ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF BALANCED SCORECARD (BSC) IMPLEMENTATION AT THE ETHIOPIAN SHIPPING AND LOGISTICS SERVICE ENTERPRISE

BY

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ASSESSMENET OF BALANCED SCORCARD (BSC) IMPLIMENETATION AT THE ETHIOPIAN SHIPPING AND LOGESTICS SERVICES ENTERPRISE

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINSTRATION (GENERAL MBA)

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Tilaye Kassahun, (PHD). All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or fully to any other higher institution for the purpose of earning degree.

....
                        Name   **Signature**

St. Mary's University, Addis Ababa   **January, 2017**

ENDORSMENT

The 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   **January, 2017**

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List of Abbreviations and Acronyms

ASP- Association for Strategic planning

BPR – Business Process Re- Engineering

BSC – Balanced Scorecard

BSCS-Balanced Scorecard System

CSE- Critical Success Factors

ESLSE- Ethiopian shipping and logistics service enterprise

GO- Governmental Organization

GTP- Growth and Transformational Plan

HRM - Human Resource Management

IBP- Internal Business Process

LG- Learning and Growth

NGO- Non-Governmental Organization

OCB- Organization Citizenship Behavior

OCT- Organizational Change and Transformation

SEA- Service efforts Accomplishments

SPSS- Statistical Package for Social Sciences

SMS- Strategic Management System

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Abstracts

The purpose of this study is to propose improvement regarding BSC implementation in ESLSE by analysing the problems associated with it. BSC is one of the management tools that help an organization to achieve its vision by aligning the strategic goals and vision to every employee's activity. To collect data for the research, questionnaire and interview have been used and the method used is descriptive method. The questionnaire was distributed to 91 head office management members and employees. 73 of them are working at core and 12 of them are working at support processes. The interview was made with 24 middle management officials of the enterprise who work in Change Management, Planning and Business Development department, Freight forwarding, and Port and terminal Operation sectors. Out of the administered questionnaire, only 85 employees managed to return. The results that came from questionnaire and interview were analysed using descriptive method of analysis and presented in the form of tables and graphs. The findings showed that ESLSE has relatively selected the right people (BSC teams) on designing the BSC program and conduct internal and external scanning, and define its mission, vision, and core values. Regarding the four perspectives all of them were exercised, but the level of cascading was not at equal level. A major gap has also been observed with regard to the development of performance measures together with its thresholds made. Regarding to monitoring and evaluation, ESLSE periodically evaluate its strength and weakness and took corrective actions as needed. Thus, ESLSE should keep up its strength and should alleviate its short comings by applying the principles of implementing BSC practices properly.

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CHAPTER ONE

INTRODUCTION

1.1 Back ground of the Study

The balanced Scorecard helps to align the organizational strategies with the performance of employee. So, also the HR scorecard, which integrates with the organizational balanced scorecard to track the performance of employees to achieve the desired organizational change. Kaplan and Norton (1992) provided the basis of the balanced scorecard with the primary focus on balancing the financial perspectives of organizations. It enables organizations to clarify their vision, strategy, and translate them in to action. Through an effective feedback mechanism, it continuously improves internal business processes to achieve the desired level of strategic business performance and bring change to the organizations.

The balanced scorecard views the organization from four perspectives, and develops metrics to collect and analyze data, to track the contribution of employees to aggregate the organizational performance. They are learning and growth (LG), internal process (IBP), customer and finance perspectives.

The LG perspective includes employee skill, culture, and attitudes that relate to the improvement of individual employees as well as the organization. Organizational repositories of knowledge are now considered as the most valuable resources to survive in a clime of rapid technological change. This is particularly true for organizations that extensively make use of knowledge workers. According to Kaplan and Norton, Learning is more than training. Learning includes the need for mentors and tutors, and free flows of communication with workers, which helps them to develop problem solving skills.

The IBP perspective refers to internal business process that is Business process in strategic management may be either mission-oriented or support –oriented. In both these areas, Organizations develop suitable metrics to understand how the business is running and whether its products and services match with customer requirements.

The Customer perspective trucks the importance of customer focus and customer satisfaction in any business. Eventually, customer satisfaction is the ultimate indicator of corporate success.

The Financial perspective emphasizes the financial details on risk assessment and cost benefit data, without disregarding the traditional financial results of an organization.

Integrating these four perspectives in the balanced scorecards helps an organization to translate strategies into action plans. The base line for balanced scorecard is the vision and mission, and the strategies that are developed based on the critical success factors (CSF). Thus, the balanced scorecard supports the organizational intents, developing a common understanding of goals, and facilitating its assessment to review and improve strategy.

1.2 Statement of the problem

Ethiopian Shipping and Logistics Service Enterprise (ESLSE), as a governmental public enterprise, it is established to support the country's developmental plan through rendering service to different sectors of the economy, and it plays an essential role in the realization of the GTP II /Growth and transformational plan II/. Consequently, Ethiopian Shipping and Logistics Service Enterprise (ESLSE) launched BSC in 2014. So, making research in implementing BSC seems necessary in order to find out why some organizations fail while other being successful while implementing BSC? What are the challenges that the organizations face? This study assessed the challenges that ESLSE faced during implementation of BSC and what policy initiative that would be taken in order to reduce the problem and lesson will be drawn.

In addition, technological advancement and growing need of mankind has been the prime cause for today's dynamic business environment. So, integrated strategic planning and management scorecard system is effective strategic management system for aligning day to day work to organization vision and strategy using strategic performance measure and strategic initiatives. Therefore, the purpose of this study is to assess the process of BSC implementation in Ethiopian Shipping and Logistics Service Enterprise.

1.3 Research Questions

This research tries to address the following questions:-

- What are the major challenges faced during the implementation process?
- What are the major advantages that the ESLSE obtained from executing BSC?
- How does the enterprise treat the employees in order to follow the change tool?
- How are the cascading and evaluation process being done in the enterprise?
- How the performance is measured at each level?
- How are the strategies and vision of the ESLSE aligned with day today activities of the employees?

1.4 Objective of the study

The overall objective of the research is to assess the effectiveness of BSC implementation in ESLSE and to provide practical fact to researchers, reader, management, practitioners, and finally to suggest possible solution.

The study more specifically intends to achieve the following objectives:-

- To identify the major challenges that the enterprise face.
- To examine the positive impact of BSC implementation.
- To examine the rewarding system of the enterprise in implementing BSC.
- To identify the methods used at cascading and evaluation steps.
- To identify the key performance indicators and goals of the enterprise.
- To explore the alignment of vision and strategies of ESLSE.

1.5 Significance of the study

The outcomes and results of this study have potential value for the enterprise and other enterprises to understand the issue related to BSC implementation. In addition, this study expected to help other researchers who are interested to conduct further study in this field.

Finally, based on the findings found, the study provided useful suggestion which may help for the management of the enterprise and the change agents of ESLSE by providing ways and means of tackling the implementation problem.

1.6 Scope of the study

Due to the fact that having time and resources constraints the researcher is obliged to limit the scope of the study in the following manner:

Even though there are many change tools that the enterprise exercised or practiced, the researcher will only study the BSC implementation; In addition the researcher will only focus on randomly selected support and core process employees.

The scope of the research is also geographically limited to assess BSC implementation at head office level only and it doesn't include branches of the enterprise.

1.7 Limitation of the study

There are external variables that confront the researcher to get recent literature in the area, lack of response from management of the enterprise and lack of time and financial resources to conduct the study were among the problems encountered by the researcher during the study.

1.8 Definition of terms

Conceptual definitions of terms are listed under here and these concept definitions obtained from balanced scorecard nine steps for success frame work.

- Organization core values: - our guiding principles, what we believe in the ideals, principles, and philosophy at the centre of the organization.

- Customer value preposition: - what an organization deliver (attributes, relationships, image) to develop, retain, and deepen its relationship with stakeholders.

- Mission: - what we are about, our purpose.

- Lagging: - An indicators of performance that show how successful we were in achieving our outcomes.

- Leadings: - indicators of performance that is a precursor of future success we were in achieving our outcomes.

- Perspectives: - Different views of our organization, performance dimensions.

- Strategic result: - Desired out come for the main focus areas of the business.

- Strategic theme: - main focus areas of the business, the organization's pillars of excellence, used to focus staff effort on accomplishing the vision.

- Vision: -what we to accomplish in the future, our 'picture of the future'.

1.9 Organization of the study

Chapter 1 introduces the thesis and explains the background of the study, the statement of the problem, the research question, objective of the study, and definition of terms, significance of the study, scope of the study and the organization of the thesis. In Chapter 2 the concept of the Balanced Scorecard is discussed. Chapter 3 reveals the possible obstacles which may hinder the successful implementation of the Balanced Scorecard found in various sources of literature. Chapter 3 outlines the methodology applied in this thesis. The research design is explained, the use of questionnaire and interviews are described and an account is given on how interview questions were developed. In Chapter 4 the data collected and the findings of the study are presented. Chapter 5 presents the conclusions and recommendation drawn from the analysis and findings of the previous chapters.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 The Origins of Balanced Scorecards

The Balanced Scorecard was developed by Robert Kaplan, a Harvard University professor, and David Norton, a consultant from the area of Boston. In 1990 they started research in several companies with the aim of exploring new methods of performance measurement. Traditionally, industries had been relying mainly financial measures to indicate performance. Many criticisms arose about using only financial measures to track organization performance. In their study, Kaplan and Norton argue that financial measures were too one sided and not relevant to many levels in the organization and that reliance only on financial measures may affect the worked well in the era of industrialization, but in the era where new competencies were emerging, financial measurements are not enough. Niven (2006) indicated some criticism of the excessive use of financial measures.

- **The rising importance of intangible assets.**
  Traditional financial measures are not designed to capture the aspects or performances of customers, suppliers, employees, company culture, quality, and opportunities for learning and innovations. Performances of these intangible assets should be measured because they represent the operational drivers for future financial performance.

- **No predictive power for the future.**
  Even if financial measures are an excellent summary of past achievements, they are not able to show the right path for future activities and events.

- **They do not represent cross-functional and team-work activities.**
  A great deal of business value is created by the collective efforts of different functional areas. Financial statements, on the other hand, represent individual achievements of different functional areas summarized in the overall company picture. They are not able to track the various relationships which continuously develop within an organization in different functional areas.

- **Short-term view.**

Focusing only on financial measurements may harm long-term success. In contrast to activities which bring results in the long term such as research and development, employee training, or customer relationships, cost reductions may lead to temporally better financial results but threaten future development and the creation of long-term value.

- **They do not involve all levels of an organization.**

  To effectively perform their daily activities, all employees need performance information. Financial measures often involve information from all levels summarized in high-level financial statements. Data presented in such a manner may not be very useful because very often they do not reach all the levels of the organization and its employees. Some practitioners argue that managers can hardly work with multiple measurements of performance. However, Kaplan and Norton (1992) make an analogy with an airplane cockpit. They explain that for the complex task of navigating a plane, the pilot should rely on a number of indicators and instruments to reach the destination safely and efficiently. He needs detailed information about fuel, airspeed, pressure, altitude, destination, and other indicators that summarize the current and predicted environment. Relying only on one instrument could be fatal. The same can be said for organizations. Managers should recognize the need to track performance in several areas. The Balanced Scorecard should provide answers to four basic questions from four important perspectives (Kaplan and Norton, 1992):

- How do customers see the business? A Customer Perspective

- What is it important to excel in? An Internal Process Perspective

- Can the business continue to improve ability and create value? A Learning and Growth Perspective

- How do shareholders see the business? A Financial Perspective.

