



SAINT MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Institute of Quality and Productivity Management

**PRACTICE AND IMPACT OF BALANCED SCORECARD ON THE
PERFORMANCE OF ETHIOPIAN AGRICULTURAL BUSINESSES
CORPORATION (EABC)**

By

HABTAMU YOHANNES

JUNE, 2022

ADDIS ABEBA, ETHIOPIA

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ON THE PERFORMANCE OF ETHIOPIA AGRICULTURAL
BUSINESSES CORPORATION (EABC)**

BY

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DEDICATION

This Thesis work is dedicated to my beloved wife and Children

DECLARATION

I, hereby declare that this research report entitled *Practice and Impact of Balanced Scorecard on the Performance of Ethiopian Agricultural Businesses Corporation* is my original work and has not been submitted earlier either to this university or elsewhere for an award of any other degree.

SIGN: _____

DATE: _____

HABTAMU YOHANNES

ID: SGS/0415/2015A

I confirm that the work in this research report was carried out by the candidate under my supervision

ASRAT BULBULA, (Asst. Professor)

SIGN _____

DATE _____

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List of Abbreviations and Acronyms

ABC	Activity Based Costing
BSC	Balanced Scorecard
EABC	Ethiopian Agricultural Businesses corporation
EVA	Economic Value added
ITS	Information Technology
KPIs	Key Performance Indicators
MVA	Market Value added
PE	process efficiency
SPSS	Statistical Package for Social Science
TQM	Total Quality Management

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ABSTRACT

This study seeks to identify and analyze a set of advantages and contributions derived from Balanced Scorecard implementation (BSC) towards the corporate performance. The focus is on BSC Practice, Impact, Existing performance evaluation system using Balanced Scorecard.

The data for this study was obtained through a questionnaire that was distributed to 309 employees of Ethiopian Agricultural Businesses Corporation working at the head office and Branches. 260 questionnaires were fully completed and returned. The sources of data were primary and secondary. The study has been conducted by designing open-ended, five-point likert scale questionnaires and structured and unstructured interview questions. The employees were selected based on stratified random sampling. The data collected was analyzed using SPSS version 20 software. The findings of the study indicated that BSC practice brings improvements on Financial, Internal Business and customer perspectives. On the other hand the impact related to BSC implementation (are the performance evaluation system in Ethiopian Agricultural Businesses Corporation) does not satisfy the evaluation of employees and fails to differentiate effective performer from non-performer. The rewarding system is not linked to individual performance and the benefit package of the Organization is not attractive, so the employees' commitment and motivation is low. Besides, due to inadequate training program given to employees, their level of understanding about BSC is limited. In addition to this working environment is not suitable for career development and improvements. Based on the findings of the study the researcher tried to forward some recommendations so that this will give the organization an insight to the practice and its associated problems of Balanced Scorecard Implementation in Ethiopian Agricultural Businesses Corporation.

Keywords: *Balanced Scorecard, Practice, Impact, Perspectives, Performance Evaluation System, Perspectives target, Key Performance Indicator.*

CHAPTER ONE

1. INTRODUCTION

The focus of this section mainly addresses the Background of the study, Statements of the problem, Objectives of the study, Methodology, Significance of the study, Scope and limitation of the study.

1.1. Background of the Study

Balanced Scorecard (BSC) is to measure the operating performance in both financial perspective and non-financial perspective. Four perspectives of BSC enable enterprises to define and balance comprehensively the perspectives of business administration. That is a balance between long term target and short term targets, between the external standards and internal standards of enterprises, between the desired structure and fact result. BSC enables to provide focused points to support the company to concentrate its effort in communicating the problems to the management, employees, investors and customers.

Balanced Scorecard (BSC) will provide accurate information of enterprises in controlling and reducing unnecessary expenses.. However in Ethiopia, Balanced Scorecard is regarded as new in consideration of both theory and practice.

BSC is a strategic management tool that provides the manager with a clear and concise picture of the business's health and progress in reaching its goals. Kaplan and Norton (1992) introduced this conceptual framework for designing, evaluating and measuring multiple factors that drive the performance of a company. The balance is seen between long- and short-term objectives, financial and non-financial measures, lagging and leading indicators, and external and internal performance perspectives. According to Niven (2014), Balanced Scorecard is not one single thing, but a number of elements that combine to create a powerful unified whole. The Balanced Scorecard system, which is designed to help any organization effectively execute their strategy, is composed of four unifying elements: Objectives, Measures, Targets and Strategic initiatives. Niven (2006) defined Balanced Scorecard as a carefully selected set of quantifiable measures derived from an organization's strategy. Kaplan and Norton (1996) also defined The Balanced Scorecard translates an organization's mission and strategy in to a comprehensive set of performance measuring that provide the framework for a strategic measurement and management system the balanced score Card retains an emphasis on achieving financial objectives but also includes the performance drivers of these financial objectives.

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 Agricultural Business Corporation (EABC).

The relevance of financial as well as non-financial measures in performance evaluation of the organization is increasing. These all clearly show that the need for the balanced performance measurement such as balanced scorecard, which appears to have all the answers for choosing the most appropriate measures of company performance, to assess the performance and competitiveness of organizations in general and Ethiopian Agricultural Business corporation in particular in today's and tomorrow's changing and competitive business environment. The purpose of this study was therefore to assess the practice and impact of balanced scorecards on the performance of Ethiopia Agricultural Business Corporation

1.2. Background of the Organization

The Ethiopian Agricultural Businesses Corporation (EABC) is established as a Federal Government public enterprise by Council of Ministers Regulation Number 368/2015 with the authorized capital of birr 2 billion 440 million of which birr 610 million is paid up in cash and in kind.

The Corporation was formed by merging five state owned Enterprises; namely Ethiopian Seed Enterprise, Agricultural Inputs Supply Enterprise, Agricultural Equipment and Technical Services Share Company, Agricultural Mechanization Service Enterprise, and Natural Gum Processing and Marketing Enterprises.

Currently the Corporation which has 25 branches and stations in different regions is accountable to Public Enterprises Holding and Administration and managed by a Board of Directors.

For achieving the mission, the Corporation is supplying agricultural inputs (improved seeds, fertilizers & agrochemicals), reliable, modern and high quality agricultural machineries and spare parts, construction equipment and chemical spraying equipment at affordable price.

Besides, importing and assembling agricultural equipment, rendering integrated agricultural mechanization and maintenance service as well providing rental services of agricultural machineries and transport vehicles (heavy goods vehicles), consultancy and technical training services are among the duties and responsibilities of the corporation.

Since its establishment in December 2015 EABC has registered a remarkable achievement in the sector. In line with this promising result, the corporation has also endeavored to continue to play an important role in modernizing agriculture, boosting production and productivity at the national level.

As a result, the corporation has been able to meet its authorized capital in five years period and this can be taken as one of an indication of its success over the previous years.

Overall, the corporation is contributing to modernize agricultural practice and the growth of productivity through integrated agricultural development activities from land preparation to warehouse

Vision

By rendering integrated agricultural inputs and mechanization service, to be a strong competitor in Africa by 2030.

Mission

Provide Agricultural inputs and technologies that should considerably improve production and productivity, boost modern farms and Agro-Industries at very competitive price to make the economic development of the nation grow fast.

As set out in the regulation issued by the federal government of Ethiopia in 2015 (Regulation No. 368/2015), the objectives for which the EABC is established are:

- ◆ To buy from domestic and international markets and supply agricultural inputs; undertake agricultural inputs market price stabilization activities;
- ◆ To render agricultural mechanization services, agricultural and construction equipment repair services and provide rental services of agricultural machineries and transport vehicles;
- ◆ To buy from domestic and international markets and supply agricultural machineries and spare parts, construction equipment and agro-chemicals;
- ◆ To provide necessary education for the promotion of the use of modern agricultural machineries; provide consultancy service in handling and use of agricultural machineries and provide on the job technical trainings;
- ◆ To harvest, buy, value add to and process natural gum, produce other forest products, and supply to domestic and international markets;
- ◆ To undertake agricultural land development studies and preparation of designs, agricultural land surveying, clearing, leveling, drainage and irrigation activities as well as other activities related to agricultural land development;

- ◆ To cause undertaking of feasibility studies, design preparation, technology selection and negotiation, erection and commissioning of new and expansion projects as well as for research activities;
- ◆ To cause the local designing and manufacturing of agricultural machineries and spare parts in partnership with capable local and foreign companies;
- ◆ To work in cooperation with the concerned educational research and training institutions in producing trained manpower in such fields, numbers and quality as required by the sector;
- ◆ To undertake studies, based on direction given to it by the Public Enterprises Holding Administration, for the acquisition of financial, technological and modern governance inputs (including attracting investments or participating in investments) that can help it to become competitive, both locally and globally, and profitable and implement same upon approval;
- ◆ To multiply, clean and process pre-basic, basic and certified seeds of various crops, vegetables and fruits; where necessary import pre-basic seeds and cause their production or sale them; to sell byproducts;
- ◆ To undertake research and implement improvements with respect to the supply of agricultural inputs, agricultural machineries repair, the production and marketing of natural gum, mechanization services and related matters and thereby ensure its competitiveness;
- ◆ To sell bonds, collateralize, negotiate and sign loan agreements with local and foreign sources in accordance with directives issued by the Ministry of Finance and on the basis of the guidance of Public Enterprises Holding and Administration;
- ◆ To engage in other related activities for the attainment of its purposes.

Services

- Integrated Agricultural mechanization service
- Seed cleaning service
- Maintenance service for farm equipment, trucks, vehicles and etc.
- Technical training Service
- Rental service of transport vehicles (heavy good trucks).

Human resource

Currently the corporation has a total of 1,560 employees of which 1,220 are males and 340 are females.

ETHIOPIA AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 07 JULY 2021

Currency: Ethiopian Birr

	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,047,320,142	918,881,114
Intangible Assets	6	6,191,175	4,803,673
Long Term Investment	7	-	60,000
Deferred tax asset	24d	56,149,028	12,901,024
		1,109,660,345	936,645,812
Current assets			
Non-Current Assets Held For Sell	8	483,999	26,783,941
Stock and GIT	9	2,694,088,826	2,712,367,819
Future Crops	10	9,985,427	7,945,793
Trade and other receivables	11	3,031,807,322	2,238,233,254
Cash and cash equivalents	12	1,007,174,607	1,547,400,552
		6,743,540,182	6,532,731,359
TOTAL ASSETS		7,853,200,527	7,469,377,170
EQUITY & LIABILITIES			
Equity			
Paid up Capital	13	2,440,000,000	2,440,000,000
Legal Reserve	14	19,122,554	14,558,545
Retained earnings	15	(370,123,479)	78,438,528
		2,088,999,076	2,532,997,072
Liabilities			
Non-current liabilities			
Long term loan	16	332,193,537	262,871,655
Employee benefit obligations	17b	8,369,735	6,111,206
Deferred tax liability	24d	-	-
		340,563,272	268,982,860
Current liabilities			
Trade and Other payables	18	5,072,014,796	4,602,406,614
Inter branch and head office accounts	19	(45,149,703)	(62,448,031)
Employee benefit obligations	20	59,160,822	40,689,465
Provisions for contingent Liability	21	82,962,121	38,133,249
Deferred income	22	2,983,945	-
Overdraft facility	23	-	-
Provision for tax	24e	251,666,199	48,615,940
Loans repayable within 12 months		-	-
		5,423,638,180	4,667,397,238
Total Liabilities		5,764,201,452	4,936,380,098
TOTAL EQUITY & LIABILITIES		7,853,200,527	7,469,377,170



ETHIOPIAN AGRICULTURAL BUSINESSES CORPORATION
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 7 JULY 2021

Currency: Ethiopian Birr

	Notes	Currency: Ethiopian Birr	
		2021	2020
Operating Revenues	25	3,992,379,755	2,758,074,289
Cost of sales	27	(3,465,954,012)	(2,460,160,399)
Gross Operating Profit		526,425,743	297,913,890
Other Income	26	113,903,935	124,383,989
		640,329,678	422,297,879
Expenses			
Selling and Distribution Expense:	28	(95,848,699)	(81,061,468)
General Administration Expenses	29	(356,065,386)	(178,183,461)
		(451,914,084)	(259,244,929)
Operating profit		188,415,593	163,052,950
Finance Cost-net	30	(8,620,137)	(1,281,486)
Profit Before Tax		179,795,456	161,771,464
Provision for tax	24c	(88,515,283)	(62,157,714)
Profit (loss) for the year		91,280,173	99,613,750
Other Comprehensive Income:			
Profit (loss) for the year		91,280,173	99,613,750
Revaluation of property, plant and equipment		-	-
Remeasurement gain/(loss) on retirement benefits obligations	17d	(746,750)	(515,030)
Deferred tax (liability)/asset on remeasurement gain or loss	17d	224,025	(154,509)
Other comprehensive income, net of tax	17d	(522,725)	(360,521)
Total comprehensive income		90,757,448	99,253,229



ETHIOPIAN AGRICULTURAL BUSINESS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 07 JULY 2021

