arrange of alternative Strategic tools suitable for the Bank Sector in Ethiopia**.**

The researchers strongly believe that the result of the research gives the following benefits, among others.

> ➢ This study might fill the gap by examining the practices of balanced scorecard implementation in CBE.
> ➢ Private and Public Banks beneficiary from this study help to know the trend of strategy from the research.
> ➢ The researcher may be get recognition and refund from the project.
> ➢ Finally the study may also be use as input for those who are interest to undertake further research on the subject matter.

1.6 Scope of the Study

Among the organization which implemented BSC, the study focus on the CBE .The criteria for the selection of this organization is accessibility of information, proximity and familiarity of the organization to the researcher. CBE has 911 branches stretched all over Ethiopia .It was difficult to consider all this branches; Therefore, this study is only limited to Strategic Management Office and 13 (Thirteen) branches located in Addis Ababa Districts. Besides, the research was not considered branches that out of Addis Ababa districts.

1.7 Limitation of the Study

The study was faced its own limitations, lack of cooperation and commitment of the respondents to complete filling the questionnaires and interviews to devote their time to provide the researcher with the relevant information was seriously limited the outcome of the research. Since the study was made based on interviews and questionnaires.

1.8 Organization of the paper

The study consists of five chapters. The first chapter deals with introductory part which consists of background of the study, Statement of the problem, Objectives of the study, Significance of the Study, Scope and Limitations of the study. The second chapter deals with review of Related Literature; the third chapter deals with research design and methodology. The fourth chapter presents the analysis and discussions the practices and challenges balanced score card implementation from where the data were gather. After collecting the data, the results of the study were analyzed and interpreted and the fifth chapter based on the analysis and interpretation summary of findings, conclusions and recommendations were forward. Finally other considerations which include Time table and research cost are also incorporated.

REVIEW OF RELATED LITERATURE

Introduction

This chapter was present some concept and framework of BSC in the implementation process. It contain BSC concept, Building and implementing BSC, Performance Management System, BSC in Africa, BSC in Ethiopia, The success factor in BSC implementation and challenges of BSC implementation. The details are as follows.

2.1 Theoretical Review

Balanced Scorecard (BSC):- as a carefully selected set of quantifiable measures derived from an organization's strategy. 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. This tool as three things: communication tool, measurement system, and strategic management system. (Niven, 2006)

• Its methodology is suited for managing business strategy.

• It uses a common language at all levels of the organization.

• Is uses a common set of principles to manage day-to-day operations as well as to framework the company's strategy.

• It is designed to identify and manage business purposes.

Balanced Scorecard (BSC) is born from this rich history of measurement and serves the same purpose to business as the timepiece served the ancient mariners. BSC attempts to move businesses from monitoring to measurement; from measurement to management and from management to direction setting :(Nair, 2004)

• *Monitoring.* The art and science of observing employee behavior and coaching

• *Measurement.* The art and science of gauging, using numbers and metrics, performance to a task

- *Management.* The art and science of motivating, coaching, and enabling individuals and teams in the achievement of an objective.

• *Direction setting.* The art and science of discovering strategic directions that are unique and differentiating in the marketplace, communicating this to all levels in the organization in the form that they can identify and co-relate their day-to-day actions to the goals

2.1.1 Balanced Scorecard Perspectives

An accurate picture of strategy execution, it must be painted in the full palette of perspectives that comprise it; therefore, when developing a Balanced Scorecard, we consider these four: Customer, Internal Processes, Employee Learning and Growth, and Financial. (Niven, 2006)

Customer Perspective   when choosing measures for the Customer perspective of the Scorecard, organizations must answer three critical questions: Who are our target customers? What is our value proposition in serving them? And what do our customers expect or demand from us? Sounds simple enough, but each of these questions offers many challenges to organizations. Most organizations will state that they do in fact have a target customer audience, yet their actions reveal an "all things to all customers" strategy.

1. *Operational excellence.* Organizations pursuing an operational excellence discipline focus on low price, convenience, and often "no frills." Wal-Mart provides a great representation of an operationally excellent company.
2. *Product leadership.* Product leaders push the envelope of their firm's products. Constantly innovating, they strive to offer simply the best product in the market.
3. *Customer intimacy.* Doing whatever it takes to provide solutions for unique customer's needs defines customer-intimate companies. They don't look for one-time transactions but instead focus on long-term relationship building through their deep knowledge of customer needs. Regardless of the value discipline chosen, this perspective will normally include measures widely used today: customer satisfaction, customer loyalty, market share, and customer acquisition, for example. Equally as important, the organization must develop the performance drivers that will lead to improvement in these "lag" indicators

of customer success. Doing so will greatly enhance your chances of answering our third question for this perspective: What do our customers expect or demand from us?

Internal Process Perspective   In the Internal Process perspective of the Scorecard, we identify the key processes the firm must excel at in order to continue adding value for customers and ultimately shareholders. Each of the customer disciplines just outlined will entail the efficient operation of specific internal processes in order to serve customers and fulfill our value proposition. Our task here is to identify those processes and develop the best possible objectives and measures with which to track progress. To satisfy customer and shareholder expectations, you may have to identify entirely new internal processes rather than focusing your efforts on the incremental improvement of existing activities. Product development, production, manufacturing, delivery, and post sale service may be represented in this perspective.

Many organizations rely heavily on supplier relationships and other third-party arrangements to serve customers effectively. Such organizations should consider developing measures in the Internal Process perspective to represent the critical elements of those relationships. .

Employee Learning and Growth Perspective   If you want to achieve ambitious results for internal processes, customers, and ultimately shareholders, where are these gains found? The objectives and measures in the Employee Learning and Growth perspective of the Balanced Scorecard are really the enablers of the other three perspectives. In essence, they are the foundation upon which the Balanced Scorecard is built. Once you identify objectives, measures, and related initiatives in your Customer and Internal Process perspectives, you can be certain of discovering some gaps between your current organizational infrastructure of employee skills (human capital), information systems (informational capital), and the environment required to maintain success (organizational capital). The objectives and measures you design in this perspective will help you close that gap and ensure sustainable performance for the future.

As with the other three perspectives of the Scorecard, we would expect a mix of core outcome (lag) measures and performance drivers (lead measures) to represent the Employee Learning and Growth perspective. Employee skills, employee satisfaction, availability of information, and alignment could all have a place in this perspective. Many organizations I've worked with

struggle in the development of Learning and Growth measures. It is normally the last perspective to be developed. Perhaps the teams are intellectually drained from their earlier efforts of developing new strategic measures, or they simply consider this perspective "soft stuff "best left to the Human Resources group. No matter how valid the rationale seems, this perspective cannot be overlooked in the development process. As I mentioned, the measures you develop in this perspective are the enablers of all other measures on your Scorecard. Think of them as the roots of a tree that will ultimately lead through the trunk of internal processes to the branches of customer results and finally to the leaves of financial returns.(Niven, 2006)

Financial Perspective Financial measures are a critical component of the Balanced Scorecard, especially so in the for-profit world. The objectives and measures in this perspective tell us whether our strategy execution— which is detailed through objectives and measures chosen in the other perspectives—is leading to improved bottom-line results. We could focus all of our energy and capabilities on improving customer satisfaction, quality, on-time delivery, or any number of things, but without an indication of their effect on the organization's financial returns, they are of limited value. We normally encounter classic lagging indicators in the financial perspective. Typical examples include profitability, revenue growth, and asset utilization.

2.1.2 Types of Balanced scorecards

 German companies quoted on the stock exchange a high support for ambivalence in the BSC concept. They defined three types of BSCs: (Mollmen, n.d)

• **Type I BSC**: a specific multidimensional framework for strategic performance measurement that combines Financial and non-financial strategic measures.

• **Type II BSC**: a Type I BSC that additionally describes strategy by using cause-and-effect relationships.

• **Type III BSC**: a Type II BSC that also implements strategy by defining objectives, action plans, results and connecting

   Incentives with BSC.50% of the examined companies that use the BSC appeared to work with a type I BSC, 21% with a type II BSC and 29% with a type III BSC. Only the companies that use type III BSC are in position to fully benefit of the BSC as a performance management system that bridges the gap between strategic plans and real activities. However, linking the reward system to the BSC has some risks. The question arises whether or not measures on the BSC are

right. Are the data for the selected measures reliable? Could there be unintended or unexpected consequences in how the targets for the measures are achieved? Despite the risks of linking the reward system to BSC, it seems reasonable to assume that companies are able to steer the organization according to the strategy (described by BSC measures and cause-and-effect chains) if they reward managers on the basis of BSC measures. The study of shows that companies implementing a more developed BSC (particularly Type III) rely more on the BSC approach and are more satisfied with their BSC than those with a less developed BSC. In the majority of organizations, the implementation of the BSC is a difficult process. The types defined can be interpreted as Three typical evolutional steps in the process of BSC implementation. Half of the companies that use the BSC were not able to obtain cause-and-effect relationships. One reason for this could be that those companies have only recently started the process of implementation. It is also likely that a large number of the companies that are using the type I BSC might find it too difficult to obtain cause-and-effect relationships.

2.1.3 Building & Implementing Balanced Score Card (BSC)

The organizational challenges and implications encountered in implementing analytic methods like BSC require that implementers focus on three axes of considerations:

1. The people issues and challenges in change management

2. The process issues that require a removal or /and addition of new processes to enable the transformation

3. The technology that sustains and enables the continuous improvement (Nair, 2004)

Building Balanced Score card Implementation: Process

Each organization is unique and may wish to follow its own path for building a Balanced Scorecard. We can describe, however, a typical and systematic development plan that we have used to create scorecards in dozens of organizations. If executed properly, the four-step process will encourage commitment to the scorecard among senior and mid-level managers and produce a "good" Balanced Scorecard that will help these managers achieve their program objectives. (Kaplan and Norton, 1996)

The initial impetus for constructing a Balanced Scorecard can arise from the need to:(

Kaplan and Norton, 1996)

   • clarify and gain consensus about vision and strategy,

    • build a management team,

    • communicate the strategy,

    • Link reward to achieving strategic objectives,

    • set strategic targets,

    • align resources and strategic initiatives,

    • sustain investment in intellectual and intangible assets, or

   • Provide a foundation for strategic learning.

2.1.4 Performance Management System (PMS)

Performance Management (PM) is a key agent of change and plays a vital role in maintaining attention on changing customer requirements and competitor actions. PM is a key factor in ensuring the successful implementation of a BSC of an organization's strategy. Failure in assessing performance affects the implementation of a BSC. Through the use of the various perspectives, the BSC captures both leading and lagging performance measures, thereby providing a more "balanced" view of company performance. Leading indicators include measures, such as customer satisfaction new product development, on-time delivery, employee competency development, etc. Traditional lagging indicators include financial measures, such as revenue growth and profitability. The BSC performance management systems have been widely adopted globally, in part, because this approach enables organizations to align all levels of staff around a single strategy so that it can be executed more successfully. (Wangombe, 2013)

Performance Management and Measurement Many of these developments have also spawned a business transformation and technological revolution of business intelligence, analytics, and enterprise resource planning (ERP) systems, along with billions of dollars of consulting. Underlying all this transformation is a category of business transformation called *performance management*. It has two particular areas of influence (Nair, 2004)

   1. Human performance management. This category is about organizing work, people performance systems, and about benefits management.

2. *Corporate performance management.* This category is about analytics, tools, systems, and methodologies around the financial, operational, and strategic performance of a corporation.