In industrial economy, companies measure their organizational performance by using tangible assets and rely on financial measures, however; the emergence of the information era in the last decades of the twentieth century made obsolete many of the fundamental assumptions of industrial age competition (Kaplan & Norton, 1996). So, in today's economy, i.e. in information age in order to be successful, intangible assets have become the major sources of competitive advantage (ibid; 2001).

As Kaplan & Norton stated that in the early 1980's, a survey of management consultants reported that fewer than 10% of effectively formulated strategies were successfully implemented. On a 1999 Fortune cover story of prominent CEO failures concluded that the emphasis placed on strategy and vision created a mistaken belief that the right strategy was all that was needed to succeed (Kaplan & Norton, 1996). Besides, according to Kaplan and Norton estimate 70% of - the real problem is not [bad strategy]… bad execution." Thus Kaplan and Norton identified four barriers of strategy which are vision, people, management and resource barrier. So, organizations need a new kind of management system which is designed to manage strategies. Because according to Evans (2005) stated that strategies may be very well drawn and presented, but the problem is that strategy is not very well communicated to people involved in the execution process. So, to be successful, strategy should be well communicated and it should become everyone's everyday's job. Since the ability of executing strategy was more important than the quality of the strategy itself because "Good Execution hastens the failure of a poor strategy" (Alkhafaji, 2003:192).

The issues of difficulty in executing strategy, coupled with reliance on financial measures of performance to gauge success or failure of the organization and the rise of value-creating intangible assets becomes unfit for the information age, this led Kaplan and Norton to propose a new synthesis: the Balanced Scorecard (BSC) as a tool to link performance measures by looking at the business's strategic vision from four different perspectives: Financial, Customer, Internal Processes, and Learning and Growth in1992.(Kaplan & Norton,1992).

2.2 Definition of Balanced Scorecard (BSC)

BSC defined differently by different researchers. In evaluation of BSC concept, two fundamental moments were identified; First, BSC was presented as a performance evaluation system (Kaplan, 1994; Kaplan & Norton, 1992; 1993 ;) and the authors defined BSC as "a set of measures that gives top managers a fast but comprehensive view of the business."

According to Iqra et al. (2013) BSC is defined as "Balanced score card as a tool used by the management to keep a record of the activities and actions of the staff and to control and monitor the results or consequences of the actions." More elaborating Holmes, Gutierrez and kiel (n.d) defined BSC as:- A comprehensive method of measuring organizational performance that issue prior to traditional singular and efficiency based measures of agency performance aimed at determining whether management is building the infrastructure necessary to sustain organizational and institutional resilience and accountability. On the second stage, following the experience of implementing BSC in several enterprises, Kaplan and Norton (1996) concluded that managers were not using BSC only as performance evaluation, but also as a strategic management system. So in the second stage Kaplan and Norton (1996) argue that BSC is more than an operational or tactical measurement system, BSC is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action.BSC is not a simple set of measures, but their definition must follow two fundamental principles; all measures used must be based on the definition of objectives established by the company's mission and strategy; and a cause and effect relation between the measures defined for the four perspectives must be ensured.

According to Niven (2006) the measurement focus of the scorecard is to accomplish critical management processes like:-

1. Clarify and translate vision and strategy,
2. Communicate and link strategic objectives and measures,
3. Plan, Set targets, and align strategic initiatives
4. Enhance strategic feedback and learning.

(Huselid, Becker, & Beatty, 2005; Tanyi, 2011) defined BSC as: - tool managers can employ to measure an organization's operational success through direct cause-and-effect linkages back into daily operations.

Niven (2006) defined BSC as: - Balanced Scorecard is 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 in the eyes of financial, customer, internal process and internal growth and development perspective.

2.3 Perspectives of the balanced Scorecard (BSC)

The balanced scorecard translates an organization's strategy into four perspectives (financial, customer, internal business processes and learning and growth) with a balance among the following elements:

- Internal and external measures
- Objective and subjective measures
- Performance results and drivers of future results and
- The balanced scorecard also balances traditional financial measures with non-financial measures (Ittner, Larcker & Meyer, 1997; Kaplan et al., 1992).

The four Perspectives of Balanced scorecard introduced by Kaplan and Norton are discussed below:-

2.3.1 Financial Perspective

The financial perspective demonstrated the strategy of increasing profitability while maintaining both business equity and proprietor's income (Shadbolt et.al, 2003).

Private sector financial objectives generally represent clear long-range targets for profit-seeking organizations. Under this perspective the most common performance measures incorporated are the traditional financial measures: ROI, Cash Flow, Net Operating Income, Revenue Growth, etc. So success is measured through financial measures .These measures differ from one company to another, which mean there is no standard set of financial measures applicable across different contextual organizational frameworks and environments (Al-Sawalqa, Holloway and Alam , 2011).

In the government arena, the "financial" perspective differs from that of the traditional private sector. Success for public organizations should be measured by how effectively and efficiently they meet the needs of their constituencies (Hopf et.al, Ronchetti, 2006).

Therefore, in the government, the financial perspective emphasizes cost efficiency, i.e., its ability to deliver maximum value to the customer.

2.3.2 Customer Perspective

The customer perspective demonstrated the strategy of good relationships with customers, and superior customers (Hopf. et.al. Shadbolt et.al, 2003). Kaplan and Norton (1992) state that customers' concerns have a tendency to fall into four different categories: time, quality, performance and service, and cost.

Kaplan and Norton (1996:93) summarized the importance of the customer perspective as follows:-

"The core of any business strategy is the customer – value proposition, which describes the unique mix of product, price, service, relationship, and image that a company offers. It defines how the organization differentiates itself from competitors to attract, retain, and deepen relationships with targeted customers. The value proposition is crucial because it helps an organization connect its internal processes to improved outcomes with its customers."

So, in this perspective the organization should demonstrate how it differentiates itself from the competitors by retaining, attracting, and sustaining relationships with its targeted customers (AL-Najjar & Kalaf, 2012).

2.3.3 Internal Business process perspective

Internal businesses Processes, represents the impact of product and service quality and helps identify which internal business processes must operate with excellence in order to satisfy customers. In other words, the objectives of the internal business process perspective highlights the processes which are most critical for the strategy of the organization to succeed and to meet customer expectations (Kaplan & Norton, 1992; Kaplan & Norton, 1996a).

In the Balanced Scorecard of a commercial business, the Internal Business Processes objectives and measures should not focus solely on enhancing processes peruse but should also focus on those capabilities that deliver competitive advantage (Mackay, 2010). Internal business process metrics are then developed, which communicate the level of product quality through the monitoring of in-process metrics, as well as measuring productivity associated with the number of units produced or services provided (Brown, 1996). Metrics defined for the internal business Process perspective are those that can be associated with satisfying customers and delivering value. After all, exceptional customer performance descends from excellent internal processes (Kaplan & Norton: 1992). Typically the measures of this perspective are based on producing goods and services in the most efficient and effective methods. Commonly used measures for this perspective are: cost of quality, cost of non-conformance, process innovation, time savings etc. (AL-Najjar & Kalaf, 2012).

These processes also enable the business to satisfy the shareholder expectations of the company's financial return (Kaplan & Norton, 1996a).The internal business process perspective demonstrated the strategy of increasing and intensifying production while satisfying partners and operating in a socially responsible manner (Shadbolt et.al:2003). However, for non-profits, realizing excellence in internal operations correlates to increased constituent or congregant satisfaction, not financials (Niven, 2003).

2.3.4 Learning and growth Perspective

The intense global competition of today's world requires the companies to be able to change fast and be innovative (Kaplan & Norton, 1992). The products and processes need continuous improvement to be able to keep up with the fast pace. The main sources of organizational learning and growth are people, systems and organizational procedures (Kaplan & Norton, 1996c; Mackay 2010).

The learning and growth perspective demonstrated the strategy of utilizing technology, improving partner and employee knowledge through off and on training and development (Shadbolt et al, 2003). Learning and Growth, enables the other three perspectives and defines what type of staff and automation the organization must have in order to achieve the mission, support the internal processes, and satisfy the customers. So this perspective, along with the internal process perspective, hub on identifying factors of long-term and short-term success.

Kaplan and Norton acknowledge that the learning and growth measures are the most difficult to select; therefore they suggest the following measures as examples: employee empowerment, employee motivation, employee capabilities, and information systems capabilities (AL-Najjar & Kalaf, 2012).

Figure1. Translating Vision and strategy: - four perspectives
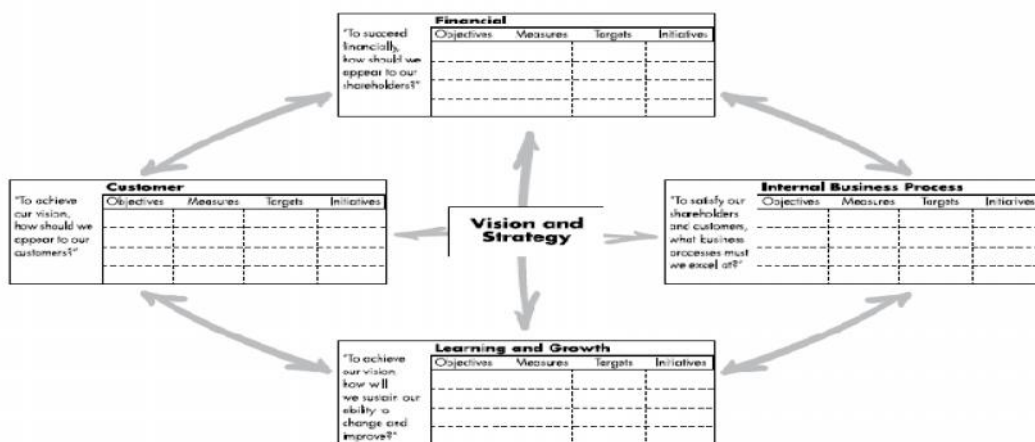
Source: Kaplan & Norton, 1996b

2.4 Steps of BSC implementation

In order to implement BSC successfully the firm or the organization should follow nine steps that are designed by Kaplan and Norton (1996). The nine steps of BSC are depicted graphically below:-

Figure2. Building and implementing a strategic balanced scorecard system Nine Steps to Success
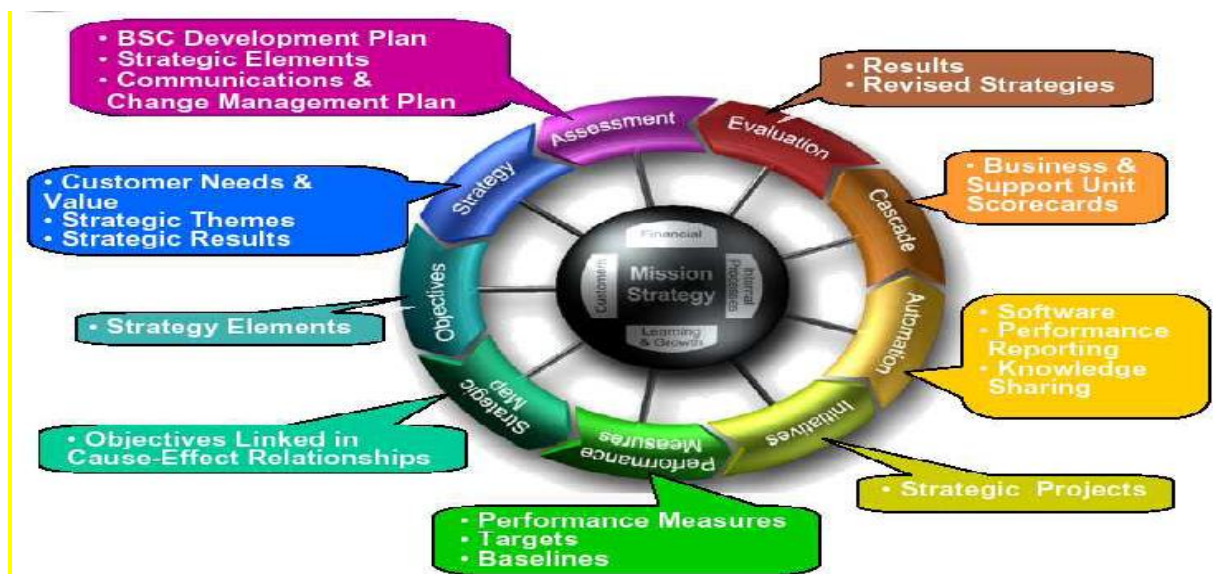
Source-:WWW.Balancedscorecar.org accessed on 03/11/16