	Currency: Ethiopian Birr	
	2021	2020
Cash flows from operating activities		
Profit before tax	179,795,456	161,771,464
Less: Gain on sale of equipment	(9,061,310)	(7,555,223)
Less: Fixed asset adjustment	35,500,598	(650,328)
Less: Prior year tax Adjustments		(41,882,980)
Add: Accounts written-off during the year		-
Add: Depreciation	75,632,666	65,700,302
Add: Long term employee benefit	2,009,237	1,895,661
Decrease (increase) in trade and other receivables	(793,574,068)	(286,836,237)
Decrease (increase) in inventories and future crops	16,239,359	(497,580,765)
Increase (decrease) in trade and other payables	478,500,443	1,487,199,095
Increase (decrease) in deferred income	2,983,945	-
Decrease/Increase in short term employee benefits	18,471,357	3,203,918
Long term employee benefit paid	(1,354,257)	(1,759,718)
Profit taxes paid	(383,986,390)	(80,449,525)
Withholding tax paid	(20,345,889)	(16,521,678)
Net cash from (used in) operating activities	(399,188,852)	786,533,986
Cash flows from investing activities		
Reduction(due to Adjustment)/Addition of fixed assets	(35,500,598)	-
Expenditure for PPE and intangible assets	(181,103,675)	(28,992,522)
Dividends received from investments		-
Proceeds from sale of Non-current assets	9,061,310	7,555,223
Net cash from (used in) investing activities	(207,542,964)	(21,437,299)
Cash flows from financing activities		
Add: Inter branch head office accounts		307,492,811
Add: Loans received	69,321,882	-
Net cash from (used in) financing activities	69,321,882	307,492,811
Unidentified Difference		-
Net increase (decrease) in cash and cashequivalents	(537,409,933)	1,072,589,498
Cash and cash equivalents at beginning of year	1,547,400,552	477,960,427
Effects of exchange rate changes on cash and cash equivalents		-
Cash and cash equivalents at end of year	1,009,990,619	1,550,549,925
Cash and Cash Equivalent at end of the year		
Cash on hand	2,816,011	3,149,373
Cash at bank	1,007,174,607	1,547,400,552
Overdraft balance at end of the year	-	-
Total Net Cah and cash Equivalent at end of the year	1,009,990,619	1,550,549,925



1.3. Statement of the Problem

According to Olve, Roy & Wetter (2001:13) financial measurements failed to provide adequate guidance for long-term strategic development and competitive strategies. For this reason business leaders began to realize that both financial and non-financial indicators should be considered in measuring performance. Furthermore, recent literature studies related to services performance measurement point to the increasing relevance of financial as well as non-financial measures in the evaluation of services organization. For example, the Conference Board of the Canadian Institute of Chartered Accountants (CICA as cited in Sim & Kho, 2001:18-27) recommend that strategically oriented performance measurement systems should measure non-financial as well as financial outcomes. Likewise, a report by the American Institute of Certified Public Accountants (AICPA) revealed that companies should disclose leading, non-financial measures on key business processes such as product quality, cycle time, innovation, and employee satisfaction (AICPA Report, 1994:143).

As it has been stated in recent studies, reliance on financial information such as accounting profit helps to measure the performance of a firm in achieving its short-term goals. If a firm earns profits in the short run it might be concluded that it is performing well, whereas there might be a decrease in its long-term economic value. That is why at present, emphasis is shifted to long term rather than short term profits, global rather than local, delivering quality rather than quantity and to customer satisfaction.

Despite the recent emphasis, performance measures in the past primarily focused on production measures that were aimed at attaining increased short-term operational efficiency in terms of financial indicators. This type of measurement is too narrowly focused as it ignores critical measurement indicators. In this regard most African countries are finding it extremely difficult to compete in the dynamic and changing global business environment.

Ethiopia service enterprises have such difficulties to determine their long-term economic-value, to meet their customers' needs, to increase the demand for their products, motivation of their employees and move their business forward. Therefore, based on the above stated difficulties, the study identifies the problem that it seems to be a lack of an integrated performance measurement system in the service enterprises that could improve their processes and practices to better meet the expectations of their customers for higher quality, lower production cost, and improved service. These may in turn threaten the enterprises' performance and sustainability. It is in this light that that the research on EABC has been undertaken.

1.4. The Research Questions

Hence, this study has primarily addressed the existing practice of Balanced Scorecard and impact of Balanced Scorecard performance and more specifically attempted to answer the following basic research

questions at EABC:

- What are the major practices and impact underlying in Balanced Scorecard performance?
- What are the major achievements Balanced Scorecard performance on customer, financial, internal business unit and learning and development perspectives?
- How do employees perceive the performance evaluation system after The Balanced scorecard implementation in EABC?
- Does the performance evaluation system meet its intended objectives?

1.5. Objectives of the Study

1.5.1. General Objective

The general objective of this study was to assess the practice and impact of Balanced Scorecard on the performance of EABC.

1.5.2. Specific objectives

- ❖ To identify major impacts of Balanced Scorecard implementation in Ethiopian Agricultural Business Corporation.
- ❖ To investigate the major achievements Balanced Scorecard implementation brought about customer satisfaction, financial, internal business unit and learning and development perspectives.
- ❖ To analyze employees' perception of the performance evaluation system after balanced Scorecard implementation in Ethiopian Agricultural Business Corporation.
- ❖ To indicate possible solutions for any pitfalls uncovered in the empirical findings

1.6. Significance of the Study

Organizational success can be measured mainly through delivery of quality service to their beneficiaries. This can be achieved through well formulated plans and programs, allocation of resources, assignment and retention of committed and competent staffs. The implementation of balanced scorecard aims to provide an integrated view of an organization's performance, including both financial and non-financial indicators, and from both internal and external perspectives. The results of this study will have the following significance.

- ✓ Providing important information about the existing problem which triggered Balanced Scorecard implementation and provides possible suggestions.
- ✓ Serving as a benchmark to those institutions that did not fully implement balanced scorecard.
- ✓ Potentially serving stepping stone for future research in this area.

1.7. Scope of the Study

The scope of the study is limited to assessing the BSC practice and impact of balanced scorecard on the performance faced by the EABC. Survey on employees and management of the enterprise head offices located in Addis Ababa and Branches. The study conducted the BSC practice status of the EABC from June, 2015 - December 31, 2021. 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 impact of BSC on the performance EABC. This method describes the characteristics of objects, people, group and/or environment.

1.8. Operational Definition and Key terms

Balanced scorecard - an integrated system for describing and translating strategy by using four balanced scorecard perspectives customer, internal process financial and learning and growth.

Key Performance Indicators: - are a set of measures of the organizational and operational performance that is critical indicators of progress toward an intended result and focus for strategic and operational improvement.

Measures – a standard used to evaluate and communicate performance against expected results. It is normally quantitative in nature which is capturing numbers, dollars percentages and so on. Reporting and monitoring measures help an organization gauge progress towards effective implementation of strategy.

Perspectives: - refers to category of performance objectives or measures in balanced scorecard which include the four standard aspects such as; financial, customer, internal process and learning and growth.

Performance goal: - is a target level expressed as a tangible measure, against which actual achievement can be compared.

Performance measure: - is quantitative or qualitative characteristic of performance. In addition by measures we mean compact descriptions of observations summarized in numbers or in words.

Performance measurement:- is the process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and the extent to which clients are satisfied) and outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of companies' operations in terms of their specific contributions to program objectives.

Performance management: - is the use of performance measurement information to effect positive change in organizational culture, systems and processes, by helping to set agreed-upon performance goals,

allocating and prioritizing resources, informing managers to either confirm or change current policy or program directions to meet those goals, and sharing results of performance in pursuing those goals.

Performance objective:- is a critical success factor in achieving the organization's mission, vision, and strategy, which if not achieved would likely result in a significant decrease in customer satisfaction, system performance, employee satisfaction or retention, or effective financial management.

Perspectives- It refers to category of performance objectives or measures in balanced scorecard.

Strategy- It is situated at the center of balanced scorecard system and it represents the broad priorities adopted by the organization in recognition of its operating environment and pursuit of its mission (Paul R., 2014).

1.9. Organization of the study

The study is organized in to five chapters: Chapter One introduces the study and explains the background & motivation of the study, statement of the problems, research questions, objective, significance and delimitations of the study. In Chapter Two, review of literature related to the study is presented. Chapter Three deals with the research methodology applied including sample size and sampling technique. Chapter Four outlines analysis of the research findings, and finally summaries of the findings, conclusions and recommendations are drawn based on the results of the findings on Chapter Five.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

In recent years organizations have sought to develop more comprehensive performance measurement systems (PMS) to provide managers and employees with information about multiple dimensions of the firm's around the world. Given the recent development in performance measurement, many executives have begun to question whether they measure the financial as well as the non-financial outcome. In this regard, the integrated performance measurement approach, such as the Balanced Scorecard, has become very topical than ever (Ittner, Larcker & Randall, 2003:715-741).

The increasing interest has been driven by the increased rate of change in business environment in both the private and public sectors. Researchers and practitioners around the globe are contributing to this evolving body of research. Several researchers (Kaplan & Norton, 1996; Neely, et al. 1995; Olive, et al. 2001; Kennerly & Neely, 2000; Ittner et al. 2003) have discussed the need to develop integrated performance measurement system so that managers might obtain information from all parts of their organization.

The performance measurement frameworks discussed in the previous chapter display a number of key characteristics that help organizations to identify an appropriate set of measures to assess their performance. This Chapter reviews the need for balanced performance measurement, the development of Balanced Scorecard performance measurement frameworks, which provide a balanced picture of the business and the balanced scorecard.

2.2. The need for balanced performance measures

The revolution in performance measurement prompted organizations to implement non-financial measures that appropriately reflect their objectives as well as financial measures that indicate the bottom line results. It was the enormous growth in interest in performance measurement in the 1980's and 90's that brought widespread acceptance of the need for organizations to take an integrated approach to measurement (Neely, et al. 2000:292). These interests in measurement frameworks help organizations to implement a balanced set of measures.

Summarizing the work of recent authors (Alter, 2001:11; Brown, 1996:11; Olive, et al. 2001:12; Kaplan & Norton, 1996:22, 38-40), on performance measurement, the following relevant guidelines and characteristics of balanced performance measurement systems can be given:

- It must reflect relevant non-financial information, based on key success factors of each business.

- It should be implemented as means of articulating strategy and monitoring business results.
- It should be based on organizational objectives, critical success factors, and customer needs, and should monitor both financial and non-financial aspects.
- It must change dynamically with the strategy.
- It must meet the needs of specific situations in manufacturing operations and should be long-term oriented as well as simple to understand and implement.
- It must make a link to reward systems.

The financial and non-financial measures must be aligned and fit within a strategic framework.

Examining the most recent literature, one can find words like balanced, integrated, linked, multi-faceted or multi-dimensional starting to be used to describe performance measurement systems. Moreover, the widespread acceptance of the need for organizations to take an integrated approach lead to the development of “balanced” or “ multi-dimensional” performance measurement frameworks (Bourne et. Al. 2000:754-755). However, the balanced performance measurement system is not without difficulties. Gomes, et al. (2004:489) clearly identifies the problems as summarized:

- ✓ There are many non-financial measures that can be used by organizations. The problem is which measure from the many available an organization should use. Perhaps it all depends on the characteristics of the organization and the nature of its industry.
- ✓ There are problems with output measurability and timeliness of information.
- ✓ Little or no consideration is given for the existing measurement systems that companies may have in place. Since, the 1990’s many variations of the concept of performance measurements have surfaced, due mainly to the fact that no two organizations are alike and their need for balanced measures and their identified business perspectives vary. Regardless, the key components of all of these frameworks are a balanced set of measures and a set of strategically focused business perspectives (Artley, 2001:19).

Several authors stressed the crucial importance of non-financial indicators, which are based on organizational strategy, which include key measures of success and which are perceived as immune from the various shortcomings of financial measures. Nonetheless, non-financial measures are also problematic. The relation between improvement in non-financial measures and profits is unclear.

Gradually, performance measurement frameworks began to reconcile the use of financial and non-financial measures.

2.3. The development of BSC performance measurement

The idea of the BSC was introduced first by Kaplan & Norton in the 1992 issue of the Harvard Business

review. Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial and non-financial perspectives (Olve, et al. 2001:5-6). The BSC is a formal management technique built on the premise that the main prerequisite to effective management is measurement (Zairi, 1996:31). The set of measures should reflect financial and non-financial measures; internal and external measures; and efficiency and effectiveness measures.

In observing and working with many companies, Kaplan & Norton (1992: 71- 79) have found that senior executives do not rely on one set of measures to the exclusion of the other. They realize that no single measure can provide a clear performance target or focus attention on the critical areas of the business.

Recent years have witnessed rising interest towards integrated performance measurement systems to provide managers and employees with adequate information about the firm's operation. According to (Jalbert & Landry 2003:2) the balanced scorecard system is based on the concept that financial variables alone may not be a sufficient measure of corporate performance (Olve, 1998:12). To address this problem, the balanced scorecard provides an integrated framework to help managers implement strategies, measure performance, and compensate employees by developing goals and measures along different perspectives and linking them together with the vision, mission, and strategy of the firm. According to a recent balanced scorecard report, various surveys estimate that 40-50 percent of large organizations have begun implementing this concept (BSC Report, 1999 as cited in Sim & Koh, 2001:18-27).