Performance management, in the BSC context, focuses primarily on the second area of influence. However, it has major implications to human performance management as well. Let's consider some examples of performance management methodology systems.

➢ **Performance measures the heart of the balanced scorecard**

For the balanced score card to succeed it cannot be viewed as a one-time event determining your objectives in developing the balanced score card will go a long way in securing the evolution of the tools in your organization. Once you have made the decision to go forward, your first obligation is to clearly explain why that choice has been made and what benefits you expect as a result. (Niven, 2006).Strategy is a journey not a destination need the strategic audit should provide continues flow of information on current strategy and performance and on future opportunities and threats. But information is not enough the strategy process must also engage executives, employees, customers, suppliers, and partners in an ongoing dialogue to enable them to make sense of the information they collect as they analyze current performance and identify opportunities and threats. (Applegate et al, 2007).

2.1.5 The success factor for BSC implementation

 Two factors separate the best managed organization from the other factors (1) superior strategy making & entrepreneurships, and (2) competent implementation and execution of the chosen strategy. There is no escaping the fact the quality of managerial strategy and strategy implementing has a significant impact on organization performance. (Thompson & strict land, 2004). In response to this problem, now focus on key strategy performance areas, various initiatives linked to score objectives became more focused and have resulted in teams achieving much better results.(Kaplan & Norton,2004).

2.1.5.1 Six Success Factors for BSC Implementation

Success Factor One: Understand Self

Many organizations seek BSC to mobilize their strategy when they find difficulty expressing their strategy. Others join the BSC wagon to communicate strategy or to operationalize performance measures when they have a history of incapacity to make and stick to a decision.BSC cannot solve the problems that are found in the basic building blocks in an organization.(Kaplan & Norton,2004)

Success Factor Two: Understand the BSC Learning Cycle

Champions who lead BSC efforts are fast learners who expect others to move and be motivated by the same ideas and at the same speeds. Unfortunately, this is seldom the case in organizations. Furthermore, organizations learn and adopt new methodology differently. But there are some distinct phases that methodologies like BSC go through. These phases, once understood, can be enabled for fast organizational absorption or adoption. Understanding how they evolved in the phases will help organizations pace themselves and watch for the signs that permit them to move along in the phases.

Success Factor Three: Know the Road Map for Implementation

BSC implementation requires focused attention on the people, process, and technology fronts. Besides all the theory and real-world experience, this success factor is about what to do to drive the project. There is no magic in this success factor except for the significant activities that go into implementing the project using meetings, goals, and objectives, selection criteria for vendors and consultants, choice of champions and team members, and the attainment of support.

• Having more than just financial goals to motivate the team

• Having an understanding of cause and effect in his strategy for growth

The VP of HR is tasked with creating a simple and understandable process, advocating the value to the senior management team, and communicating these objectives with measures and targets with all of the organization.

Success Factor Four: Treat BSC as a Project

Several successful BSC implementations have learned that the best way to make BSC a part of the business culture is to "projectize" and "productize" the endeavor. If organizations are product- and project oriented, making the project have ship dates, product-freeze schedules, and

product lifecycles only enhances the chances for use. Furthermore, treating the clients of the information as your customer's forces formalism for success.(Kaplan & Norton,2004)

Success Factor Five: Use Technology as an Enabler

Technology has come a long way in the years that BSC has been endorsed and implemented in organizations. Given the sophistication of these technologies, BSC implementations can take full advantage to accelerate the projects using technology as enabler. Three main technological Frameworks exist in the market thus far:

1. Enterprise wide performance management systems

2. Stand-alone but integrated BSC systems or business intelligence systems

3. In-house custom-built BSC systems

All of these systems may seem different, but they can be viewed with a common framework for learning and implementation.

Success Factor Six: Cascade the Scorecard

Many team members are so excited about pilot programs that they charge like rhinos in a straight line and at high speed. Their passion drives them to work long and hard hours, demanding everything from everyone. They gather data through interviews and use hand-drawn process charts to accelerate the results. They finish the project and produce the finest reports in the history of the company. The project leader gets a large and heavy plaque for his or her cubicle and the celebration Begins. If the project does not consider all the elements to cascading BSC across multiple lines of business, multiple countries and cultures, the pilot project will fall in between the phases of pilot to production. The sixth success factor is the one that moves BSC from project ignition to a way of doing business.(Kaplan & Norton,2004)

2.1.6 Benefits of Balanced Scorecard

The balanced scorecard holds a major importance in most organizations in both private and public sectors .Balanced scorecard helps in promotion of a systematic development of vision and strategy and enable the identification of all activities that act as a trigger to reach established goals. Therefore: the understanding of how things are carried out at all management levels. This which critical performance of organization and business (Oriento, 2010).

2.1.7 The challenges of BSC implementation

Some of the key impediments of using the BSC include; too few measures per perspective which in turn makes an organization fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators; Measures selected in the Scorecard do not reflect the organization strategy which happens when the organization tries to apply all their Key Performance Indicators (KPIs) into each perspective without screening only for the measures that are linked to its strategy. Therefore the organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard; Lack of senior management commitment where delegation of the BSC project is left to middle management and defining the project as performance measurement. This has been described as one of the most common causes of failure since the focus and alignment to implement strategy is lost. This is a process that can only be led from the top and too few individuals are involved resulting to lack of shared commitment which is required to align the organization. (Wangombe, 2013)

A good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy. Therefore, when the organization constructs too few measures in each perspective, it fails to obtain a balance between leading and lagging indicators or non-financial and financial indicators. In a case where organization adopts too many indicators and in this case, the organization will lose focus and cannot find any linkage between indicators. Sometimes the measures selected for the scorecard do not reflect the organization's strategy. This happens when the organization tries to apply all their Key Performance Indicators (KPIs) into each perspective without screening only for the measures that are linked to its strategy. Therefore the organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard.

The financial measures are the dependent variables and are the retrospective, lagging indicators. Some organizations are tempted to make this linkage quantifiable but since lag time is difficult to predict and numerous factors may influence the result, a quantitative link cannot be established. Therefore, they should not make a quantitative link between non-financial leading indicators and expected financial results. Delegation of the project to middle management and defining the project as performance measurement is described as one of the most common causes of failure, by missing focus and alignment to implement strategy. This is a process that can only be led

from the top. The senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets. If not, there cannot be the shared commitment which is required to align the organization.

To be effective, the Balanced Scorecard, including strategy and action to support implementation must eventually be shared with every member of the organization. If there is no deployment system that breaks high level goals down to the sub process level where actual improvement activities reside, significant process improvements throughout the organization fail to generate bottom line results. If the implementation takes too long, it can happen that during the implementation process, the strategy has changed. This results in the fact that some of indicators have become obsolete and requires new indicators. Measuring with wrong indicators can distract an organization from its strategy. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. These are some of the various challenges that organizations face on their way to using balance score card as tool for performance measuring. (Molleman, n.d)

2.1.7.1 Barriers to Implementing Strategy

Scorecard architects Robert S.Kaplan and David P.Norton believe the answer lies in four barriers that must be surmounted before strategy can be effectively executed. These barriers are :-(Niven, 2006)

Figure 2.1.7.1: Barriers to Implementing Strategy

Only 10% of organizations execute their strategy			

↓

Barriers to Strategy Execution			

Vision Barrier	**People Barrier**	**Management Barrier**	**Resource Barrier**
Only 5% of the workforce understands the strategy	Only 25% of managers have incentives linked to strategy	85% of executive teams spend less than one hour per month discussing strategy	60% of organizations don't link budgets strategy
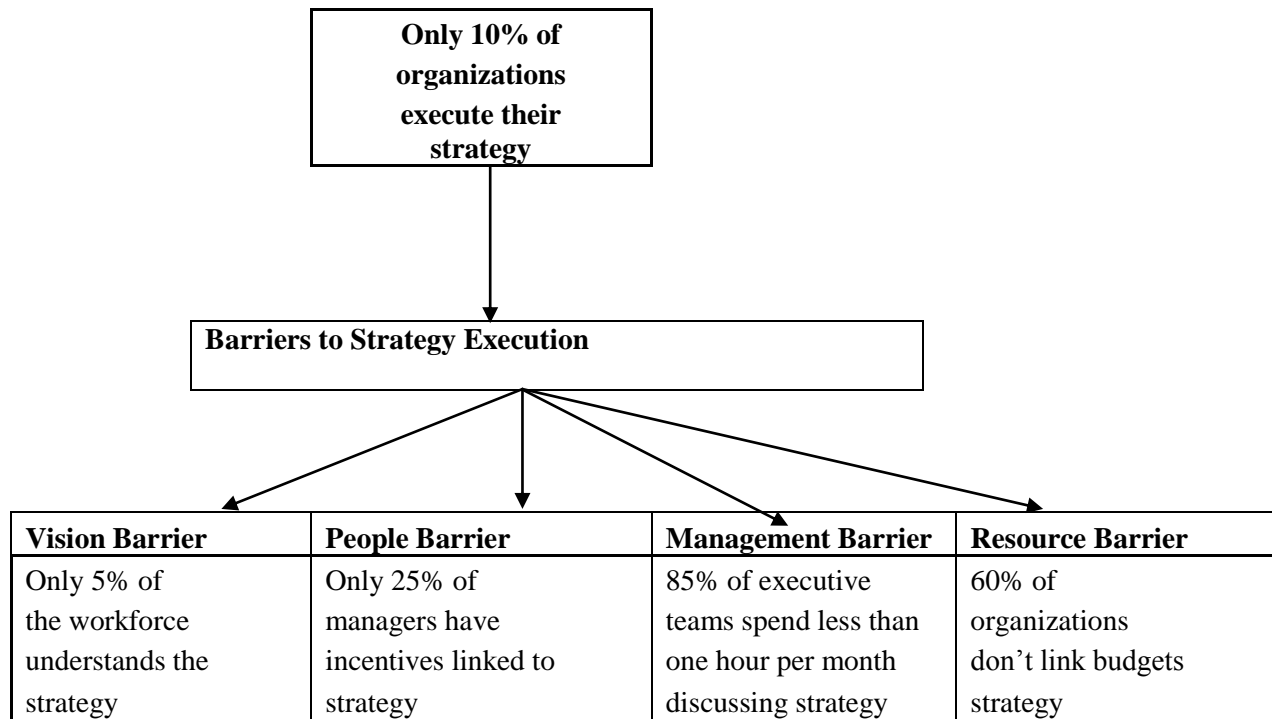
Source: (Niven, 2006)

The Vision Barrier   The vast majority of employees do not understand the organization's strategy. This situation was acceptable at the turn of the twentieth century, when value was derived from the most efficient use of physical assets and employees were literally cogs in the great industrial wheel. However, in the information or knowledge age in which we currently exist, value is created from the intangible assets—the know-how, relationships, and cultures existing within the organization. Most companies are still organized for the industrial era, utilizing command and control orientations that are inadequate for today's environment.(Niven, 2006)

The People Barrier   In its 2005 Reward Programs and Incentive Compensation Survey, the Society for Human Resource Management found that 69 percent of companies offer some form of incentive compensation to their employees. Like most people, I'm a fan of incentive plans because of the focus and alignment they can drive toward the achievement of a mutually beneficial goal. However, companies take many liberties when constructing these plans, and

often the designs leave something to be desired. For example, it's not at all uncommon for incentive plans to link a cash award with the achievement of a short-term financial target, such as quarterly earnings. In fact, in our meet-the-numbers-or-else culture, this evil twin of the effective compensation plan springs up frequently in boardrooms across the globe.(Niven, 2006)

