SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF BALANCED SCORE CARD PRACTICES
AND CHALLENGES IN THE CASE OF ETHIOPIAN
SHIPPING AND LOGISTIC SERVICE ENTERPRISE (ESLSE)

By

ASHENAFI TADEGEW

DECEMBER, 2018

ADDIS ABAB ETHIOPIA

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ENDORSEMENT

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

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Name   Signature

St. Mary's University, Addis Ababa   December, 2018

DECLARATION

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

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      Ashenafi Tadegew   Signature

St. Mary's University, Addis Ababa   December, 2018

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ACKNOWLEDGEMENTS

List of Acronyms

BSC   Balanced Scorecard

ESLSE   Ethiopian Shipping and Logistics service Enterprise

IT   Information Technology

KPI   Key Performance Indicators

CEO   Chief Executive Officer

SPSS   Statistical Package for Social Scientists

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Abstract

This study main objective was to assess the overall practice and challenges faced while implementing the balanced scorecard system in Ethiopian Shipping Logistic Service Enterprise. In regard to this, the specific objective of the study was to analyze the ESLSE BSC's implementation practices and to assess challenges that the enterprise faces while implementing BSC, to investigate major contribution from balanced scorecard implementation on four perspectives, and to analyze employee's perception about BSC as performance evaluation system; thereby, propose solutions for the identified challenges. Hence, the study used descriptive method analysis and mixed approch to colecte the data by designing five-point likert scale questionnaires and semi-structured interview questions respectively. The total population size of the study was 704 involving department managers, team managers and non-management senior officers of the Enterprise. The study adopted non-probability stratified sampling technique to select 255 respondents and the usable responses of 217 respondents were returned and analyzed. Common implementation challenges such as limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team and organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication were the major challenges identified in the Enterprise. Thereby, The study recommended the Enterprise to conduct intensive awareness creation activities, ensure organizational level participation, develop strong implementation and monitoring mechanism and back the system with relevant IT system to effectively take advantage of the Balanced Scorecard system.

Key words: Balanced scorecard, challenges, business perspectives, Key Performance Indicators (KPIs), performance measurement.

CHAPTER ONE

INTRODUCTION

This chapter provides an overall of the study specifically stating the statement of the problem which motivated the researcher combined with research questions. The chapter also delimits the scope and significance of the study.

1.1. Background of the Study

Performance measurement system enables informed decisions to be made and actions to be taken because it quantifies the efficiency and effectiveness of past actions through the acquisition, collation, sorting, analysis and interpretation of appropriate data.

It is clear that the way of doing a business have changed materially over the last decade. Or, at the very least, the rules of the game are in the process of radical change. Success for organizations today is measured very differently than it was yesterday. Of course financial performance is still essential. Delivering profit growth or enhancing shareholder value is still at the top of every executive's agenda, but it is now widely recognized that delivering financial performance alone is insufficient. Even more importantly, it is now generally accepted that the level of financial performance achieved today is a function of decisions made 6-18 months or even longer.

According to Norton and Kaplan (1992) during 1980s, many executives were convinced that traditional measures of financial performance didn't let them manage effectively and wanted to replace them with operational measures. Arguing that executives should track both financial and operational metrics,

The BSC is further described by Kaplan & Norton (2001) as an important tool of strategy management which links strategic planning and budget. Budget enables a basis of comparison through which performance is assessed. The balanced scorecard as a tool deals with having strategic plans to achieve set goals. In this scenario according to Kaplan and Norton (1996), "the balanced scorecard translates mission and strategy into objectives and measures, organized into four different perspectives: financial, customer, internal business process, and learning and growth. They (Kaplan & Norton, 1996) also

add that, "the four perspective of the scorecard permit a balance between short-and-long-term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objective measures and softer, more subjective measures'

Since the concept was introduced in the early 1990s by Kaplan and Norton as a performance measurement system, the Balanced Scorecard (BSC) has attracted considerable interest among different organizations, practitioners and researchers. Making public services more available to users and improving the quality and efficiency are significant challenges for the modernization of the public sector.

Different authors have stated that BSC is a good instrument in the setting of public organization. The implementation of BSC in the public sector can be of great significance as a result of the particular characteristics of such organization.

The BSC can be viewed from many aspects and different approaches can be made to study it. In order to understand the issues related to the BSC, deep research of the concept is needed. To ensure that the study is practically related and that its results are applicable, a real organization was chosen as a case study. The chosen company is Ethiopian shipping and logistic service enterprise (ESLSE).

The purpose of this study was, therefore, to assess the practices and challenges of balanced scorecards in ESLSE and towards, identifying the element of this challenges as well as recommendations have been made and agreements established for the future implementation of the BSC which possible to solve problem associated to its challenge.

1.2. Background of the Organization

The Ethiopian Shipping and Logistics Services Enterprise (ESLSE) is the only Company being involved in sea freight transport activity in the country.

According to the Ethiopian Shipping and Logistics Services Enterprise Establishment Council of Ministers Regulation No. 255/2011, the former ESLSC has been officially merged with three other governmental enterprises called Maritime and Transit Service Enterprise (MTSE) which was rendering transit, customs clearing and logistics services to its customers for many decades, Dry port services Enterprise which was rendering dry

port and terminal services since few years ago to pave the way to adopt the multimodal transport system. And the new enterprise was merged again with comet transport sh.com. in the year 2014 which is treated the above regulation No.255/20 reestablished as a public enterprise in 2014 to give an efficient and integrated multimodal service to its customers being a single company. Following the reestablishment proclamation, the newly merged company named as "Ethiopian Shipping and Logistics Services Enterprise (ESLSE)" and it has been nominated to function as a Multimodal Transport Operator.

Consequently, the enterprise has restructured its management and operational activities in four operational sectors having 3,000 permanent and contractual employees and started rendering multimodal transport services to its customers. Currently the enterprise has seven dry ports in different level at different places. The Head Office of ESLSE is located in Addis Ababa, particularly around the area called "Legehare Rail Station".

As set out in the regulation issued by the federal government of Ethiopia in 2011 (Regulation No. 255/2011), the objectives for which the ESLSE is established are:

- To render coastal and international marine and internal water transport services;
- To render freight forwarding agency, multimodal transport, shipping agency and air agency services;
- To provide the services of stevedoring, shore-handling, dry port, warehousing and other logistics services for import and export goods;
- To provide container terminal services;
- To engage in the development, management and operation of ports;
- To establish and run human resources development and training center in the field of maritime profession;
- To study the country's import and export trade demand and thereby develop technological capacity in order to render efficient maritime and transit transport services;
- To provide freight transport service by its own trucks;
- To engage in other related activities conducive to the achievement of its objective.

Vision: By providing competitive shipping & logistics services, to become preferred and renowned African logistics company by 2025.

Mission: Through building and upgrading organizational capacity, to render world class and competitive shipping & logistics services; thereby contributing towards the rapid economic growth of the country. (WWW.eslse.et)

In order to attain the above stated mission and advance its strategy, Ethiopian shipping and logistic service enterprise (ESLSE) has introduced the balanced scorecard (BSC) on June, 2005. E.C. Currently, each employee from lower level to higher level has aligned corporate's strategic objectives with the day to day operation and side by side they evaluated their performance based on the cascaded targets and specific activates twice a year.

1.3. Statement of the Problem

Balanced Scorecard (BSC) is used to plan, implement, monitor and measure the performance of all actors involved in the implementation of the goals and objectives of the organization. It is an integrated approach to strategic plan, implement, and measure the performance of all actors involved. Because of its strategic approach, balanced set of measures and strategic alignment, BSC has been taken as the most important tool to be implemented in almost all government institutions throughout the country (Civil Service Ministry, 2013).

Like all other civil service institutions, ESLSE also faced many challenges related to human, technological and material capacities in the effort of achieving its stated corporate objectives. Besides these challenges, the enterprise needs to exert greater effort to change the attitude of its employees and the emerging tough in being a modern indigenous shipping company that renders reliable and competitive maritime transport to the country's export and importing trade; consequently, ESLSE forced to revise its strategy and implement different techniques that makes it more competitive edge.

Hence, the balanced scorecard (BSC) is chosen as the main reform tool next to BPR and it is becoming one of the change tools which are implemented by many civil service institutions.

The concept of balanced scorecard was introduced by Kaplan and Norton (1992) and was formed under the premise that more than only financial measures should be used to review a company. The Balanced scorecard addresses the need for multiple measures of performance and provides a strategic framework, which specifically encourages the use of both financial and non-financial measures along four perspectives – financial, customers, internal business process, and learning and growth – to measure firm performance (Niven, 2006).

Despite its worldwide popularity and its acceptance as a powerful strategic management tool, a significant number of organizations have encountered different problems when trying to introduce the Balanced Scorecard in their business. Majority have either implemented the BSC but without any significant improvement in performance, or they have given up in the implementation process itself (Pujas, 2010).

What makes the implementation of the BSC so difficult? A literature review and different cases used to identify reasons for Balanced Scorecard implementation challenges. According to Birnbaum, B (2007) many organizations develop good strategies, develop good action plans, consider organizational structure, take a close look at their human resource needs, fund their strategies through their annual business plan, and develop a plan to monitor and control their strategies and tactics. And yet they still fail to successfully implement those strategies and tactics. The reason, most often, is some challenges that could influence the effectiveness of performance management system. The first challenge is   associated with BSC implementation is leadership and manager's commitment. Artley et al, (2001) stated that without strong leadership a program won't succeed so leadership must be dedicated to the program all the time. The second challenge is Inadequate IT Support: According to Niven (2006), the problem of gathering and entering data into the Balanced Scorecard is emphasized during the implementation process. To overcome such problem and improve the implementation process, the system should be supported by an appropriate IT system. The third challenge of performance management system is inadequate Key Performance Indicators (KPIs): The decision about what metrics to incorporate in the balanced scorecard is perceived as one of the most difficult parts of the initiative (Niven, 2006). While, Too few measures in each perspective, leading to failure to obtain a balance between leading and

lagging indicators or financial and non-financial indicators, too many indicators without identifying the critical few: in this case, the organization will lose focus and be unable to find linkage between indicators. The fourth challenge is motivation. employees will be motivated to exert high level of when he/she believes that the effort will lead to a good performance result and this good performance will in turn lead to organizational reward (Robbin, 2001). Finally the communication is a critical tool for establishing and maintaining a performance management system. Good communication processes also help to provide a critical link between the task, employee performance and corporate strategic plan/measures. The two most effective method of communication are meetings and institutional publications. These methods can hold the attention of the employees in the long enough to provide a thorough explanation (Artery and Stroh, 2001). This have been through the difficult process of formulating a strategy, the organization needs to ensure that it has a systematic method for translating its newly developed strategy in to operational objectives and measures

In spite of the several efforts, still the findings on what affects success and failure in reform implementation is unclear and complex. It seems that it has been difficult to generalize on the factors causing the success and the failure described in different case studies. To the best of the researcher's knowledge and the literatures reviewed, there was no extensive empirical study conducted in the same industry particularly in ESLSE to investigate the factors in depth. Hence this study tries to fill the gap in this area. The study investigates the practices and challenges of BSC implementation in Ethiopian shipping and logistics service enterprise with special emphasis on key success factors / challenges considering from a2005 since BSC implemented in the enterprise.