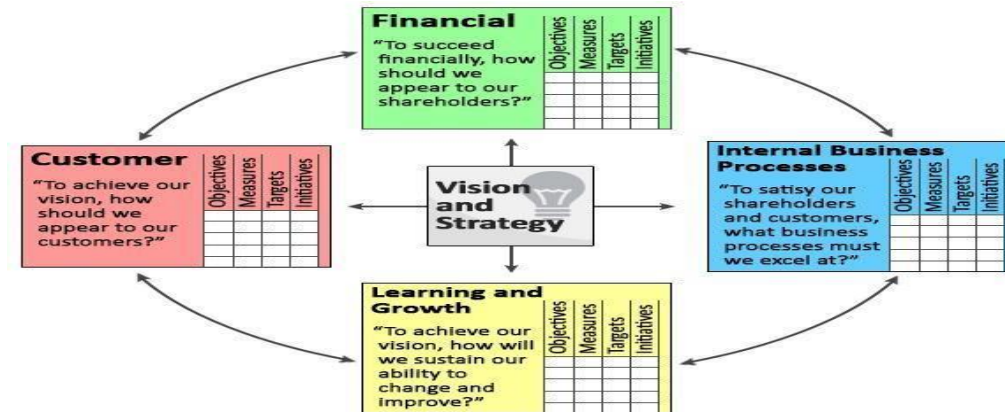
2.4. The BSC – measures that drive performance

There are arguments on the numerous measures that created for the scorecard, as they may unnecessarily complicate the decision-making and performance evaluation process, managers may need to know when to emphasize particular metrics (Reisinger, et al. 2003:430). However, according to Kaplan & Norton (1996:162) the balance scorecard explicitly identifies the critical few drivers of success. It reflects the company's strategy by understanding the financial and shareholder requirements, the customers' needs, internal processes and enablers such as company culture, information and infrastructure.

Artley (2001:19) suggested that this framework is intended for top managers in an organization to be able to obtain a quick and comprehensive assessment of the organization in a single report. Use of the balanced scorecard requires executives to limit the number of measures to a vital few and allows them to track whether improvement in one area is being achieved at the expense of another area.

Brown (1996:12) remarked that designing few and improved measurement systems may save much time. Similarly, Kaplan & Norton (1996:163) state "corporations should have hundreds, perhaps thousands, of measures that they can monitor to ensure that they are functioning as expected, and to signal when

corrective action must be taken. But these are not the drivers of competitive success. Such measure captures the necessary ‘hygiene factors’ that enable the company to operate. These measures should be monitored diagnostically, with deviation from expectation”.



Source: Adapted from Kaplan & Norton
(1996)

Figure1: framework and perspectives of BSC

Figure 1 shows how the BSC translates a business unit mission and strategy into objectives and measures. According to the authors of BSC the measures present a balance between external measures for shareholders and customers, and internal measures of critical business processes, innovation, learning and growth.

Using the measurements focus, the scorecard accomplishes critical management processes such as:

- clarifying and translating vision and strategy
- communicating and linking strategic objectives and measures
- planning, setting target and designing strategic initiatives
- enhancing strategic feedback and learning

The balanced scorecard (Kaplan & Norton, 1996:9) allows managers to look at the business from four perspectives (see Figure 2.1 the balanced scorecard links performance measures).

It provides answers to four basic questions:

- How do we look to shareholders? (Financial perspective)
- How do customers see us? (Customer perspective)
- What must we excel at? (Internal perspective)

- Can we continue to improve and create value? (Innovation and learning perspective)

These perspectives enable companies to track financial results and simultaneously monitor progress in building the capabilities that are necessary for acquiring the "intellectual capital" or "intangible assets" needed for future business growth and for providing keener competition (Kaplan & Norton, 2001: 23).

2.4.1. The financial perspective

The balanced scorecard does not disregard the traditional need for financial data but rather encourages organizations to identify their specific financial objectives and link the corporate strategy to these objectives (Kaplan & Norton 1996:30). The financial objectives serve as the focus for the objectives and measures of the other three perspectives. This perspective can employ any number of financial measurements, but care should be taken to ensure that the measures incorporate elements of both risk and return (Jalbert & Landry, 2003:2).

Every measure should be part of a cause-and-effect relationship that culminates in improving long-term sustainable financial performance. The scorecard is an illustration of the strategy, starting with the long-term financial objectives and then linking them to the customer focused initiatives, internal operational processes and investments in employees and systems that combine to produce the desired economic performance (Kaplan & Norton, 1996:47). Clearly it is important to get the 'right' measures. Accordingly recent literatures such as Brown (1996:52-55), Kaplan & Norton (1996: 50) and Stewart (1999:4) suggest that leading organizations are now finding new financial measures, rather than simply considering the obvious financial measures of revenue, profit, share value or dividend cover, consideration is being given to a recently developed measure namely economic value added (EVA). The authors of scorecard consider EVA as more accurate way of measuring a company's profitability, because it includes the cost of capital in the equation. Moreover, Stewart (1999:1) considers MVA as an indicator of a company's ability to create wealth for its shareholders, and ABC as an accurate method for tracking all costs associated with producing goods and services.

Furthermore, according to Kaplan & Norton (2001:51-59) the following three general objectives or themes that typically reflected in the financial perspective of a balanced scorecard are identified and summarized as follows:

Revenue growth refers to expanding product and service offerings, reaching new customers and markets, changing the product and service mix toward higher value added offerings, and pricing products and services.

The cost reduction and productivity objective refers to efforts to lower the direct costs of products and services, reduce indirect cost, and share common resources with other business units.

Regarding **asset utilization** managers attempt to reduce the working capital levels required to support a

given volume and mix of business. They also strive to obtain greater utilization of their fixed asset base, by directing new business to resources currently not used to capacity, using scarce resources more efficiently, and disposing of assets that provide inadequate returns on their market value.

2.4.2. The customer satisfaction perspective

Recent management philosophy (Kaplan & Norton, 1996:63; Olve, et al. 2001:61) has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. The customer perspective involves corporations seeking to understand what their target customers want (Jalbert & Landry, 2003:2). According to Chaudron (2003:2) these are leading indicators. If customers are not satisfied, they will eventually find other suppliers that will meet their needs. Customer satisfaction results in retained and repeat business as well as new business from customer referrals. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which companies are providing a product or service to those customer groups.

Kaplan & Norton (1996:67) remark that, before establishing customer measures, organizations must identify the market segments they are serving or wish to serve. Organizations may select market segments that are most profitable, or that are under-served. For each segment it is possible to customize the following set of widely used measures: market share, customer retention, customer acquisition, customer satisfaction, and customer profitability. These measures can be summarized as follows (Kaplan & Norton, 1996:67-71):

Market Share reflects the proportion of business in a given market (in terms of numbers of customers, dollars spent, or unit volume sold) that a business unit sells. Companies could measure market share by percentage of market segment captured by organizations or by percentage of each customer's total requirement served by companies.

Customer Retention tracks, in absolute or relative terms, the rate at which a business unit retains or maintains ongoing relationships with its customers.

Companies can readily measure customer loyalty by the percentage of growth of business with existing customers.

Customer acquisition measures in absolute or relative terms, the rate at which a business unit attracts or wins new customers or businesses. Companies could measure number of actual new customers divided by number new customers, ratio of sales to inquiries, average cost to acquire a new customer, average order size, or average revenue per customer interaction.

Customer satisfaction assesses the satisfaction level of customers along specific performance criteria

within the value proposition. Three techniques can be employed: mail survey, telephone interviews and personal interviews to identify number of complaints, number of unsolicited thank you letters, and number of individuals indicating that they are extremely satisfied with their experience with organizations on a satisfaction survey.

Customer profitability measures the net profit of a customer, or a segment, after allowing for the unique expenses required to support that customer. Two techniques can be employed: Total profit per customer and total cost per customer or per transaction.

2.4.2.1. Performance drivers for customer satisfaction

Many factors may influence customer-focused performance in practice, and all have a significant impact on business performance, especially on profitability. However, according to Kaplan & Norton (1996: 85-90), all these factors tend to fall into four categories: time, quality, performance and service, and cost (including price, effort, energy and other related cost such as ordering, scheduling and delivering). These factors can be well explained (Zaire, 1996:49) that customers dictate the place of competition, demanding higher standards of quality, delivery time, reliability of service and lower prices. Moreover, Hellriegel, et al. (2001:68) elaborate further, that the quality viewpoint emphasizes achieving customer satisfaction through the provision of high quality goods and services. Thus, the focus of the quality viewpoint is the customer, who ultimately defines quality in the marketplace.

Brown (1996:43) suggested that the key to a good customer satisfaction measurement system is to have a good mix of data on customer opinions and their actual buying behavior. The soft or opinion data should help to identify problems early so they can be corrected, and the hard data on buying behavior is to know what customers say about the products and service actually relate to their buying behavior . Brown (1996:43-84) identifies a number of companies that have a difficult time linking customer satisfaction levels with market share and repeat business.

Customer satisfaction is perceived to be a key indicator of a firm's market share and profitability, and it is revealed that, a satisfied customer is expected to repeat the purchase of the goods or services, increasing a firm's market share and profits, which imply its significance to successful competition in customer-centered era (Kaplan & Norton, 1996:70). In general, high customer satisfaction should indicate increased loyalty of current customers, and enhanced reputation for the firm, which can aid in introducing new products by providing instant awareness and lowering the buyers' risk.

Product / service quality measures

The balanced scorecard methodology builds on some key concepts of previous management ideas such as total quality management (TQM), including customer defined quality, continuous improvement,

employee empowerment, and -- primarily -- measurement-based management and feedback.

Measuring product and service quality is identifying information on what customers want and expect as well as what dimensions of products or services need to be measured and controlled. Customers' need are not easy to identify, because what customers want and expect changes quite often, it is important then to conduct customer requirement research on a regular and frequent basis (Chang, et al. 2002:5). Brown (1996:89) suggests that every organization needs set standards for product /service quality levels based on customer requirements and quality levels of world-class organizations' product/services.

Measuring supplier performance

The supplier is a crucial part of the partnership of producing goods and services (Kennerley & Neely, 2000:292). Furthermore, Brown (1996:111) suggests that loyal and good suppliers are as important as loyal and satisfied customers. Supplier management goes beyond ensuring cost-effectiveness, capacity control, quality, and responsiveness to create a competitive advantage for the organization through a superior relationship management. It has application and benefits not only in production, but also in marketing, sales, and support operations.

According to Brown (1996:121) the three common measures for suppliers' performance are:

- **Quality of goods and services purchased:** In this category excellent companies used to collect data on key product/service variables for the goods and services it buys from suppliers.
- **Price (Value):** Suppliers are rated on their pricing and how it compares to their chief competitors.
- **Products returned (shipment rejected):** Suppliers are assessed using key process metrics along with the traditional quality and price metrics.

2.4.3. Internal business process perspective

The internal business perspective involves identifying those internal business activities that are critical to the company's success. This perspective relates to the production of the company's goods or services and involves developing efficient work processes that minimize costs and maximize quality (Jalbert & Landry, 2003:2).

The objectives and measures for this perspective thus enable a focus on maintaining and improving performance of those processes that deliver the objectives established as key to satisfying customers, which in turn satisfy shareholders.

Internal business process measures address things such as productivity, accuracy, cycle time, core competencies and effective use of people and information resources. According to (Kaplan & Norton, 1996:96; Brown, 1996:109), there are many internal processes in the typical organization that deserve attention and measurement. Organizations need measures of performance all the way from the

identification of a customer need to the satisfaction of that customer need. This internal business perspective model encompasses three principal business processes, namely:

Innovation; this process help the business unit researchers to identify the emerging or latent needs of customers, and then create the product or services that will meet these needs.

Operational; this process is where existing products and services are produced and delivered to customers. This process has historically been the focus of most organizations' performance measurement systems.

Post sale service; this is a major step where training service is rendered to customers. For example, a company that sells sophisticate equipment or products may offer training programs for customers' employees to help them use the equipment or system more effectively and efficiently. All these activities expected to add value to target customers.

2.4.4. The innovation and learning perspective

The innovation and learning perspective recognizes that customers' needs, perceptions, and expectations constantly change. As a result, corporations have to evolve and continuously improve. In order to adapt to change, organizations must create an environment conducive to innovation and learning. This perspective encourages investment for future growth in the area of human resources (Jalbert & Landry, 2003:2).

Furthermore, the organization has to identify the infrastructure that must be built in order to create long-term growth and improvement. The objective is to build up mechanisms to fill up the existing gaps in knowledge and processes and to be continually innovative. Kaplan & Norton (1996:127) emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed.

The three common categories for learning and growth measures are: employee satisfaction, employee retention, and employee productivity. Here are a few examples of measures for the learning and growth perspective (Kaplan & Norton, 1996:45).