The Resource Barrier   Sixty percent of organizations don't link budgets to strategy. This finding really should not come as a surprise, because most organizations have separate processes for budgeting and strategic planning. One group is working to forge the strategy that will lead the firm heroically into the future, while independently another group is crafting the operating and capital budgets for the coming year. The problem with this approach is that, once again, human and financial resources are tied to short-term financial targets and not long-term strategy. Recall my days working in a corporate accounting environment for a large company. Was housed on the same floor as the strategic planners and not only did our group not liaise regularly with them, we barely even knew them

The Management Barrier   In a sad yet humorous commentary on modern organizational life, a recent poll of U.S. office workers revealed that 41 percent would rather wash their kitchen floors than attend a management meeting at their company. What exactly is being said at these meetings that employees would rather scrub than attend? Most of the survey respondents would, if pressed, probably report that the management meetings are just plain boring, and in many cases that is undoubtedly accurate. With mind-numbing charts and graphs, sleep-inducing commentaries, and zero conflict, most meetings can be rightly classified as both a waste of time and, unfortunately, a huge lost opportunity. It certainly doesn't have to be that way. When strategy forms the agenda for a management meeting, new life can be pumped into an antiquated institution, instantly changing the dynamic from dull and rote presentations to stimulating debate and discussion on the factors driving the firm forward.(Niven, 2006)

Natural leadership style was to operate their scorecard system to question, probe, challenge, and coach about the strategy and its implementation, other early adopters ,we proposed the following five leadership and management processes for successful strategy execution such as mobilize change through executive leadership, align the organization to the strategy, motivates employees to make strategy their every day job, govern to make strategy a continual process, and creating

synergies through alignment of business and support units to corporate strategy. This helping to create "the strategy-focused organization (Kaplan, 2009)

2.1.7.2   Top 10 balanced score card implementation issues

In this book I've attempted to provide a comprehensive guide detailing what is necessary to implement the Balanced Scorecard successfully. My optimistic belief is that by following this advice, your organization can evade many of the pitfalls known to be hazardous to your Scorecard's health. Some of the problem areas are so pervasive, however, that they merit further attention and review before you launch your campaign. Here are my top 10 Scorecard implementation issues. It is my sincere hope that your organization can elude the perilous grip of each and every one. (Niven, 2006)

> **1.** *Premature links to management processes.* The transition from communication tool through the development of a Strategy Map, to measurement, to strategic management system is a natural evolution for a successful Balanced Scorecard. Embedding the Scorecard into management processes such as budgeting, compensation, and corporate governance allows organizations to tap the full potential of this dynamic framework. However, premature attempts to forge these links may cause a swift decline in Scorecard momentum. A major culprit here is the link of Scorecard measures to compensation. Employee attention and focus are undoubtedly heightened thanks to this powerful lever, but exercising it too soon can produce many unintended side effects. For one thing, the measures linking the Scorecard to compensation may be unproven and lead to dysfunctional decision making on the part of managers looking to cash in. Targets are also an issue, especially for new measures. An aggressive target may be perceived as unattainable and unrealistic, causing employees to lose any motivation they may have had to achieve it. Yet a target easily achieved will do little to foster breakthrough performance. Should the compensation link come under fire, employees, managers, and executives alike may be quick in assigning blame to an inherent shortcoming of the Scorecard system itself rather than shouldering the responsibility for an ill-conceived compensation scheme.

2. *Lack of cascading.* Some small companies or business units within a larger entity may develop one Balanced Scorecard that is sufficient to guide the actions of the entire workforce. Organizations of any appreciable size, however, must cascade the Scorecard from top to bottom if they hope to gain the advantages offered by this system. Front-line employees are so far removed from organizational strategy that a high-level Scorecard, while providing a modicum of learning and motivation opportunities, will do little to guide daily activities. It is only by cascading the Scorecard to all levels of the organization and allowing all employees to describe how they contribute to the organization's overall success that true alignment can occur.(Niven, 2006)

3. *Ineffective team development.* As I was preparing for a measures workshop with a client recently, my phone rang and the voice on the other end was that of the executive sponsor from this particular organization. After the usual pleasantries she informed me that "Dave" would not be able to attend; he had been called out-of-town for an important customer meeting. It is always amazing to me how many thoughts and emotions a human being can process practically simultaneously. I was at once relieved because Dave was a known skeptic, disappointed because I had prepared group assignments and would now have to replace him, and confused as to why this customer meeting would take precedence over a Scorecard session. When the cognitive dust settled my most resonant feeling was one of disappointment, because the very fact that Dave was a skeptic made him all the more valuable to the team; his incessant questioning and innate cynicism frequently led to deeper discussions and ultimately better results. In fact, the more I thought of it, the more I concluded that this team had been successful *because of,* not in spite of, the various perspectives brought to bear by different people from different parts of the organization who reflected various viewpoints. Balanced Scorecards thrive in a team environment where backgrounds and functional specialties meld in the alchemy of heated debate and animated discussion aimed at producing a Scorecard reflective of the entire organization.

4. *No new measures.* Taking an existing group of measures and placing them into conveniently predefined perspectives does not a Balanced Scorecard make. Yet the temptation to do just that is sometimes overwhelming for organizations. In an effort to

comply with the latest management fiat, groups quickly and easily assemble the same performance measures they've always used and dutifully tuck them into the four perspectives, thinking they've developed a brand new Balanced Scorecard. After several months of reporting, the group will inevitably question the necessity of the Scorecard since results are about the same as always. Many of the measures needed to tell the story of the strategy may already be present, but in the vast majority of cases they must be supplemented with new and innovative metrics to ensure the execution of strategy.

5. *Inconsistent management practices*. As the name reflects, the Balanced Scorecard represents a new paradigm of balance within an organization: balancing the needs of internal and external stakeholders, balancing short-term opportunities with long-term value creation, balancing lag and lead indicators of performance, and of course balancing financial and nonfinancial indicators. A sure-fire method of promoting premature Scorecard death is to actively promote balanced measures while concurrently rewarding behaviors that reflect decidedly no balanced ideals. A good example is attempting to manage by the Balanced Scorecard yet compensating executives solely on short-term financial performance. The message sent with this practice is clear: We may say that nonfinancial indicators are important, but we all know that money really matters most. Many organizations will similarly tout teamwork and collaboration as the critical differentiators of their success while openly promoting individuals based on personal achievements only. Effective use of the Balanced Scorecard dictates a genuine commitment to developing and engaging in managerial processes that are consistent with the holistic goals inherent in the Scorecard itself.(Niven, 2006)

6. *Not reporting Balanced Scorecard results:* Balanced Scorecard but don't take the time and effort to report and discuss results are hoping to win a lottery without even bothering to buy a ticket; it just won't happen. Scorecard results must be broadcast regularly throughout the organization and, perhaps more important, must frame the agenda of management meetings so that implications and repercussions of results are analyzed, discussed, and debated until the raw material of data is transformed into nuggets of insight and competitive advantage. All it takes to win this prize is the commitment and diligence to pan the potential gold residing in your Balanced Scorecard results.

7. *No guiding rationale for the Balanced Scorecard program.* This issue was discussed in the organizational change section that began the chapter, but it bears repeating. As organizations around the globe experience the multitude of benefits from Balanced Scorecards, the concept has gained wide acceptance and approval as a management tool. With its heavyweight status confirmed, some organizations will adopt the Scorecard simply because it seems like the right thing to do. Certainly it is the right thing to do, but that in no way excuses an executive team from determining the specific rationale it has in mind when turning to the Scorecard. What problem will the Scorecard solve in the organization? If there is no answer to this fundamental question, or worse yet, if it has not even been contemplated, the Scorecard is sure to suffer the ignominious fate of organizational inertia. The lack of a guiding rationale often results from having the Scorecard developed as an add-on to another large-scale change initiative. Perhaps an enterprise resource planning initiative is under way, or a customer relationship management program. Consultants may suggest that the Scorecard is a logical extension of these efforts and should be implemented immediately. With no clearly articulated goal for the program, it can be easily misunderstood and ultimately ignored until it simply fades from view.

8. *No strategy.* It is extremely difficult to implement a strategic management system without a strategy. At the very core of the Scorecard concept is the organization's strategy, which guides all actions and decisions, and ensures alignment from top to bottom. A Scorecard can be developed without the aid of a strategy, but it then becomes a key performance indicator or stakeholder system, without many of the attributes true Balanced Scorecards offer. Having said that, the processes involved in building a Balanced Scorecard may help a company back into or reverse engineer its strategy as a result of detailed and impassioned discussions surrounding performance measures necessary to stimulate breakthrough performance.(Niven, 2006)

9. *Lack of Balanced Scorecard education and training*. In their haste to build Scorecards, many organizations will sacrifice the up-front effort of providing meaningful and detailed Scorecard training to those expected to use the system. Awareness sessions will be held during which the Scorecard is trumpeted as a measurement system featuring

financial and nonfinancial measures, but little information is offered about the many subtleties and complexities of the model. Often the deceptive simplicity of the Scorecard makes people susceptible to the false notion that in-depth training is not required. If it feels that the Scorecard can be mastered simply, the organization may sponsor only high-level training and then trust their employees' business instincts to fuel the development of powerful new performance measures. The cost of this decision will manifest itself in poorly designed Scorecards, lack of use, and weak alignment within the organization. Take the necessary time at the beginning of the implementation to develop a comprehensive Scorecard curriculum that includes background on the concept, your objectives in implementing it, typical problems, success stories, and implementation details.

10. *No executive sponsorship*. Are you surprised by what is in first place? I don't think so. I debated whether lack of education and training should be the number-one issue but concluded that with tenacious leadership and support, a Scorecard project could ultimately succeed despite a lack of training at the outset. Without executive sponsorship, however, the effort is most likely doomed. Provides a detailed review of executive sponsorship, including a number of methods for gaining support, and I urge you to review it carefully if you are lacking executive sponsorship for your initiative. Many Scorecard elements will take place in stages: first strategy is deciphered and translated; then objectives, measures, targets, and initiatives are developed; next the Scorecard is cascaded throughout the organization; and finally it becomes embedded in the organization's managerial processes. Executive support and sponsorship is the common thread that connects the entire end-to-end process. Without a strong and vocal leader present at each and every juncture, the effort can quickly stall. Simply put, nothing can take the place of an energetic and knowledgeable executive willing to work tirelessly toward the cause of advancing the Balanced Scorecard.(Niven, 2006)

Figure 2.1.7.2: The balanced score card framework
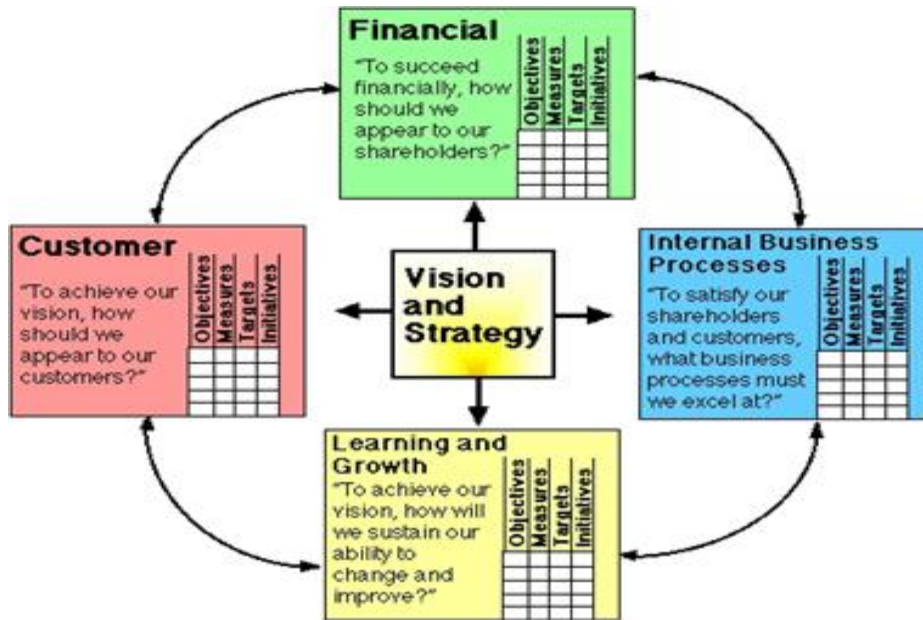
Source :(Kaplan and Norton,1996)