1.4. Research Questions

The research has attempts to assess the following basic research questions.

- As compared to the standard literature, how is Balanced Scorecard being implemented in ESLSE?

- What are the challenges encountered in the implementation of BSC in ESLSE ?

- What are the major contribution of balanced scorecard implementation on customer financial, internal business unit and learning and growth perspectives?

- How do employees think about implementation of BSC as performance evaluation system in these enterprise?

1.5. Objectives of the Study

The study has both general and specific objectives that being assessed through this study.

1.5.1. General Objective

The general objective of the study is to examine the overall practices and challenge of implementing balanced scorecard in Ethiopian shipping and logistic service enterprise/ESLSE/

1.5.2. Specific objectives

The specific objectives of the study are listed below:

- To analyze the Balanced Scorecard implementation practices in ESLSE As compared to the standard literature.

- To examine the challenges that the organization faces while implementing BSC

- To investigate major contribution of balanced scorecard implementation on customer, financial, internal business unit and learning and growth perspectives in ESLSE.

- To analyze employees perception of the performance evaluation system after balanced scorecard implementation in ESLSE

1.6. Significance of the Study

In general, this study has a direct impact on the enterprise being stud as well as any other individuals who have an Interest in the topic of the BSC. It is hoped that this thesis useful particularly to companies which strive to implement the BSC to help them avoid mistakes in its implementation or which may result in a poor performance of the initiative. Specifically, the following are the major significances of the study:

✓ It provides some insight about balanced scorecard implementation to the deferent level management and decision makers in the enterprise;

✓ It serves as an indicator for decision makers to identify the gap between the expected benefits of the balanced scorecard and the existing benefits that these enterprise are getting;

✓ It informs decision makers of other corporation who would like to implement the system about the challenges faced by these enterprise while implementing the balanced scorecard;

✓ It suggests ways and means in undertaking the obstacles faced by these enterprise while implementing balanced scorecard;

✓ It can be used as a reference for the upcoming researches on other organizations and fill the current gaps in empirical literature by shedding some light for further studies especially implementation of the system in Ethiopian organizations.

1.7. Scope of the Study

The scope of the study is limited to assessing the BSC practice and challenges faced by the enterprise. The study conducts the survey on employees and management of the enterprise head offices located in Addis Ababa. The study conducted the BSC practice status of the Enterprise from June, 2014 - December 31, 2018. In order to gather most appropriate data to answer the research questions, the researcher used a descriptive method of study. Hence, the researcher used this method to assess the practice and challenges of BSC system in SELSE because this method describes the characteristics of objects, people, group or environment.

1.8. Operational Definition and Key Terms

Balanced Scorecard: a performance management tool that enables a company translates its vision and strategy into a tangible set of performance measures. (Kaplan and Norton,1996).

Financial Measurement: a measurement tool that measures the performance of the organization based on the variables that cost of production; cash flow; Sales Growth; market share and so on. (Kaplan and Norton, 1996)

Non-Financial Measurement: measures the performance of the company based on customer satisfaction; time taken to meet customer needs; the company's ability to improve employee's skill and company's capacity. (Kaplan and Norton, 1996)

Performance Measurement: a process of assessing progress towards achieving pre-determined goals and objectives. (Esther et al, 2013)

Initiative: Strategic Initiatives actionable projects that are aligned with Strategic Objectives and can be short-term or long-term that has potential for significant organization impact and benefit. (David, 2006)

Strategy: a plan for how the organization intends to achieve its goal. (Monica et al, 2004)

Perspective: the gestalt or the personality of the organization base on customer; finance; internal business process and learning and growth. (Kaplan and Norton, 1996)

1.9. Organization of the Study

The thesis organized into five chapters. The first chapter deals with introductory part consisting of the background of the study, background of the organization, statement of the problem, research questions, objectives of the study, significance of the study, operational definition and key terms and organization of the paper. The rest of the paper organized as follows: Chapter two dealt with empirical and theoretical review of the literature related to the concept of balanced scorecard, its implementation and challenges faced; Chapter three provides research design and methods employed in the analysis; Chapter four contains the data presentation, analysis and interpretation; and Chapter five gives the conclusion, recommendations, and limitation of the Study has been presented. Finally, the reference of related literature that was referred while writing the paper and appendices are included after chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents the concept of the Balanced Scorecard. After a short introduction of the concept and its origin, the evolution of the Balanced Scorecard is described. It is organized into sub topics: definition of balanced scorecard, the four perspectives of balanced scorecard, steps of the building and implementation process of balanced scorecard system, Barriers to the implementation of balanced scorecard and finally empirical literature on BSC practice and challenges are briefly discussed.

2.1. Theoretical Literature

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 on 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 ability of organizations to create value (Niven, 2006).

2.1.1. Origins of the Balanced Scorecard

Kaplan and Norton (1992) argue that focusing exclusively on financial performance measurements worked well in the era of industrialization, but in the era where new competences were emerging, financial measurements are not enough. Managers should recognize the need to track performance in several areas. The Balanced Scorecard should therefore provide answers to four basic questions that look at the business from four important perspectives (Kaplan and Norton, 1992):

- How do customers see the business? à Customer Perspective

- What is important to excel in? à Internal Process Perspective•

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

- How do shareholders seethe business? À Financial Perspective.

2.1.2. Definition of BSC

BSC defined differently by different researchers. According to Iqra et al. (2013) BSC is defined 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.

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".

2.1.3. The Four Perspective of BSC

Balanced scorecard is management system that enables your business set, track and achieves its business strategies and objectives. Once the business strategies are developed, they are deployed and tracked through the four legs of balanced scorecard. There are a number of balances in balanced scorecard, among which is the balance or equilibrium between four historical domains or perspectives considered to be mutually linked in terms of strategy and performance.

When it comes to (Paul N, 2002) view of the balanced scorecard is like a tree that composed of four perspectives: the learning and growth perspectives are roots, the trunk is the internal process perspectives, customers are the branches and the leaves are the financial perspectives. Each perspective is interdependent on those below as well as those above. It is a continuous cycle of renewal and growth. Leaves (finances) fall to fertilize the ground and the root system, which stimulates growth throughout organization.

2.1.3.1. Customer Perspective

In the Customer Perspective, the aim is to identify the customer and market segments in which the organization will compete, and, accordingly, the measures to track related performances (Kaplan and Norton, 1996a). The Customer Perspective should ask how an organization appears to customers in order to achieve the organization's vision and mission. This reflects the factors that are really important to customers (Kaplan and Norton, 1992). Kaplan and Norton (1992) recognized these factors in: time, quality, performance, service, and cost. Niven (2006) argues that to achieve positive financial results, organizations need to create and deliver products and services which customers perceive as adding value. According to him, the measures in the customer perspective should answer three questions: What are our target groups of customer? What do they expect or demand from us? What would the value proposition for us be in serving them? The value proposition may be chosen within three differentiators (Kaplan and Norton, 2000):

2.1.3.2. Internal Process Perspective

Great customer performance is the result of processes, decisions, and actions which managers need to focus on in order to satisfy customer needs (Kaplan and Norton, 1992). According to Kaplan and Norton (2000), in the Internal Process Perspective the organization determines how it will achieve the value proposition for its customers and the productivity improvements to reach its financial objectives in order to satisfy its shareholders. This perspective measures the business processes that have the greatest impact on customer satisfaction. It measures factors like quality and employee skills. Here, companies should identify and measure their core competencies and technologies critical to ensuring market leadership (Kaplan and Norton, 1992). Measures that can represent this perspective are inventory turnover, delivery, productivity, cycle time, and research and development expenses (Niven, 2006).

2.1.3.3. Learning and Growth Perspective

The next perspective is represented by the Learning and Growth Perspective. By measuring the organization's ability to innovate, improve, and l earn, the Learning and Growth Perspective identifies the needed infrastructure to support the other three perspectives. Niven (2006) argues that measures of the Learning and Growth

Perspective are the enablers of the other perspectives and represent the foundation of the Balanced Scorecard. According to Kaplan and Norton (1992), continual improvements and the ability to learn and introduce new products and services are the precondition to survive, expand in the global marketplace, and increase the company's value. Knowledge, employee skills and satisfaction, the availability of information and adequate tools are frequently the source of growth and therefore the most common measures of this perspective (Niven, 2006).

2.1.3.4. Financial Perspective

Although the Balanced Scorecard was developed in part as a reaction against the excessive reliance on financial measures, the financial measures are still an important component of the Balanced Scorecard (Niven, 2006). According to Kaplan and Norton (1992) and Niven (2006), measures in the Financial Perspective indicate whether the implementation of the company strategy and its execution are contributing to the improvement of bottom-line results. Focusing resources, energy, and capabilities on customer satisfaction, quality, knowledge, and other factors in the other perspectives without incorporating indicators showing the financial returns of an organization may produce little added value (Niven, 2006). According to Niven

(2006), the Financial Perspective focuses on measures which have the goal of enhancing shareholder value. The most commonly used measures are derived from the objectives of revenue growth and productivity, such as return on equity, return on investment, revenue, gross margin, and other indicators (Niven, 2006).

2.1.3.5. The Steps of the Building and Implementation Process of Balanced Scorecard System

The steps of the building and implementation process of balanced scorecard system passes in to nine steps including the design, this is the first six steps, and the implementation steps from seven to nine steps.

According to Armstrong (2006), the major steps required to introduce and operate a balanced scorecard approach are:

Step 1: Assessment

In step one, in the organizational assessment, the first one is about a number of things: to finalize the Balanced Scorecard Plan which will detail, among others, all the teams that will be involved in the designing of the scorecard and the training they will require. Secondly, in step one involves conducting the organization assessment of the strategic elements: the mission and vision, SWOT and organization values. Thirdly, Step One is also about preparing a change management plan for the organization, which will entail conducting a change readiness review to determine how ready the organization is in embarking on such a journey and what needs to be put in place to make it ready, as well as defining communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication. The change management activities will take place throughout each step (Morongwa, 2007).

Step 2: Strategy

Strategy is about determining the strategic themes, including strategic results, strategic themes, and perspectives, which are developed to focus attention on the customer needs and their value proposition. The most important element of this step is to ensure that you have unpacked what your customers are looking for from your organization in terms of function, relationship and image to determine whether you are providing value to your customers (Morongwa, 2007).