2.4.1 Assessment

Does the organization need BSC implementation or not? In order to know that your organization needs BSC, there are around 20 questions that the company need to answer, and each question has five choices, and if you score 70-80%; then the organization is implementing the organization's strategy properly, however; if your performance is below 70-80% score then you should follow the following nine steps in order to implement your strategy through BSC (Niven, 2006). In order to implement BSC successfully organizations should have to undertake SWOT analysis, then identify enablers (opportunities and strength)

and pains (weakness and treats) and also identify target customers and stakeholders this is done by taking in to account the organization's mission, vision and core values. This will help to provide direction to the organization successes.

2.4.2 Strategy

Strategy is a hypothesis or a best way, for the organization to achieve its vision and mission and satisfy its customers and stakeholders. In this phase the organization identifies the business strategy taking the mission, the vision and the core values of the organization in to account. But we have to bear in mind that BSC is not a tool to formulate strategy; it is a tool to implement and take action on the designed strategy, so in order to be successful in implementation of the strategy, the formulated strategy should be good. Even though we know that good strategy alone does not guarantee for proper execution. According to Beer & Eisenstat (2000) strategy's will fail if it is/has:-

- Top down style,
- unclear and conflicting priorities,
- ineffective senior team,
- poor vertical communication,
- poor coordination across business units or functions and
- Inadequate down the line leadership skills.

Then formulating strategic theme, strategic theme is an area in which your organization must excel in order to achieve your vision. According to balanced scorecard Institute, themes are essential strategic elements that form the foundation for a balanced scorecard. Each theme has a "strategic result" associated with it. Strategic results are measurable and explicitly defined using outcome language (Rohm 2008). Strategic themes help create organizational alignment by cutting through all the four perspective. The strategic theme (focus area) of the organization will be emanated through identifying and understanding the customer and stockholder need and core value and design the expected result from each theme.

2.4.3 Strategic objectives

Objectives refer to the actual results the organization hopes to achieve. A strategic objective is used to break strategic themes in to more actionable activities that lead to the strategic results (Rohm, 2008). According to stellar leadership strategic objectives is also used to translate strategy into measurable and actionable components that can be monitored.

Figure3. Strategic objectives
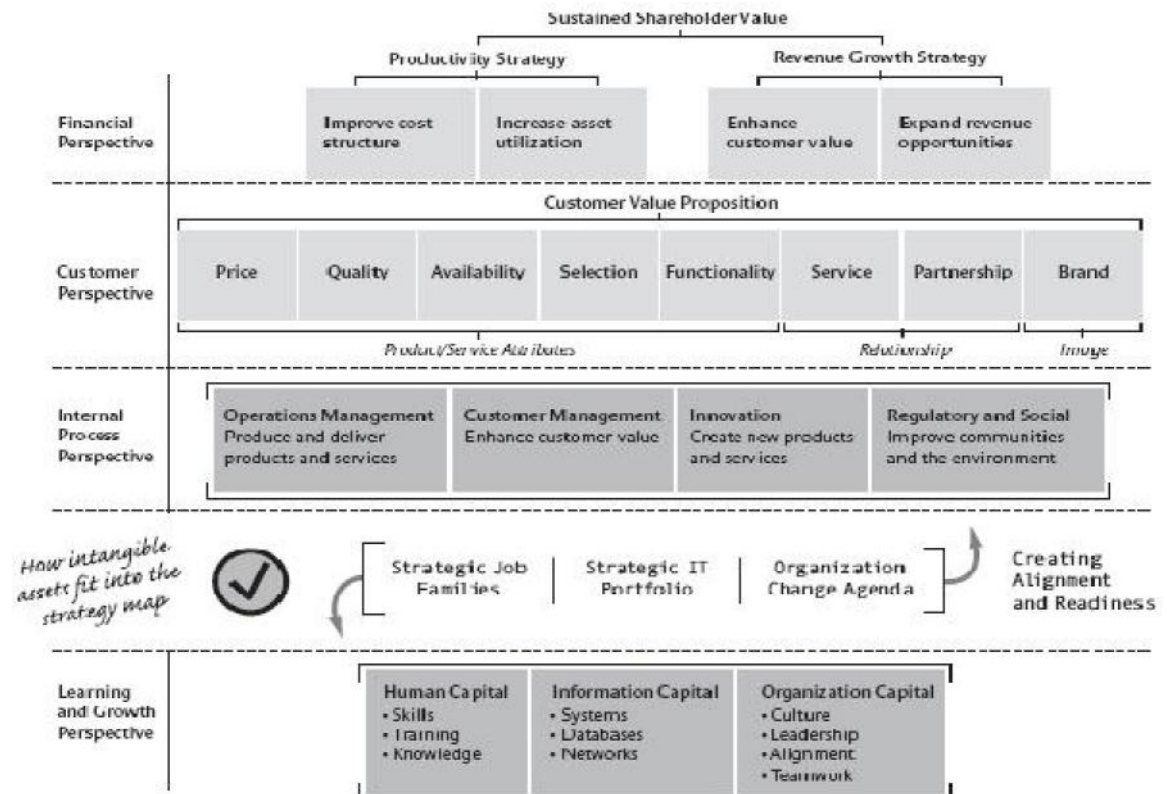
2.4.4 Strategic Maps

A strategy map links the high level goals of the organization – its mission, values and Vision– with meaningful and actionable steps each employee can take. Strategy maps are built around the structure of the four perspectives. Linkages between each of the four [perspectives] represent a critical component of the BSC (Kaplan & Norton, 2001). These linkages show that each of the four perspectives serves to enhance the other Perspectives, while improving overall organizational performance, in this way, goals and actions of the organization, departments, and individuals can be combined and coordinated to improve outcomes .They

also ensure that the organization's objectives in each of these perspectives are consistent and internally aligned. Isoraite (2008: 23-24)Strategy maps clarify all cause-and-effect relationships so that an effective strategy can be developed and then optimized over time, so strategic mapping are the interface between strategy and the Balanced Scorecard.

According to the research made by Othoma (2006) the evidence suggest that developing a causal model of a strategy affects the implementation of the BSC. Its how's that those who did not develop a causal model encountered considerable problem in implementing the BSC. Among other things, the absence of a causal model created difficulties in developing the non-financial measures, developing an action plan of the strategy and the process of cascading the scorecard to lower levels of the organization. The absence of a causal model of the strategy may lead organizations to develop performance measures that are unconnected to the strategic issues of the organization. The absence of causal model of the strategy is akin to a person driving acar in an unfamiliar place without a map. He may be clear of his final destination but hehasn't got a clue how to get to the destination (Kaplan and Norton, 1996). So the simple act of describing strategy via strategy maps and scorecards makes a major contribution to the success of the transformation program" (Kaplan and Norton, 1996;Mackay, 2010).

Figure4. Strategic Map

Source- www.Balancedscorecard.org accessed on 03/11/16

2.4.5 Performance measures

Measures define how the organizational unit measures its performance. These are indicators to track the performance of the organization by providing essential information needed to enable control and monitor the organization. Performance measures are linked to objectives and allow the organization to measure what matters and track progress toward desired strategic results. Measures allow the organization to track results against targets and to celebrate success and identify potential problems early enough to fix them. The concept of targets is used to identify the actual level of performance the unit hopes to reach. Targets and thresholds provide the basis for visual interpretation of performance data, to transform the data into business intelligence. Ketelhohn (1999) and Vasconcellos (1988) found that the identification and selection of appropriate measures and key performance indictors enhance the implementation and acceptance of business strategy, at the same time as enhancing employee understanding of the business. Furthermore, Nijssen (2004) argue that performance will be harmed if the measures are seen as an end instead of a means.

2.4.6 Initiatives

Initiatives refer to the programs or policies the organizational unit will employ to reach its objectives and targets; these are projects or actionable projects that help to ensure strategic successes. Initiatives translate strategy into operational terms, and provide a basis for prioritizing the budget and identifying the most important projects for the organization to undertake. According to settler leadership Initiatives and action plans are agreed as a set of programs and projects that need to be implemented to ensure the success of a strategy. After this step completed scorecard rollout will be made.

2.4.7 Performance Analysis (Automation)

The automation of a balanced scorecard is found in Step Seven of the Nine Steps to Success methodology. In this step, the scorecard implementation process begins by applying performance measurement software, such as the Quick Score Performance Information System, to get the right performance information to the right people at the right time.

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

2.4.8 Alignment (Cascading)

Once an organization has developed a BSC the next task is to move the concept down the organization hierarchy and devise complementary scorecards. Cascading is about creating alignment around the organization's shared vision, to make strategy actionable to departments and down to individuals. Align the organization through strategy, using the strategy map, performance measures and targets, and initiatives. Scorecards are used to improve accountability through objective and performance measure ownership. Cascading is important to clearly translate the organization mission, vision and strategic objective down to the organization hierarchy, however; too much drill down will develop a plethora of lag and lead indicators and the linkages between them and the business vision would be lost (Shadbolt et al 2003). So this lead the BSC to becoming a measurement process and not a management process as it is designed to be. However; given the complexity of some of the [complex businesses] researched some drilling down is essential if strategy is to be translated into operational terms. This ensures that the efforts of the organization's employees are relevant, understandable, measurable and controllable.

2.4.9 Evaluation

The effectiveness of the balanced score card is based on its ability to translate a firm's mission and strategy in to a comprehensive set of performance measures (Kaplan et. al., 2001a). Besides in order to succeed, it cannot be viewed as a one-time event. Determining your objectives in developing the Balanced Scorecard will go a long way in securing the evolution of the tool in your organization. Niven (2006) state that specifically, the BSC framework seeks to identify the critical economic activities of the company that generate

current and future cash flows and to build a causal model of the process by which the company generates profits by focusing on both finance strategy-focused are evaluated, and changes in strategy, measures, and initiatives reflect organization learning.