2.2 Review of Empirical Studies

Although performance management is relatively unknown in many African countries, the interest in such an improvement tool is growing among African organizations and in specific African countries. For instance, there seems to be a real need for the BSC in Burkina Faso's state-owned companies. As it will help these companies to improve their performance and then contribute to the country's growth, both management and government want to work diligently on a successful implementation of performance management .In Egypt, there is a trend in many manufacturing organizations to combine financial and nonfinancial measures because there is growing awareness that sole reliance on financial data is no longer effective for an organization. Despite this growing awareness, performance management systems are not widespread yet in Egypt, and many Egyptian organizations are still using traditional financial measures like return on investment and return on assets.(De Waal, 2007)

In Zimbabwe, all government departments, local government institutions, and most private companies are using zero-based budgeting systems. However, since the success of the BSC has

been noticed, Zimbabwe is trying its best to catch up with the rest of the world in the area of leading-edge performance management systems. The country has the advantage that it hosts many transnational companies which are already applying the latest performance management systems. These companies can serve as an example for Zimbabwean organizations.

In South Africa, the term 'performance management' is relatively new in the field of management. However, there are many pressures on South African organizations, enticing them to investigate the concept of strategic performance management. Competition has increased dramatically over the past decade because of many multinational companies investing in South Africa. The battle against nepotism and corruption has intensified. In addition, many South African companies have to take the development of employee skills, knowledge, and experience seriously in order to deal with today's rapidly changing workplace. However, many companies have difficulty competing well in the current business environment as a result of traditional organizational cultures which are rigid and bureaucratic, and because of the lack of technological resources. To overcome the hurdles, South-African organizations are increasingly turning to strategic performance management.

In Kenya, performance management was traditionally defined as the process of financial control, in which the mission and strategy are translated into budgets, and subsequently results are compared with budgets. However, as many Kenyan companies are trying to qualify for the ISO standard, they are turning more and more to performance management, especially the BSC. Some organizations have already implemented the scorecard, particularly if they are part of a multinational that is using the BSC. Those organizations that have done so show much better performance than their "scorecard less" competitors. In Ethiopia, there are some developments for the benefit of performance management. More and more Ethiopian enterprises are expressing a strong interest in the BSC, their managers are starting to acknowledge the importance of regular formal and informal performance review meetings, communication about results is being improved by applying modern means of communication like the intranet, people are willing to train in the use of performance management, and government is fostering the improvement of performance. (De Waal, 2007).

2.3 Balanced Score Card in Ethiopia Organization

The financial sector's regulator, the National Bank of Ethiopia (NBE), is the leading state-run institution yet to implement business process re-engineering (BPR). The Ministry of Finance and Economic Development (MoFED) and Federal Civil Service Agency who are in a trial BPR implementation phase are also criticized for slowing in the overall implementation. The Ministry of Capacity Building (MoCB) regards the three institutions as key agencies in its BPR operations and explains their under-performance has influenced various federal agencies. (MoCB, 2013)

BPR first began as a technique for the private sector to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world class competitors. The MoCB has been striving to reproduce it in the public sector here for more than three years and currently has four ministries that have fully implemented BPR. MoCB civil service reform program director, Transport and Communication, Agriculture and Rural Development, and Foreign Affairs ministries, together with agencies they oversee, are building a balanced score card (BSC) after successfully implementing BPR. BSC is a performance management tool for measuring whether the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy. The Revenues and Customs Authority, the Commercial Bank of Ethiopia, the Development Bank of Ethiopia and the Ministry of Health are on their way to implementing BPR after successful trials.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter includes Research design, Sample and Sampling Techniques, Data collection methods, Data source, Data analysis methods, Reliability and Validity and Ethical consideration the details are as follows.

3.1 Research Design

The selection of a research design contains the consideration of assumption to study the research, the nature of research, data collection methods, and data analysis and interpretation. Based on the above fact, this study adopted a descriptive type in order to meet the research objectives and address the research questions by analyzing the immediate situation. Data collected through questionnaire and interviews analyzed with qualitative techniques.

3.2 Sample and Sampling Techniques

Commercial Bank of Ethiopia has 911 branches opened and giving service stretched all over Ethiopia. It was unrealistic to even consider that these studies have embraced all this branches. The target population in this study are Strategy management office and 13 (thirteen) branches was selected purposely from four districts of Addis Ababa :-, Kidist Mariam, Addis Ababa, Mehal Ketema, Abakoran, Alem bank, Addis Ketema, Finfine, Mexico, Yoseph, China Africa, Bole, Cargo Terminal And Andinet were selected as pilot branches before commencing full implementation process. Purposive techniques used to select employees in branches for different reasons: to increase a samples statistical efficiency, to get adequate & reliable data and this selection was helped in getting variety responses on the practice and challenges on BSC implementation. The information get from the branches indicated total staff members consist in 13 (thirteen) branches are 870 and total staff in strategic management office are 38 .The total population size of study are 908.

The sample size determination using Yamane Taro provides a simplified formula to calculate sample sizes (Israel, 1992).

Where n is the sample size, N is the population size, and e is the level of precision

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{908}{1 + 908(0.05)^2}$$

.

n =278

95 % of confidence level, the level of precision 5%

The sample size of respondents was selected based on the Yamano Taro sampling procedure are 278 from managerial and non managerial.

3.3 Method of Data Collection

The primary data, which is the main source of information for the study was collected from sample target process owners, operation managers and performers using questionnaire and interviews methods. Questionnaires of both open ended and close-ended type are used to clarification by for information sought from respondents. A semi-structured interview was conducted with director of strategic management office so as to enhance the internal validity of the instrument

3.4 Sources of Data

In order to achieve the objective of the study, the researcher was design to use two appropriate data source. These are the Primary and Secondary sources.

a) **Primary sources:** This study focuses much on the primary sources of data to be collected by questionnaires and interviews. The questions are structured in the likert scale format. In this technique, the degree of agreement or disagreement is given a numerical value ranging from one to five and easily construct and take less time for respondent

.Therefore, Employees which require answers to these questions are normally very precise without any vagueness and ambiguity (Shajahan, 2004). Semi-structured interview prepared for Director-strategic management office

b) **Secondary sources**: The study used the secondary data to complement the primary data. This include :- (1) documents and manuals used for the implementation of balanced score card system. (2) Strategic plans and reports relate to BSC. (3) Different books, internet source, and journals pertinent to the study have been use as a source of secondary data.

3.5 Methods of Data Analysis

The researcher analyzed the data gathered through questionnaires and interview by using Frequency, percent and mean to interpretation demographic characteristics and analyzes data quantitatively. The data were presented using table, graphs, chart and descriptive format. On the other hand, data gathered through interview was analyzed qualitatively to strengthen the study.

3.6 Reliability and Validity
3.6.1 Reliability Test

Reliability analysis refers trustworthiness, consistency and dependability of a measuring instrument to improve the reliability of the data. Cronbach Alpha the most commonly applied estimate of a multiple item scales reliability. Test reliability of data was checked by calculating cronbach alpha value for all corresponding variables. As shown in below table 3.6, the reliability of the measures was assessed using the inter-item consistency measures of cronbach alpha. As described by Wallach and Wells (2003) the values of cronbach alpha between 0.80 and 0.95 are considered is good. Thus, as per the analysis made through using SPASS soft ware and presented in the below table, the reliability statistics test for all variables (sub domain) alpha range from 0.81 to 0.93 and total alpha values for all variables 0.89. These indicate that the measurements are reliable and very dependable

Table 3.6.1: Alpha value on major variables

Variables	No of items	Alpha	Acceptance
Vision, Mission & Values	3	0.81	Acceptable
Role of Leadership	3	0.86	Acceptable
Customers & Stakeholders	4	0.87	Acceptable
Communication	3	0.84	Acceptable
Performance Measurement	5	0.91	Good
Linkage of BSC with reward	3	0.83	Acceptable
Strategic plan	4	0.92	Good
Employees Attitude	3	0.90	Good
Benefits of BSC	5	0.91	Good
Challenges of BSC	5	0.93	Good

Source:Survey,2015

3.6.2 Validity

Good measure should be both consistent and accuracy. A stated by (Miller and Whicker, 1999), content *validity* is the measurement that is being taken a subset of a larger group of measurements that represent the focus of the study. Similarly, face validity is based entirely upon logic, common sense, and subjective judgment. The researcher has attempted to assess both type of validity through the mechanism of distributed the questionnaire for two experts that familiarized the subject matter. Then, verified the validity in terms of the items capture the entire scope and arrived at agreed the measurement that represent focus of the study.

3.7. Ethical Considerations

The raw data are obtained from respondents through the questionnaire and interviews from the organization. The effort was made to acquire sufficient and reliable data from respondents. The researcher was cooperation and willingness to discuss freely. Besides the respondents need their information to be keep in Secret. Therefore, the researcher is responsible to respect and keep the confidentiality and unanimity of all information which are gather from respondents.

CHAPTER FOUR
RESULTS AND DISCUSSION
4.1 Introduction

This chapter contains the results and discussion part, based on the information obtained from the various respondent groups. In order to answers the Research question and to meet the Research objectives. After examined, changes observed due to Balanced score implementation, attitude of performer toward balanced score card implementation, role of leader to support BSC implementation and the challenges faced in the process of BSC implementation at commercial bank of Ethiopia. Finally, this section also presented the discussion, based on the important findings compared to with BSC framework.

The chapter is organized in to three sections. First, the general information about respondents profile presented. Second, major findings from the results presented, and third, the discussions are summarized theory with practice of BSC implementation at CBE.

In this study, a total of 278 questionnaires were distributed to 13 (thirteen) sample branches located in districts of Addis Ababa and Strategic management office. From the 278 questionnaire 236 were filled returned correctly and the remaining 42 uncollected. This shows that the response rate was 85 percent.