Measuring employee satisfaction: The employee satisfaction objective recognizes that employee morale and satisfaction are now considered highly important by most organizations. Satisfied employees are preconditions for increasing productivity, responsiveness, and quality and customer service. According to the authors of BSC excellent companies, measure employee satisfaction with employee surveys on which specified percentage of randomly chosen employees is surveyed.

Measuring employee retention: This objective recognizes to retain those employees in whom the organization has a long-term interest. Long-term loyal employees carry the values of the organization,

knowledge of the organization process, and sensitivity to the needs of customers. Employee retention is generally measured by percentage of key staff turnover.

Measuring employee productivity: The objective of measuring employee productivity is an outcome of aggregate impact from enhancing employee skills, employee morale, innovation, improving internal processes and satisfying customers. The simplest measurement of productivity measures is revenue per employee.

2.5. 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.

2.6. Impact of Balanced Scorecard on Organizational Performance

In order to be able to make an accurate decision, managers in enterprises in general and the corporation in particular need to have accurate information, including the financial and non-financial information. Kaplan and Norton (1996a) suggest that all improvements in the non-financial areas after the BSC implementation should be eventually linked to economic performance; based on their findings, it usually takes two, three years for the breakthrough performance to be achieved (Kaplan & Norton, 1996c). Applying a Balanced Scorecard will help the managers to evaluate the performance of enterprises accurately and comprehensively. This will help enterprises to reduce costs, increase revenue and improve business performance. There are many authors with the results of their research affirmed this judgment as pointed out that is non-financial performance measures are positively associated with performance (Abernethy & Lillis, 1995; Chenhall, 1997; Ittner & Larcker, 1997; Ittner & Larcker, 1995; Ittner, Larcker, & Meyer, 2003). They suggested that organizations adopting performance measurement system would improve their profitability and corporate performance by identifying the pivotal relationships between actions and performance (Buhovac & Slapnicar, 2007). Applying a modern performance measuring system like BSC widely, especially used for financial and non-financial indicators will increase the performance of enterprises (Stede, Chow, & Lin, 2006). Braam and Nijssen (2004) believed that when the enterprises apply a performance evaluation system including the financial and non-financial indicators, it will be more effective but the enterprises along with the conditions just apply the financial indicators to evaluate the performance. Zahirul and Wendy (2000) showed that when applying with BSC, BSC's effect on business performance can be found out clearly. According to Kaplan and Norton (1992, 2001), it is believed that applying an effective evaluation system with many aspects will change the business environment of enterprise and change the results of enterprise. To manage the enterprise effectively, BSC is considered as a strategic management tool to improve the performance of enterprises (Johnsen, 2001; Kaplan & Norton, 2001; Brignall, Fitzgerald, Johnston, & Silvestro, 1991). BSC usage is positively and significantly correlated with organizational performance (Zahirul & Wendy, 2000).

Using BSC has led to positively influences overall company performance” (Braam & Nijssen, 2004). One reason for the general statements mentioned above can be that, except for Braam and Nijssen (2004), all studies had the topic of BSC’s effects on performance as a secondary or coequal one “Use of BSc has led to better results”. According to the study of Braam and Nijssen (2004), Balanced Scorecard practice will not automatically improve organization performance, but that the manner of its use matters: Balanced Scorecard use that complements corporate strategy positively influences organizations performance, while Balanced Scorecard use that is not associated with the approach may decrease it.

2.7. Common pitfalls of organizations in implementing BSC

It can be clear from the literature of BSC that there can be many organizational benefits in using a BSC for integrating strategy with performance measurement and providing a comprehensive set of achievable measures. However, despite its well-publicized successes, the majority of organizations that adopt a scorecard fail to reap the rewards they expect. In researching these disappointments, some common themes are discussed as follows (Bloomfield, 2002):

Measures that do not focus on strategy: A common problem is that an organization will adopt some new non-financial measures, but fail to align the measures adequately with strategy.

Failure to communicate and educate: A scorecard is only effective if it is clearly understood throughout an organization. Frequently, scorecards will be developed at the executive level, but not communicated or cascaded down through an organization. Without effective communication throughout the organization, a balanced scorecard will not encourage performance improvement.

No accountability: Accountability and high visibility are needed to help drive change. This means that each measure, objective, data source, and initiative must have an owner. Without this level of detailed implementation, a perfectly constructed scorecard will not achieve success, because nobody will be held accountable for performance.

Employees not empowered: While accountability may provide strong motivation for improving performance, employees must also have the authority, responsibility and tools necessary to impact relevant measures. Otherwise they will resist involvement and ownership. Resources must be made available, and initiatives funded, to achieve success. Employees are likely to need new information tools to help them understand the drivers of measures for which they are responsible so they can take action. These tools can include systems for analysis and early warning indicators, exception reports and collaboration.

Too many initiatives: Large, decentralized organizations usually find that crossover and duplication

among initiatives can be identified. Cross-matching scorecard objectives with current and planned initiatives can be an important way to focus and align a company. This method will identify cases where objectives are supported inappropriately. Rather than relying on budgeting for strategic funding, this process eliminates waste, speeds scorecard implementation, and helps an organization prioritize their initiatives to better support their strategy.

CHAPTER THREE

3. RESEARCH METHODOLOGY AND DESIGN

The primary aims of this study, as mentioned in chapter one, is to assess practice and impact of balanced scorecard on the performance Ethiopia Agricultural Business corporation. This chapter describes the research design that was employed to achieve the main objectives of the study. It therefore, discusses the research design, source of data and sampling technique, the data collection instruments and methods of data analysis used in the entire study.

3.1. Research Design and Approach

The method of the study was descriptive in nature because of the study aimed to examine the situation regarding Balanced Scorecard implementation and its possible impact .Among the three categories of research methods namely exploratory, descriptive and explanatory, descriptive research method was chosen because it describes the characteristics of objects, people group, organization or environments. In other words, descriptive research tries to paint a picture of a given situation by addressing who, what, when, where and how questions. According to (zakmaund, 2010) descriptive research method describes what exist in a given situation .so that the researcher believes that this method will describe the existing practices and impact of balanced scorecard on the performance of Ethiopian Agricultural Business corporation. Mixed research method design usually features, which includes an implicit purpose statement research questions, and rationale for using quantitative and qualitative methods and data in the study (Creswell, 2003) in this study the researcher was used mixed methods design consists of both qualitative and quantitative data.

3.2. Sample and Sampling Techniques

Due to limitedness in capacity, the study cannot address the entire population of permanent employees in Ethiopia Agricultural Business Corporation, rather represent a sample. For this study the researcher preferred to use both stratified random sampling and purposive sampling Stratified random sampling techniques were used by dividing each sector exist and give equal chance of being selected for each stratum.

This sampling method will give equal chance of being selected for each sector and also it is free from sampling bias. Purposive sampling technique was employed to select concerned individual who has

directly related to the subject as well as the sample area of the Corporation. For this study the researcher selected strategy and planning manager to conduct an interview in organization. For this study the target population was the permanent employees of management and non-management staffs who are working in Ethiopia Agricultural Business Corporation at the head offices and Branch Offices. The preliminary survey undertaken by the researcher collected from the human resource transaction office of Ethiopia Agricultural Business Corporation indicates that currently there are permanent and temporary employees working at the head office and branch office. The types of sampling which are going to be used is both purposive sampling to conduct an interview with responsible human resource manager and stratified random sampling to distribute questionnaire to permanent and temporary staff at Ethiopian Agricultural Businesses Corporation. The study population will be staffs who work in Ethiopia Agricultural Business corporation head office and branch offices at permanent and temporary basis that are around 1560 in number. Krejcie and Morgan's (1970) published a formula for an effective and efficient method of determining a representative sample size of a given population using the following formula. Thus, in the present study the sample size was determined by using this formula.

$$s = \frac{x^2(Np(1-p))}{D^2(N-1) + x^2 P(1-P)}$$

Where:

S = required sample size

X² = the table value of 95% confidence interval

P = the population proportion (assumed to be 0.5 for it provides the maximum sample size) D = the degree of accuracy expressed as a proportion (0.05)

N = the population size

Hence, in this study

$$X^2 = 1.96 \quad N = 1560$$

$$D^2 = 0.05 \quad P = 0.5$$

$$\frac{(1.96)^2(1560)(0.5)(1-0.5)}{0.05^2(1560-1)+(1.96)^2(0.5)(1-0.5)}$$

$$\frac{(3.8416)(780)(0.5)}{0.0025(1559)+(3.8416)(0.5)(0.5)}$$

$$= \frac{1498.224}{4.8579}$$

$$S=308.41$$

$$S= 309$$

Therefore, the result of the equation was 308.41 and approximately 309 representative samples were taken from 1560 population size for the questionnaire survey. The samples were drawn from existing permanent and temporary employees of corporation at head office and branch. As far as sampling was concerned, stratified random sampling techniques were used. In order to make proportional stratified random sampling the sample were divided in to the total number of sector so that form each sector 61.8 approximately 62 of employees for each stratum were randomly selected to fill questionnaires.

3.3. Source of Data and Methods of Data Collection

The necessary data for this study was collected from both primary and secondary sources. The primary data was collected through questionnaires which contained a mixture of closed ended and open ended questions and the structured interview was prepared and conducted with concerned human resource manager related to the subject matter. The researcher decided to use these tools because; questionnaires will help in gathering basic data from large number of respondent with fewer amounts of time on the other hand interviews the gives the advantage of collecting detailed information from small number of respondents and it helps the researcher how take in to account how the target population feels and think about the problem. The questionnaire was prepared to addresses respondent's demographic profile, educational background and work experience in corporation. As well as respondents opinion on BSC practice, impact, existing performance evaluation system using balanced scorecard is presented. Respondent's level of agreement on barriers of balanced scorecard implementation and lastly major achievements balanced scorecard implementation on four perspectives of balanced scorecard. The secondary data were collected from relevant documents, organization reports, newspapers, periodic publications & magazines that were related to the study. When necessary, materials were downloaded from websites.

3.4. Procedures of Data Collection

The study largely depended 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 to.

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 practice and impact of BSc implementation in EABC. 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 corporation 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 309 questionnaires and 260 usable questionnaires were collected. The rest 49 questionnaires were not returned.

3.5. Method of Data Analysis

As repeatedly stated, questionnaire and interview instruments were used for collecting relevant data from the managerial and non-managerial employee of the corporation at head office and branch. From the total number of sample 309 employees selected and distributed, because of failure to give some important information by some of the participants, it was only the 260 responses that the data was found suitable for Analysis

The respondents obtained from 260 employees through the questionnaires were tallied organized and demonstrated in tables, pie charts and bar charts.

The data analysis of the study were summarized using frequencies and percentages as well as mean and standard deviation for all variables including age, sex, working experience; years on current job/position and educational level were analyzed. The four barriers of BSC implementation and four perspectives of BSC were analyzed and interpreted. The data gathered through questionnaires from the respondent will be analyzed and presented in the form of charts, diagrams and tables. The collected data from randomly selected employees were analyzed using SPSS 20 version in terms of descriptive statistics such as percentages, frequency mean & standard deviation. The result of interview questions were interpreted

and analyzed accordingly. The primary data collected through interview and questionnaires tried to be discussed to get meaningful information about existing practices and impact of balanced scorecard on the performance the corporation.

3.6. Validity and Reliability

Validity: Validity of an instrument is how accurate the instrument is in obtaining the data it intends to collect (Mugend & 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. Discussions were held with peers and professional experts in change management department, who will go 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 "acceptable" 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"

Table 1: Case Processing Summary

		N	%
Cases	Valid	28	100.0
	Excluded ^a	0	.0
	Total	28	100.0
a. List wise deletion based on all variables in the procedure.			
Reliability Statistics			
Cronbach's Alpha		N of Items	
0.816		27	

The above Table 1 Case Processing Summary and Reliability Statistics for pilot-test for current performance of EABC with respect to the given statement

3.7. Ethical Considerations

The principle of respect for persons states that participants' thoughts and decisions must be honored. All participants provided their consent via the informed consent process. In order to ensure the application of this principle, a form was provided to the participants who outlined, for the participants' clarification, the study's purpose, potential risks and benefits of participating in the study, as well as statements about confidentiality. Participants who intended to participate asked to read the form and talked that by participating they provided and informed consent. The study was designed to minimize all potential risks to the participants. The information provided by the participants remained anonymous. All collected data were absent of identifiable markers and stored on the researcher's personal computer. The researcher was the only person with access to the data. The computer files had a password protect.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

The chapter is all about data presentation and data analysis. It presents response rate, respondent's profile, and the analysis of data collected for the study that describe about practice and impact of balanced scorecard on the performance. 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 Corporation and Branches were used in the data analysis. The chapter presents results on the practice and impact of balanced scorecard on the performance a case study of Ethiopian Agricultural Businesses. 309 questionnaires were distributed to collect data form management, highly professional employees and employees of the corporation. Out of 309 questionnaires distributed the researcher received 260 questionnaires giving a response rate of 84%. Hence, it can be concluded that the usable response rate 84% 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 EABC and how many employees participated from each division. The proportion of each demographic characteristic of respondents presented one by one as below.