Strategy represents the broad priorities adopted by the organization in recognition of its operating environment and pursuit of its mission. All performance objectives

and measures should align with organizational strategy. Strategy is specific and detailed actions you will take to achieve your desired future and pattern of consistency of action over time (Niven, 2014)

Step 3: Strategic Objectives

A specific result that the organization is aimed to achieve within a time frame and with available resources. With regards to the third step, it is about determining your organization's objectives that is your organization's continuous improvement activities, which should link to your strategic themes, perspectives and strategic results (cetin Maringa, 2007).

Moreover, a strategic objective is used to break strategic themes in to more actionable activities that lead to the strategic results (Rohm, 2008)thus, it is action oriented activities (what must be done to be successful) that serve as a bridge among strategies and performance measures.

Step 4: Strategy Maps

The objectives designed in Step Three are linked in cause-effect relationships to produce a strategy map for each strategic theme. The theme strategy maps are then merged into an overall corporate strategy map that shows how the organization creates value for its customers and stakeholders. (Morongwa, 2007).

Strategic Map is a collection of strategic links constructed using 'If- Then' logic to show the logical connection (cause-effect links) among the objectives. According to Kaplan and Norton (2001a,) a strategy map describes how shareholder value is created from intangible assets'. Hence, Strategic Map is a tool for creating organization alignment, a graphical picture of the customer/ stakeholder value chain and a tool for creating executive consensus and employee accountability. In relation to this, expected outputs at this step are:-

- Cause-effect relationships among objectives will be developed

- Enterprise-wide Strategy Map created from objectives

- Enterprise-wide Strategy Map approved by leadership

Step 5: Performance Measures

The 5 step in the design phase about performance measures is translation of an organization's mission and strategy in to a comprehensive set of performance measures that provides the framework for strategic measurement and management system. The performance measures are developed for strategic objectives. Performance measures should be defined clearly, differentiating the outcome and output measures, as well as the leading measures (future expected performance) and lagging measures (past performance history). In this step, you will also design your performance targets. This might be perceived as the most difficult and confusing step, so it is important that a bit of time is apportioned so that the performance measures will be meaningful (Morongwa, 2007). Performance Measures are indicators to track performance of an organization's strategies and a way of measuring any gaps in actual levels of performance compared to targeted levels. In addition to this, it is a means for measuring both organization effectiveness and operational efficiency and Visual indicators of relative success.

Because of this Performance measures should be designed in a strategic (focus on results). In this step expected out puts are:-

- Performance Measures and targets for each objective

- Upper and lower thresholds for each measure

- Baseline data for each Performance Measure

Step 6: Strategic Initiatives

In Step Six, the strategic initiatives are developed that support the strategic objectives. This is where the projects that have to be undertaken to ensure the success of the organization (the extent to which the organization fulfills its mandate or vision) are drafted and assigned. To build accountability throughout the organization, performance measures and strategic initiatives are assigned to owners and documented in data definition tables (Morongwa, 2007).

Moreover, According to David, (2006) strategic initiatives are defined as the collections of finite-duration discretionary projects and programs, outside the organization's day to day operational activities, that are designed to help the organization achieve its targeted performance. Strategic Initiatives are actionable projects that are aligned with Strategic Objectives and can be short-term or long-term also they are Wide-reaching organization projects (or programs) that have potential for significant organization impact and benefit. In this step expected out puts are:-

- Prioritize list of Strategic Initiatives

- Project management instituted: ownership, scope, schedule, and deliverables expected

  The Implementation Phase (Business Unit and Individual Scorecard)

Step 7: Software and Automation

Following the development of the corporate scorecard ,Step Seven (Software and Automation) involves automating the Balanced Scorecard system, and consists of analyzing software options and user requirements to make the most cost-effective software choice for today and to meet enterprise performance information requirements in the future. Automation is purposely put as Step 7 on the 9-step framework, to make sure that the proper emphasis is placed on strategic thinking and strategy development before "software seduction" sets in. Purchasing software too early limits creative strategic thinking, and purchasing software late makes it difficult to sustain momentum of the new system, as performance information reporting utilization is clearly an early benefit to be captured from the process of building the scorecard system (Morongwa, 2007).

Automation is using software to automate the collection, reporting, and visualization of performance data and transforming performance measurement data into useful information and business intelligence (Niven, 2006) and also it is presenting performance information to the people who need it in a visually appealing format.

Step 8: Cascading

Step Eight (Cascading) involves cascading the corporate scorecard throughout the organization to business and support units. Then team and individual scorecards are developed to link day-today work with departmental goals and corporate vision. Cascading is the key to organization alignment around strategy. Optionally, objectives for customer-facing processes can be integrated into the alignment process to produce linked outcomes and responsibilities throughout the organization. Performance measures are developed for all objectives at all organization levels.

As the scorecard management system is cascaded down through the organization, objectives become more operational and tactical, as do the performance measures. Accountability follows the objectives and measures, as ownership is defined at each level. An emphasis on results and the strategies needed to produce results is communicated throughout the organization (Morongwa, 2007).

Step 9: Evaluation

Evaluation is the last step of balanced scorecard implementation which involves evaluating the success of chosen business strategies. The key question asked is: Were the expected results achieved? The evaluation step includes ensuring that organizational learning and knowledge building are incorporated into planning, making adjustments to existing service programs, adding new programs if they are more cost effective and eliminating programs that are not delivering cost effective services or meeting customer needs; and linking planning to budgeting (Morongwa, 2007).

2.1.4. Benefit of Balanced Scorecard

Madsen and Stenheim (2014), support that the BSC has an overall positive effect on the performance of an Organization and they found three common benefits of balanced scorecard to management.

➢ The BSC assists managers to focus on strategy, structure and vision.

- The BSC integrates financial and non-financial-based metrics to assist managers to focus on the entire business process and ensure current business activities and events contribute to customer values and to the long-term organizational strategy

- The BSC assist managers to monitor the execution of a strategy by mapping cause-and effect linkages between employee activities and strategy implementation.

In the same scenario, Casey and Peck (2004) also support that the BSC benefits organization.

The BSC benefits organizations by providing managers with a deeper insight into business operations and into different ways to create value. In particular, strategy maps provide managers with a visual illustration of the inter-relationships between employee activities and strategy implementation. The process of developing strategy maps in itself provides the management with a deep insight into business operations and the potential areas to focus to create value. Thus, strategy maps are especially beneficial to organizations that use the BSC as a strategic management tool.

The benefits come from strategy maps providing a common language and a common frame of reference, facilitating discussion, communication and visualization of the organization strategy and channels or activities required to achieve the strategy Moreover, (Basuony, 2014) observes aligning organization to the strategy assists in solving the problem of communication especially formal reporting and bureaucracy whereas making the organization strategy an everyday job solves the problem of communication and coordination. Further, as a control system, the BSC assists large organizations to achieve their strategies by enabling management to articulate, communicate, and monitor strategy implementation.

In Addition to this, According to (Kaplan and Norton, 96) The Balanced Scorecard has many advantages these are:-

Balanced Scorecard (BSC) provides managers with the instrumentation they need to navigate to future competitive success. The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system.

The BSC enables companies to track financial results while simultaneously monitoring. progress in building the capabilities and acquiring the intangible assets they need for future growth.

2.1.5. Challenges of the Balanced Scorecard

Despite many stories of successful implementation of the Balanced Scorecard in large companies, Kaplan and Norton (2001), based on their experience of Balanced Scorecard practice in many organizations, identify two sources of the failure or challenges of the Balanced Scorecard in large companies: the design and the process.

2.1.5.1. Design Failure

A poorly designed Balanced Scorecard may lead to its failure in an organization. A poor design includes:

➢ Executive Sponsorship: represents lack of senior management commitment and support of the top management of the enterprise during the development and implementation of the system.

➢ Effective Project Team: To create a Balanced Scorecard that is capable of implementing the company strategy, linking individuals, creating new behavior and enhancing communication, a team of people is needed.

➢ Adequate Key Performance Indicators (KPIs): refers to the measurement of the strategic objectives of the balances scorecard. The decision about what metrics to incorporate in the balanced scorecard is perceived as one of the most difficult parts of the initiative (Niven, 2006). While, Too few measures in each perspective, leading to failure to obtain a balance between leading and lagging indicators or financial and non-financial indicators, too many indicators without identifying the critical few: in this case, the organization will lose focus and be unable to find linkage between indicators.

2.1.5.2. Process Failure

Process failures are the most common causes of failure or challenges of the Balanced Scorecard and include (Kaplan and Norton, 2001, p. 361):

- Lack of Participation: According to Pujas (2010), during the implementation process, if the importance of employee involvement is not understood, the organization may miss the opportunity to benefit from the employees' knowledge that is directly related to the areas in which they exert influence. Keeping the scorecard at the top.

- Inadequate IT Support: According to Niven (2006), the problem of gathering and entering data into the Balanced Scorecard is emphasized during the implementation process. To overcome such problem and smoothen the implementation process, the system should be supported by an appropriate IT system

- Lack of BSC Education and Training: like any system, the implementation of the balanced scorecard, requires the creation of sufficient awareness which obviously requires conducting continuous training and education.

- Introducing the Balanced Scorecard only for compensation

- Balanced Scorecard Concept Clarity: refers to the failure to understand what exactly the Balanced Scorecard is and what its implementation involves.

The underlying factor behind these failures is ineffective communication within an organization. This means that not everyone in the organization understands the concept and thus may even oppose it. The Balanced Scorecard is not a one-time project: It is a continual process. It translates strategy to operational terms, aligns the organization to strategy, and makes strategy everyone's everyday job. All of these elements must be fully supported by senior management and the executive leadership is clearly required (Kaplan and Norton, 2001).

2.1.6. Empirical Review

A study conducted by (Madsen and Stenheim, 2014) proof that the concept is useful. In this finding the consultants highlighted that the BSC can be used to balance shareholder and stakeholder demands, the concept's compatibility with local culture and business practices in Scandinavia, and how the BSC can be used to communicate and visualize. The user organizations highlighted that the concept helps them with managerial "focus", gives them a sense of "balance", helps with

communication and visualization, aligns goals, is a cultural and motivational tool, and that the BSC label can be used to drive organizational change processes.

However, (Stephen and Gabriel ,2010) The study on Application of balanced scorecard at Essar Telecom Kenya Ltd, the result shows that even if this company uses the balanced scorecard primarily for strategy implementation and performance management tool; various challenges experienced such as Management being too busy solving and implementing short term goals, inadequate top management support, lack of highly developed information system to support balanced score card, lack of linkage of balanced scorecard to employee reward, balanced scorecard is time consuming to develop, lack of skills and know how in developing and implementing balanced score card, organizational politics, change management strategies, revenue constraints. The study further shows that the benefits of balanced score card outweigh the costs if implemented fully, efficiently and effectively.