4.2 Demographic Characteristics of Respondents

Demographic characteristics of respondents were summarized on the bases of gender, age, level of education, job position, and work experiences. Table below contains the demographic statistics. It is summarized by using cross-tabulation with simple descriptive statistics like frequency

Table 4.2: Personnel profile of the respondent who filled questionnaire

Profile	Description	Frequency	Percentage
Gender			
	Male	156	66
	Female	80	34
	Total	236	100
Age	18-25	-	-
	26-30	163	69
	31-40	49	21
	41-50	24	10
	>50	-	-
	Total	236	100
Level of Education	Diploma	26	11
	Bachelor degree	191	81
	Master	19	8
	Other	-	-
	Total	236	100
Job Position	Branch managers	7	3
	CSM	15	7
	CRO	14	6
	SCSO	34	14
	Officer	147	62
	Expert	7	3
	Other	12	5
	Total	236	100
Working Experience	1-5	149	63
	6-10	40	17
	11-15	33	14
	16-20	14	6
	>20	-	-
	Total	236	100

Source: Survey, 2015

As it is depicted in the table 4.2, out of 236 of the respondents (66%) are male and (34%) of respondents are females. This shows that, most of respondents are male and this fact indicated

and tells us the bank increase female participation for the effective strategy implementation and bank target achievement. With regard to their age distribution 169 (69%) of the respondents are within the age interval of 26 to 30, 49 (21%) of them lie in the age interval of 31-40 and remaining 29(10%) lie in the range of 41-50. This fact shows the majority of CBE employees are young and this may seems a good opportunity for CBE to create prolong relationship with these young. The third variable is the Educational level of respondents. Accordingly, 26 (11%) of the sampled respondents have diploma, and remaining, 191 (81%) and 19 (7%) bachelor and Master degree holders respectively. This academic qualification of employees may be helpful for the bank in the implementation strategies in order to delivery effective service and organization target achievements. Regarding the job position of respondents, they have different level of job grade in CBE. As depicted in the above table, the varieties of job position. Accordingly, 147 (62%) of respondents are officer, followed by 15(7%) and 34(14%) of Customer service manager and Senior Customer service officer respectively, in similar way, 14(6%) and 12 (5%) are Customer Relation Officer and other respectively. The Remaining, 7(3%) and 7(3%) are branch managers and expert respectively. This indicated officer has great share and role in the BSC implementation. In terms of year of service in the CBE, 149 (63%) of respondents lies range of one to five, 40 (17%) of the respondents serviced the bank for six to ten years, 33 (14%) and 14 (6%) of respondents are serviced the bank for eleven to fifteen and sixteen to twenty years respectively. This indicates that majority (63%) of the respondents are employees and serviced the bank for one to five years. Thus, the large numbers of these respondents are expected that they have some knowledge of the internal process and operation of the bank and they can easily strive for effectiveness of implementation strategy.

4.3. Benefit obtained due to BSC implementation in CBE

BSC helps the bank in planning its day to day activities which intern culminate to the achievement of the overall banks objectives and living of their mission and vision. Therefore organization obtained many benefits from the implementation of this strategy. It improves communication, Service, performance and aligned day to day activities with strategy and effectiveness. BSC also build the capacity of organization.

The benefits obtained from BSC implementation by the CBE, as per the response from the respondents, are as indicated in Table 4.3.below have brought changes in the working system of the CBE, in the thinking and capability of process owners, experts and employees.

Table 4.3 Views of employees in the benefit obtained due to Balanced score card

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I	Organization focus area identified due to BSC	F	35	99	83	17	2	236
		%	15	42	35	7	1	100
		Mean						3.60
II	Employees have been share vision, mission and values of organization	F	57	76	61	35	7	236
		%	24	32	26	15	3	100
		Mean						3.54
III	A performance has been improved	F	68	52	83	19	14	236
		%	29	22	35	8	6	100
		Mean						3.53
IV	Service delivery has been improved	F	57	73	87	12	7	236
		%	24	31	37	5	3	100
		Mean						3.64
V	Day to day activities of each employee has been aligned with strategy	F	90	56	54	24	12	236
		%	38	24	23	10	5	100
		Mean						3.72

<div align="center">Source: Survey, 2015</div>

As depicted in the Table 4.3 Item I, 15% and 42 % of respondents agreed the benefit of BSC in the identified organization focus areas. 37 % of the respondents were neutral and 7% disagree on benefit of BSC in the identified focus areas. The mean score 3.60 indicate positively agreed on this issues. In item II, 56 % of the respondents agreed on employees should have share vision, mission and values because of BSC implementation. (26%) of the respondents were neutral and 18% of the respondents were disagreed on share vision, mission and values as the result of BSC implementation. The mean score 3.54 indicate respondents are positively agreed on this issues. In Items III, (51%) of the respondents agreed performance has been improved due to BSC. (35%) remain neutral and (14%) of respondents disagreed about performance improvement at the result of BSC. The mean scores 3.53 indicate majority agreed on change performance. In Item IV, (55%) of respondents agreed the service delivery improved. (37%) remain neutral and 8% disagreed about service delivery improvement. The mean score 3.64 indicated BSC positive

outcome on service delivery. In Item V, about (38%) and (24%) of the respondents are strongly agreed and agreed respectively about day to day activities linkage with strategy. But 23% remain neutral and 10% and 5% of respondents disagreed and strongly disagreed about the alignment of day to day activities with strategy. But the mean score 3.72 indicate and approved the day to day activities linkage with strategy.

When summarized from the majority of respondent the benefit obtained from BSC implementation at CBE rank as follows

- Day to day activities of each employee has been aligned with strategy (64%)
- Organization focus areas identified (60%)
- Employees commonly shared vision, mission and values (59%)
- Service delivery has been improved (57 %)
- A performance has been improved   (53%)

The results from findings shows, the organization clearly knows the focus areas, Employees have share vision, mission and values. This benefit help the organization what we are trying to achieve. Therefore; day to day activities aligned with strategies. Besides performance and service delivery is improved. These benefits obtained from BSC implementation have brought changes in the working system of bank and build the capability of organization for competitive service delivery. In addition, interview was conduct with general director of strategic office indicated BSC help for Communication tool, increase resource mobilization and enhances the individual performance through cascading target from corporate to individual level.

Accordingly (Kaplan, 1996), if executed properly, Balanced Scorecard that will help to clarify and gain consensus about vision and strategy, communicate the strategy, build a management team, and link reward to achieving strategic objectives. In this regards, benefits obtained from BSC implementation have brought changes in the working system of bank and build the capability of organization for competitive service delivery. In addition, BSC help as communication tool, to increase resource mobilization and enhances the individual performance at commercial bank of Ethiopia.

4.4. Challenges of BSC implementation in CBE

The change and benefits obtained from balanced score card implementation (BSC) were mentioned in the above sections .However, according to the respondents, there are a numbers of challenges that affect the implementation and use of BSC at CBE. This section describes the major challenges of BSC implementation based on data collected from various respondents groups. The major challenges are presented in Table 4.4 below.

Table 4.4 challenges which hindered the implementation of BSC in CBE

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I	Target cascading for employees based on job title and job grades	F	40	87	78	19	12	236
		%	17	37	33	8	5	100
		Mean						3.6
II	A clear measurement/standard of particular job position during performance appraisal at branch	F	45	80	73	19	19	236
		%	19	34	31	8	8	100
		Mean						2.9
III	The financial and non financial targets clearly assigned to their employees	F	28	87	76	26	19	236
		%	12	37	32	11	8	100
		Mean						3.33
IV	Performance appraisal result clearly reflects the employee's performances.	F	47	57	87	31	14	236
		%	20	24	37	13	6	100
		Mean						3.28
v	Taking care for sufficient and Reliable data for Measurements before performance appraisal	F	50	68	78	21	19	236
		%	21	29	33	9	8	100
		Mean						3.46

Source: Survey, 2015

As it can be seen from Item I, about 17 % and 37% of the respondents agree on target cascading based on job title and a job grade. That is about 33% remains neutral and 5% and 8% had strongly disagreed and disagreed respectively about target cascading based on job title and job grade. The mean Score 3.60 indicates positively agreed on this issue. In Item II, about 19% and 34% of the respondents were strongly agree and agree on a clear measurement in a particular position but (31 %) of the respondent remain neutral and 8% and 8% disagreed and strongly disagreed respectively about measurement in each position. The mean score 2.90 indicate majority of respondent were agreed on this issues. In Item III, about 12% and 37% of the

respondents were agreed on financial and non financial targets should clearly assign for employees. But (32%) of the respondents remained neutral and 11% and 8% of respondents disagreed and strongly disagree respectively about target cascading both financial and non financial. The mean score 3.33 indicated half of respondents positively agreed on this issues. In Item IV, about 20% and 24% of the respondents agreed performance appraisal result indicate the employee performance. About 37 % remain neutral and 13% and 6% of respondents disagreed and strongly disagreed respectively on performance appraisal result reflect the employee performance. The mean score 3.28 indicate positively agreed on this issues. In Item v, about 21% and 29% of the respondents agree on reliability of data before conducting performance appraisal. But (33%) of the respondents were neutral and 9% and 8% of respondents disagree and strongly disagreed regarding to reliability data before performance appraisal. The mean score 3.46 indicate majority of the respondents approved reliability of data before conducting appraisal.

The result based on the above data indicate half of respondents implied target cascading is not depend on job title or job grades. Similarly, financial and non financial target not clear assigned to the employees. Besides pre-measurement set at performance contract not clear putted before performance appraisal .Further lack of the reliability of data or measurement adversely affects the employee's performance. According to (Mollemen, n.d), a good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy. Therefore, when the organization constructs too few measures in each perspective, it fails to obtain a balance between leading and lagging indicators or non-financial and financial indicators. In a case where organization adopts too many indicators and in this case, the organization will lose focus and cannot find any linkage between indicators. Sometimes the measures selected for the scorecard do not reflect the organization's strategy. This happens when the organization tries to apply all their Key Performance Indicators (KPIs) into each perspective without screening only for the measures that are linked to its strategy. In addition, some of indicators have become obsolete and requires new indicators. Measuring with wrong indicators can distract an organization from its strategy. Further, lack of integration between employees and management, inefficient resource allocation and lack of commitment of branch managers, knowledge, skill, and attitudinal gap on BSC at different

levels, fears and wrong perception in cascading target affect the benefit obtained from the BSC implementation

Respondents mentioned other challenges in addition to above listed factors that negatively affect Commercial bank of Ethiopia (CBE) in the process of BSC implementation. According to the respondents factors that affect the BSC implementation could be stated as follows:

- Poor linking of the Performance appraisal result with Reward system
- Difficulty of measuring non financial or qualitative targets.
- Subjective and favoritism due to poor monitoring and evaluation system
- Lack of adequate training of balanced score card
- Lack of information technology for measurement
- Negative attitude of employees toward BSC implementation
- Lack of commitment in both management and employees sides
- Problem of setting right measurement indicator

Further, inadequate and inconsistent commitment of the executives, lack of integration between employees and management, and inefficient resource allocation. More over the respondents' stressed challenges attitudinal gap on BSC at different levels, fears and wrong perception in cascading target. Generally, the major challenges mentioned various groups of respondents are major hindrance to the achievement of the BSC objectives and put in to practical action and mainly associated with the implementation process of BSC as strategic management and performance management system. As stated by (Wangombe, 2013), the organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard; Lack of senior management commitment where delegation of the BSC project is left to middle management and defining the project as performance measurement by missing focus and alignment to implement strategy. This is a process that can only be led from the top.

4.5. Role of leadership for BSC implementation

The interview made with General Director of strategic management office mentioned that structural arrangement of the office contain a sub process such as strategic management and planning, change management and monitoring and evaluation ,the composed of expert and

officer. A strategic management office took overall oversight responsibility for the BSC implementation process and gave the guidelines, direction and cascading plan for all districts.

The top management's effort and support for the BSC implementation is very essential in distinguishes for its ultimate success and failure. BSC highly require management commitment at each level (Top to bottom) and should embark all employees with regard to implementation of organization strategy. The Top level management must work together to build and support the middle level managers and operation managers to exert maximum effort toward BSC implementation. It supports various aspects like allocation of sufficient resource including financial, human resource and other resource eventually be shared with every member of the organization. Table 4.5 a and b shows the responses of the employees on awareness vision, mission and values and support level of management group in the implementation process.