Table 2: Demographic characteristics of the respondent

Parameters		Frequency	Percentage
Gender	Male	178	68.5%
	Female	82	31.5%
	Total	260	100%
Age	18-25	46	17.7%
	26-40	102	39.2%
	41-55	96	36.9%
	56-60	16	6.2%
	Total	260	100%
Educational Background	High School Graduate	16	6.2%
	Technical School Graduate	47	18.1%
	College Diploma	34	13.1%
	Bachelor's Degree	133	51.1%
	Master's Degree	30	11.5%
	Total	260	100%
Experience In EABC/others	0-4	19	7.3%
	5-9	74	28.5%
	10-19	107	41.1%
	20-30	45	17.3%
	Above 30	15	5.8%
	Total	260	100%
Your current position (Job Grade)	6-9	60	23.1 %
	10-12	86	33.1%
	13-15	88	33.8%
	Above 16	26	10%
	Total	260	260%
Years of service on the current position	less than one year	33	12.7%
	1-2 Years	149	57.3%
	3-5 Years	56	21.5%
	5-10 Years	22	8.5%
	Total	260	100%

Source: own survey, 2022

Demographic characteristics of the respondents' are summarized in Table 2. Of the total 68.5 % (N=178) and 31.5% (N=82) respondents were male and female respectively. Therefore, the majority of the respondents are male. The respondents' age in the study area was indicated that 39.2%, 36.9%, 17.7% and 6.2% of the population between 26-40, 41-55, 18-25 and 56-60 years of age respectively. Thus, from this result the researcher conclude that majority of EABC staffs are young. Regarding to, Educational background of the respondents' revealed that the majority (51.1%) of the respond had first degree level. The rests 18.1%, 13.1% 11.5% and 6.2% had technical school graduate, a collage Diploma, MA/MSc degree and high school graduate holders respectively. This implies that the majority of employees under this study area are literate.

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 work experience in Ethiopia Agricultural Business Corporation survey result indicated that of the total majority of the respondents (87%) had between 0-9 years of experience (53.2% and 33.8% was between 0-4 and 5-9 years of work experience in the corporation respectively. The rest 13% of the sampled population were had 10-30 years of work experience in the corporation (5% of the population was between 10-19 years and 8% had experience between 20-30) respectively have works experience in EABC from this result one can say that this study target respondents have different work experience as well as hierarchical level in the corporation.

Based on service year on current position of sample respondents the majority (39.1%) of has less than one year of service in their current position. (27.1%) of respondents has 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.

Table 3: Proportion of the Participated Respondents in each Division

Ethiopian Agricultural Businesses		Frequency	Percent	Valid	Cumulative Percent
1	Main corporation	50	19.2	19.2	19.2
2	Ethiopia seed and forest sector(branches)	125	48.1	48.1	67.1
3	Input sector	35	13.5	13.5	80.6
4	Agricultural machinery sector	30	11.5	11.5	92.3
5	Vehicle maintenance sector	20	7.7	7.7	100.0
	Total	260	5	5	5

Source; Own survey2022

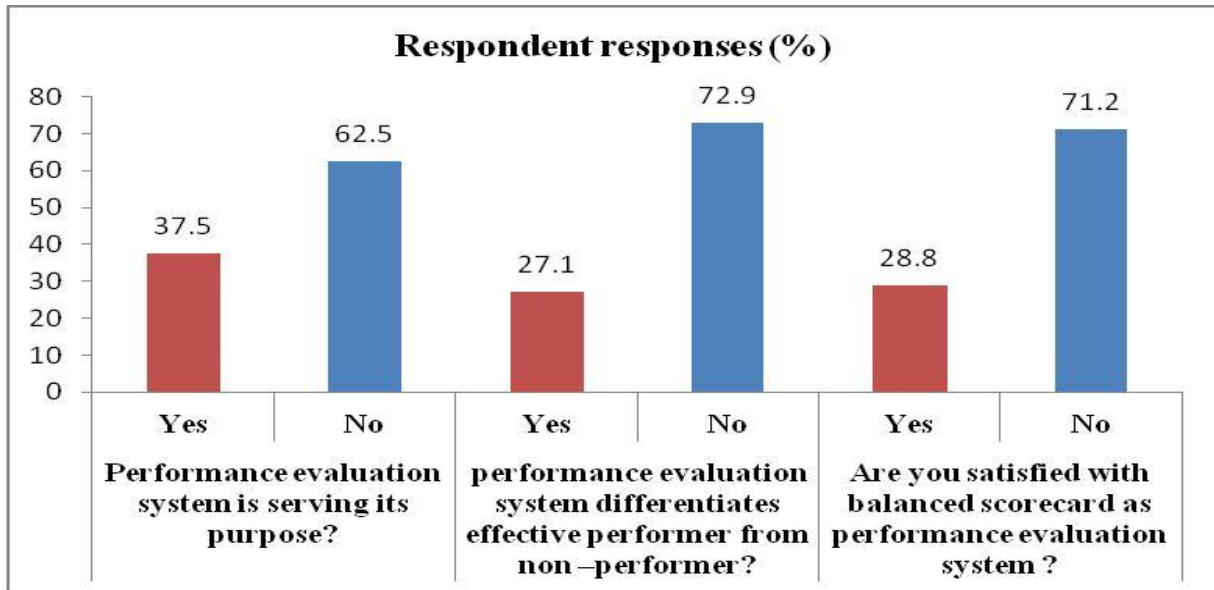
Finally, according to the survey result reveals in table 3. 19.2% of respondents are belongs from main corporation office, 48.1% are from Ethiopia seed and forest sector(Branches),13.5.% are from Input service sector, 11.5% are from agricultural machinery service sector, 7.7% are from vehicles maintenance 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. Performance evaluation system of BSC implementation.

According to Michael Beer (1987), the problems of performance evaluation is related to the forms and procedures that make up the performance appraisal system. The form used to record the performance of the employees is blamed if it is cumbersome, not customized and if employees

did not participate in the design of the form of evaluation. In this regard, the perception of employees towards the performance evaluation forms used by the corporation are gathered and presented in the subsequent table as shown below.

Figure 2; Employees’ opinion on the performance evaluation system



Source, own survey 2022

Employees’ opinions concerning performance management in EABC are shown in Figure 2 Majority of respondents 62.5% (N=163) in the above table with a mean value of 1.63 believe that the performance evaluation system in EABC was does not serve its purpose and the rest 37.5% (N=97) believes that the performance evaluation system in EABC serves its purpose.

When it comes to the evaluation system EABC, 72.9%) (N=190) of the respondents disagree that the evaluation system differentiate effective performer from non- performer but the remaining 27.1%) (N=70) respondents believe that the evaluation system clearly differentiate the effective performer from non-performer. Therefore this implies that the Corporation lacks systematic designing of effective performance evaluation system that effectively differentiate effective performer form non performer that affects employee’s level of satisfaction towards performance evaluation system in the Corporation.

In this section, employees’ level of agreement were measured on five point Likert scale with 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree. To make easy interpretation, the following ranges of values are assigned to each scale 1.50 or less= Strongly Disagree, 1.51-2.50= Disagree, 2.51-3.49=Neutral, 3.50-4.49= Agree, and 4.50 and greater= Strongly Agree.

Table 4; the impact of performance evaluation on skill, knowledge and capacity development

Item	Statements	Response	No (%)	Mean	STD
I	The performance evaluation system for improvement on skill, knowledge and capacity	Strongly Disagree	46(17.7%)	2.04	1.410
		Disagree	41(15.7%)		
		Neutral	71(27.4%)		
		Agree	85(32.8%)		
		Strongly agree	17(6.4%)		
		Total	260(100%)		

Source, own survey 2022

Form the total respondents 46(17.7%) were strongly disagree and 41(15.7%) disagree that the performance evaluation system encourages them to improve their skill and knowledge. The table further indicates that 102(39.2%) which was 32.8% agree and 6.4% strongly agree that the performance evaluation system encourages self-development. 17.7% of the respondents were indifference regarding the pervious issue. A mean value of 2.04 was a sign of respondents' dissatisfaction with performance evaluation system in EABC because it discourages them to improve their skill and knowledge.

In summary, respondents attitude about their level of satisfaction concerning the performance evaluation system in EABC, the majority of the respondents 185(71.2%) were negatively replied and they were not satisfied with the current performance evaluation system. Only 102(39.2%) of the respondents showed positive attitude towards performance evaluation system after BSC implementation. To support their argument they put the following reasons:

- ◆ The evaluation is focused on what workers do in number not how they do it. It does not consider harmonious relationship with customer.
- ◆ The evaluation system expects zero error of works and it needs perfection in assigned task
- ◆ The evaluation system does not consider workers ability, knowledge and skills to perform a given task but only focus on number of transaction per day and volume of transaction this all are focused on financial perspectives so that the evaluation system ignore non-financial perspectives.
- ◆ Sometimes the performance evaluation system depends on the manager-employee Relationship and the manager attitude towards employee performance
- ◆ The targets given per quarter mostly difficult to attain and unrealistic to achieve.
- ◆ The BSC evaluation system didn't properly link to rewarding system. Most of the time reward

is given based on Sector or branch performance. So the evaluation system does not differentiate performer from non performer based on the evaluation method.

The above table shows a sort of fragmented responses from the respondents regarding performance evaluation system. This perhaps indicates that evaluation system in EABC does not consider human resource dimension and properly measures the individual performance. In addition, most of the respondent believes that the evaluation system could be based manager-employees relationship rather than workers ability, knowledge and skills to perform assigned jobs. Based on the respondents view the evaluation system does not encourage them to upgrade their skill, knowledge and carrier development.

In general, the focus of performance evaluation system is more on financial perspectives that non-financial. The evaluation system discourages employees to exert their effort towards strategy execution. Additionally the interview conducted with strategy and planning manager of the corporation showed that the focus most sector and branches after balanced scorecard implementation in EABC is not changed as compared to the expected level of balancing financial as well as non- financial perspectives. Therefore there is more on emphasis given to financial perspectives than non-financial perspectives.

Represent a set of measures focusing on those aspects of organizational performance that are the most critical for the current and future success of the organization (David P., 2007). Key Performance Indicators (KPIs) are among the most commonly used tools that companies employ to help manage more effectively and guide their progress. Planning and setting targets to align strategic initiatives includes identifying targets for each of the objectives to be measured by the KPIs. Individual targets are set for strategic objectives and projects, which are in turn linked to the larger strategic objectives.

This shows more than half of the respondents have negatively replied that KPI in Ethiopian Agricultural Businesses Corporation properly measure individual performance as well as it clearly shows the corporation progress towards the achievements of corporate strategy.

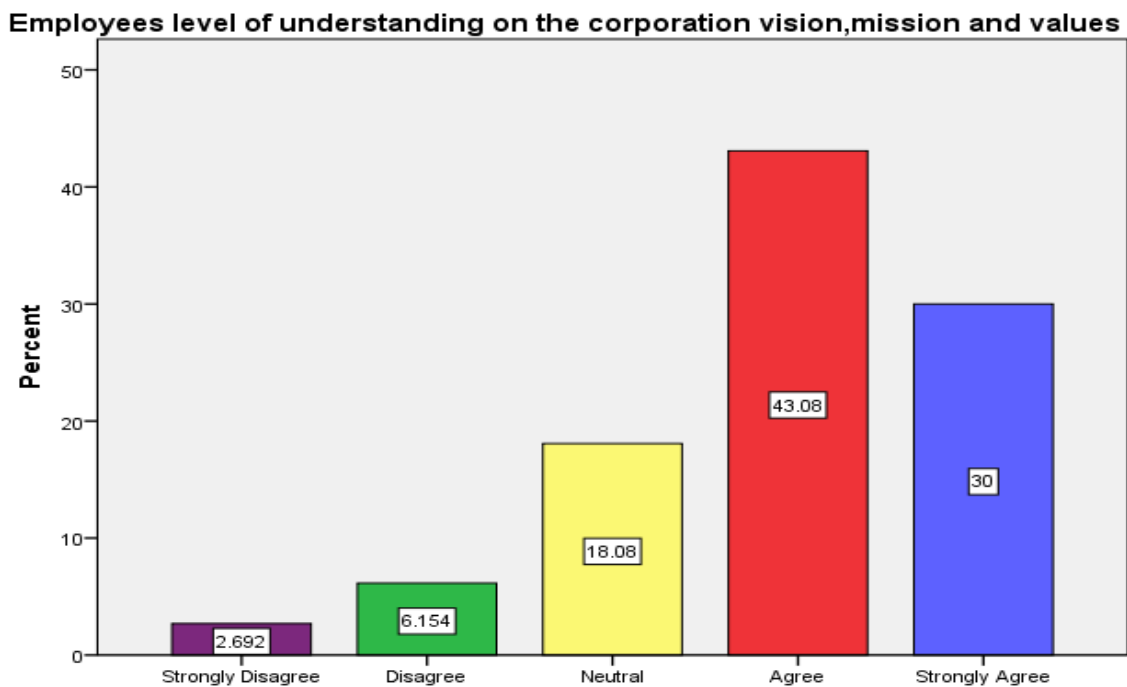
4.4 Balanced scorecard implementation

In this section, employees' level of agreement regarding major achievements of four barrier of balanced scorecard implementation namely, vision, people, resource and management barriers respectively were reviewed using table, pie cart and bar graphs.