In the same scenario, the study by (Hiwot, 2015) Practice and challenge of balanced scorecard implementation in CBE, in her finding different factors were identified as responsible challenges after balanced scorecard implementation in the bank. The study shows that after BSC implementation the impact is negative on the performance evaluation system in the bank as well as the key performance indicators are not measured the performance of the individual and the bank progress; Concerning the target given to the individual workers was not considered the internal capacity of the bank consequently the target is unattainable and unrealistic and the existing communication system is poor as a result it does not facilitate interactive way of communication. However, the study shows that BSC implementation in CBE has also a positive impact.

Thus, the above studies show that even though the balanced scorecard implementation has benefits for the organization performance it has its own challenges and limitations for the successful implementation. Considering this challenge, deploying this tool needs a careful attention.

CHAPTER THREE

STUDY DESIGN AND METHODOLOGY

This chapter gives an outline of the research methodology that was used in the study. Here, the plan of the research and the detailed tactics that helped to answer the research questions and arrive at conclusions are presented.

3.1. Research Design and Approach

The researcher used a descriptive method of study. According to (Cooper and Schindler, 2003) this method tries to answer the questions who, what, when, where and how and the researcher attempts to describe or define a subject, often by creating a profile of a group of problems, people or events. Hence, the researcher used this method to assess the practice and challenges of BSC system in SELSE because this method describes the characteristics of objects, people, group or environment. Moreover, mixed approaches were used to analyze the data.

Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be express in terms of quantity. Qualitative research is concerned with qualitative phenomena. For example study what make people hard work or be lazy will lead to arriving at qualitative cause such as weather the jobs are challenging or not weather the salary is attractive or not and weather there are opportunity to grow within the organization. Qualitative research is especially in the behavioral scientist where the aim is to discover the underline motive, interest, personality and attitude of human being, (Shejahan, 2004).

3.2. Population, Sample Size and Sampling Techniques

3.2.1. Research Population

The target population of this study is ESLSE staffs. Due to time and resource constraint it will be impractical for the researcher to survey the entire staffs so that this study will only focus on head quarter staffs. According to preliminary survey of ESLSE profile the total staffs is 3000 out of this the head quarter staffs is 704. So, the target population of study was 704, and its structure classified by four operational sectors. The

sector in ESLSE under the Chief executive office, corporate service sector, Shipping service sector, Fright forward service sector and, port and terminal service sector.

3.2.2. Sample Size and Techniques

Due to limitedness in capacity, the study cannot address the entire population of permanent employees in ESLSE, rather represent a sample. Sampling can be explained as a specific principle used to select members of respondent to be included in the study. It has been rightly noted that "because many populations of interest are too large to work with directly, techniques of statistical sampling have been devised to obtain samples taken from larger populations" (Proctor, 2003, p.100).

The researcher used Stratified random sampling to select the respondents. Since, Stratified random sampling intends to guarantee that the sample represents specific subgroups or strata. Accordingly, application of stratified sampling method involves dividing population into different subgroups (strata) and selecting subjects from each stratum in a proportionate manner.

In relation to this, Stratified sampling can be divided into the following two groups: proportionate and disproportionate. Application of proportionate stratified random sampling technique involves determining sample size in each stratum in a proportionate manner to the entire population.

For this study the researcher preferred to use stratified random sampling. Stratified random sampling techniques were used by dividing each sector exist in the enterprise and give equal chance of being selected for each stratum. This sampling method will give equal chance of being selected for each department and also it is free from sampling bias.

These were selected to ensure that the sampling size had characteristic representation of the population using the formulae developed by Mugenda and Mugenda (2003). The formula to find the sample size is:

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

Where n =sample size, N =population size, e= sampling error (usually .10, .07, 05 and .01 acceptable error, the researcher will use 0.05 sampling error).

$$n = \frac{704}{1+ 704 (0.05)^2} \qquad n = 255$$

The researcher took 255 as a sample and to determine the sample size of the selected division researcher used proportional stratification. Accordingly, the proportion of the sample for all divisions presented as follows;

Finger 3.1: proportion of the sample for all divisions/sectors

No.	Division/sectors	Population	Sample Proportion
1	Chief executive office	70	25
2	Corporate service	330	120
3	Shipping service sector	128	46
4	Fright forward service sector	133	48
5	port and terminal service sector	43	16
Total		704	255

Source: company's profile

3.2.3. Source of Data and Methods of Data Collection

The study used both secondary and primary data sources. The primary data for the research were collected from participants through structured questionnaires. In an effort to address the research objectives and to provide possible recommendations, the study used both primary and secondary data sources. With regards to primary data, questionnaire has been prepared to get insight of employees about the practice and

Challenges of BSC implementation while implementing in ESLSE and a "five point Likert Scale" employed to treat most of the responses through questionnaires.

And also the researcher have been used interview as a primary data by considering that the use of interviews can help the researcher to gather valid and reliable data that are relevant to the research questions and objectives. Hence, the researcher by considering the above advantage used semi–structured interviews that were conducted to the selected change management experts by using purposive sampling i.e. The rational using judgmental sampling is by personally considering that change management division has experts in related with the study area.

3.3. Procedures of Data Collection

The study was largely depends on primary data, which have been collected through survey method by using standard questionnaires that were arranged in standardized 5-point Likert's scale, as well as interviewing have been conducted for experts who have the relevant exposure in the development and implementation of the balanced scorecard system. The standard questionnaire has been target on the management and highly professional employees of the enterprise. In addition, secondary data such as relevant balanced scorecard documents were referred too.

The questionnaire has classified in three parts, the first part relating to demographic profile of respondents, the second part about the respondents understanding on the contribution and the third part also about challenges of BSc implementation in ESLSE. Pilot test was conducted using 5 questionnaires to identify and eliminate potential problems associated with question content, wording and format.

The procedure for the data that was collected using questionnaires was first to identify the respondents after that communicated to get their consent. Once the respondents gave consent, the prepared questionnaires were distributed to each participant by appreciating their participation and devoting their precious time for the research. The questionnaires were collected by rechecking the completeness of the data. Regarding to interview, the researcher have interviewed the enterprise change management manager and experts by creating comfortable atmosphere during the interview. Besides the reliability test was assessed using Cronbach alpha. Finally the

researcher went to randomly selected respondents in each division and distributed a total of 255 questionnaires and 228 usable questionnaires were collected. The rest 27 questionnaires were not returned.

3.4. Method of Data Analysis

The collected quantitative data were entered and analyzed with the help of statistical software SPSS version 20. Data were cleaned for outliers and corrected and tables were used for the description of data as deemed required. Respondent's profile expressed in the form of frequency and percentage and the anticipated benefit of BSC under four perspectives, its challenges and employee perception about BSC as performance evaluation system was analyzed and Mean score were also used a descriptive analysis.

While for The qualitative data that collected from open ended which was incorporated in constructed questioner and from change department officer using interview were classified in main thematic areas and summarized to identify the major challenges and practice of the enterprise being analyzed in brief and meaningful way.

3.5. Ethical Considerations

In conducting the research, the researcher has been take into account the following ethical considerations:

Any relevant data for the study were collected by issuing an official letter to the concerned entity.

- Respondents have being informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involve.
- The confidentiality of information supply and the anonymity of respondents were respected.

3.6. Validity and Reliability

Validity: Validity of an instrument is how accurate the instrument is in obtaining the data it intends to collect (Mugenda & Mugenda 2003). Validity indicates the degree to which the instrument measures what it is supposed to measure (Kothari, 2004). To ensure precision, relevance and content validity of the instrument, the questionnaire was subjected to critical evaluation by the researcher and the advisor. Discussions were held with peers and professional experts in change management department, who will went through the instruments to evaluate if it contained representative sample.

Reliability: To measure the consistency of the scores obtained, and how consistent they were for each individual from one administration of an instrument to another and from one set of items to another, the study used Cronbach's alpha (a measure of the internal consistency of the questionnaire items) using data from all the respondents. Separate reliability tests for each of the variables were computed. The key statistic in interpreting the reliability of the scale was the alpha listed under the reliability co-efficient section at the end of the output. The value of coefficient alpha ranges from zero (no internal consistency) to one (complete internal consistency); accordingly, the alpha coefficient for the variables were 0.816 suggesting that the variables have relatively high internal consistency. (Note that a reliability coefficient of .70 or higher is considered "accept able" in most social science research situations). Hair et al. (2007) mentioned that the rationale for internal consistency is that the individual items or indicators of the scale should all be measuring the same construct and thus be highly inter-correlated. The measurement scales for the variables in this study were based on a 5-point Likert scale ranging from "strongly agree" to "Strongly disagree".

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

The chapter is all about data presentation and data analysis. It presents presents response rate, respondent's profile, and the analysis of data collected for the study that describe about practice and challenges of balanced scorecard implementation. The analysis and interpretation from the information collected through structured questionnaires were collected and analyzed by the statically package for social science (SPSS) version 20. In the same scenario, data collected from primary sources through interview also analyze in a brief and precise way.

4.1. Response Rate

Responses from head quarter of the enterprise were used in the data analysis. The chapter presents results on the practice and challenges of balanced scorecard implementation a case study of Ethiopian shipping and logistic service enterprise. 255 questionnaires were distributed to collect date form management and highly professional employees of the enterprise. Out of 255 questionnaires distributed the researcher received 228 questionnaires giving a response rate of 89.4%. Even though, from the response 11 questionnaires (4.3%) were unusable due to uncompleted questionnaires. Hence, it can be concluded that the usable response rate 85.1% gained in this study is acceptable and sufficiently large for analysis.

4.2. Profile of Respondent

This Section summarizes the Sex of respondent, age of respondent, their Educational Level, respondents position (Level) in the organization, Years of service on the current job, total Years of service in the organization and their Division. The purpose of this demographic analysis is to know how much proportion of male and female, age distribution, how many employees are educated, how many years the employees has experience on ESLSE and how many employees participated from each division. The proportion of each demographic characteristic of respondents presented one by one as below.