2.5 Advantages of implementing BSC

According to (Iqra et. al. 2013:136) Implementing Balanced scorecard has got advantages over other performance measurement tools due to the following points:-

- Its ability to measure the performance from multiple perspectives;
- It also helps organizations translate strategy into action;
- It enables employees at all levels of the organization to focus on important business drivers;
- It periodically reminds the organization what are the critical strategic issues gives the necessary feedback on the progress toward achieving them;
- It tells the story of the strategy through both outcome and driver indicators and is balanced between financial and non-financial operating measures (Shadbolt et.al, 2003).
- It helps to clarify and gain consensus about strategy;
- It improves communication of the organization's Vision and Strategy;
- It links strategic objectives to long-term targets and annual budgets;
- It increases focus on organizational strategy and results;
- It improves organizational performance by measuring what matters;
- Aligns organization strategy with the work people
- Align departmental and personal goals to the strategy;
- It helps to prioritize projects/initiatives; and strategy (Kaplan and Norton, 2001; 1996).

2.6 Critics on Balanced scorecard System

Despite a lot of appreciations, many, academicians critically analyzed the Balanced Scorecard System and suggested some improvements in Balanced Scorecard. Some of the critics which are suggested by Nerreklit (2000) include:-

2.6.1 Cause and Effect relations are not time wise connected

One of the most important strengths that the Balanced Scorecard is claimed to non-financial enablers or leading measures that are shown in logical cause-and effect relationship with financial measures should allow paying attention to future potential of organization. Nerreklit (2000) criticized according Hume criterion for cause and effect relationship as a base, which is defined as one activity precedes another in time, they are logically independent, and according to empirical observation it is possible to establish the causal connection between those two activities. Strategy map according to method presented by Kaplan and Norton, cause-and-effect relations are built up in a subjective way that does not necessarily refer to time factor. So, Nerreklit (2000) criticized that there is no causal relationship but a logical relationship.

2.6.2 External environment and several interest groups are out of picture

The Balanced Scorecard does not take into consideration any important interest groups but shareholders and clients. Also no attention is paid to daily activities of competitors. Neely (2002) also argues that the most difficult problem of Balanced Scorecard is that it lacks several important interest groups in its structure: such as suppliers, cooperation partners and close neighbors.

2.6.3 Hierarchical top-down set-up creates problems in implementation

Many practical examples have demonstrated that the top-down approach used by Balanced Scorecard methodology is not ideal for several reasons. Kanji (2002) has noted, that first of all, it is not advisable to construct the strategic objectives in a hierarchic set-up as the main accent is thereby concentrated on establishing not based on internal needs of people working in the organization but rather on building up just a result-driven centralized program, where employees are more expected to provide just buy-in decision and not as much giving their own contribution.

2.6.4 Unsuitability to unique or unhealthy enterprises

There are some gaps exist in the theory presented in BSC and empirical world Scorecard because Kaplan and Norton (1996*b*) kept the foundation of their BSC on case study that is highly complex. So, we can't generalize it on whole business environment. Mooleman (2007) argue that companies in dynamic surroundings will frequently change their measures, resulting in a substantial uncertainty margin regarding the usefulness of the defined indicators. In general, it is difficult for an organization to establish performance measures for activities with which the organization has very little or no experience. Moreover; Rompho (2011) state that newly established enterprises weather they are large or small does not have stable strategy, they need to change it, which leads to frequently changing the measures in the BSC. So, in a critical analysis of the BSC, therefore, the BSC is not applicable for companies in highly dynamic environments. In addition to that BSC is not a valid strategic management tool, mainly because it does not ensure any organizational rooting, but also because it has problems ensuring environmental rooting (Alsawalqa, Holloway and alam, 2011).

2.6.5 Costliness of the tool

According to DeBusk & Crabtree (2006) the costliness of developing and implementing

A Balanced Scorecard system into an organization can occur in to two ways:-

- The first is the need of a consultant to map the organizational strategy and help selecting performance measures;
- The second cost is the modification of the information system, since the system often requires to be updated to be able to supply the necessary information for the new performance measures. In support of them Molle man (2007) state that many large organization uses measurement system like BSC but many small companies like SME'S have no measurement system ,because Neely et al. in its journal state that "the measurement are luxury for SMEs" the cost of implementing and purchasing scorecard system can still be the issue of managers. So Holmes, Gutierrez & Kiel say that successful implementation is likely to be limited to complex, mature and transparent agencies, so despite the promise of reform, the BSC is not a panacea.

2.7 Challenges and Failure of BSC

Despite many stories of successful implementation of the Balanced Scorecard in large companies, Kaplan and Norton (2001:360), based on their experience of Balanced Scorecard implementation in many organizations, identify two sources of failure of the Balanced Scorecard in large companies: the design and process failure. BSC often fails to achieve its goals when it focuses on trying to balance conflicting take holder interests or when it acts as a management scorecard (Gering et.al ,2000) in this case, BSC ceases to become a focused operational of a coherent strategy.

In addition, studies by Lorange and Murphy (1984) and Goold and Quinn (1993) indicate that formal strategic control systems may reduce performance by focusing attention on incomplete or incorrect goals and performance measures and fostering behavioral and political barriers that adversely affect the utility of the strategic controls. Ittner and Larcker (2003) & Schneiderman (1999) also state that poor metrics is one of the reason for BSC failure, as Kaplan and Norton Richardson (2011) described this as failure of measures selected to depict the organization strategy which is categorized as deign failure by Kaplan and Norton.

The BSC is also weakened if too many performance indicators are included, and some researchers have noted a tendency for the number of performance measures to increase over time with the resultant risk of weakening the critical link between performance measures and organizational strategy (Gering and Rosmarin, 2000b) this is stated as design failure by (Kaplan & Norton, Ittner and Larcker). According to Jesen (2002), a firm cannot maximize several objectives as the same time.

Many authors, Chen and Jones (2009); Debusk and Crabtree (2006); Richardson (2011) bring up the issue of communication within the organization as a risky factor. If the communication doesn't reach all the way down to the bottom of the organization, it is easy for the Balanced Scorecard to fail already in the implementation stages (Chen &Jones, 2009). Organization wide communication is important in order to gain employee acceptance when implementing the Balanced Scorecard (Debusk & Crabtree, 2006).Even the founders of the Balanced Scorecard, Kaplan and Norton, pushes the importance of organization wide effective

communication (Chen & Jones, 2009). Ineffective communication is a great impediment for a successful adoption and use of the Balanced Scorecard (Chen & Jones, 2009). The company vision is one such thing that is very important to communicate properly throughout the organization. Another problem that organizations frequently make is jumping into a measurement program too fast and making the program too complicated. Deriving meaningful measurements, gathering reliable data, developing useful analytical techniques, and educating managers about how to use the data are all difficult steps. Doing all this at one time with a bucket full of 50 different measures is doomed to failure. (Zimmerman, 2004)

According to Molleman (2007) the research made in an engineering company the cause of the failure of the BSC is due to the use of Bottom up approach because it is stated that lengthy of the process and delegation of the project to middle management and defining the project as performance. So success of BSC does not come from a vacuum rather top management of the [of the organization] should demonstrate its commitment to the adoption of the BSC. Because the one of the cause of BSC failure is lack of Top management commitment in implementation of BSC and Kaplan and Norton also classify this kind of failure as process failure Al-Najjar & Kalaf (2012), Richardson (2011), Kaplan and Norton (2001: 361).

Other researcher like Professors Christopher Ittner and David Larcker classifies source of failures in to two, one is design failure and the other transitional failure. Nelly et al (2002) classifies source of failure of BSC to three, content issue, contextual issue and procession issue. Christopher Ittner and David Larcker at Wharton classifies design failure in five different items

1. Confusion regarding primary performance drivers often, financial measures carries more weight within an organization than non-financials, but to drive through a holistic, long-term and sustainable strategic re-alignment, the needs of non-owner stakeholders (service users, service delivery partners, etc) should also be considered.

2. Lack of a delivery-level target deployment system /Schneiderman (1999), Murby &

Gould (2005: 23)

3. No state-of-the-art improvement system is used; /Schneiderman A. (1999), Murby &

Gould (2005:23)

4. There is no, and cannot be a quantitative linkage between non-financial and expected financial results. /Schneiderman (1999), Murby & Gould (2005:23)

5. Being inward looking and examining the impact of external discontinuities.

The most common causes of process failure include (Kaplan and Norton, 2001: 361):

- Too few individuals involved;
- Keeping the scorecard at the top;
- Overly long development process;
- Treating the Balanced Scorecard as a one-time measurement project;
- Treating the Balanced Scorecard as a systems project;
- Hiring inexperience consultants;
- Introducing the Balanced Scorecard only for compensation.

To this also come the difficulty to determine the weights of various performance measures, outcomes and incentives. According to De Busk & Crabtree (2006) linking the Balanced Scorecard to incentives is a very hard thing to achieve and it carries some risk. The difficulty lies in what size and weight the different performance measure should have and what types of incentives to give for the employees to think long-term and about the best interest of the company instead of their own best interest (De Busk & Crabtree, 2006).

Richardson (2011) also states ten points which lead BSC to fail. Out of the points stated by Kaplan and Norton as process failure, the remaining which is not mentioned by them is depicted her below;-.

1. Not clearly linking balanced scorecard indicators with strategic objectives.

2. Forgetting that the balanced scorecard is a tool for measuring the health of the business strategy.

3. Not focusing on the ''vital few"

4. Not changing balanced scorecard indicators when required.

5. Treating the balanced scorecard effort as a project and not assigning adequate resources to the ongoing use of the balanced scorecard;

The other cause of failure of BSC stated by professors Christopher Ittner and David Larcker is transitional issues.

Transitional issues:-

1. Major organizational changes (for example, a merger or acquisition);

2. Changes in key Personnel/management team; (Tesfaye & Ataklity, 2011:149) lead BSC to fail.

According to Nelly et al (2002) the main reasons for success and failure of BSC is categorized using organizational context as contextual, content and Procession issues are as follows-

(1) Contextual issues:-

- The need for a highly developed information system; (Bierbusse and Siesfeld, 1997).
- Time and expense required; (Bierbusse and Siesfeld 1997; McCunn, 1998).
- Lack of leadership and resistance to change; (Hacker and Brotherton, 1998; Meekings, 1995).

(2) Procession issues:

- Vision and strategy were not actionable (Kaplan and Norton, 1996) as there were difficulties in evaluating the relative importance of measures and the problems of identifying true ''drivers'' (Bierbusse and Siesfeld, 1997; Schneiderman, 1999).
- Strategy was not linked to resource allocation (Kaplan and Norton, 1996; Meekings, 1995).
- Goals were negotiated rather than based on stakeholder requirements (Schneiderman, 1999).
- Striving for perfection undermined success (Mc Cunn, 1998; Schneiderman, 1999).

(3) Content issue and it include

- Strategy was not linked to department, team and individual goals (Kaplan and Norton 1996; Bierbusse and Siesfeld, 1997; Schneiderman, 1999).
- Large number of measures diluted the overall impact (Bierbusse and Siesfeld, 1997).
- The need to quantify results in areas that are more qualitative in nature (Bierbusse and Siesfeld, 1997).

2.8 Difficulty in translating strategy

Another difficulty with the Balanced Scorecard is translating the strategy into action, which is a very common reason for failure during implementation (DeBusk & Crabtree, 2006). Other challenge is lack of interest in implementation of BSC. (Olve et. al. 2003) brings up the lack of interest when it comes to developing and advancing the already existing Balanced Scorecard as a problem. This lack of interest may be due to the attitude of the employees; they may believe that the Balanced Scorecard is yet another temporary and pointless project which will result in less effort in implementing. They further say that the life-span of the Balanced Scorecard is limited like other passing fashion trends.