4.4.1 Vision Barrier

4.4.1.1 Vision, Mission and Values Understanding Level of Employees

Figure 3



Source: own survey, 2022

Employees level of understanding on vision, mission and values of EABC summarized in Figure 3. The study result shows that, 43% and 30% of the respondents believed that they know the vision, mission & values of the corporation. While 8.9% of the respondents were does not know the vision, mission & values, the remaining 18.1% was not sure about their level of knowledge regarding the vision mission and values of the Corporation.

According to Niven (2006) study, successful strategy implementation is as a result of understood and acted the strategy at every level of the firm.

These indicted majorities of the employee understanding of the corporation vision, mission and values could be benefiting the corporation to use the employee's key capacities to successful strategy

execution by translating a company’s strategic direction and objectives into actionable initiatives and measurements and vision motivates people to take action in the right direction. As a result the organization can provide a significant motivational force (Niven, 2006).

4.4.1.2Balanced scorecard implementation for strategy execution & communication tool

Table 5; Responses’ of the employees on BSC for strategy execution & communication tool

Item	Statement		N (%)	Mean	Std. Deviation
I	In my opinion the strategies are implemented in actionable ways to achieve EABC long term vision.	Strongly Disagree	20(7.7)	3.25	1.063
		Disagree	40(15.4)		
		Neutral	77(29.6)		
		Agree	101(38.8)		
		Strongly agree	22(8.5)		
		Total	260(100)		
II	My institution strategy of communication is primarily interactive (two way)	Strongly Disagree	8(3.1)	3.32	0.972
		Disagree	50(19.2)		
		Neutral	91(35)		
		Agree	91(35)		
		Strongly agree	20(7.7)		
		Total	260(100)		
III	I have clear line of sight among my responsibilities ,accountability & goals	Strongly Disagree	6(2.3)	3.89	0.937
		Disagree	21(8.1)		
		Neutral	49(18.8)		
		Agree	113(43.5)		
		Strongly agree	71(27.3)		
		Total	260(100)		

Source: own survey, 2022

The study result showed that the arithmetic mean and standard deviation responses’ of the employees on the overall situation of the corporation strategy execution & communication tool Considered in this study. The result shows the average means value of their response was3.25and 3.32 with standard deviation of 1.063 and 0.972 respectively which indicates that the majority of the respondents negatively replied on the implementation of strategies in actionable way to achieve EABC long term vision. The existence of two ways communication in the corporation, majority of the respondents were agreement with their institution facilitate interactive two way communication The table result shows the arithmetic mean and standard deviation value of the respondents’ believe on their level

of understanding on the responsibilities, accountability goals in the corporation achievements were 3.89 and 0.937 respectively. This implies most employees have better understanding about their responsibilities, accountability & goals in the corporation. According to Oviduct, (2007) Sharing Scorecard results throughout the organization provides employees with the opportunity to discuss the assumptions underlying the strategy, learn from any unexpected results, and dialogue on future modifications as necessary. Similarly based on Niven (2002) opinion, Balanced Scorecard means three things: measurement system, strategic management system and communication tool. The most important benefit of the scorecard is its use in facilitating communication about strategy, not just at the top level, but throughout the organization. The Balanced Scorecard translates the strategy and tells the story to all employees. The scorecards become the direct communication process for linking overall corporate strategy with team and individual goals for achievement From the above discussion we can conclude that majority of the employees believes that BSC implementation to execute EABC strategy in to action towards the achievements of its long term vision to be a leading African class corporation in 2030.

NB. At present, EABC is under a new Ethiopian Investment Holding Company. The fate of the corporation may not be in its hands. It is imperative to uphold and incorporate strong corporate governance principles to instill commercial and investment discipline in the management of state-owned assets and resources. The International Forum of Sovereign Wealth Funds (IFSFW), a global network of sovereign wealth funds from over 40 countries, has admitted the Ethiopian Investment Holdings as an associate member.

4.4.2 People barrier

Table 6: Opinion of the respondents on the rewarding and motivation

Item	Statement		No (%)	Mean	StD
I	My actual performance is tied to rewards and it acknowledges my contribution for overall company success	Strongly Disagree	96(36.9%)	2.508	1.391
		Disagree	37(14.2%)		
		Neutral	47(18.1%)		
		Agree	59(22.7%)		
		Strongly agree	21(8.1%)		
		Total	260(100)		
I I	The rewarding system of the corporation is not satisfactory compared to my effort	Strongly Disagree	16(6.2%)	3.409	1.052
		Disagree	32(12.3%)		
		Neutral	78(28.8%)		
		Agree	105(40.4%)		
		Strongly agree	32(12.3%)		
		Total	260(100%)		
IV	In my opinion employees lack motivation to exert their effort successfully implementing BSC	Strongly Disagree	140(53.8%)	2.23	1.494
		Disagree	17(6.5%)		
		Neutral	33(12.7%)		
		Agree	42(16.2%)		

Source: own survey, 2022

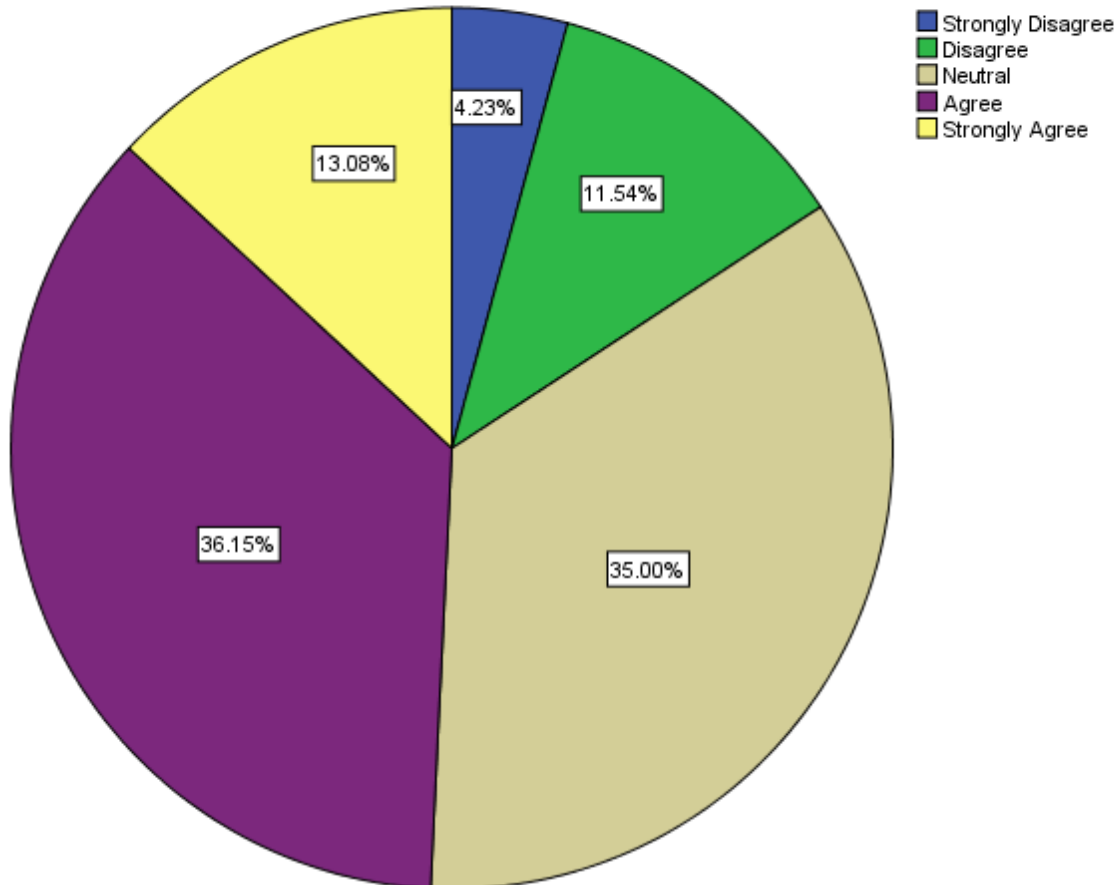
Table 6 describes opinion of the respondents regarding rewarding system in EABC. Rewarding system is an important tool that management can use to channel employee motivation in a desired ways. In other words reward systems seek to attract people to join the organization to keep them coming to work, motivate them to perform higher levels (Puwanenthiren P.,2011).The arithmetic mean and standard deviation of the overall rewarding system in the corporation was 2.508 and 1.391 respectively and this indicted that the respondents were disagree on the rewarded system on the corporation. This implies that the reward system was not tied to their performance. Likewise, the mean and standard deviation value as 3.409and 1.052 respectively this indicates that the level of satisfaction on rewarding system of the corporation compared to their effort was not satisfactory. Based on Mohamed Z. &Yasar J., (2010) view, an organization implemented the balanced scorecard should consider the employee incentives to reinforce and to improve the performance of the organization as well as the employees so that organizations should tie any reward to employees' performance. The table shows that 2.23 and 1.494 mean and standard deviation of employees' motivation exert their efforts in balanced scorecard implementation implies that employees lack motivation to successfully exert their efforts in balanced scorecard increasingly. This due to the reward system was not tied to their performance and the reward was not satisfactory. Since the organization should establish an equitable balance between the employee's contribution to the organization and the organization contribution to the employees.

4.4.3 Resource Barrier

4.4.3.1 BSC Implementation Linked to departmental, Team and Individual Goals

Figure 5:

The BSC implementation are linked to departmental, team and individual goal



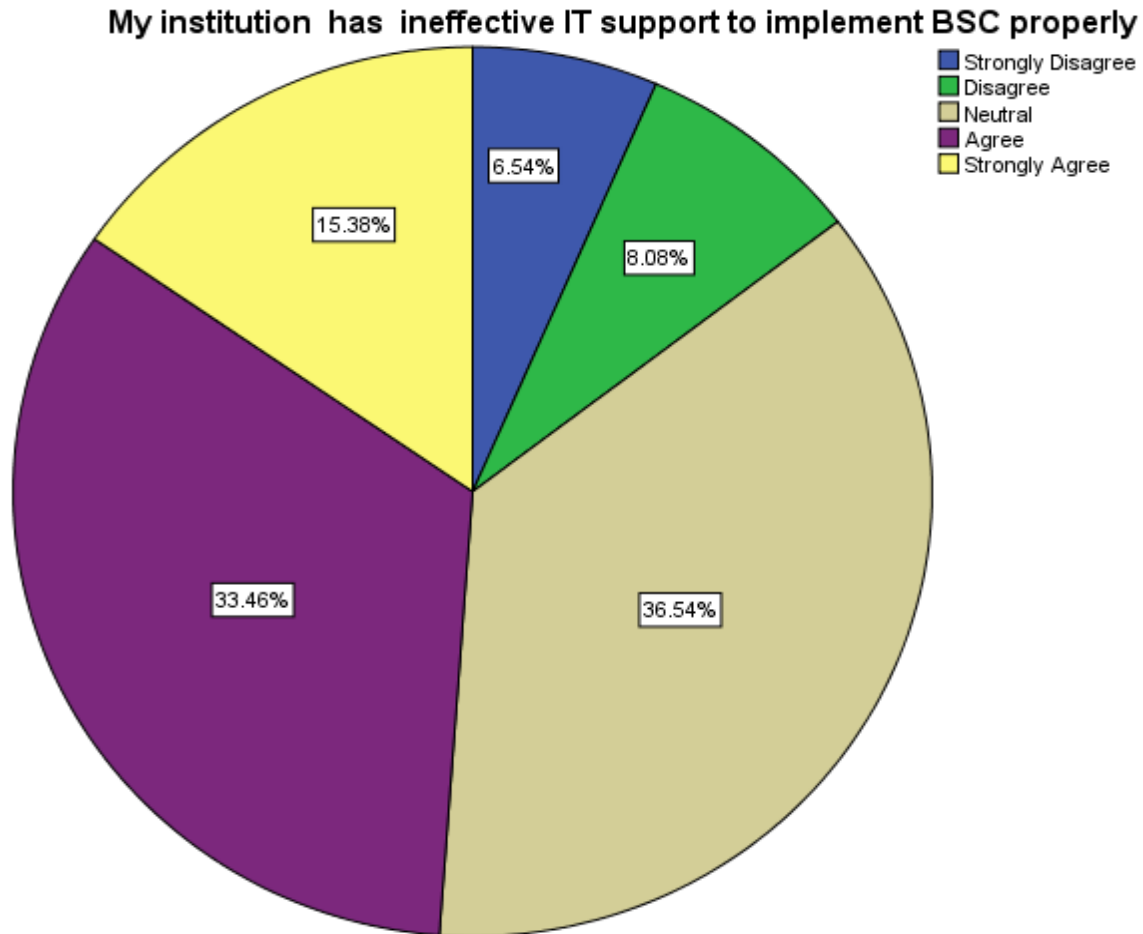
Source: own survey, 2022

Respondents' opinion on BSC implementation linked to department, team, and individual level shows in Figure 5. Based on the Figure, 49.3% of the respondents believe that BSC implementation was linked to departmental, team and individual goals. On the other hand, based on the 15.7% of the respondents believe BSC implementation was not linked to departmental, team and individual goals. This indicated that cascading the Balanced Scorecard allows employees to develop objectives and measure

organization must possess a deep understanding of the objectives and measures that make up the highest-level scorecard (Nievn, 2006).