Table 4.1: Demographic characteristics of the respon

Parameters	Category	Frequency	Percent
Gender	Male	137	60.1
	Female	91	39.9
	Total	228	100.0
Age of Respondents	20-30	115	50.4
	31- 40	91	39.9
	Above 50	22	9.6
	Total	228	100.0
Educational Level	Diploma	22	9.6
	Degree	198	86.8
	Masters	8	3.5
	Total	228	100.0
current position (Level)	4-6	160	70.2
	7-9	46	20.2
	10-12	19	8.3
	13-15	3	1.3
	Total	228	100.0
Years of service on current position of the respondents	below 1	23	10.1
	1-5	162	71.1
	6-10	26	11.4
	16-20	17	7.5
	Total	228	100.0
Years of service in the organization of the respondents	below 1	22	9.6
	1-5	159	69.7
	6-10	24	10.5
	16-20	22	9.6
	above 30	1	0.4
	Total	228	100.0

Source: Own Survey

Demographic characteristics of the respondents' are summarized in Table 4.2: 60.1% and 39.9% of respondents were male and female respectively. Therefore, the majority of the respondents are male. The respondents' age in the study area was indicated that, 50.43% of the respondents are grouped under the age of 20-30 years, 39.91% of the respondents are under category of 31-40 years, and 9.6% of the respondents are categorized above the age group of 50. Thus, from this result the researcher conclude that majority of ESLSE staffs are young. Regarding to, educational background of the respondents' reviled that the majority 86.65% of respondents hold BA degree (Under graduate), 3.5% of respondents hold master's degree (post graduate), and 9.65% are diploma holder. This result implies that above 3.5. % of the participants in the survey are literate people who have already achieved first degree and above. Hence, respondents are well-educated who are believed to be responsible to know about the study area and to give valuable response. On the subject of job grade 70.2% of respondents are 4-6 level (Officers), 20.2 % of respondents are7-9 level (senior), 8.3% are 10-12 level that means their position is middle managers, 1.3% respondents are 13-15 level this implies that they are professional in their field of task and top managers. From this result the majority of the respondents are found in level 4-9 while the study also comprises almost all the hierarchical position in ESLSE. Based on service year on current position of sample respondents the majority 39.1% of respondent has less than one year of service in their current position. 27.1% of respondents have from 1-2 years of service and 13% has 3-5 years of service in their current position respectively. 11.4% of respondents have 11-15 years of service and finally 9.4% of the respondents have 5-10 years of service. On the subject of work experience in the organization, majority of respondents 69.7% found between 1-5 years subsequently 10.5% of respondents have served between 6-10 years, 9.8% of respondents have service 16-20, next to 9.4%, and of respondents' below 1 and between 4% of respondents 21-30 service years; respectively have works experience in ESLSE.

Table 4.2: Proportion of the Participated Respondents in each Division

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CEO sector	23	10.1	10.1	10.1
	Corporat service sector	92	40.4	40.4	50.4
	Shipping service sector	46	20.2	20.2	70.6
	Fright forward service sector	45	19.7	19.7	90.4
	Port and service sector	22	9.6	9.6	100.0
	Total	228	100.0	100.0	

Source: Own Survey

Finally, according to the survey result reveals in figure 4.5, 10.1% of respondents are belongs from CEO office, 40.4% are from corporate service sector,20.2% are from shipping service sector, 19.7% are from Fright forward service sector, 3.9% are from Enterprise,3.3% are from Finance, 3.3 % from Human Resource, 3% from marketing and communication, 2.4% are from Residential Sales, 1.5% are from quality and process, and finally 9.6% are from port and terminal service sector. From this result the researcher conclude that the study consist of respondents from all division to ensure that accuracy of the finding.

4.3. Analysis of Data Pertaining to the Study

In this section, the data collected is analyzed and presented using descriptive statistics on statistical package for social science (SPSS) simple and understandable manner. And the researcher used N for Number and % For Percentage. To know the respondents level of agreement on ESLSE's BSC's practice, the parameters under listed statements were asked to the respondents and analyzed and interpreted accordingly.

4.3.1. BSC Practice in ESLSE

Table 4.3: BSC Practice in ESLSE

No	Statement	N	SD	D	N	A	DA		MS
1	Assessment of the organization's strategic elements: the mission and vision, SWOT and organization values are conducted well.	N		23.00	69.00	136.		228	3.50
		%	-	10.09	30.26	59.65	-	100	
2	The change management plan for the organization level was prepared properly in advance.	N		69.00	113	46.00		228	2.90
		%	-	30.26	49.56	20.18	-	100	
3	The communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication are well defined.	N		69.00	113	46.00		228	3.10
		%	-	30.26	49.56	20.18	-	100	
4	All performance objectives and measures have been aligned with organizational/corporate strategy.	N	23.00	46.00	91.00	68.00		228	2.90
		%	10.09	20.18	39.91	29.82	-	100	
5	BSC creates the ability for management to translate a broad vision into a strategy that can build harmony and commitment throughout the enterprise	N		92.00	46.00	45.00	45.00	228	3.20
		%	-	40.35	20.18	19.74	19.74	100	
6	The implementation of BSC enhances working culture of the company.	N		46.00	69.00	91.00	22.00	228	3.40
		%	-	20.18	30.26	39.91	9.65	100	
7	The balanced Scorecard helps ESLSE to meet its corporate Goal.	N	23.	45.00	46.00	92.00	22.00	228	3.20
		%	10.09	19.74	20.18	40.35	9.65	100	

Source: Own Survey

The above Table 4.3: result indicates that respondents replied relatively positive on majority of parameters. More elaborately, respondents believed that the Assessment of the organization's strategic elements: the mission and vision, SWOT and organization values are conducted well, with a maximum mean score of 3.5. On the other hand, respondents tend to neutral for the statement, "the change management plan for the organization level were prepared properly in advance and all performance objectives and measures have been aligned with organizational/corporate strategy" with a minimum

mean score of 2.9 to each. However, the major parameters implies that the BSC's system practice of ESLSE enables them to search a way to align a corporate strategy to individual level as a result BSC found a best means to control the achievement of company strategy.

4.3.2. Challenges of BSC Implementation in ESLSE

The study tried to measure the opinion of the sample respondents on whether they agreed on the level of executive sponsorship in their Enterprises.

4.3.2.1. Executive Sponsorship

Table 4.4: Level of Executive Sponsorship

No	Statements	N	SD	D	N	A	DA		MS
1	The top management of the enterprise took the initiative to implement the BSC.	N		91	69	68		228	2.90
		%	-	39.91	30.26	29.82	-	100	
2	There was full support from the top management of the enterprise when it was decided to start the BSC implementation.	N		92	45	91		228	3.00
		%	-	40.35	19.74	39.91	-	100	
3	The top management of the enterprise periodically monitors the progress of the BSC implementation.	N	22	92	91	23		228	2.50
		%	9.65	40.35	39.91	10.09	-	100	
4	The top management works closely with the BSC champion or the responsible team or Dedicated process to implement the system.	N	22	69	137			228	2.50
		%	9.65	30.26	60.09	-	-	100	

Source: Own Survey

Regard to Top management's commitment in executive sponsorship, for the Balanced Scorecard implementation effort, the respondents were neutral for the parameter of "There was full support from the top management of the enterprise when it was decided to start the BSC implementation" with maximum mean score of 3. On the other hand, minimum mean score of 2.5 was registered to the both questions requesting the level of top management's involvement with the BSC champion and top management's commitment in periodically monitoring the progress of the BSC implementation. This implies that the executives of the enterprise have no sufficiently supported the

implementation process by taking the BSC as one of the priorities of the enterprise. However, they have loads of other responsibilities; they expected to exert there overlooking closely working with the BSC champion.

4.3.2.2. Competent Project Team/Dedicated Process

Table 4.5: Effectiveness of Dedicated Project Team

No	Statements	N	SD	D	N	A	DA		MS
1	A specific process/department were established to exclusively monitor the implementation of the BSC.	N	45	69	91	23		228	2.40
		%	19.74	30.26	39.91	10.09	-	100	
2	In the enterprise, there is a specific person (BSC champion) or department who is responsible to implement BSC.	N	22	115	45	23	23	228	2.60
		%	9.65	50.44	19.74	10.09	10.09	100	
3	The process that is responsible to oversee BSC implementation is handling its duties effectively.	N	22	92	23	68	23	228	3.00
		%	9.65	40.35	10.09	29.82	10.09	100	

Source: Own Survey

According to Kaplan and Norton (2005), Executing strategy and implementing a new system usually involves making changes that only a CEO can empower, and the office which is responsible for the implementation of BSC will be most effective when it has direct access to the CEO. In this regard, the enterprise has an independent establishment to oversee the implementation of the balanced scorecard and the enterprises' strategy. From the above table 4.5 responses, we can observe that the respondents disagreed to The process that is responsible to oversee BSC implementation is handling its duties effectively with mean score of 3. On the other hand, the respondents have doubts on the effectiveness of the process/department that is established to oversee the implementation of the balanced scorecard system, depicting it with the mean score of 2.4. This implies that the establishment and functionality of these bodies is not to the level that is required for effective support of the BSC implementation.

4.3.2.3. Key Performance Indicators

Table 4.6: Evaluation of Key Performance Indicators

No	Statements	N	SD	D	N	A	DA		MS
1	the set of quantifiable measures that derived from the corporate's strategy were selected carefully	N	23	69	90	46		228	2.70
		%	0.10	30.26	39.47	20.18	-	100	
2	The measures/KPI in each perspective is enough to measure the enterprise Performance.	N	23	68	91	46		228	2.70
		%	10.09	29.82	39.91	20.18	-	100	
3	The target given in our division is clear and achievable.	N	23	92	23	68	22	228	2.90
		%	10.09	40.35	10.09	29.82	9.65	100	
4	The identified measures /KPI's/ clearly measure my work	N	45	92	46	23	22	228	2.50
		%	19.74	40.35	20.18	10.09	9.65	100	

Source: Own Survey

As depicted, above with regard to Key Performance Indicators, whether the measures/KPI in each perspective is enough to measure the enterprise Performance and the Target given in their division is clear and achievable, the respondents has disagreement with a maximum and minimum mean score of 2.9 and 2.5 respectively. This implies that there is a loose relationship of KPIs with the enterprise's mission , vision and objectives to be achieved and there   are inadequate key performance indicators on the respective scorecards.

4.3.2.4. Process Challenges of BSC Implementation SELSE

According to Kaplan and Norton (1992), one of the crucial factors for the successful implementation of the balanced scorecard is to create clarity of the concept of the balanced scorecard system weigh before starting implementation of the system. In accordance, the sample respondents were asked to express their level of agreement with some basic statements about the Process Challenges of the balanced scorecard.

4.3.2.6. Concept Clarity of the Balanced Scorecard

Table 4.7: Concept Clarity on Balanced Scorecard

No	Statements	N	SD	D	N	A	DA		MS
1	I understand well what exactly the Balanced Scorecard is and what its implementation involves	N		23	69	113	23	228	3.60
		%	-	10.09	30.26	49.56	10.09	100	
2	I understand the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication system of the enterprise	N		23	69	136		228	3.50
		%	-	10.09	30.26	59.65	-	100	
3	I have been informed and understood the meaning of the corporate objective in each perspectives of the enterprise's corporate scorecard.	N		46	92	68	22	228	3.30
		%	-	20.18	40.35	29.82	9.65	100	
4	I understood the alignment of my work unit's objectives with the corporate level objectives and the enterprise's	N		46	69	68	45	228	3.50
		%	-	20.18	30.26	29.82	19.74	100	

Source: Own Survey

Accordingly, as depicted in Table 4.7 above, a minimum mean response of 3.3 and the maximum mean response of 3.6 was registered and representing somewhat significant level of agreement. This implies that in the enterprise's employees under study, the basic concept and awareness about the balanced scorecard has been encouragingly created.