Table 4.5 a Opinion of Employees on Awareness of Vision, Mission and Values

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I	Do you know organization vision .	F	151	68	17	-	-	236
		%	64	29	7	-	-	100
		Mean						4.56
II	Do you know organization mission	F	127	81	28	-	-	236
		%	54	34	12	-	-	100
		Mean						4.38
III	Do you know organization values .	F	116	85	35	-	-	236
		%	49	36	15	-	-	100
		Mean						4.1

Source: Survey, 2015

As indicated in the Table 4.5 a Item I, that is about 64 % and 29% had strongly agreed and agreed respectively that they know the organization's vision and 7% remain neutral. The mean score 4.56 of the item also indicated that the respondents' positive agreement issues. In item II, 54% and 34% had strongly agreed and agreed respectively indicated that they have understanding of the organization Mission and Mean score 4.38 of this item also approved their positive issues. But 12 % remain neutral about mission of organization. Regarding values item III of the CBE, about 49% and 36% had strongly agreed and agreed respectively, indicated that

they understood value very well. But 15 % remain neutral about values and mean score 4.10 indicated good understanding of respondents about the issues.

While examining the results, most of the respondents clearly understand the vision, mission and values of bank. This implies the efforts were made by management in providing, guiding and support in order to creating awareness about Vision, Mission and Values. Because of this helped the employees to involve in the implementation process and has a positive contribution to the implementation of the strategy.As stated by (Oriento, 2010), balanced scorecard helps in promotion of a systematic development of vision and strategy and enable the identification of all activities that act as a trigger to reach established goals.

Table 4.5 b Opinion of employees on the support of the leadership

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
	Leaders has provided clear guide/path on the job	F	52	85	42	33	24	236
		%	22	36	18	14	10	100
I		Mean						3.42
	Leaders create a good work condition for employees	F	57	91	40	31	17	236
		%	24	39	17	13	7	100
II		Mean						3.57
	Leaders share information about the organization.	F	45	54	38	47	52	236
		%	19	23	16	20	22	100
III		Mean						2.97

Source: Survey, 2015

As it can be seen from the above table, In Item 1, that about 22% and 36% of the respondents strongly agreed and agreed respectively on the supervisors' clear guide employees on the job. The remaining 24% of the respondents disagreed on this issue and 18% neutral. The mean score 3.42 indicated respondents positive agreement issues. In item II, (63%) majority of respondent have agreed on supervisor in creating a conducive work environment that helped to do their job. About (17%) remain neutral and 20% disagreed about work environment. The mean score 3.57 indicated positive agreement issues. In item III, (42%) which is less than half of the respondents agreed on their supervisor in sharing information freely and regular about the organization. about (16%) remain neutral and 44% of the respondents strongly disagreed about the information

sharing freely and regularly in the organization. The mean score 2.97 implied disagreement about supervisor sharing information freely and regularly for employees.

The result from the above data indicated that the majority of respondent's leaders create a favorable working environment and guidance on the job. But, they do not share information clearly and regularly about the organization. This may adversely affect on the commitment of employees in the implementation process. According to (Molleman, n.d), the senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets.

4.5.1 Customer and stakeholder focus

For any organization to achieve positive financial results both in the short-term and long-term perspective, there is need to create and deliver goods and services which the customers perceive as adding value to their existence. The value stakeholders and customers have the power to determine on the fate of the organization success and failure.BSC framework focus on balancing the requirement of customer and stakeholders need and values The assessment result of respondents on the understanding customer's need and values and stakeholders' value is revealed as follows.

Table 4.5.1 Opinion of Employees on Customers and stakeholders' Focus

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I	knowing what customers need & values	F	99	87	33	17	-	236
		%	42	37	14	7	-	100
		Mean						4.12
II	knowing what stakeholders values	F	94	90	35	17	-	236
		%	40	38	15	7	-	100
		Mean						4.05
III	BSC is focus is on customer acquisition & retention and customer service	F	54	78	54	33	17	236
		%	23	33	23	14	7	100
		Mean						3.45
IV	BSC creating values and differentiation from the perspectives of the customers and stakeholders	F	71	73	61	26	5	236
		%	30	31	26	11	2	100
		Mean						3.71

Source: Survey, 2015

As depicted in the Table 4.5.1, Item I, about 79 % have strongly agreed and agreed respectively that they knew customer need and values. About 14 % were neutral and 7% were disagreed on this issue. The Mean score 4.12 indicated positively agreed on this issues.   In item II, 40 % and 38 % have strongly agreed and agreed respectively indicated that they knew stakeholders values. About 15 % were neutral and 7% were disagreed about this issue. The mean score 4.05 indicated confirmed agreement on the issues. In item III, 23 % and 33% of respondents strongly agreed and agreed respectively about BSC focus is on customer acquisition, retention and customer service. About 23% remain neutral and 21% disagreed about this issue. The mean score 3.45 indicated moderately agreed on this issues.   In item IV, that 30% and 31% of respondents strongly agreed and agreed respectively on BSC creating values and differentiation for the customers and stakeholders. About 26 % remain neutral and 17% disagreed about this issue. The mean score 3.71 indicated the majority agreed on the issues.

 The above table indicates that the majority of respondents knew customers needs and values as well as stakeholder's values and half of respondents understood on the BSC creating values and differentiation for customers and stake holders. Similarly, half of respondents *understand* BSC focus on customer service, acquisition and retention.   This indicates respondents aware what customers and stakeholders need and values. But, they do not understand benefit of BSC with customers and stakeholders values. This gap of knowledge in understood from perspective of BSC, adversely affects the implementation process.

Organizations must answer three critical questions: Who are our target customers? What is our value proposition in serving them? And what do our customers expect or demand from us? But each of these questions offers many challenges to organizations. Yet their actions reveal an "all things to all customers" strategy. (Niven, 2006).

4.5.2 Communication & Communication strategy

Communication necessary for the successful implementation of BSC to disseminate information vertically and horizontally and to make correction on any gap that may affect the change process. The BSC implementation starting point for the organization is to improve communication strategy because of all employees must have clear information and communication from immediate supervisor about balanced score card implementation. Communication is between

the manager and employee, it is not one-side (*one* way). The assessment result of respondents on the status of communication strategy and plan is described as follows. Table 4.5.2 below shows the responses of the employees regarding their opinion.

Table 4.5.2 Opinion of Employees on communication and Communication strategy

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
	The organization has communications strategy and plan?	F	38	83	68	47	-	236
		%	16	35	29	20	-	100
I		Mean						3.45
	Leaders communicate with staff regularly about BSC?	F	40	43	38	61	54	236
		%	17	18	16	26	23	100
II		Mean						2.8
	Communication among, Directors, Process owners, branch management & other staff are primarily	F	52	64	45	42	33	236
		%	22	27	19	18	14	100
III	interactive (two-way)?	Mean						3.2

Source: Survey, 2015

As it can be seen from Item I, 17% and 37% of the respondents were strongly agreed and agreed respectively about the organization communication strategy. The other (29%) were neutral and 17% were disagreed about communication plan. The mean score 3.45 indicated that majority agreed on this issues. In item II, 17% and 18% of respondents were strongly agreed and agreed about supervisors communicate with staff regularly about BSC. But 16% remain neutral and 49% of respondents disagreed on this issues. The mean score 2.80 indicated almost the half of respondents disagreed on this issues. In Item III, 22% and 27 % of respondents strongly agreed and agreed about the communication between process owners, branch management and *staff are interactive .*But 19 remain neutral and 32 % of respondent disagreed on two way of communication. The mean score 3.20 indicated moderately agreed on this issues.

The result indicates that the communication (information dissemination) between supervisors and employees is not free and regular. This may be adversely affect awareness employees and communication within organization. In addition some of respondents doubt whether organization has a communication plan or not and interactive (two-way) of communication. Many

organizations seek BSC to mobilize their strategy when they find difficulty expressing their strategy. Others join the BSC wagon to communicate strategy or to operationalize performance (Kaplan and Norton, 2004).

To successfully implement balanced score card, communication is very essential within stakeholders like employees and Customers. Besides lack of communication strategy create inconvenience in managing information across the organization and adversely impact on employee's awareness about the issues of BSC.

4.5.3 Performance appraisal/Measurement

BSC helps to align key performance measures with strategy at all levels of the organization viz. at corporate level, branch and individuals level, to evaluate plan against the accomplishment of its results .Conducting performance appraisal is one part of performance management system (PMS) and effective performance appraisal required of avoiding appraisal pitfalls when conducting appraisals like the problem of setting measurement indicator. Performance measurement parameters clearly and precisely define what is to be accomplished by the employee. The Measurement techniques should be realistic if performance, standards and measures are clearly defined. Its rewards also should be timely and tied to actual performance. The assessment result of respondents on the performance appraisal or measurement revealed as follows

Table 4.5.3 Opinion of employees about performance appraisal or measurement

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
	Is there any gap in setting measurements and targets at branches in line with BSC	F	42	40	38	59	57	236
		%	18	17	16	25	24	100
I		Mean						2.49
	Is there any gap when appraisal scores are given for financial, operational & final ratings	F	5	31	104	61	35	236
		%	2	13	44	26	15	100
II		Mean						2.58

	Timely submission the performance contract and performance appraisal to concerned organ	F	61	73	45	33	24	236
		%	26	31	19	14	10	100
III		Mean						3.5
	The performance appraisal report linked with employee's benefits such as incentives, bonus and other	F	12	45	50	61	68	236
		%	5	19	21	26	29	100
IV		Mean						2.42
	The management Follow standard guidelines for objective measurements	F	12	99	87	26	12	236
		%	5	42	37	11	5	100
V		Mean						2.9

Source: Survey, 2015

As depicted in the Table 4.5.3, In Item I and II of the table 4.2.4, the respondent asked about the any gap setting measurement indicator and appraisal score given for financial, non financial and final rating. Accordingly, the mean scores 2.49 and 2.58 of Item I and Item 2 respectively indicated disagreement on this issue. In Item III and IV of the table 4.2.4, the respondent asked about timely submission of performance contract and performance appraisal report to concerned organ and linkage of performance appraisal with employees benefits. Accordingly, the mean scores 3.5 and 2.42 of the Item III and IV respectively indicated agreed on the timely submission of performance contract and performance appraisal report. But disagree on the linkage performance appraisal with employees benefits. In item V of the same table, the respondent asked about management follow guidelines for objectives measurement. Accordingly, 47% of respondent agreed on measurement based on guidelines. The mean score 2.9 indicated the majority of respondent doubt about this issues.

The above table reveals that, the poor linking of the Performance appraisal result with Reward system and recognition such as salaries, incentive, allowance, and bonus etc. Problem of setting right measurement indicator lead to subjectivism rather than objective measurement and some of respondents' result implied the problem of timely submission of performance contract and performance appraisal report to concerned organ and gap between performance contract and

performance appraisal in terms of target set, job title and job grade impact on accuracy and reliability of performance appraisal taken as evaluation criteria. This results in the fact that some of indicators have become obsolete and requires new indicators. Measuring with wrong indicators can distract an organization from its strategy. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. These are some of the various challenges that organizations face on their way to using balance score card as tool for performance measuring. (Molleman, n.d).