4.4.3.2 In Effective IT Support for Balanced Scorecard Implementation

Figure 6: Opinion concerning the presence of in effective IT support



N.B 6.54%,8.05%,36.54&,33.46% and 15.38% are shown strongly disagree,disagree,neutral,agree and strongly agree respectively shown the figure

Source: own survey, 2022

The above Figure reveals that, of the respondents said the Ethiopia Agricultural Business corporation lacks IT support, on the other hand 6.5% & 8.1% of the respondents strongly disagree and disagree that the existing coordination and IT support was not good. On the other hand 33.5% & 15.4% the respondents does think that EABC lacks IT support for proper implementation of balanced scorecard. 36.5% from the total number of 260 respondents were neutral. According to olve et al, (2003) report to assist the company's strategic discussion and learning processes, the Balanced Scorecard should be continually updated with current and operationally relevant information. Inputs are needed at all stages of a BSC initiative. IT should act as a facilitator and has an important role as support at different stages of the BSC Initiative in terms of preparing the initial stages of the BSC project; defining and linking measures, setting goals, and observing performances, managing strategic initiatives and action plans. Form the above

interpretation the existing IT support in Ethiopian Agricultural Business Corporation is not effectively support balanced scorecard. Implementation in order to update the progress of strategy execution based on current and operationally relevant information.

4.4.3.3 Resource Allocation in EABC

Table 7: Opinion of the respondents on the Resources allocation

Item	Statement		No (%)	Mean	StD
1	Allocating appropriate resources for the building up and sustaining of the BSC implementation is good in Ethiopia Agricultural Business corporation	Strongly Disagree	22(8.5)	3.019	1.059
		Disagree	63(24.2)		
		Neutral	77(29.6)		
		Agree	84(32.3)		
		Strongly agree	1(5.4)		
		Total	260(100)		

Source: own survey, 2022

The above table shows that resource allocation in EABC is summarized. The table result shows the mean and standard deviation of resource allocation for sustain implementation of BSC in the corporation was indicated that 3.019 and 1.059 respectively. This implies the respondents were believed that than corporation allocated appropriate resources for the implement of BSC. Moreover, of the total 37.7% of the respondents believed that allocated appropriate resources for the implement of BSc.

4.4.4 Management barrier

Table 8 Employee participation in meeting after balanced scorecard implementation

Item	Statements	Response	No (%)	Mean	STD
I	Have you ever been participated in Meetings to discuss about your work/task since EABC started balanced score card implementation?	Yes	183(70.4%)	1.29	0.457
		No	77(29.6%)		
		Total	260(100%)		
II	If your response to question No - 1 is yes, how often is your opinion is accepted by your boss?	Always	46(17.7%)	2.29	0.751
		Often	91(35%)		
		Sometimes	123(47.3%)		
		Total	260(100%)		
III	I have frequently been meeting with managers to discuss the progress towards the achievements of balanced scorecard	Strongly Disagree	12 (4.6)	3.023	0.970
		Disagree	67(25.8)		
		Neutral	100 (38.5)		
		Agree	65 (25)		
		Strongly agree	16 (6.2)		
		Total	260 (100)		
IV	Properly identified working method and processes exist in my institution in order to implement BSC	Strongly Disagree	3(1.2%)	3.484	0.952
		Disagree	39(15%)		
		Neutral	84(32.3%)		
		Agree	97(37.3%)		
		Strongly agree	37(14.2%)		
		Total	260(100%)		
V	I know that the results of my work are linked to the organizational strategy	Strongly Disagree	3(1.1%)	3.588	0.99
		Disagree	39(15%)		
		Neutral	67(25.8%)		
		Agree	104(40%)		
		Strongly agree	47(18.1%)		
		Total	260(100%)		

Source: own survey, 2022

The above table shows Employee participation in meeting after balanced scorecard implementation. Of the total 70.4% (N=183) of the respondents participated in meeting after balanced scorecard implemented in EABC, on the other hand 29.6% (N=77) of the respondents were not participated in meeting with their supervisor. For those who participate in meeting (N=183) respondents express the frequency of their opinion accepted by their supervisor. 47.3% (N=123) of the respondents believes that their opinion sometimes was accepted by their supervisor on meetings. Similarly 35% (N=91) of the respondents said that their opinion was often accepted but 17.7% of the respondents believe that their supervisor always accepts their opinion rose on meeting. However the majority of the respondents participate in meeting with managers, the employees don't discuss about progress towards the achievements of balanced scorecard in meeting with their managers.

The table shows that, 51.5% of the respondents thought that EABC has properly identified working method and processes exist in my institution in order to implement BSC whereas 16.2% oppose the working methods and processes were properly identified while around 32.3% of the respondents were not sure about it. More than 50% of the respondents believed that the result of their work was directly linked to organizational strategy but 16.1% of them don't believe their work is linked to the company strategy. The remaining 25.8% of the respondents were not sure about it.

Davis (1996), examining the BSC initiative in the General Electric (GE) Lighting business Group, confirmed the importance of the participation of lower levels in the BSC initiative. According to him, involving employees at all levels in the development of BSC measures is crucial for BSC success. This will inspire ownership of the measures and commitment to achieve their targets. He stated: By showing employees how their performance influences the bottom line, frontline employees were encouraged to act like owners and ensure the future of their jobs. If the importance of employee involvement was not understood, the organization may miss the opportunity to benefit from the employees' knowledge that was directly related to the areas in which they exert influence. In addition, if they were not directly involved, employees will not be able to focus on the performance drivers and on the design of initiatives and decisions necessary to achieve the targets. Therefore, the result implies that after balanced scorecard implementation most of the department's workers were participated in meeting with their supervisor regarding BSC implementation and their tasks. Workers participation in meeting after balanced scorecard was high in EABC.

4.5 Major Achievements of BSC Implementation on customer, financial, internal business unit and learning and development perspectives

4.5.1 Financial Perspectives

Table 9: Respondents' opinion on financial perspectives

Item	Statement/parameters		No (%)	Mean	Std. Deviation
I	Balanced scorecard implementation helps EABC to use its resource cost effectively	Strongly disagree	10(3.8)	3.45	1.010
		Disagree	34(13.1)		
		Neutral	80(30.8)		
		Agree	100(38.5)		
		Strongly agree	36(13.8)		
		Total	260		
II	Balanced scorecard implementation brings revenue growth and sustainable market share to my organization	Strongly disagree	9(3.5)	3.45	0.943
		Disagree	28(10.8)		
		Neutral	89(34.2)		
		Agree	106(40.8)		
		Strongly agree	28(10.8)		
		Total	260(100)		
III	Balanced scorecard implementation Improves Financial Performance of EABC.	Strongly disagree	6(2.3%)	3.50	0.876
		Disagree	20(7.7%)		
		Neutral	100(38.7%)		
		Agree	105(40.4%)		
		Strongly agree	29(11.2%)		
		Total	260(100%)		

Source: own survey, 2022

Table 9 describes the arithmetic mean and standard deviation of respondents' opinion on the financial perspectives. From the study result the impact of implementing BSC in the corporation was not significant difference between the financial perspectives and financial perspectives parameters. The average mean for financial perspectives was 3.46 and mean value for financial perspectives parameters of cost effective, revenue growth and Financial Performance were 3.45, 3.45 and 3.50 respectively. This implies that the respondents were replying positively regarding financial perspectives improvements after the implementation of BSC in the corporation.

4.5.2 Internal business perspectives

Table10: Employee response on to the internal business perspectives

Item	Statement	response	No (%)	Mean	Std. Deviation
I	Due to the implementation of BSC in EABC Ethiopia the service delivery time and effort is improved	Strongly Disagree	12(4.6%)	3.17	0.919
		Disagree	42(16.2%)		
		Neutral	109(41.9%)		
		Agree	84(32.3%)		
		Strongly agree	13(5%)		
		Total	260(100%)		
II	BSC implementation improves achievement of strategic goals for my business unit	Strongly Disagree	10(3.8%)	3.25	0.942
		Disagree	44(16.9%)		
		Neutral	95(36.5%)		
		Agree	94(36.2%)		
		Strongly agree	17(6.5%)		
		Total	260(100%)		
III	BSC implementation is suitable to meet increasing diverse customer needs	Strongly Disagree	10(3.8%)	3.37	0.919
		Disagree	31(11.9%)		
		Neutral	90(34.6%)		
		Agree	111(42.7%)		
		Strongly agree	18(6.9%)		
		Total	260(100%)		

Source: own survey, 2022

The above table describes the respondents' opinion on the internal business perspectives. From the study result the impact of implementing BSC in the internal business perspectives of the corporation was significant difference. Hence the average mean and the mean value of internal business perspectives and internal business perspectives parameters such as service delivery and achievement of strategic goals was 3.26, 3.17 and 3.25 respectively. This indicated that they were not sure there was improvements in the corporation. However, the mean value of customer needed which was the internal business perspectives parameters was 3.37. This implies the respondent believed that there was improvement of customer need after BSC implementation in the corporation. Even if the achievement of implementing BSC in the internal business perspectives of the corporation was significant difference on the mean value; the percentage or frequencies of the respondents indicated that they were not significant different and positively replied.

According to Richard H. et.al (2000) the internal business results commonly lead to financial success and satisfied customers. To meet organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel. Key processes are monitored to ensure that outcomes will be satisfactory. Internal business processes are the mechanisms through which performance expectations are achieved. Therefore, by relating the above literature with our finding, we can conclude that Ethiopia Agricultural Business Corporation properly identified key business areas and improve their capacity to be financially successful as well as satisfy its customers.

4.5.3 Customer perspectives

Table 11: Employee response regarding customer perspectives

Item	Statement	Item	No (%)	Mean	Std. Deviation
I	I know who are Ethiopian Agricultural Business corporation and what kind of service they need	Strongly Disagree	3(1.2%)	3.76	0.813
		Disagree	12(4.6%)		
		Neutral	70(26.9%)		
		Agree	134(51.5%)		
		Strongly agree	41(15.8%)		
		Total	260(100%)		
II	I always ask my customers are satisfied or dissatisfied	Strongly Disagree	12(4.6%)	3.43	0.997
		Disagree	30(11.5%)		
		Neutral	83(31.9%)		
		Agree	104(40%)		
		Strongly agree	31(11.9%)		
		Total	260(100%)		
III	I have the right to make decisions to solve problems for my customers	Strongly Disagree	13(5%)	3.54	0.959
		Disagree	20(7.7%)		
		Neutral	68(26.2%)		
		Agree	131(50.4%)		
		Strongly agree	28(10.8%)		
		Total	260(100%)		
IV	The implementation of balanced scorecard improves the service delivery of the organization.	Strongly Disagree	6(2.3%)	3.58	0.869
		Disagree	18(6.9%)		
		Neutral	86(33.1%)		
		Agree	120(46.2%)		
		Strongly agree	30(11.5%)		
		Total	260(100%)		
V	I think customers are satisfied by our service after the implementation of balanced scorecard	Strongly Disagree	6(2.3%)	3.35	0.864
		Disagree	29(11.2%)		
		Neutral	112(43.1%)		
		Agree	93(35.8%)		
		Strongly agree	20(7.7%)		
		Total	260(100%)		
VI	The customer compliance is declined after balanced scorecard implementation	Strongly Disagree	11(4.2%)	3.36	0.942
		Disagree	25(9.6%)		
		Neutral	110(42.3%)		
		Agree	87(33.5%)		
		Strongly agree	27(10.4%)		
		Total	260(100%)		
VII	The corporation is attracting new customers due to suitable customer service	Strongly Disagree	14(5.4%)	3.42	1.004
		Disagree	27(10.4%)		
		Neutral	85(32.7%)		
		Agree	104(40%)		
		Strongly agree	30(11.5%)		
		Total	260(100%)		

Source: own survey, 2022

Table 11 describes summarized the respondents' opinion on the customer perspectives. From the study result the impact of implementing BSC in the customer perspectives of the corporation indicted that the average mean value was 3.49. Similarly, the mean value of the service delivery time, declined customer compliance and attracting new customers were 3.76, 3.58 and 3.54 respectively. This indicted that the respondent reply positively about the achievements of customer perspectives and some of the parameters of customer perspectives after BSC implementation in the corporation. However, the rest parameters of customer perspectives mean value showed that the respondents were not agree about the achievements. On the other hand, when we look at the percentage of the respondents in all case of the customer perspectives parameters shows there was achievement after the BSC implementation the corporation.