4.3.2.7. Balanced scorecard education and training

According to Niven (2007), Organizations, should take the necessary time at the beginning of the implementation to develop a comprehensive Scorecard curriculum that includes background on the concept, objectives in implementing the BSC, typical problems, success stories, and practical implementation details.

Table 4.8: BSC Education and Training

No	Statements	N	SD	D	N	A	DA		MS
1	The enterprise has provided me training that equipped me with a sufficient knowledge about the concept and meaning of the BSC.	N		92	46	90		228	3.00
		%	-	40.35	20.18	39.47	-	100	
2	The enterprise has provided me a training to design my own personal scorecard in alignment to the process/team/branch scorecard	N		115	23	90		228	2.90
		%	-	50.44	10.09	39.47	-	100	
3	I was properly guided by immediate supervisor while I was designing my individual/work unit's BSC	N	23	69	46	67	23	228	3.00
		%	10.09	30.26	20.18	29.39	10.09	100	

Source: Own Survey

Accordingly, for the item that seeks to know whether adequate training is delivered or not regarding cascading and BSc implementation for the vertical alignment of BSC with company strategy, a minimum mean score of 2.9 and, a maximum mean score of 3 is achieved. This implies that the level of training and education conducted by the enterprise is not to the level that can create sufficient knowledge about the balanced scorecard and did not guide them in how to design their own scorecard.

4.3.2.8. IT Support

Automating the Balanced Scorecard provides a number of benefits and maximizes its use as a measurement system, strategic management system, and communication tool. Automation also supports true organization wide deployment of the tool (Niven, 2006).

Table 4.9: BSC Automation

No	Statements	N	SD	D	N	A	DA		MS
1	The enterprise's balanced scorecard system is fully automated.	N	90	69	46	23		228	2.00
		%	0.39	30.26	20.18	10.09	-	100	
2	There is adequate advanced Technology in ESLSE to achieve company objectives.	N	67	92	46	23		228	2.10
		%	29.39	40.35	20.18	10.09	-	100	
3	An appropriate IT system has been designed to help employees collect, record and report their periodic performance	N	91	91	46			228	2.80
		%	39.91	39.91	20.18	-	-	100	

Source: Own Survey

In order to assess the opinion of the respondents with regard to the level of automation of the balanced scorecard in their enterprise, the respondents significantly disagreed with maximum mean score of 2.8 and minimum mean score of 2. This implies that there is no any customized IT system being used by this enterprise in order to fully take hold of all the benefits that would be provided by the balanced scorecard system.

4.3.2.9. Organizational Level Participation

Table 4.10: BSC Participation

.No	Statements	N	SD	D	N	A	DA		MS
1	There is a platform that enabled the whole employees of the enterprise to be involved in the implementation of BSC.	N		114	46	68		228	2.80
		%	-	50.00	20.18	29.82	-	100	
2	BSCs program of the enterprise at all levels were prepared by participate all concerned parties.	N	23	114	23	68		228	2.90
		%	10.09	50.00	10.09	29.82	-	100	
3	Information about the enterprise's balanced scorecard implementation status is being provided timely for all concerned.	N		91	115	22		228	2.60
		%	-	39.91	50.44	9.65	-	100	

Source: Own Survey

With regard to measuring the level of organizational participation in these enterprise, as depicted the above table 4.10, the under listed four questions were raised to the respondents, and according to their respond to same what nuteral to the all statements, with average mean score of 2.8. This implies that there is a highly limited level of employee participation while implementing the balanced scorecard.

4.3.3. Contribution of BSC from four basic business perspectives of BSC Implementation in ESLSE

4.3.3.1. Customer Perspective
To know the respondents level of agreement on customer perspective the under listed parameters were asked to the respondents and analyzed and interpreted accordingly.

Table 4.11: Customer Perspective

No	Statements	N	SD	D	N	A	DA		MS
1	The marketing division of ESLSE focuses its activities on customer relationships development.	N		68.0	69.0	91.0		228	3.10
		%	-	29.82	30.26	39.91	-	100	
2	The enterprise internal or external customer's satisfaction has been increased.	N		22	69	114	23	228	2.60
		%	-	9.65	30.26	50.00	10.09	100	
3	In my division internal or external Customer Complaints Solved in a very short period of time	N		114	69		45	228	2.90
		%	-	50.00	30.26	-	19.74	100	
4	The number of customers has been Increased.		45	68	92		23	228	2.50
			19.74	29.82	40.35	-	10.09	100	

Source: Own Survey

Based on the above result in table 4.11 we assure that ESLSE insufficient to sustain its customer satisfaction by putting customer satisfaction as one of a performance measurement criterion. This statement supported by the respondents responded were approached to neutral with all the statement requested with a maximum mean score of 3.1

and tend to disagree with minimum mean score of 2.5. This implies that the enterprise have not good appearance in the eyes of their customers in order to achieve the organization's vision and mission.

4.3.3.2. Internal Process Perspective

According to (Gekonge, 2005) internal processes perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet the organizational objectives and customers☐ expectations, organizations must identify the key business processes at which they must excel. Consequently, the below respondents level of agreement insures that whether ESLSE trying to focus (identify) on key activities to meet its customer expectation or not and to meet targeted financial performance

Table 4.12: internal process perspective

No	Statements	N	SD	D	N	A	DA		MS
1	The enterprise's service delivery time have been improved.	N	23	23	92	90		228	3.10
		%	0.10	10.09	40.35	39.47	-	100	
2	ESLSE focus on key activities that makes the company world class operator.	N	23	91	46	45	23	228	3.80
		%	10.09	39.91	20.18	19.74	10.09	100	
3	The work method and process are improved in ESLSE.	N	46	91	68	23		228	2.70
		%	20.18	39.91	29.82	10.09	-	100	
4	The implementation of BSC increases the accessibility of ESLSE services.	N		69	69	90		228	3.10
		%	-	30.26	30.26	39.47	-	100	
5	The implementation of BSC helps ESLSE to improve information communications(IC) process.	N		69	46	113		228	3.20
		%	-	30.26	20.18	49.56	-	100	

Source: Own Survey

The above table 4.12 describes the respondents☐ opinion on the internal business perspectives result indicates that respondents replied relatively positive on majority of

parameters this denotes that there is improvement in internal process perspective after the implementation of BSC. With a maximum mean score of 3.8. On the other hand, respondents reflect their disagreement on the work method and process is improved after implementation of BSC in ESLSE with a minimum mean score of 2.7. This implies that respondents described the internal business prosess improvement is not observable after the implementation of BSC.

4.3.3.3. Learning and Growth Perspective

Table 4.13 Respondents Level of Agreement on Learning and Growth Perspective

No	Statements		SD	D	N	A	DA		MS
1	The training program given for me is appropriate to enhance my performance in work.	N	23	69	68	68		228	3.40
		%	0.10	30.26	29.82	29.82	-	100	
2	ESLSE improves skill and knowledge of its employees by giving adequate training and workshops	N	23	114		91		228	2.40
		%	10.09	50.00	-	39.91	-	100	
3	I have being sufficiently well trained to deal effectively with our Clients/customers.	N		46	69	113		228	3.30
		%	-	20.18	30.26	49.56	-	100	

Source: Own Survey

The learning and growth perspective examines the ability of employees (skills, talents, knowledge and training), the quality of information systems (systems, databases and networks) and the effects of organizational alignment (culture, leadership, alignment and teamwork), in supporting the accomplishment of organizational objectives (Gekonge, 2005). Thus, the above teble 4.11 listed parameters designed to know the respondents opinion on ESLSE success on this perspective.

The result in table 4.13 indicates that respondent's opinion on learning and growth perspective. From the above result we understand that relatively respondents replied positively. It was also observed that a larger number of the respondents have agreed that the training program given for them is appropriate to enhance their performance in work with a mean score of 3.4 and 3.3 respectively. In the contrary, respondents have disagreed ESLSE improves skill and knowledge of its employees by giving adequate training and

workshops with a mean score of 2.4. However, the result also reflected that ESLSE did not give adequate training to improve skill and knowledge's of employee.

4.3.3.4. Financial Perspective

Table 4.14 Respondents Level of Agreement on Financial Perspective

No	Statements		SD	D	N	A	DA		MS
1	ESLSE Uses its resource Cost efficient and effectively.	N	46	46	91	45		228	2.60
		%	0.20	20.18	39.91	19.74	-	100	
2	The Implementation Of BSC helps ESLSE to reduce unnecessary resource wastage	N		46	46	113	23	228	3.50
		%	-	20.18	20.18	49.56	10.09	100	
3	The Implementation of BSC helps ESLSE to Increase Its revenue.	N		46	68	91	23	228	3.40
		%	-	20.18	29.82	39.91	10.09	100	
4	Resources and Company Working Time Utilization are Improved.	N	23	69	68	22	46	228	3.00
		%	10.09	30.26	29.82	9.65	20.18	100	

Source: Own Survey

In ESLSE this perspective achieved through objectives of revenue growth, improve resource utilization and minimizing resource wastage. Regarding this the respondents level of agreement on the four parameters presented here under.

The above table 4.14 summarizes that the improvement of financial perspective under four parameters. As we can see in the result respondents replied positively regarding the statement "The Implementation Of BSC helps ESLSE to reduce unnecessary resource wastage" with a maximum mean score of 3.5. In contrary, respondents replied negatively regarding to the statement "ESLSE Uses its resource Cost efficient and effectively" with a minimum mean score of 2.6. Whoever, there is exhibited some contradiction between the two parameter, it still indicates that the implementation of BSC improve financial performance of the ESLSE.

4.3.4. Employee's perception about BSC implementation as performance evaluation system

Table 4.15: Employee's perception about BSC as performance evaluation system

No	Statements	N	SD	D	N	A	DA		MS
1	I am satisfied with balanced scorecard as performance evaluation system	N	46	91	69	22		228	2.30
		%	0.20	39.91	30.26	9.65	-	100	
2	The template that require for the performance evaluation is easy to use	N	23	46	92	44	23	228	3.00
		%	10.09	20.18	40.35	19.30	10.09	100	
3	The implementation of BSc makes The rewarding system (Bonus, annual increment) Very Attractive	N	23	46	92	44	23	228	2.30
		%	69	46	91	22		228	
4	The performance evaluations of the enterprise after the implementation of BSC become very interesting.	N	46	68	92	22		228	2.40
		%	20.18	29.82	40.35	9.65	-	100	
5	Each measures/KPI weighted based on their importance.	N	23	68	46	91		228	2.90
		%	10.09	29.82	20.18	39.91	-	100.00	

Source: Own Survey

The above table 4.15, depicts that respondent's level of agreement on statements raised with regards to their perception on the BSC implementation as performance evaluation system, respondents were neutral on the template that require for the performance evaluation is easy to use with a maximum mean score of 3. This result shows that measuring the performance using existing template is difficult. Finally, as we can see in the above table, employees are disagreed on the implementation of BSC makes the rewarding system (Bonus, annual increment) not attractive with a minimum mean score of 23. This result indicate that the rewarding system in ESLSE after the implementation of BSC is not attractive as expected as a consequence of aligned the company performance to each individual.