4.5.4 Linkage of BSC with benefits

Employee acknowledgement for their contributions and efforts is one part of the BSC perspectives in order to successfully implement the strategy. Employees learning and growth focus on empowerment of employees in terms of skills, capability and benefit such as incentives, bonus, recognition, and promotion. Therefore; employees use this strategic tool for the achievement of the organization's objectives .Unless Employees are committed and motivated in the implementation of BSC, it is difficult to meet the organization goals. Table 4.5.4 below shows linkage result of BSC with benefit at commercial bank of Ethiopia.

Table 4.5.4 Opinion respondent's linkage of BSC with benefits in CBE

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
	an overall result of the performance link with pay /rewards or promotion	F	59	68	52	24	33	236
		%	25	29	22	10	14	100
I		Mean						3.4
	The organization own plan to motivate employees toward BSC implementation	F	73	64	49	24	26	236
		%	31	27	21	10	11	100
II		Mean						3.5
	The organization use extrinsic and intrinsic reward system toward achievement of BSC implementation	F	40	57	78	23	38	236
		%	17	24	33	10	16	100
III								3.15

Source: Survey, 2015

As depicted in the Table 4.5.4 Item I, about (25%) and (29%) have strongly agreed and agreed respectively indicated that there is overall result link with reward system ,the rest, about 22 % and 24% of respondents were neutral and disagreed respectively about the linkage of BSC result with reward. The mean score 3.4 indicated that they moderately agreed on this on this issues. In item II, (57%) Majority of respondents had positively agreed on organization plan to motivate the employees. (21%) remain neutral and 22% of respondent disagree on this issues. The mean score 3.5 indicated there is positively agreed on this issues. In Item III, (41%) less than half of respondent were agreed on the organization system of using both extrinsic and intrinsic reward system, (33%) of respondents were neutral and 26% of respondents disagree about the use of extrinsic and intrinsic reward system for BSC implementation achievements. The mean score 3.15 indicated that respondents were moderately agreed on this issues.

Incentive plans important for the focus and alignment they can drive toward the achievement of a mutually beneficial goal. However, companies take many liberties when constructing these plans, and often the designs leave something to be desired. For example, it's not at all uncommon for incentive plans to link a cash award with the achievement of a short-term financial target, such as quarterly earnings. In fact, in our meet-the-numbers-or-else culture, this evil twin of the effective compensation plan springs up frequently in boardrooms across the globe.(Niven, 2006). But the above table reveals that, there is poor linkage of employee's performance with rewards/promotion and some employees not clearly known whether organization have motivation plan or not. Further the majority of respondents in the organizations, not use of extrinsic and intrinsic reward system and this has impact on employee's motivation and not exert extraordinary effort toward BSC implementation.

4.5.5 Participation and involvement of employees in the development of strategic planning.

Successful BSC implementation, the whole organization must involve in strategic plan and implementation process. In this regard employees' participation in the development of strategic plan helps to understand the organization focus areas and the challenges that affect the implementation process clearly identified. The assessment made at commercial bank of Ethiopia (CBE) has revealed below.

Table 4.5.5 views of employees in the development strategic plan

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
	Strategic plan are developed by participation	F	24	31	57	68	56	236
I		%	10	13	24	29	24	100
	Knowing what overall results the organization is trying to accomplish	Mean						2.6
		F	21	50	73	54	38	236
II		%	9	21	31	23	16	100
	The organization strategic focus areas are well defined and understood.	Mean						2.84
		F	71	80	36	28	21	236
III		%	30	34	15	12	9	100
	The organization knows its pains and challenges	Mean						3.6
		F	42	52	61	45	36	236
IV		%	18	22	26	19	15	100

Source: Survey, 2015

As depicted in the Table 4.5.5 Item I, (23%) of respondents agreed on strategic plan are developed by participation. 24 % neutral and 53% of the respondents disagree on employees' participation in the development of strategic plan. The mean score 2.6 indicate respondent's low participation in the strategic plan. In item II, 32 % of the respondents agreed on knowing what the organization trying to accomplish, (32%) of the respondents were neutral and disagreed what the organization trying to accomplish. The mean score 2.84 indicate employees moderately about this issues. In Items III, 30% and 34% of the respondents agreed that strategic focus areas are well defined and understood. (15%) remain neutral and (21%) of respondents disagreed that the organization strategic focus are well defined and understood. In Item IV, about (40%) of respondents agreed on the organization know its pain and challenges. About (26%) remain neutral and 19% and 15% of respondents disagreed and strongly disagreed respectively about on the organization knows its pains and challenges. The mean score 3.05 indicate respondent's moderately agreed on this issues.

The above table reveals that the majority of the respondents had no involvement in the development of strategic plan and whether the organization knows its pain and challenges. Similarly, almost half of the respondents didn't know about what organization trying to accomplish. These may indicate that strategic plan is kept at top level and enough effort was not made in embarking all employees at the branch or team level. But they have agreed on understanding of the strategic focus areas. This implies that the understanding strategic focus areas without participation are questionable.

4.6 Attitude of employees toward BSC implementation

Employees play great role for the successful implementation of BSC and they are major participatory in the implementation process because of this, the organization should be focus on employee's attitude, behavior and ethics. To Train them help as one of strategy to develop the attitude, perception and commitment of employee's. Therefore: Continuously working on changing of the attitude of employees is very important for successful implementation of balanced score card and ensures each employee understands how they fit into the strategy. Table 4.6 shows the responses of the employees regarding their opinion about attitude performers toward BSC implementation.

Table 4.6 Views of Employees Attitude toward BSC implementation

Items	Statements		Strongly agree	Agree	Neutral	Disagree	Strongly Disagree	Total
I	Employees readiness in terms of mentality, skill, competence toward BSC implementation	F	40	71	83	22	20	236
		%	17	30	35	9	8	100
		Mean						2.5
II	Employees have been committed toward balanced score card implementation	F	42	61	83	29	21	236
		%	18	26	35	12	9	100
		Mean						3.33
III	Employees perception positive toward target achievement/outcome	F	31	28	73	57	47	236
		%	13	12	31	24	20	100
		Mean						2.75

Source: Survey, 2015

As it can be seen from Item I, 17% and 30% of the respondent strongly agreed and agreed respectively on the employee's readiness in terms of skill, mental and competence toward BSC

implementation. About (35%) of the respondents were neutral and 17 % of the respondents disagreed on employees' preparation in terms of mentality, skill, competence. The mean score 2.5 indicated respondent disagreement on the readiness in terms of skill, mentality and competence. In Item II, about 18% and 26% of the respondents strongly agree and agree respectively about employees commitment toward balanced score card implementation. But (35%) of the respondents were neutral and 12% and 9% disagreed and strongly disagreed respectively regarding the commitment of employees. The mean score 3.33 indicate respondent's moderately agreed on this issues. In Items III, about 13% and 12% of the respondents were strongly agreed and agreed respectively about the employee's perception is positively about target achievement. But (31%) neutral and 24% and 20% disagreed and strongly disagreed respectively about positive perception employees toward target achievement.

The respondent's result implied that unless employees perceive positive outcomes, it is hard to achieve the BSC's Objectives and to gained benefit from successful implementation of balanced score card (BSC). Besides, BSC implementation requires readiness in terms of mentality, skill, competence and resource linked with strategy. But, result from more than half of respondents indicates lack of preparation in terms of skill and attitude. Furthermore lack of commitment adversely affects the effectiveness of BSC at CBE. However some of employees use their strategy in positive way or good manner and initiated to performance.

As stated by (Niven,2006) ,In their haste to build Scorecards, many organizations will sacrifice the up-front effort of providing meaningful and detailed Scorecard training to those expected to use the system in order to change the mind set and develop the attitude, perception, and commitment of employees. Awareness sessions will be held during which the Scorecard is trumpeted as a measurement system featuring financial and nonfinancial measures, but little information is offered about the many subtleties and complexities of the model. While examining results, lack of readiness of the employees in terms of mentality, skill and competence and negative perception of employees toward BSC implementation adversely impact on the effectiveness of BSC in the commercial bank of Ethiopia. The mean score 2.5 indicated respondent disagreement on the readiness in terms of skill, mentality and competence.

 In the next chapter Summary of findings, Conclusion and Recommendation were presented.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Hereunder, in this chapter summary of the major findings, conclusions and recommendations originated from the analysis, discussion and interpretation of the data that collected through questionnaire and interview based on opinion of employees on the practices and challenges of Balanced Score Card at commercial bank of Ethiopia are presented.

5.1 Summary of Major Findings

The summary of major findings of the research presented as based on results and findings.

1. Benefit obtained due to BSC implementation

The majority of respondents result indicates that the organization obtained benefits due to BSC implementation like focus areas organization identified (Pillar Excellence) ,day to day operational activities aligned with strategy, performance and service delivery improved ,employees strength share vision, mission, and values, enhanced the Communication and Resource mobilization effort.

2. Challenges of BSC implementation in CBE

The major challenges that the CBE had in the implementation of BSC were:

- Poor linking of the Performance appraisal result with Reward system
- Subjective and favoritism in performance evaluation
- Lack of adequate training on balanced score card
- Lack of information technology for measurement
- Negative attitude of employees toward BSC implementation
- Lack of follow up management
- Lack of commitment in both management and employees side
- Problem of setting right measurement indicator
- Poor monitoring and evaluation systems
- Lack of concern to the motivation of Employees

- Decreasing team spirit of employees rather focus on individual
- Lack of participation of employees
- Traditional way of doing more dominant than Focus on BSC

Respondents mentioned other challenges in addition to above listed factors having negatively affect CBE in the process of BSC implementation. lack of integration between employees and management, inefficient resource allocation. More over the respondents' stressed challenges such as lack of commitment of branch managers, knowledge, skill, and attitudinal gap on BSC at different levels, fears and wrong perception in cascading target, over ambition, unorganized and unstructured implementation process.

3. Role of leadership support on BSC implementation

A) Understanding of the vision, mission and values of the CBE.

Efforts were made in providing, guiding and support to creating awareness about Vision, Mission and Values. As a result employees understand and clearly know the vision, mission and values that help employees to involve in the implementation process.

B) Support of the leadership (process owners) to employees

Majority of respondent's leaders create a favorable working environment and guidance on the job. But do not share information clearly and regularly about the organization. This may adversely affect on the commitment of employees in the implementation process..

C) Customer and stakeholder focus

The majority of respondents knew customers as well as stakeholder's values. But the half of respondent doubt about BSC creating values and differential from the dimension of customers and stakeholders .This indicates lack awareness within employees with regarding to BSC.

D) Communication & Communication strategy

Communication & Communication strategy: The results from the majority of respondents indicated the communication between supervisors and employees is not free and regular and they do not know whether organization has a communication plan or not. This adversely impact on employee's awareness.

E) Performance appraisal/Measurement

 The result from the majority of respondent implied the problem of setting right measurement and target for employees, wrongly appraisal score give for financial, nonfinancial and final ratings, poor linking of the Performance appraisal result with Reward system and recognition such as salaries, incentive, allowance, and bonus.   This demoralizes employees in the implementation process.

F) Linkage of BSC with benefits

Half of respondents indicate lack of linkage of employees' performance with rewards/promotion and the organization does not use extrinsic and intrinsic reward system which has impact on employee's motivation and this creates unfavorable condition in the implementation of BSC.

G) Participation and involvement of employees in the development of strategic planning.

 The result from majority of respondents implied there was no involvement in the development of strategic plan. These may indicate that strategic plan is kept at top level and enough effort was not made for the participation of all employees at the branch or individual level.

4. **Attitude of employees toward BSC implementation**

 The majority of respondents indicate lack of readiness in terms of mentality, skill and competence and negative perception toward BSC implementation. This has negative impact on BSC implementation.