They further give examples of businesses where the Balanced Scorecard has run out of steam or where the companies has chosen to deviate from the scorecard because it has been too much work (Olve & Samuelson, 2008). As Kaplan and Norton stated, the balanced scorecard requires a sustained, long-term commitment at all levels in the organization for it to be effective. The main challenge of this system is that it can be difficult and time-consuming to implement.

Strategy researchers point out that the use of formal, pre-set goals and milestones in strategic control systems such as the balanced scorecard may also prevent the adaptability and flexibility that is the essence of good strategy (e.g., Quinn, 1980; Mintzberg, 1987). Pre-set goals are almost always met, but whether goals are achieved by improving performance or by improving the measures without improving performance can be difficult to determine (Meyer and Gupta, 1994).

Apart from the above, BSC in Governmental organization in both developed and developing nations is to improve performance, promote accountability, and increase confidence in government. However; the implementation of the BSC in developing countries would be suffered by a lack of resources, politicization of public administration, and corruption. Holems, Gutierrez & Kiel (n. d) Mur by & Gould (2005:23) state in percentage the reason for failure of some organization BSC implementation which shows that:

- 78 per cent of companies that have implemented strategic performance measurement systems do not assess thoroughly the links between strategies and performance measures;
- 71 per cent have not developed a formal causal model or value-driver map;
- 50 per cent do not use non-financial measures to drive financial performance; so the effectiveness of the BSC will suffer if the included non-finical measures are not linked to or aligned with the firm's strategic objectives (Kaplan& Nortan,1996: Zimarman 2004)
- 79 per cent have not attempted to validate the linkages between their non-financial measures and future financial results; and
- 77 per cent of organizations with a balanced scorecard place little or no reliance on business models and
- 45 per cent found the need to quantify results to be a major implementation problem.

2.9 Balanced Scorecards Application

Survey data collected by consultancy and commercial research companies suggests that organizations managed through 'balanced' performance measurement systems perform better than those that are not (Ingle and Schliemann, 1996; Gates, 1999). Lingle and Schiemann (1996) report evidence that organizations making more extensive use of financial and non-financial measures and linking strategic measures to operational measures have higher stock market returns. While Lawson et.al (2003) study shows that the use of a performance measurement system as a management control tool reduces overhead costs by 25% and increases sales and profits. Other authors such as deWaal (2003) and Sandt et. al (2001) have found less tangible benefits from the use of performance measurement systems. Dumond (1994) and Sandt et. al (2001) suggest that using balanced performance measurement systems improve the decision-making performance of managers and employees. On the contrary on the survey made by Neely., Kennerley and Martinez(2000)from data gathered over three-year period on a major wholesaler of electrical company in the UK, referred to as Electrical which planned to use BCS and the sister company who continued to use traditional methods of performance reporting at the branch level come up with almost similar result with three parameters (total sales , Gross Profit and net profit) and they suggest that perhaps the observed growth in sales and gross profit in the Electrical data set are related to growth in the

industry rather than the implementation of the balanced scorecard. Contradicting the idea Molleman (2007) citing Speckbacher et.al states that BSC have three types,

- Type 1 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.

The study shows that only 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, as per the research made by the above author, out of 50% of the examined companies that use the 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.

Kaplan and Norton (2001) have shown in their latest research that BSC can produce the promised effects. As an example the authors state that companies such as Mobil Oil and Rock water, which have increased their competitiveness and profitability considerably with the implementation of the BSC. Having realized such benefits of BSC, a large number of companies have been adopting it since 1990s. Kollberg and Elg (2010), the authors attempted to identify the major characteristics of the BSC application in health care organizations in Sweden. The authors used a case study approach where they focused on different managerial levels in a hierarchical branch in three health care organizations that used the BSC. The analysis revealed that the BSC is used as a tool for enhancing internal capabilities and organizational development. More specifically, the authors reported that management and employees used the BSC as a tool in discussions, information diffusion, and knowledge creation.

The case study produced by Albright, Davis & Hibbets (2009) explained that How BSC implementation in Tri-Cities Community Bank present a big change in their business in three key target areas. The reason from the change as per the information gathered from the journal is that, the manager is determined to bring change in the selected branches and this

determination and purpose full action bring change because one of the success of BSC implementation is having purpose or know why the organization implements BSC (Bourne et al. 2002, Richardson 2011) .

2.10 BSC application in Ethiopia

BSC is a strategic management and measurement tool. It measures performance by taking intangible assets in to consideration, but most of the banks measure their performance mostly taking their tangible asset in to consideration and their growth also measured likewise. Fikadu (2009) in his thesis, recommended that CBE is better utilize BSC approach for its performance management in addition to traditional approach because BSC measures performance of the business taking in to account the long run aspects of the business like Customer satisfaction, internal business process and Learning and growth perspective of the business rather than only stay on financial matters. Some authors even recommend BSC to reduce the problem of employee dissatisfaction that emanated from low salary and benefit. Because BSC attaches performance with reward system in order to motivate employees. As Tesfaye & Ataklity (2011:149-150) stated absence of reward system and low level of salary in public organization especially in civil service adversely affected employee motivation and caused high labor turn over.*"*

Actively supported at the highest levels of governments in Ethiopia, policy makers have adopted the 'Balanced Scorecard' , an accounting concept introduced into the management literature in the 1990s (Kaplan and Norton, 1996) to stimulate and inform performance planning and monitoring with the intention of creating a more 'strategically coordinated' public service (Adebabaye & Perkins: 2010.83). According to our 'insider' account, Adebabaye & Perkins: (2010.83) state that BSC was chosen mindful of the need to coordinate activity not only vertically between governmental policies and individual ministries but also horizontally across public service agencies, to deliver integrated performance management motivated by a more stakeholder centered approach.

Based on the documented information produced by the World Bank issued on 2013, it states that around 145 federal and 270 regional offices in Ethiopia have implemented BSC; the

institutions have integrated balanced scorecard measures in their strategic plans. A system of individual performance agreements linked to team and organizational performance targets derived from the balanced scorecard methodology is also being implemented in the above mentioned organizations.

CHAPTER THREE

RSEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In this section of the research work explanation of the research design and methodology used in the study were discussed along with the sampling techniques, the types of data collection, the procedure of data collection and the methods of data analysis used in conducting the study.

3.2 Research Design

The research design used to carry out this research is descriptive method. Descriptive research design is a fact finding study with adequate and accurate interpretation of findings and furthermore, it allows describing both qualitative and quantitative approaches (Kothari, 204). Thus, it is selected because it is an appropriate method to reveal the existing situation of BSC implementation practice of ESLSE.

Data were collected from the respondents through the distributed of questionnaires of both types (close- ended and open- ended) as well as through structural interview. The data identified collected through the descriptive methods were analyzed quantitatively using frequency tables along with percentages and standard deviation was done by the use of SPSS and excels software.   On the other hand, the data collected through the structured interview were analyzed qualitatively. Accordingly, the findings were summarized, conclusions drawn and recommendations made.

3.3 Data Sources and Data Collection

Basically there are two sources of data namely, primary and secondary source. In this research both primary and secondary data were utilized through questionnaires, interview, and literature review and document analysis. As regards to the secondary data, BSC manuals, BSC implementation guide lines were reviewed to get information about how the BSC implementation system looks like in the enterprise. On the other hand, questionnaires and interview were used to collect the required data from the primary source. The details are given below:-

Questionnaire: - Closed ended questionnaire yes or no and a 5 point scale rating were used to collect data from the sample respondent in the enterprise. The questionnaire has five rating scales ranging from 1=strongly agree to 5=strongly disagree. Data gathered through questionnaires are simple and clear to analyze and allow for tabulation of responses and quantitatively analyze certain factors. Furthermore, it is time efficient for both the respondents and the researcher. The questionnaire was structured in such a way that it includes all relevant parts and information to clearly explain the respondents. The question presented includes both open and close ended type. This technique was chosen because it is flexible and can be used together information from large number of people. Besides, it is relatively inexpensive to administer and allow respondents to fill out at their own convenience.

The questionnaire used for data gathering has different parts. Part one detail with questions focusing on personal profile of respondent; part two contains questions related to the six major steps of building BSC. This mainly indicates whether the ESLSE has made the necessary preparation and readiness prior to begin the implementation of the system.

Interview: - In order to obtain sufficient information, the researcher arranged personal interview session with middle management members of the organization. Some research issues were addressed through interviews which may difficult to get through questionnaire in as much detailed as required.

Unstructured interview was also prepared to the key informants. Interview was selected in order to obtain information with regard to issues that required clarification such as annual

reports, policies and vital information that was not expected to access using questionnaires; and it was used concurrently with the design of the questionnaire. The selected key informants were Director of the Change management department, Manager of the Multimodal operation Department, Director of Planning and Business Development Department, Manager of port and Terminal Operation Department. So the interviewee was administered to four different middle management officials.

3.4 Population and sampling techniques

The study includes different level managerial officials, employees, and administrative staffs of head office of ESLSE. Consequently, there are around 1000 total number of employees as a population size. Since it is not possible to study the whole population, simple random sampling technique is used in order to select the number of sample respondents and reached a total number of 91. According to Yamane (1967:886), provides a simplified formula to $n = N/1 + N(e)^2$

Where, n=sample size, N=population size i.e. 1000 and e= level of precision (sampling error) which is 10%.

3.5 Population and sampling techniques

The target population was all staffs who were working at head office and all branches of the enterprise whose numbers were 1000 as of November, 2016 words of the human resource officer. Due to limitation of finance and time shortage the study was focus on those employees working at the head office. The head office further organized in to different sectors performing different tasks of the enterprise. Hence, the samples are selected from different sectors using four strata of employees. This means that, 8 from Division manager's level, 18 from coordinators, 35 from senior officers and 26 from officers so as to represent all the employees under different levels and work nature.

Judgmental sampling techniques were also applied to select the four sectors located at Addis Ababa based on their size of the staff and operational requirement. The participants were selected using convenience sampling method that is based on willingness of the respondents

to complete the questionnaire. As to sample size determination, among different methods the required sample size by driving a simplified formula of Taro Yamane (1967:886), stated that in case of finite population the sample size determination formula is as follows:-

$n = N/1+N (e)^2$, Where, n=sample size, N= Total population size i.e. 1000 and

e= level of precision (sampling error) which is 10%, and 95% confidence interval.

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

$$n = \frac{1,000}{1+1,000(0.1)^2} = 90.90 = 91$$

Thus, the sampling size of this study was 91. Accordingly, questionnaire were distributed and out of which 85(94.4 response rate) were completely filled and returned.

3.6 Methodology of Data Analysis

The primary data collected through questionnaire was organized and depicted in tables and graphs depending on the nature of the data and it was presented for further clarity. Then these data summarized by using descriptive statistics such as frequency and percentage. The compiled data was also coded by using scientific statistical data analysis soft ware particularly SPSS. The data obtained from interview, was analyzed in content wise and presented in light of the research questions.

RESULTS AND DISCUSSION

This chapter focuses on the presentation, analysis and interpretation of data collected from Ethiopian Shipping and Logistics Service Enterprise. It is to find appropriate answers to the basic questions raised at the beginning of the study. To this effect the necessary data for the study were collected by using instruments like questionnaire and interview. The respondents involved in this study were different level managers and employees of the enterprise. The researcher believes that the respondents are directly related to BSC system and as a result they were considered to be relevant as main source of information for the study.