4.4. Analysis of the qualitative data (Interview)

In the effort to collect information with regard to the implementation of the balanced scorecard, concerned managers of the enterprise were interviewed about the overall process they went through, the challenges they have faced and the current status. Accordingly, the responses from the interview were analyzed in the following manner;

According to the strategic Management team manager, the team has been primarily organized by having all the BSC study team members as its permanent staff. The Office of change Management has been primarily dealing with enabling and monitoring the overall implementation of the balanced scorecard system as the enterprise's performance measurement and strategic management tool.

Accordingly, each process/team has designed its own scorecard and has been monitoring its performance quarterly since then. With regard to individual level scorecard, the enterprise has been faced with difficulties of obtaining key performance indicators that can objectively measure the individual performance. However, it has been cascaded the corporate scorecard down to the branch/business unit level and measure their performance progress accordingly.

According to the change Management Team Manager, the major challenges faced by the enterprise are lack of clarity of the concept of the balanced scorecard nevertheless in depth training was provided, difficulty of finding relevant KPIs, inability to support the system with relevant IT system. Besides, according to the manager, ESLSE got a benefit from BSc implementation this proved by each and every employees starting doing their duties and responsibilities by plan and they have also targets. And also their performance evaluation conducted based on their level of achievement when compared to their target. Whereas, it has faced some problems while implementing BSC. The manual nature of its implementation makes difficult to control each individual's objective and measure. As a result ESLSE couldn't control whether they are doing their jobs based on plan or not. Similarly some KPI difficult to measure quantitatively because of this some KPI,s evaluation is subjective. In related to this, in most of the division selecting a measure under learning and growth is became very difficult. And also according to him the template that used to evaluate the performance of each individual and division is not easy because of its dual nature. It has both target and accomplishment feature.

The manager/interviewee said that to solve the above listed problems ESLSE work to make the implementation of BSC systemize by given the training to all officers and chief officers and some of supervisors regarding what BSc is and its implementation process

whereas the commitment of management to support the employees on how to implement is very poor. Thus in orders to eradicate this problem change management department being prepare supporting procedure to show the procedure of BSC implementation throughout the organization. Finally, the manager/interviewee says that ESLSE at the corporate level do have enough measure in each perspective to evaluate the performance of each division but there is a problem when departments, sections, groups and individuals cascade the division level BSC as a result adequate measures may not be cascaded and therefore the organization's strategy may not translate into action at a full capacity.

CHAPTER FIVE

SUMMERY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, the findings were systematically summarized, thereby relevant conclusions were drawn from the findings and the study has also tried to foreword relevant recommendations. The main purpose of this study was to assess the overall practice and challenges faced while implementing the balanced scorecard system in the ESLSE. Hence, the researcher summarized the major findings of the study results from qualitative and quantitative data analysis for each corresponding basic research questions as follows:

5.1. Summary of major finding

Based on the interview, prior to implementing the balanced scorecard, an independent service named the Strategic Management and Communication process has been established composing members from concerned processes of the enterprise. The team has been primarily dealing with enabling and monitoring the overall implementation of the balanced scorecard system as the enterprise's performance measurement and strategic management tool. Thereby, the enterprise conducts organizational assessment of its vision, mission and SWOT analysis accurately finally a corporate scorecard clearly defines in balanced scorecard framework. Then after studying the system, the enterprise has provided an intensive training to the overall management and concerned body about corporate scorecard implementation process.

Currently, the enterprise measures its performance using the balanced scorecard framework and cascaded its operational strategy to sectors, branch office, team and individual levels. It has also attached the reward system to the enterprise level performance. hence, each process has designed its own scorecard and has been monitoring its performance quarterly since then. At the corporate level the enterprise do have enough measure in each perspective to evaluate the performance of each process/branch office but there is a challenges when cascading the BSC to divisions, sections, groups and individuals level. For that reason, the ESLSE faced challenge to translate organization's strategy into action at a full capacity.

besides, as the interviewee respondent reviled, the major finding regarding to the main challenges faced by the enterprise while implement the system were; inability to introduce relevant IT system, lack of active organizational level participation, lack of relevant training and benchmarking to cascading down to division and individual level, difficulty of finding relevant KPIs and Set unachievable individual target, lack of clarity of the concept of the balanced scorecard, , lack of continues follow-up of BSC implementation, poor commitment of higher level management was identified as a big challenge.

According to the manager (interviewee), however ESLSE also has got a benefit from BSC implementation this proved by each and every employee starting doing their duties and responsibilities by plan and they have also targets. And also their performance evaluation conducted based on advance planed target.

Major finding regarding to BSC's implementation practices in the ESLSE as compared to the standard literature stated as follow;

➢ Based on quantitative data analysis, as the study revealed that most of parameters imply that the BSC's system practice of ESLSE enables them to search a way to align a corporate strategy up to individual level as a best means to control the achievement of company strategy.

➢ That majority of respondents don't have questions about the measure and targets designed in company level as compared to the standard literature of the system. Which means the BSC is relatively implemented well in the corporate level as that most of the BSC implementation stage and requirements, except BSC automation and cascading to downstream level, has been implemented well by the enterprise .

➢ However, regarding to division and individual level majority of the respondents have disagreed on most of the statement. This is because of some targets given to each division and individual are not realistic and achievable within the given time and resources. And also the respondents replied that the identified measures /KPI's/ doesn't clearly measure their work.

Major finding regarding to challenges that the enterprise faces while implementing BSC were stated as follow;

➢ As the study reviled regard to design challenge, top management's commitment in executive sponsorship has no sufficiently supported the implementation process and they didn't monitors periodically the progress of the Balanced. The process/team that is responsible to oversee BSC implementation wasn't handle its duties effectively to oversee the implementation of the balanced scorecard system. This implies that the establishment and functionality of these bodies is not to the level that is required for effective support of the BSC implementation. The finding also revealed that the key performance Indicators, is not enough to measure the enterprise performance and the target given in their division is not clear and achievable, This implies that there is a loose relationship of KPIs with the enterprise's mission , vision and objectives to be achieved and there are inadequate key performance indicators on the respective scorecards to cascade down to lower divisions and individuals level.

➢ On the subject of process challenge, with regard to measuring the level of organizational participation in this enterprise, the result indicates that respondents replied disagreed response to organizational participation over the enterprise. Concerning the basic concept and awareness about the balanced scorecard, the result indicates that respondents replied relatively positive on majority of parameters to employee's level of understanding on vision, mission and values of ESLSE. This implies that in the enterprise's employee understand the basic concept and awareness about the balanced scorecard has been encouragingly created. Whereas, the level of training and education conducted by the enterprise is not to the level that can create sufficient knowledge about the balanced scorecard and did not guide them in how to design their own scorecard and implement accordingly. And also, the level of automation of the balanced scorecard in their enterprise shown significantly low.

Major finding regarding to the major contribution from balanced scorecard implementation on four perspectives were stated as follow;

➢ With regard to customer perspective, based on the result of the analysis respondent reply negatively about the achievements of customer perspectives and some of the

parameters of customer perspectives such as the marketing Division of ESLSE doesn't focuses its activities on customer relationships development. And also internal and external Customer Complaints doesn't solve in a very short period of time. As a result internal and external customers' satisfaction couldn't increase as expected after the implementation of BSC.

➢ As study shown regarding opinion on the internal business perspectives, most of respondents were indifference with almost all of parameters except ESLSE focus on key activities that makes the company world class operator. This indicates that there is no significant improvement on service delivery time, working method, the accessibility of services and information communications(IC) process quality which anticipated from implementation of BSC in the enterprise.

➢ Regarding to respondent's opinion on learning and growth perspective, from the above result we can see that most respondents' response agreement level were not significant weather that the training program given for them was appropriate to enhance their performance in their work. Furthermore, respondents also disagreed weather ESLSE improves skill and knowledge of its employees by giving adequate training after implementation of BSC. The result also reflected that ESLSE did not give adequate training to improve skill and knowledge's of employee as expected.

➢ As the study shows, regarding the financial perspective, respondent's level of agreement on the four parameters most of respondents replied negatively except, the parameter "The Implementation of BSC helps ESLSE to reduce unnecessary resource wastage. This indicates that the implementation of BSC doesn't achieve the anticipated objectives of financial perspective.

Major finding regarding employee's perception about BSC as performance evaluation system were stated as follow;

As reviled from the analysis, the employee's perception on BSC implementation as performance evaluation system is not good as majority of respondent also replied negatively on most of the parameter. This result shows the level of satisfaction on evaluation system of the enterprise was not satisfactory and also that the rewarding

system in ESLSE after the implementation of BSC is not attractive as expected because of that the reward system was not tied to their individual performance.

5.2. Conclusions

Based on the finding result, the study drown a general conclusion with regard to how the balanced scorecard practices is being implemented in ESLSE. Thereby, achieve its Mission and vision introduced the balanced scorecard (BSC) on June, 2005 EC. Accordingly, the enterprise conducts organizational assessment of its vision, mission and SWOT analysis and defined it precisely, a corporate scorecard also designed clearly using the standard BSC framework and cascaded its operational strategy to each sectors/process levels as well. Besides, the Strategic Management and Communication process team has been established for the purpose of dealing with enabling and monitoring the overall implementation of the balanced scorecard system, and also ESLSE attached the reward system to the enterprise level performance since then.

As the finding result rived, nevertheless at corporate level the enterprise do have enough measure in each perspective to evaluate the performance of each sectors/process levels but there is a problem when cascading down the BSC to divisions, groups and individuals level. Therefore, the enterprise has faced different problems associated with BSC's implementation practice when trying to introduce the concept in its organization in order to translate its corporate strategy into day to day action successfully.

Accordingly, this study identified and validated the above mentioned Problems through scientific inquiry. To mention some, inability to introduce relevant IT system, lack of active organizational level participation, lack of relevant training and benchmarking to cascading down to division and individual level, difficulty of finding relevant KPIs and Set unachievable individual target, lack of clarity of the performance measurement system of the balanced scorecard, lack of continues follow-up of BSC implementation and poor commitment of higher level management were identified as a big challenges hindering ESLSE from successful implementation of BSC system. Therefore, from the result of major finding, the researcher concluded that most of the common challenges/key success factors for successful implementation of BSC observed by this enterprise too.