5.2 Conclusions

The following conclusion is drawn based on the summary of findings. A balanced score card is a performance management tool for measuring whether the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy. Similarly, CBE is currently implementing the balanced score card at all districts characterized as a strategic process aimed at the development of an appropriate culture linking people management, service issues, vision and long term goals. This study concludes the practices and challenges of balanced score card implementation at CBE in line with research objectives by examined the leadership commitment, perception and attitude of employees and major achievement and challenges of BSC.

 Accordingly, the findings conclude that, employee has been clearly understood the CBE vision, mission and values. In addition, they knew customers needs and values and leader creates a favorable working environment and guidance on the job. In this regard role of leadership significant. However, lack of awareness on the employees about BSC creates values and differentiation in the context of customers and stakeholders. From this implication conclude that, lack of leadership commitment and support with regard to awareness creation for employees, and they do not share information clearly and regularly about BSC within organization. Besides, the top management more worried during the strategy formulation than strategic implementation. Mean, implementation of BSC at CBE have lack of attention from the management to organize the employees effort for the organization strategy. In contrast, some of employees participated and involved in the developing of strategic planning.

The researcher also examined the attitude; perception and competence of performers toward BSC implementation. Findings conclude that, lack of readiness of employees in terms of mentality, skill and competence toward BSC implementation. Change of mind set must be required the alteration of employees in terms of attitude, perception and behavior in order to effectively implementation of BSC. The organization obtained the plenty of benefits from the BSC implementation process like CBE has benefited from aligning day to day activities to its strategy, the bank has improved service delivery system and organization performance, benefited from employees understanding of the bank vision, mission and values, and gained and enhanced resource mobilization effort and communication. This fact helped the organization for the future

aspiration to improve the capability and the implementation processes of the balance score card must be efficient to enhance an organization performance. Finally, this study also indicates the organization affected by several challenges in the use of a balance score card as a strategy implementation tool. But, it was a good opportunity to get lesson from practice of implementation in the organization. However, the level of implementation at CBE up to now is unsatisfactory. Some of the reasons are lack of follow up of top management on the effectiveness of BSC system, lack of BSC training, absence of accountability of BSC failures and inadequate commitment of middle level managers, operational managers, and employees toward BSC implementation has hindered taking up BSC to the desired target achievement. Further, problems in setting performance measurement and linkage performance with reward system hinder the effectiveness of the BSC in achieving the intended objective in the CBE. From this conclude that the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization

In short, Lack of employees' participation, negative attitude of employees toward BSC implementation, poor monitoring and evaluation system and lack of linkage with rewards adversely affect benefit obtained from BSC implementation. The lesson derived call the alteration and solution for the challenges in order to bringing improvement in the overall performance and effectiveness of BSC at CBE.

5.3 Recommendations

Based on the findings and conclusions drawn, with regard to the BSC practice and challenges at CBE. The following recommendations are made for banks to obtain full-fledge of benefits of BSC as strategic management system and performance management system.

1. Change attitude of employees toward BSC implementation

It should work on continuously on change attitude, perception of employees toward balanced scored card in order to bring positive outcome. Change mind set and attitude to understand the merit of intended change for all stakeholders and shape their involvement in the implementation process. Thus there need work on the following:-

- It should prepare the BSC trainings and these help employees to acquire adequate knowledge, skill and positive attitude about BSC. Therefore; increase employees' awareness through training and communication is very critical

- Develop materials that help employees through reading such as manual, brochure, leaflet and using mail to enhance the employee's awareness about BSC support employees to have equal information about the issues.

2. Establish Accountability for failure as BSC requirement

The assessment has shown a tendency to be reluctant in some of branch management and employees to perform as per requirement of BSC. Some of branch management only worried or committed to prepare performance contract and performance appraisal report while lack of monitoring on the progress and some of employees perception careless to achieve target cascading. Hence making them accountable for failures in the performance as per the responsibility is important.

3. Increase commitments of leadership for effective BSC implementation

The process owners, operational mangers and middle level managers' commitment are important BSC implementation to inspire the followers. Therefore; should be allocation of enough time in meeting for measure score card and endeavor to build strategy focused organization.

4. Improve the performance monitoring, Evaluation, and Measurement

It should be worked on the gap observed by the majority of respondents that there is unfair performance appraisal and setting wrongly measurement on the performance contract. Thus there need work on the following:-

- Making fair allocation of financial and non financial target among performers considering the job nature and position.

- Develop awareness for employees with regard to Measurement and performance appraisal system. Such effort reduces subjectivism and lead to objective measurement.

5. Work on Information Communication Technology (ICT)

 ICT play great role in the implementation of a strategy, it should simplicity, organize and structure the work .Thus CBE should focus on machine that help for measurement indicator. For example, to measure the customer's satisfaction, Transaction Error Record and Customer Complain Registration for each performers.ICT will be helping for CBE for the successful handling of information and data management. This supported by (Kaplan and Norton, 2004), BSC implementation can take full advantage to accelerate the projects using technology as enabler.

 6. Align the BSC result with Reward system

The BSC result should be strategically linked with reward system. Further, HR decision focus on alignment of performance appraisal report with Evaluation criteria and incentives, bonus, promotion and necessary recognition give to strength the organization performance and growth. This also supported by (Kaplan and Norton, 1996), in order to effective the BSC implementation should be link reward to achieving strategic objectives.

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Appendix-A: Survey Questionnaire

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTER OF BUSINESS ADMINISTRATION

Questionnaires to be filled by Employees

Dear Respondent:

I am Post Graduate Student of St Mary's University Specialized Field of Master of Business Administration. Currently I am conducting a research on **the practices and challenges of implementation Balanced Score Card at the commercial bank of Ethiopia**. The main purpose of the study is purely academic that will not have 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 practice and challenges and its effect on enhancing the performance of our organization. Therefore, the effectiveness of the study depends on your genuine and frank response and also your response kept in secret confidentially. For any question or further explanation do not hesitate to meet me on **0913844852 or MITIKUREGASSA@cbe.com.et**

Thank you in advance for your cooperation

Part I. General direction

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

1. **Sex** Female ☐ Male ☐

2. **Age in years** 18-25 ☐ 26-30 ☐ 31-40 ☐ 0 ☐

3. **Working experiences** 1-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐

. > 20 ☐

4. **Education level** Certificate ☐ Diploma ☐ Bachelor degree ☐

Master degree ☐ other ☐

5. **Your Job Title** Manager ☐ CSM ☐ CSO ☐ RO ☐

Expert ☐ Officer ☐ other ☐

6. Is your organization currently using a BSC?

Yes ☐ No ☐ don't know ☐

7. Have you ever attend any training related to Balanced score card (BSC)?

Yes ☐ No ☐ I don't know ☐

Part II   Practice achievements and challenges of BSC implementation

This questionnaire tries to assess practices, achievements and challenges of BSC implementation. Therefore, you are required to gives your opinion, to what extent your organization has done the Activities to implement BSC. Considering your organization's experience, please use the following scale on each of the identified issues associated with the implementation of BSC. **Rating Scales 5-Strongly Agree 4-Agree 3-neutral 2-Disgree 1-Strongly Disagree**

Category 1: Basic Issues for BSC implementation

1. Vision, Mission, & values

Awareness of vision, mission and values	Ratings				
	5	4	3	2	1
1. Do you know organization vision (what we intend to become).					
2. Do you know organization mission (our purpose).					
3. Do you know organization values (what we believe)					

2. Role of leadership support BSC

Role of leadership support BSC	Ratings				
	5	4	3	2	1
Leaders has provided clear guide/path on the job					
Leaders share information about the organization.					
Leaders create a good work condition for employees					

3. Customer and stakeholder focus

Customer and stakeholder focus	Ratings				
	5	4	3	2	1
knowing what customers need & values					
knowing what stakeholders values					
BSC is focus is on customer acquisition & retention and customer service					
BSC creating values and differentiation from the perspectives of the customers and stakeholders					

4. Communication and communication strategy.

Awareness of vision, mission and values	Ratings				
	5	4	3	2	1
1.The organization has communications strategy and plan?					
2. Leaders communicate with staff regularly about BSC?					
3. Communication among, Directors, Process owners, branch management & other staff are primarily interactive (two-way)?					

5. Linkage of BSC with benefits

Linkage of BSC with reward system	Ratings				
	5	4	3	2	1
1.Is an overall result of the performance link with pay /rewards or promotion					
2.The organization own plan to motivate employees toward BSC implementation					
3.The organization use extrinsic and intrinsic reward system toward achievement of BSC implementation					

6. Performance appraisal/Measurement

Performance appraisal/measurement	Ratings				
	5	4	3	2	1
1.Is their any gap in setting measurements and targets at branches in line with BSC					
2.Is their any gap when appraisal scores are given for financial, operational & final ratings					
3. Timely submission the performance contract and performance appraisal to concerned organ					
4. The performance appraisal report linked with employee's benefits such as incentives, bonus and other					
5.The management Follow standard guidelines for objective measurements					

7. Participation and involvement of employees in the development of strategic planning

	Ratings				
Strategic Plan	5	4	3	2	1
1.Strategic plan are developed by participation					
2.Knowing what overall results the organization is trying to accomplish					
3. The organization strategic focus areas are well defined and understood.					
4.The organization knows its pains and challenges					

Category 2: Benefit obtained due to BSC implementation

In your opinion what achievement the organization gains from the implementation of BSC?	Ratings				
	5	4	3	2	1
1. Organization focus area identified due to BSC?					
2. Employees have been share vision, mission and values of organization?					
3. A performance has been improved?					
4. Service delivery has been improved?					
5. Day to day activities of each employee has been aligned with strategy?					

Category 3: Attitude of employees toward BSC implementation

In your opinion how employees attitude toward BSC Implementation.	Ratings				
	5	4	3	2	1
1.Employees readiness in terms of mentality, skill, competence toward BSC implementation					
2.Employees have been committed toward balanced score card implementation					
3.Employees perception positive toward target achievement/outcome					

Category 4: Challenges of BSC implementation

What problems (challenges) your organizations face after implementation BSC?	Ratings				
	5	4	3	2	1
1. Target cascading for employees based on job title and job grades					
2.A clear measurement/standard of particular job position during performance appraisal at branch					
3.The financial and non financial targets clearly assigned to their employees					
4. Performance appraisal result clearly reflects the employee's performances.					
5. Taking care for sufficient and Reliable data for Measurements before performance appraisal					

Part III general overviews of BSC implementation

1. What problems (challenges) your organizations face after implementation BSC?

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2. What do you suggest as a possible strategy for future effective BSC implementation?

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3. if you would to add any comment on BSC practices of your organization please comment

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"THANK YOU"

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Appendix-B: Interview guide for Director strategic management office

1. What your opinion towards the commitment of *process owners* on the implementation and uses of BSC.

2. Which process owner has been responsible for administering BSC implementation? How?

3. How do you evaluate the employees commitment in realizing the objectives cascaded?

4. What are the benefits obtained from BSC implementation?

5. What are the problems/challenges faced and how CBE overcome/solve them?

6. How is the performance evaluation of employees administered?

7. Is the BSC attach to reward system in CBE?

8. Do employees understand and internalized the vision, mission and values of the CBE?

9. Does CBE realize how to link budget to a strategy?

10. How do you evaluate the information management and communication system about BSC across the CBE?

11. How do you evaluate the effort made to make awareness on the concept and implementation procedures on BSC project?

12. What are the main criteria use to prioritize projects/initiatives for future effective implementation of balanced score card?

"**Thank You**"