Two techniques were used in collecting data for the study, questionnaires and interview. A total of 91 questionnaires were distributed to the employees and management groups of ESLSE. Out of the questionnaire administered, 85 have been collected. This makes the respondents rate to be 94.4%. The remaining six copies of the questionnaires not returned. In order to increase the validity of the information obtained, interview was made with managerial position personnel. The basic rationale of using this different data gathering technique is mainly to obtain clear information and to triangulate the information secured through questionnaire so as to improve the validity of the information for interpretation.

4.1 Demographic Information of the respondents

Under this section, the profile of the respondents of the study is summarized in light of their gender, age group, educational status, work experience, and their position classification.

Table 1 Demographics of respondents

Variable	variable category	Frequency	Percent
Gender	**Male**	64	75.29
	Female	21	24.71
	Total	85	100.00
Age	variable category	Frequency	Percent
	20-29	24	28.24
	30-39	24	28.24
	40-49	24	28.24
	Above 50	13	15.29
	Total	85	100.00
Educational status	variable category	Frequency	Percent
	Certificate		
	Diploma		
	Degree	61	71.76
	Masters	24	28.24
	Total	85	100.00
Service year	variable category	Frequency	Percent
	<1	49	57.65
	01-3	12	14.12
	4-5	12	14.12
	6-9	8	9.41
	>9	4	4.71
	Total	85	100

Department	variable category	Frequency	Percent
	support staff	73	85.88
	core staff	12	14.12
	Total	85	100.00
position of employee	variable category	Frequency	Percent
	Managerial	24	28.24
	Senior	32	37.65
	Coordinator	12	14.12
	Expert	17	20.00
	Total	85	100.00

Source: Questionnaire

Out of the total (85) respondents, about 75.29 % (64) of the respondents were male while the remaining 24.71% (21) were female. Regarding the age group of the respondents , the larger portion of the respondents that is 28.24% (24) fall equally within each age groups of 20- 29,30 - 39, and 40- 49. And these age groups hold 24 numbers of respondents. There are 13 respondents from age group 50 and above that contribute 15.29% of total respondents.

This result shows that from the age group 20 to 49 there are 72 respondents and that is the majority of the respondents who participate actively in the implementation process.

In addition to this, the educational status of the respondents, the number of degree graduates takes the larger share which is around 71.76% (61) of the total respondents. Respondents with Master's degree holders take the second and the share of respondents become 28.24% (24). There is no respondent as certificate and Diploma graduate from respondents. In all, the fact that almost all of the respondents being educated through in different levels is believed to contribute for the understanding of the questionnaire as desired by the researcher.

Employees with less than one year work experience in ESLSE of the respondents that contribute 57.65% (49), which is the highest number. And also employees with 1 to 3 and the next group i.e. 4 to 5 years work experience have got equal number of respondents that contribute around 14.12% (12) of the total 85 respondents,. On the other hand, the number of respondents with 6 to 9 and more than 9 years of work experience have got 8 (9.41%) and 4 (4.71%) number of respondents respectively and the implication of this age groups for the study was that almost all of the respondents involve and cascade their scorecard from their business unit and they have passed through challenges.

With regard to the position classification of the respondents, the larger shares of the respondents were none managerial professionals and managerial personnel that comprises around 71.16% and 28.24% of respondents, respectively. Again in relation to business unit 85.88% (73) and 14.12% (12) are support process and core of respondent's number respectively. This result indicated for the study that majority of the support staff members helps reflect their contribution in the implementation process.

Table 2 BSC training and Experience

	variable category	Frequency	Percent
training taken	Yes	69	81.18
	No	16	18.82
	Total	85	100.00
BSC experience	variable category	Frequency	Percent
	Yes	77	90.59
	No	8	9.41
	Total	85	100.00

Source: Questionnaire

Employees who took BSC training and have got awareness contribute around 81.18(69), which is the highest number compared to the rest who did not take BSC training tends to around 18.82 %(16). And also employees who have BSC experience and participate in planning and implementation process contribute around 90.59% (77) of the total 85 respondents. On the other hand respondents who have no BSC experience become 9.41% (8). Finally, the implication of BSC training and experience has a major role for the study to know in what level the implementation process is going on.

4.2 Preparation of ESLSE to Implementation

The introduction of a balanced scorecard system in an organization calls for preparation as any other system prior to the beginning of implementation process. The way the preparation processes are conducted could be one way or the other affect the success of a system in general. According to Roham (2007), the building and implementation of BSC system requires the successful completion of nine important steps to be taken while handling the building and implementation process for the output of the system to be fruitful and meet its intended purpose.

To this end the first question raised for the respondents through the distributed questionnaire was, who participate in designing the BSC system in ESLSE. As of the respondents, there is a very high degree of involvement by the higher officials or those working at managerial level. The involvement of professionals and first line managers is at minimal rate. On the contrary, according to Roham (2007) 'Build it and they will come' concept doesn't work in BSC rather it should be 'Let them build it and they will use it'. Hence this indicates that the initial processes were dominantly held by the top and middle management members of the organization.

According to Roham (2007), the building process of BSC system comprises the first six steps namely, assessment, strategy, objectives, strategy map, performance measures and initiatives where high level corporate scorecards are build and where the foundation is set. Hence, in order to answer how ESLSE handled the preparation and readiness of implementing BSC, looking in to its practice in view of these six stages would be vital.

Table 3 preparation of ESLSE to implement BSC

(Key: - SA-strongly agree, A- agrees, MA- Moderately agree, DA- Disagree, SD, strongly disagree, DK- Doesn't know)

NO.	Question	SA		A		MA		DA		SD		DK	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
1	establishing BSC team	39	45.88	33	38.82	6	7.06	3	3.53		0	4	4.71
2	external and internal assessment	34	40.00	33	38.82	7	8.24	3	3.53		0	8	9.41
3	strategy formulation	68	80.00	17	20.00		0.00		0.00	0			0.00
4	development of strategic map using cause and effect relationship	28	32.94	25	29.41	12	14.12	4	4.71	2	2.35	14	16.47
5	identification of key performance indicators	20	23.53	15	17.65	11	12.94	23	27.06	8	9.41	8	9.41
6	Performance measures are easy to understand and use	21	24.71	17	20.00	16	18.82	18	21.18	8	9.41	5	5.88
7	alignment of strategies with day today activities	25	29.41	25	29.41	10	11.76	13	15.29	6	7.06	6	7.06
8	Strategic initiatives preparation, to fill the gaps of goals	19	22.35	11	12.94	25	29.41	11	12.94	2	2.35	17	20.00

Source: Questionnaire

The summarized table clearly shows that the selection and assigning of the right people in terms of ability and qualification, the majority of the respondents that is 45.88%(39) and 38.82% (33) respondents responds that they strongly agree and agree while 4.71 % (4) of them doesn't know whether the enterprise selects appropriate man power in designing BSC program. While 7.06 % (6) of the respondents moderately agreed. The rest 3.53% or only 3 respondents disagreed. But as shown on the table indicated that the selected people as champions of BSC teams are the right people with the right qualification and ability, so, ESLSE chooses qualified personnel in designating and developing The BSC approach. Different level managers were interviewed while a serious training program was conducted to the employees before implementation, and their response was, a simple training was conducted, but this training didn't contain or address the whole portion of the system, rather

highlight and major factors that employees should focus on. Separately, whether ESLSE identifies its opportunities and strength (enablers) as well as weakness and threats were asked and it is confirmed as 38.82% (33) agreement and 40% (34) strong agreement of the responses obtained. On the other hand, 9.41% (8) of them doesn't know whether ESLSE makes internal and external assessment (SWOT) analysis, prior to implementing BSC. The rest 3 respondents disagree. Performing SWOT analysis helps to recognize the organization's position both internally as well as externally. This enables ESLSE to know its customers, stakeholders and competitors, and also to identify, its weakness and strength as well as its treat and opportunities. Such action helped the enterprise to define its area of focus. Similarly, the response obtained from the question whether ESLSE's vision and core values show the enterprise's clear direction. For this, all the respondents be positioned on the strongly agree and agree choices. i.e. 80% (68) respondents reflect their opinion that they strongly agree and 20% (17) of the respondents agree. There is no respondent for the other given choices. This reflects that the mission, vision, and core values were well defined and showed clear direction where the enterprise starts towards the end goal.

As we can see from the table above, 32.94% (28) strongly agree and 29.41% (25) agree has indicated that ESLSE has developed its strategy map in a way that it shows what it wants to achieve. This means strategic results are tied to its vision and its casual relation in accordance with BSC perspective i.e. financial, customer, internal business process and learning and growth are linked. The rest 14.12% (12) moderately agree, 4.71% (4) disagree, 2.35 % (2) strongly disagree and 16.47% (14) of the respondents doesn't know. This analysis is show on graph below.

strategic result Vs vision
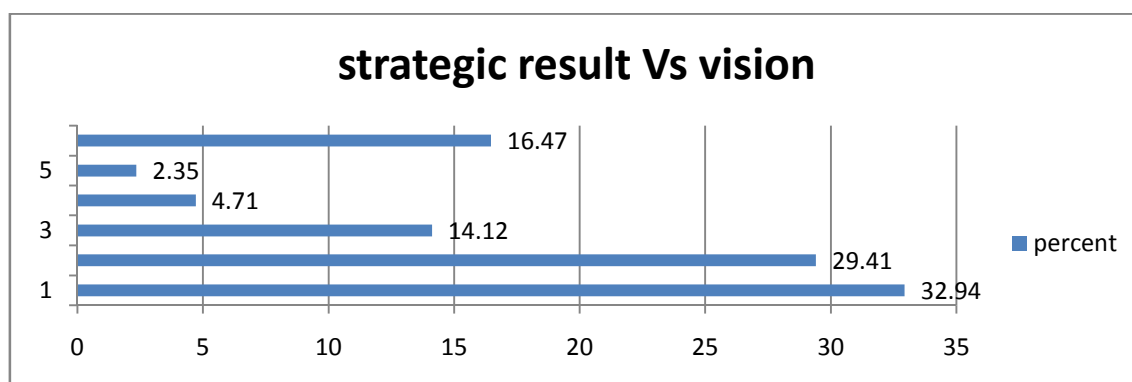
Kaplan and Norton (2001) indicated that now-a- days where organizations are involved in knowledge based activities; employees are tasked with implementation strategy and are often the ones who come up with innovative ideas that make strategies work. Hence, the survey

shows that the strategy map of ESLSE contributes for the translation of the enterprise strategy to operational terms, which is one of the principles of a strategy, focused organization.

According to Rohm (2007), performance measure should link organization's vision through the objectives on the strategy map. It provides a clear direction of what '' good'' is, and should accurately and consistently measure the intended result. In light of this ,the above table depicts that the majority that is 27.06% of the total respondents disagree on key performance measures regarding the financial, customer, business process and the learning and growth aspects are allocated in a balance manner in ESLSE, while 17.65% and 23.57% of them agree and strongly agree on the issue. On the other hand 12.94% of the respondents moderately agree that the enterprise allocate all the four perspectives at balanced manner. The rest 9.41% or 8 respondents' compress equal number of respondents for doesn't know and strongly disagree. Rohm (2007) stated that performance measures are developed to track both strategic and operational progress. And to develop meaningful measures, one has to understand the desired outcomes and the process that are used to produce the outcome. Similarly, the response obtained for the question that asks whether target set for performance measures are easy to understand, and the majority (28) respond disagree and contributes 32.94%. Around 20% (17) and 18.82% (16) respondents agree and moderately agreed respectively. While 12.94 % (11) and 9.41 (8) respond as strongly agree and strongly disagree. Since majority of the responses reflect disagreement, most of the employees do not understand the targets set for performance measure in order evaluate the strategic and operational progress.