As result, ESLSE doesn't achieve the major contribution from balanced scorecard implementation on four perspectives. Based on the result of major finding internal and external customers' satisfaction couldn't increase as expected after the implementation of BSC. Regarding the internal business perspectives, there is no significant improvement on service delivery time, working method, accessibility of services and information communications(IC) process. Regarding to learning and growth perspective, the result also reflected that ESLSE did not give adequate training to improve skill and knowledge's of employee as expected. Therefore, the implementation of BSC in ESLSE doesn't achieve fully the anticipated objectives of BSC's four perspectives.

Nevertheless, As the finding reviled ELSE relatively got some benefit from BSC implementation such as, each and every employee starting doing their duties and responsibilities by plan and they have also targets and their performance evaluation conducted based on advance settled target and also it help the enterprise to focus on its key activities that enable the company world class operator.

Regarding employee's perception about BSC as performance evaluation system; as the finding result reviled, the perception of the employees were not good due to the fact that the performance evaluation system in ESLSE are not clear and user friend, the targets given to individuals are unachievable and also Key performance indicators used in enterprise is not meaningfully measures individual performance. Furthermore, rewarding system is not linked to individual performance.

Generally, it sufficient enough to conclude that however these enterprise have been designed the balanced scorecard system in the way that the literature advises, in spite of the stated challenges identified in the study ESLSE not to grab the full benefit that anticipated from effectively implementing balanced scorecard system.

5.3. Recommendations.

Based on the above conclusions of the major finding, the researcher drowns as the main cause for these problems or challenges is; inadequate performance measurements/KPIs, inadequate training regarding BSC implementation and cascading, inadequate IT support. Moreover, the existing rewarding system is not attractive because of bonus system directly tied to company performance not by individual performance only. Thus, In order

to, taking the necessary corrective action timely as well as exploit the benefits of implementing the balanced scorecard as a performance management, strategic management and communication tool; the study forwarded the following recommendations to be considered by ESLSE:

➢ The change management division should strength the IT support that exist in the organization by assigning one person for each division to make the evaluation system easy and to get reliable performance information report in each quarter.

➢ Due to the fact that, the existing challenges hinder the successful implementation of BSC and the poor IT support makes difficult getting reliable performance Information. Linking the corporate performance to the rewarding system create dissatisfied employees. Hence, ESLSE should reward employees based on the individual effort until it gets sustainable Balanced Scorecard.

➢ Based on the principles of scorecard, metrics should be measured objectively rather than subjectively. Thus ESLSE should try to identify KPI that have quantitative nature to evaluate the performance objectively and to avoid subjectivity.

➢ Even though, ESLSE wishes to increase customer's satisfaction it doesn't work on it. In order to get satisfied customer ESLSE should focus on its activities on customer relationships development and rewards the employees who have an important contribution to the increase of Customers' satisfaction as a result it can solve customers' complaint.

➢ ESLSE should give adequate training by designing advanced training program to build the skill and knowledge of employee's to create competent works.

➢ The change management division should treat BSC as a continuous process and strict follow up system should be established.

5.4. Limitation of the Study and Future Research Implication

The major limitation of the study would have, shortage of time, limitations in the process of collecting relevant information such as lack of cooperation of the respondents and their commitment to complete filling the questionnaires as well as delaying in

responding the questionnaires. The lack of relevant and up to date literature, lack of localized previous research papers in the area was also major constraints in this study.

Finally, the researcher would like to recommend future researchers to further study the challenges faced with the implementation of the BSC system and other change management tools in the related industry and organizations in others sectors of the economy

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APPENDIX – I

<u>Questionnaire filled by Employees and the Management of the Ethiopian
Shipping and Logistic Service Enterprise</u>

Currently I am conducting a research entitled „ AN ASSESSMENT OF BALANCED SCOR CARD PARACTISE AND CHALLENGE IN THE CASE OF ETHIOPAIN SHIPPING AND LOGISTIC SERVISE ENTERPRISE (ESLSE)□The purpose of the study is to fulfill a thesis requirement for the Master of Arts in General business Administration. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential.

Finally, I would like to thank you very much for your cooperation and spending your valuable time for my request.

Note: Please put a „□√□ mark with the option that reflects your response with the given statement.

Part I□- Demographic information of respondents
1. Sex

Male ☐ ale ☐

2. Age

Below 2020- ☐ 31- 40 41 ☐ Above 50 ☐ ☐ ☐

3. Educational Level

Certificate ☐

Diploma ☐

Degree ☐

Masters ☐

Above Masters ☐

4. What is your current position (Level) in the organization?

1-3 ☐   4-6 ☐   7-9 ☐   9-11 ☐ 12-14 ☐   above 14   ☐

5. Years of service on the current job--------------------------

6. Years of service in the organization--------------------------

Below   2-5 ☐5-10 ☐   11-20☐   21- 30 ☐   above 30☐

7. Your division--

Part II:-practice and Challenges of BSC Implementation

Please indicate how much you agree or disagree with each of the following statements by ticking (√) that best represents your opinion.There are no correct or wrong answersand☐1☐means that you strongly disagree, ☐2☐ disagree, ☐3☐neutral, ☐4☐agree, and ☐5☐strongly agree.

2.1. BSC Practice in ESLSE

No	Statements	1	2	3	4	5
1	Assessment of the organization' strategic elements: the mission and vision, SWOT and organization values are conducted well.					
2	The change management plan for the organization level were prepared properly in advance.					
3	The communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication are well defined.					
4	The strategy map of the enterprise is clear and understandable.					
5	All performance objectives and measures have been aligned with organizational/corporate strategy.					
6	BSC creates the ability for management to translate a broad vision into a strategy that can build harmony and commitment throughout the enterprise					
7	The implementation of BSC enhances working culture of the company.					

2.2. Contribution of BSC from four basic business perspectives of BSC Implementation in ESLS

No.	Statements	1	2	3	4	5
	CUSTOMERS PERSPECTIVE (After the implementation of BSC)					
1	The marketing division of ESLSE focuses its activities on customer relationships development.					
2	The enterprise internal or external customer's satisfaction has being increased.					
3	In my division internal or external Customer Complaints Solved in a very short period of time .					
4	The number of customers has being Increased.					
	INTERNAL PROCESS PERSPECTIVE (After the implementation of BSC)					
1	The enterprise's service Delivery time have being improved.					
2	ESLSE focus on key activities that makes the company world class operator.					
3	The work method and process are improved in ESLSE.					
4	The implementation of BSC increases the accessibility of ESLSE services.					
5	The implementation of BSC helps ESLSE to improve information communications(IC) process.					
	Learning and Growth (After the implementation of BSC)					
1	The training program given for me is appropriate to enhance my performance in work.					
2	ESLSE improves skill and knowledge of its employees by giving adequate training and workshops					
3	I have being sufficiently well-trained to deal effectively with our Clients/customers.					
	Financial Perspective(After the implementation of BSC)					
1	ESLSE Uses its resource Cost efficient and effectively.					
2	The Implementation Of BSC helps ESLSE to reduce unnecessary resource wastage.					
3	The Implementation of BSC helps ESLSE to Increase Its revenue.					
4	Resources and Company Working Time Utilization are Improved.					

2.3 Challenges and key success factors of BSC Implementation

No.	Statements	1	2	3	4	5
	Concept clarity of the Balanced Scorecard (BSC)					
1	I understand well what exactly the Balanced Scorecard is and what its implementation involves					
2	I understand the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication system of the enterprise					
3	I have been informed and understood the meaning of the corporate objective in each perspectives of the enterprise's corporate scorecard.					
4	I understood the alignment of my work unit's objectives with the corporate level objectives and the enterprise's vision.					
	Executive Sponsorship					
1	The top management of the enterprise took the initiative to implement the BSC.					
2	There was full support from the top management of the enterprise when it was decided to start the BSC implementation.					
3	The top management of the enterprise periodically monitors the progress of the BSC implementation.					
4	The top management works closely with the BSC champion or the responsible team or Dedicated process to implement the system.					

No.	Statements	1	2	3	4	5
	Balanced scorecard education and training					
1	The enterprise has provided me training that equipped me with a sufficient knowledge about the concept and meaning of the BSC.					
2	The enterprise has provided me a training to design my own personal scorecard in alignment to the process/team/branch scorecard					
3	I was properly guided by immediate supervisor while I was designing my individual/work unit's BSC.					
	IT support					
1	The enterprise's balanced scorecard system is fully automated.					
2	There is adequate advanced Technology in ESLSE to achieve company objectives.					
3	An appropriate IT system has been designed to help employees collect, record and report their periodic performance					
	Competent Project team/Dedicated Process					
1	A specificprocess/department were established to exclusively monitor the implementation of the BSC.					
2	In the enterprise, there is a specific person (BSC champion) or department who is responsible to implement BSC.					
3	The process that is responsible to oversee BSC implementation is handling its duties effectively.					
	Organization Level participation					
1	There is a platform that enabled the whole employees of the enterprise to be involved in the implementation of BSC.					
2	BSCs program of the enterprise at all levels were prepared by participate all concerned parties.					
3	Information about the enterprise's balanced scorecard implementation status is being provided timely for all concerned.					
	Key Performance Indicators (KPIs)					
1	the set of quantifiable measures that derived from thecorporate's strategy were selected carefully					
2	The measures/KPI in each perspective is enough to measure the enterprise Performance.					
3	The Target given in our division is clear and achievable.					
4	The identified measures /KPI's/ clearly measure my work					

2.4. Employee's perception about BSC implementation as performance evaluation system

No	State ments	1	2	3	4	5
1	I am satisfied with balanced scorecard as performance evaluation system					
2	The template that require for the performance evaluation is easy to use					
3	The implementation of BSc makes The rewarding system (Bonus, annualincrement) Very Attractive					
4	The performance evaluations of the enterprise after the implementation of BSC become very interesting.					
5	Each measures/KPI weighted based on their importance.					

Thank you!!!!

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Interview Questions for Manager-Change management Team of ESLSE,

1. Dose the enterprise's strategic elements: the mission and vision, SWOT and organization values have being analyzed properly?

2. Dose a change management plan being prepared for the organization,

3. Did the Balanced Scorecard help in improving performance Of the Organization?

4. Is enough training provided about balanced scorecard implementation and do employee has appropriate awareness about BSC?

5. What challenges or difficulties ESLSE encounter during the implementation of BSC?

6. What challenges or difficulties ESLSE encounter during the evaluation of the performance?

7. How do you see the commitment of higher level management to support their subordinates in the implementation of BSC?

8. The team and individual scorecards are developed to link day-today work with departmental goals and corporate vision?

9. Is Balanced Scorecards at all levels having adequate measures of objectives?

10. Dose an ownership whom responsible for the intended out com was defined at each level of activity and is accountability follows the objectives and measures?