For the question which was asked whether every task they did was linked to the indicators and goals to which their performance is measured, the majority of the respondents that is 29.41%, (25) have got equally for strongly agree and agree, 11.76 (10)% of them moderately agree. Strongly disagree takes the least number of respondents equal with doesn't know respondents i.e. 7.06% (6) each. The rest 15.29% (13) is for disagreed respondents. The table above also displayed the respondents with regard to initiatives that were identified and conducted in ESLSE. The majority number that is 35.29% (30) of the respondents moderately agree and 29.41% (25) of them doesn't know that the required strategic initiatives were properly identified or not. These shows55 of the total respondents are not certain, which is a very large number of respondents. While 12.94% (11) and 10.59% (9) of the respondents disagree and strongly agree on the idea, the rest 2.35% and 9.41% goes to strongly disagree and agree.

From the above analysis moderately agreed respondents comprises a significant percent of the total respondents. Hence, from the responses obtained, one concluded that the strategic initiatives were to some extent identified and conducted, which still requires further improvement.

In addition to the questionnaire an interview was conducted with different management position staff in order to summarize the above issue, the question raised was does ESLSE successfully handle the preparation and readiness for the implementation process? And the answer was ESLSE puts its maximum effort and spends much more its resources in order to develop the system. The management also mentioned experienced BSC team was selected in order to install the system.

The other question raised was which of the six developments phase was the challenging one for ESLSE? The managers reveal that greater challenge was faced in the process of strategic mapping and putting the performance measures. The organizational strategy down to each step of business process level as well as at individual level in an aligned manner. That is, there exists understanding gap on employees for identifying their roles, allocating resources in proper manner and setting personal objectives that are aligned with business process objectives. Regarding creating awareness among employees, the managers replied, ESLSE didn't face a bigger challenge that is because, the employees first oriented about the system and what is expected from them, of course as mentioned above there was understanding gap among them, but it is avoided through open communication and discussion with their team members.

To this end, the researcher can conclude that the readiness for launching BSC system in ESLSE was given much time and greatly handled. But there were some areas that need an improvement specially creating a well-defined understanding among the perception of the employees.

According to Kaplan and Norton (2004), the existence of the separate scorecard for the different levels of organization is important to translate higher level scorecards down to individual level. Starting with a corporate scorecard and cascading objectives down to the business process and then to teams/individuals assures that the work performed in all work units is aligned to the organizations overall strategy.

Table. 4 Implementation of BSC

| No.	Question	SA		A		MA		DA		SD		DK	
		Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%
1	BSC launched on schedule	17	20	20	23.53	32	37.65	10	11.8	6	7.06		0
2	Implemented BSC system is linked to mission and vision	31	36.47	42	49.41	10	11.76		0		0	2	2.3
3	ESLSE forwarding effectively	25	29.41	37	43.53	14	16.47		0		0	9	10.5
4	Rise in customer satisfaction	21	24.70	36	42.35	9	10.59	3	3.53		0	16	18.8
5	ESLSE is well after BSC	24	28.23	43	50.59	14	16.47	2	2.35		0	2	2.35
6	incentives well exercised.	12	14.11	16	18.82	8	9.412	18	21.2	29	34.1	2	2.35

Source Questionnaire

For the first question which is, the BSC program launching schedule was clearly identified, 37.6% of the respondents moderately agreed, 23.5% of them agreed, 20% are strongly agree and 12% of the disagreed. The rest 7.1% strongly disagree. The above question rose to the manager through interview, and the response is regarding the time schedule there was some

adjustment made while building the BSC program and also resources scarcity, due to such factors the implementation period was extended to some additional time period. Regarding the relatedness of the implemented BSC system with the enterprise mission and vision statement, almost all of the respondents 85.88% of them strongly agree and agree. Each contributes 36.47%, 45.7% and 49.4% respectively. The rest 2.35% respondent doesn't know that the enterprise doesn't link the BSC system with its mission and vision.

As (Hansberger, Buchman, and economy, 2007) BSC is management system that enables your organization to set, track and achieve its key business strategies and objectives. Once the business strategies are developed, they are deployed and tracked through what we call the four legs of the balanced scorecard. These four legs are made up of four distinct business perspectives: the Customer leg, the Finical leg, the internal business process leg, and the Knowledge, education, and growth leg. ''if any one of these four legs is ignored, it will be like sitting on a four –legged chair with a broken leg. You are eventually losing your balance and fall flat on your face.''

To easily show the interaction of four perspectives with implementation of BSC, the above table is presented in a simple graph as shown below.

Figure6.   Implementation of the four perspectives in ESLSE
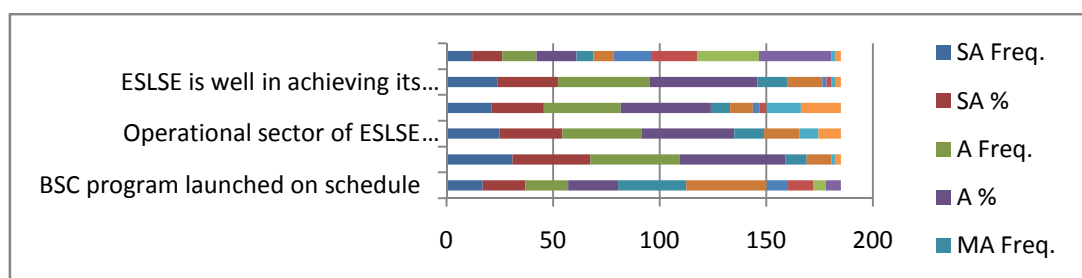
From the above graph one can understand that all the implementation process of BSC are exercised in ESLSE. But the level of practice varies.

In addition to what has been discussed so far, the information obtained through the interview made with managers disclosed that the implementation of BSC enabled to look in to performance gaps from different angles that are from the four BSC perspectives. This, as

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result, creates room for evaluating employees in 360 degree. The need for setting individual performance objectives in line with the functional unit objectives has enabled the staff to understand enterprise overall strategy, mission, and vision in addition they gain additional knowledge about how to handle and satisfy the customers. This, therefore, has increased personal initiatives of employees and makes them think better ways of handling tasks. Besides, the meeting held on weekly and monthly basis with in sector or department have created room for open discussion on weakness and strength. In general speaking the management group of ESLSE believes that the enterprise is implementing BSC at equal level with respect to the four perspectives.

4.4 Monitoring and Evaluation

Table5. Monitoring and Evaluation

No.	Question	SA		A		MA		DA		SD		DK	
		Freq	%	Freq	%	Freq	%	Freq.	%	Freq	%	Freq	%
1	Management review strategic issue, meeting	21	24.71	29	34.12	19	22.35	4	4.71		0	12	14.12
2	ESLSE checks when themes achieved	31	36.47	22	25.88	10	11.76	3	3.53		0	19	22.35
3	weakness or failures taken as lesson	26	30.59	38	44.71	10	11.76	2	2.35		0	9	10.59

Source: Questionnaire

The summarized table clearly shows the monitoring and evaluation practice of ESLSE. This, the first question raised was if regular management meeting conducted to review strategic issues. The majority of the respondents that is 34.12% (29) and 24.71% (21) responses show that they agree and strongly agree while 22.35% (19) and 14.12% (12) of the responses obtained moderately agree and they don't know. The rest 4.71 %(4) goes for disagree. In general speaking, ESLSE held regular management meeting in order to review strategic issue which is an important step for effective implementation of BSC.

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For the question posed whether ESLSE checks the achievement of strategic objective in a timely manner, again, 36.47% (31) and 25.88% (22) of the respondents strongly agree and agreed. Only 3.53 % (3) of the respondents disagree and the rest14.12% (12)of them doesn't know. Hence, it indicates that majority of employees agree that ESLSE monitor and check the strategic themes in a timely manner.

The final question on the section of monitoring and evaluation distributed was that, the identified weakness or strength are taken as lesson and are incorporated in the planning for future correction. Around 30.59% of the respondents strongly agree (44.71%) agreed. And on the other side 2.35% is for disagree and no for strongly disagree. Thus, this shows a definite agreement on the question raised. Thus, ESLSE identifies weakness and strength and takes future correction measures but it didn't give too much weight and time for the situation.

4.5 Employees awareness towards BSC

Open ended questions were distributed for the employees about their expectation on BSC; the responses analyzed as follows.

Table 6 Employee awareness towards BSC

Question	makes easier		create confused		no change		Tiresome		brings burden	
	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%
What BSC brings to your working environment?	36	42	24	28	16	19	6	7	3	4

The first question was, while ESLSE implement BSC, what BSC brings to your working environment? And the majority 42% of the employees replied that BSC makes the job easier, next 28% of the employees got confused. 19% of them see or recognize no change when comparing with their previous one and 7% relied that it is a tiresome process for them. The rest 4% of them replied BSC brings more burden than before. So we can conclude that BSC system is suitable for most of the employees. Regarding the rest the enterprise should clearly

put the procedures and should arrange a training session in order to avoid the problem created among them.

The second question was what benefit you got from the system and around 74.3% (52) of respondents in summarized presentation they replied that the system makes their working environment safer and secured from any work risks and are performing their job freely. It also enables them to communicate freely with their immediate boss and subordinates. Plus their performance rate is on an efficient and effective manner. Few responses shows that some of the staff members of ESLSE get additional knowledge and skills, plus the system helps them to understand different ways of performing a given task within a given time period.

In general, from the above two analysis of the employees of ESLSE responses, the majority of the employees got an advantage in their working environment and understand their pathway in order to achieve the organization future objectives. But, still the enterprise needs some improvement on employee understanding about BSC system through short term training and long term development programs.

4.6 Challenges faced

Information obtained through an interview with the responsible agent (change management department) about the major challenges was faced in the process of cascading the organizational strategy and objectives down to each business unit and at individual level. That is, there exists understanding gap on employees for identifying their roles and setting personal objectives that are aligned with business process objectives.

Besides, the process of identifying measures and setting targets in quantifiable terms was found to be the other challenging task which employees face when asked to set their own scorecards. According to them, this step was difficult because not all activities performed are easy to quantify. However, still a gap has been observed on translating objectives that are described in financial perspectives at business unit level and personal level.

Difficulty has also been observed not only while setting the objective but also while evaluating it. That is, in cases where works are handled in groups, separately identifying

individual and team performance is a challenging task. Thus, currently they tend to give equal mark for the group despite the individuals contribution.

The other challenge pointed was on record keeping. Some of the respondents have also mentioned that they used to face challenges in understanding the performance recording forms in previous times. According to them, the gaps resolved by the explanation and support received from the experts of change management department. However, still reluctance to regularly keep records is observed. The inaccessibility of benchmarking data for setting objectives especially in previous times when the system was introduced and when appropriate documentation of records does not exist was another challenge.

Finally an interview question was forwarded to randomly selected middle managerial level personnel about the role of the change management department and other management groups. Thus, most of them answered that, BSC system accepted in the first place by the top management of enterprise and the change management department and planning and business development department assigned to organize and develop the strategic plan of the enterprise using BSC system. Then after the top management shows its commitments also by facilitating foreign BSC certification training to relevant department managers and hire consultant to enhance the BSC implement process. So, all of them answered in similar fashion the role of the change management department as it coordinate and facilitate the implementation process and basically monitor, evaluate and provide periodical report to the top management about the all over status of BSC implementation. Generally their reply points on one direction which is currently they understood that BSC is suitable and accurate to achieve their organization mission, vision and objectives, and they are observing it as a change tool. But to the future, since, there is a rapid and radical change on the country's economy, so that, ESLSE might practice continuously by automating the BSC in order to integrate the systems with all other systems or the enterprise might introduce some other performance management system that run with the future organizational environment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter the main findings of the research are summarized and the conclusions reached from them are put in brief. After that recommendations are given to further strengthen the positive findings and to avoid or minimize negative findings.

5.1 Summary of the Findings

The major purpose of this study was to assess and describe the implementation of BSC in Ethiopian shipping and logistics service enterprise. So as to be able to collect and analyze the data of this research, descriptive research design was employed by using mixed research approach which comprises both quantitative and qualitative methods of data gathering. In addition to the data gathered through questionnaire, interview was also made to triangulate and increase the validity of the data obtained, 91 questionnaires were distributed by using simple random sampling technique. Out of which, 85 of the questionnaires were collected. The data collected from target respondents through closed ended questionnaire was compiled and summarized by using SPSS software. The variables were analyzed by using frequency counts and percentages. Finally, information obtained through open and closed ended questionnaire and interview were analyzed and interpreted.

5.2 Conclusion

Based on the results data analysis, findings and objectives of the study on the one can safely conclude the following;

With respect to demographic factors: -

A total o**f 91** questionnaires were distributed to the employees and management groups of ESLSE. Out of the questionnaire administered, **85** have been collected. This makes the respondents rate to be **94.4**%.

Out of the total respondent's relative amounts of respondents participated from both sex. And most of the respondents are found to be male 64 in numbers (75%) and on the other hand numbers of female were 21 (almost 25%).

Regarding the age group of the respondents , the larger portion of the respondents that is 28.24% (24) fall equally within each age groups of 20- 29,30 - 39, and 40- 49. There are 13 respondents from age group 50 and above that contribute 15.29% of total respondents.

The educational status of the respondents, the number of degree graduates takes the larger share which is around **71.76%** (61) of the total respondents and Master's degree holders take **28.24%** (24).

employees who took BSC training and have got awareness contribute around **81.18%** (69), which is the highest number compared to the rest who did not take BSC training tends to around **18.82 %** (16).

And also, employees who have BSC experience and participate in planning and implementation process contribute around 90.59% (77) of the total 85 respondents.

The majority 42% of the employees replied that BSC makes the work environment easier, next 28% of the employees got confused.

Employees with less than one year work experience in ESLSE of the respondents that contribute around 8 (**9.41%**), number of respondents.

On the other hand, the number of respondents with 6 - 9 and more than 9 years of work experience have got 49 (57.65%) which is the highest number.

With regard to the position classification of the respondents, the larger shares of the respondents were none managerial professionals and support process staff member comprises around 61% and 73% of respondents, respectively. The remaining 24% and 12% goes to respondents working in managerial and core process business unit with around 24 and 12 correspondingly.

Employee's attitudes towards BSC implementation based on the performance measures, communication and management system

In general, the result shows critical effort is required on those critical factors of implementing which need improvement.

To summarize the major findings of the study, it was identified that ESLSE has relatively selected the right people (BSC teams) on designing the BSC program. However, the building process was dominantly hailed by the middle management members. Hence, the inadequate involvement of the operational staff would be a source of gap for the attainment of the desired level of commitments as well as to reach the expected level of output.

Regarding the development of strategy and strategic themes, ESLSE has identified its strategic objectives, targets. In addition, ESLSE has moderately identified its key performance indicators and this as a result has enabled it to produce a clear strategy map that shows the cause and effect linkages between components of strategies placed in appropriate scorecard perspectives.

ESLSE developed time schedule ahead but due to some adjustment it was extended and these mission, vision and core value were properly stated but not well shared. Regarding the four perspectives all of them were exercised. But the level of implementation was not at equal level, especially for employee growth and development perspective. This will create an unbalanced working environment towards individual and team work performances. Regular meeting was held to discuss on strategic matters, and there exist frequent checking mechanism weather the strategic objectives were achieved or not. In addition ESLSE monitor strength and weakness and take correction actions as needed. Hence, this facilitates the monitoring and evaluation process.

It has been found out that employees of ESLSE are more or less aware of the enterprise status in implementing BSC and also have a constructive reaction towards it. BSC makes the employees align with day today task, which makes easier and efficient. In addition, BSC, makes the employees understand on how to plan their work, how to communicate vertically or horizontally with their staff members to interact with each other or to give and receive feedback whenever needed.

The process of cascading the organizational strategy down to the business process level, the process of identifying measures and settings targets, unavailability of benchmarking data for setting objectives specially during the start-up period where the system was introduced, the existence of understanding gap on employees where some of the majors challenges faced by ESLSE in the process of building and implementing BSC. Even if the above cited challenges have been faced by ESLSE, the enterprise has managed to overcome the cascading issue as it has been confirmed by the employees on the existence of aligned scorecards at different levels. Areas like identification of realistic performance measures still require further consideration. From the study made, it has been noted that ESLSE has neglected the importance of the involvement of employees in the building process of BSC. Rather the building and design stage was handled with the environment of few individuals working at top managerial level, which may bring a lesser result than what could be achieved had they been involved.

A major gap has also been observed with regard to the development of performance measures, which is revealed by the employees' reservation on confirming the meaningfulness and practically of the performance measures identified. I t has also been noted that employees have facing the problem of understanding the measure and difficulty in applying them. Hence, this was believed to emanate from the lack of adequate level of involvement at the design stage. Therefore, if the problem persists and left with no solution, there would be a tendency of returning back to the old system.

In all, despite the above listed weak point on assessment, performance measures and automation, the accomplishment observed on the remaining areas such as having top executives' commitment, well defined mission, vision, and core values, identified customer value proposition, clearly developed strategy map and properly handled cascading activities were well handled in ESLSE. AS result, since, BSC is a globally modern and challenging practice, one can conclude that ESLSE has developed the building and the implementation process of BSC system in a very good way at this stage.

5.3 Recommendations

In light of the major findings of the study and the conclusion drawn, attempts were made to forward possible recommendations for the attainments of better results out of the balanced scorecard system in ESLSE.

The following recommendations are forwarded to improve the weakness identified in the existing BSC implementation.

1. ESLSE Management should work hard to create full understanding and communicate well the formal BSC implementation system to the employees.

2. The enterprise should clearly align individual objectives with corporate, sector, department, division, and team and communicate the employees evidently.

3. The scorecard of individuals and business units should developed jointly to improve the skills, opportunity for the employee to take on new responsibilities during the coming period.

4. As management of ESLSE pointed out that since the current economic activity of the country is rapid and unstable, the management of ESLSE should periodically revise the strategies, objectives and rewarding systems.

5. BSC counselling is very important to support employees in improving their job performance. Furthermore, it helps to identify individual training needs.

6. The management should exert maximum effort on the BSC Implementation system of the enterprise to meets its intended objectives.

7. The existing BSC review formats need to be revised with better measurements and thresholds criteria that applicable to all employees.

8. Before BSC implementation takes place intensive training or awareness should be given to all employees' and management groups.

9. The enterprise should facilitate to have paperless work by automating the BSC system and to go hand in hand with operational works easily.

10. The enterprise should revise the structure of the change management department to support, monitor and evaluate implementation process at head office and branches level.

11. The management of the enterprise should strengthen the capacity of the experts in order to support the whole system and it should take best practices from other enterprises also.

12. ESLSE should set a wider BSC system and implement properly at head office and in all branches considering the above recommendations in the desired way for the desired purpose.

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Appendix 'A'

St. Mary's University
School of Graduate studies

Question to be filled by: the Management and Employees of Ethiopian shipping and logistics service enterprise.

Dear respondents,

The purpose of this questionnaire is to collect primary data for conducting the study on the topic, Assessment of Balanced Scorecards Implementation in Ethiopian shipping and Logistics Service enterprise as a partial fulfilment to the completion of the master program in general MBA at St. Mary's University. In this regard I kindly request you to provide me reliable information to the best of your knowledge. The response will use to draw lessons from the BSC implementation and its effect on enhancing the performance of the enterprise. Therefore, the result of the study depends on your genuine response and that will be kept in secret. Finally, I would like to extend to external my deepest gratitude in advance for being a volunteer to devote your valuable time in filling this form.

Directions:-

- No need to write your name,
- If you have any questions related to this questionnaire , please contact me on the following phone numbers and e-mail address:
  0911 109530 /0929099473/, abetesfa20011@yahoo.com respectively.

I. General Information
1. Gender:
    a. Male   b. Female
2. Indicate your age group
    a. Less than 20   b. 20-29   c. 30-39   d. 40-49   e. 50 and above
3. Educational status
    a. Certificate   b. College diploma   c. BA/BSC Degree   d. Masters   e. PHD
4. Years of service in ESLSE

a. Less than 1 year   b. 1 -3 years c. 3 -6 years   d. 6-9 years   e. above 9 years

5. In which business unit are you currently working?

   a. Support staff   b. Core staff

6. To which category does your position fall?

   a. Managerial   b. Coordinator   c. Senior expert   d. Expert level

7. Have you ever attained any training related to BSC?

   a. Yes   b. No

8. Have you ever have BSC planning and implementation experience?

   a. Yes   b. No

9. How is your participation in the process of building your business process/work unit scorecard?

   a. Very high   b. High   c. Medium   d. Low   e. Very low

10. Please rate your level of agreement or disagreement for the following questions

   Keys: SA- strongly agree, A- agree, MA-moderately agree, DA- Disagree, SD- strongly disagree, DK- doesn't know

No.	Question	SA	A	MA	DA	SD	Dk
1	Right people are selected in designing the BSC program.						
2	An assessment of SWOT analysis is made in ESLSE before implementation.						
3	Business strategy developed (mission and vision clearly stated.						
4	Survey was made regarding the cause and effects that the BSC system might bring to ESLSE.						
5	Key performance measures regarding the financial, customer, business process and the learning and development aspect allocate in a balanced manner.						
6	The performance measures are easy to understand and use.						
7	Every task you do is linked to the indicators and goals to which your performance is measured.						
8	Strategic initiatives /projects were properly identified and conducted.						

11. Please rate your level of agreement or disagreement for the Achievement obtained while implementing BSC.

No.	Question	SA	A	MA	DA	SD	DK
1	The BSC program launching schedule was clearly identified.						
2	The implemented BSC system is relevant and well linked to the corporate mission and vision.						
3	The operational sector of ESLSE is forwarding on the expected path.						
4	You think there is arise in customer satisfaction? (if any suggestion is given)						
5	How well ESLSE in achieving its objectives after BSC.						
6	You think employees incentive (benefit package like growth and development) mechanism exercised than before?						

12. Please rate your level of agreement or disagreement for the Monitoring and Evaluation of **BSC system.**

Keys: SA- strongly agree, A- agree, MA-moderately agree, DA- Disagree, SD- strongly disagree, DK- doesn't know

No.	Question	SA	A	MA	DA	SD	DK
1	Regular management meeting is held to review the strategic issues.						
2	ESLSE tests whether strategic themes are achieved or not in a timely manner.						
3	Identified weakness or failures as taken as lesson and are in corporate in the planning for future correction.						

Appendix 'B'

Interview questions

1. What is the role of the management of ESLSE in implementing BSC?
2. What are the major challenges were faced while in implementing BSC?
3. How the management monitor and evaluate the progress of BSC implementation.
4. What would be the future prospect of BSC in ESLSE?