4.5.4 Learning and growth perspectives

Table 12: Employee response on learning and growth perspectives

Item	Statement	Item	No (%)	Mean	STD
I	BSC gives much concern to the advancement of your career development	Strongly Disagree	18(6.9%)	3.41	1.004
		Disagree	21(8.1%)		
		Neutral	81(31.2%)		
		Agree	116(44.6%)		
		Strongly agree	24(9.2%)		
		Total	260(100%)		
II	The training given on balanced score card implementation is inadequate	Strongly Disagree	9(3.5%)	3.51	1.078
		Disagree	46(17.7%)		
		Neutral	54(20.8%)		
		Agree	106(40.8%)		
		Strongly agree	45(17.3%)		
		Total	260(100%)		
III	The training program given for me is appropriate to enhance my performance in work	Strongly Disagree	11(4.2%)	3.26	0.966
		Disagree	46(17.7%)		
		Neutral	85(32.7%)		
		Agree	101(38.8%)		
		Strongly agree	17(6.5%)		
		Total	260(100%)		
IV	I have taken all necessary support to improve myself through training	Strongly Disagree	22(8.5%)	3.02	1.116
		Disagree	72(27.7%)		
		Neutral	66(25.4%)		
		Agree	79(30.4%)		
		Strongly agree	21(8.1%)		
		Total	260(100%)		
V	The working environment is suitable to develop my job, knowledge and ability to advance my career	Strongly Disagree	14(5.4%)	3.13	1.031
		Disagree	58(22.3%)		
		Neutral	91(35%)		
		Agree	74(28.5%)		
		Strongly agree	23(8.8%)		
		Total	260(100%)		

Source; own survey 2022

The above table 12 describes respondents' opinion on concerning learning and growth perspectives. From the study result indicated the average mean value of learning and growth perspectives was 3.27. Likewise, from the table result revealed that the mean value of the all the parameters of learning and growth perspectives lies on the disagreement level. This indicated that the respondent reply negatively about the achievements of learning and growth perspectives. Similarly, the percentages of the respondent revealed after the implementation of the BSC in the corporation the employees were not

given appropriate training on balanced scorecard implementation. As a result the corporation learning and growth perspectives were not improved as expected.

In addition to that the respondents are not comfortable with the working environment to develop my job, knowledge and ability to advance their career. If a company wants to implement the Balanced Scorecard properly and reap all the benefits this concept may bring, people should first learn about it. Niven (2006) noted that organizations, after deciding to implement the Balanced Scorecard, conceive that it can be done without much learning. According to him, due to its seeming simplicity, people in charge very often conclude that thorough education and training are not required. Such a conclusion will permanently harm the BSC initiative and lead to failure. The reason is quite simple. The Balanced Scorecard is very often introduced because of its attractive design and popularity: put your strategy into four (or sometimes five) perspectives and results will very soon follow. However, the Balanced Scorecard implementation in-depth education and training are needed.

Niven (2006). Due to limited budgets or because of the perceived simplicity of the tool, BSC education and training are very often preserved only for high-level managers or only for project team members. The essence of any BSC initiative is to lead people throughout the organization to implement the strategy. If those people do not understand the tool in depth, there is no chance that they will find the right path to do this.

From above interpretation, the researcher can conclude that Ethiopian Agricultural Business Corporation fails to give adequate training on balanced scorecard implementation as well as other training or educational programs to update employee's skill and improve themselves for better performance. BSC implementation in Ethiopian Agricultural Business Corporation gives less concern for career development to enhance employee's effort to their assigned task.

On the other hand the working environment in Ethiopian Agricultural Business Corporation is not suitable to develop employee's knowledge and ability to advance my career. Therefore, the corporation gives less attention for the improvements of learning and growth of its employees.

4.6 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 corporation 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 Corporation 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 corporation 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 corporation 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, EABC got a benefit from BSC implementation. This was 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 EABC 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 EABC work to make the implementation of BSC systemize by given the training to all workers and team leader and some of supervisors regarding what BSc is and its implementation process

The commitment of management to support the employees on how to implement is very poor. Thus in order to eradicate this problem change management department being prepares supporting procedure to show the procedure of BSC implementation throughout the organization. Finally, the manager/interviewee says that EABC 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

5 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.5 Summary of Major Findings

The study was conducted to assess the practice and impact of balanced scorecard on the performance of Ethiopian Agricultural Business corporation.. In order to attain these, relevant data were gathered through questionnaire and interview with 260 permanent employees at head office, branch and strategy and planning manager of Ethiopian Agricultural Business Corporation respectively. The data were analyzed with the aid of descriptive statistics (percentage), mean and standard deviation. Based on the discussion of the data, the following summaries of findings are drawn:

- ◆ Regarding Performance evaluation system in Ethiopia Agricultural Business Corporation (72.9%) of their respondents disagrees that the evaluation system differentiate effective performer from non-performer. As a result of this 71.2% of the respondents are not satisfied with the evaluation system in EABC and based on the (62.5%) of respondents believe that evaluation system in E A B C does not serve its purpose similarly.
- ◆ (52.3%) of the respondents disagree about key performance indicators in use in EABC which properly measures their performance. Similarly 47.7% of the respondents believe that BSC implementation was linked to the sector goals but this cascaded goals and targets was somehow difficult to attain. (45.2%) of the respondents about existing personal target given as somehow difficult to achieve therefore, this result showed that EABC does not consider the importance of collecting appropriate information from different sources before the target setting, individually cascaded targets in EABC are unrealistic and unattainable. Concerning Employees level of understanding on vision, mission and values of EABC. The study result shows that, 43.1% and 30% of the respondents believed that they know the vision, mission & values of the corporation similarly; most employees have better understanding about their responsibilities, accountability & goals in the corporation. Regarding employees' opinion, the overall situation of the corporation strategy execution & communication tool was considered in this study. the result shows the average means value of their response was 2.86 and 2.46 with standard deviation of 1.372 and 1.408 ,respectively which indicates that from the total respondent the majority of the respondents negatively replied on the statements strategies implementation in actionable ways to achieve EABC long term vision and the

existence of two way communication in the corporation, majority of the respondents disagreed that their institution facilitate interactive two way of communication.

- ◆ The average mean and standard deviation of the overall rewarding system in the corporation was 3.40 and 1.051 respectively and this indicted that the respondents were disagree on the attractiveness of rewarding system of the corporation. This implies that the reward system was not tied to their performance. Likewise, the mean and standard deviation value as 3.31 and 0.971 respectively this indicates that the level of satisfaction on rewarding system of the corporation compared to their effort was not satisfactory, similarly the mean value of employees' motivation exert their efforts in balanced scorecard implementation implies that 2.04, and this result implies that employees lack motivation to successfully exert their efforts in balanced scorecard increasingly. But the mission statement of the corporation emphasize that in order to be a strong competitor in Africa by 2030, the corporation aimed to have highly motivated, skilled and disciplined employees But the employee level of motivation concerning balanced scorecard implementation is less than expected.
- ◆ Study result reveals that more than 52.7% believes that Ethiopia Agricultural Business corporation lacks good IT support that helps to execute company strategy. Therefore the existing IT support in EABC is not effectively support balanced scorecard implementation in order to update the progress of strategy execution based on current and operationally relevant information.
- ◆ Regarding resource allocation in the corporation it was indicated that 3.02 and 1.059 mean and standard deviation respectively. And also 69.6 % of the respondents believed that the corporation allocated appropriate resources for the implementation of BSC.
- ◆ Based on 70.4% of the total respondents believe, after balanced scorecard Implementation employees participated in meeting with their supervisor but the employees don't discuss about progress towards the achievements of balanced scorecard in meeting with their managers.. 39.2% of the respondents thought that Ethiopian Agricultural Business Corporation has properly identified working method and processes exist in my institution in order to implement BSC so that the majority of the respondents believed that the result of their work was directly linked to organizational strategy.
- ◆ The average mean for financial perspectives was 3.46 and this implies that after balanced scorecard implementation started EABC achievements on financial performance, revenue growth and market share in service industry is increased. Concerning financial measurement

(51.2 %) of respondents agreed that BSC implementation helps corporation to use its resource effectively and (52.3%) of the respondents believe that BSC implementation improves revenue growth as well as sustainable market share in the Service industry. therefore the use of balanced scorecard implementation brings financial improvement in the corporation.

- ◆ The average mean and the mean value of internal business perspectives and internal business perspectives parameters such as service delivery and achievement of strategic goals was 3.26, 3.25 and 3.17 respectively. This indicted that they were not sure there was improvements in the corporation. However, the mean value of customer needed which was the internal business perspectives parameters was 3.37. This implies the respondent believed that there was improvement of customer need after BSC implementation in the corporation.
- ◆ The average mean value of learning and growth perspectives was 3.27. Likewise, from the table result reviled that the mean value of the all the parameters of learning and growth perspectives lies on the disagreement level. This indicted that the respondent reply negatively about the achievements of learning and growth perspectives. Similarly, the percentages of the respondent reviled after the implementation of the BSC the Employees were not given appropriate training on balanced scorecard implementation. As a result the corporation learning and growth perspectives were not improved as expected. More than half of the respondent BSC implementation does not gives much concern to the advancement of their career development.(58.1%) of the respondents does not agree that the training given concerning balanced scorecard implementation is enough Similarly most of respondents believe that the training program given Ethiopian Agricultural Business Corporation is not appropriate to enhance their performance and to develop their job, and ability to advance their career.
- ◆ Based on the findings balanced scorecard implementation in EABC does not give much focus on carrier development of employees and necessary support to enhance their performance through training and educational program is not as much as necessary.

5.6 Conclusion

Based on the results of this study, different factors were identified as responsible for the practice and Impact of balanced scorecard on the performance of Ethiopian Agricultural Business Corporation. Balanced scorecard is an advanced management tool that supports for the organization to transform

vision and strategy into short-term and long term targets and specific measuring rules. This is a comprehensive solution for measuring and evaluating the operating aspects of an organization. The current study demonstrated that after BSC implementation, the impact is negative on the performance evaluation system in the corporation as well as the key performance indicators are not measured the performance of the individual and the corporation progress. Concerning the target given to the individual workers was not considered the internal capacity of the corporation consequently the target is unattainable and unrealistic. Though, the strategy execution of the corporation is not implemented in actionable ways. From the study result we can conclude that employees' level of understanding on vision, mission and values of the corporation as well as their responsibilities, accountability & goals after BSC implementation is high. However, the existing communication system is poor as a result it does not facilitate interactive way of communication. Furthermore the existing IT support does not effectively support balanced scorecard implementation in order to update the progress of strategy execution based on current and operationally relevant information.

Due to the fact that the rewarding system is not tied to employee, the compensation package is not adequate compared to their performance Therefore it is not attractiveness. This implies the rewarding system affects the employees' motivation to successfully exert their efforts towards balanced scorecard. Resources are allocated appropriately and the working method and processes existing properly identified in order to implement BSC. After balanced scorecard implementation employees are participated in meeting with their supervisor but the employees don't discuss about progress towards the achievements of balanced scorecard in meeting with their managers. Ethiopian Agricultural Businesses Corporation achievements on financial performance, revenue growth and market share in service industry is increased. Moreover, most of the employees are found to be neutral (neither agreed nor disagreed) regarding the improvements on service delivery and achievement of strategic goals (internal business unit perspectives).likewise, the service delivery time, customer compliance and customer retention are improved. Hence, BSC has positive impact for that matter to these areas (.i.e. financial, customer and internal business unit perspectives).on the other hand, BSC implementation has negative impact regarding to the learning and growth perspectives as a result the corporation does not gives much concern to the advancement of their career development and the employees are not given appropriate training to enhance their performance and to develop their job, knowledge and ability to advance their career.

5.7 Limitation of the study

The researcher had faced different 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 to 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.

5.8 Recommendation

Based on the conclusions of the finding, the following suggestions were forwarded to practice and impact of balanced scorecard on the performance of Ethiopia Agricultural Businesses Corporation;

- ◆ Balanced Scorecard is an advanced management tool that supports for the organizations to transform vision and strategy into short-term and long-term targets and specific measuring rules. This is a comprehensive solution for measuring and evaluating the operating aspects of an organization. Ethiopia Agricultural Business Corporation have researched and applied the Balanced Scorecard System. The research results have also shown that Balanced Scorecard is a new management tool recommended by EABC and has a good effect on the performance of EABC. The implementation of recommendations is to promote the application of this management tool in order to improve the performance of EABC is extremely necessary, especially in the background of EABC are integrating strongly as current.
- ◆ Since the finding of study proofed that the performance evaluation system in Ethiopia Agricultural Business Corporation does not satisfy the majority of the respondents due to the evaluation system does not differentiate effective performer from non-performer and it does not focus on improvement of performance. Therefore EABC need to have a systematic framework to ensure that performance evaluation to be fair and consistent. Therefore, EABC should focus on designing effective performance evaluation system that encourages employee's commitment towards the achievement of organizational goals. Appropriate performance management policy and strategy, whereby employees are encouraged to participate in the formulation of standards against which their performance is evaluated and the employees along with their supervisors closely follow progress towards accomplishment of objectives, would be advantageous. Therefore, the Corporation should encourage the participation of its employees in the design of the form that is used to evaluate the performance of the workers and The performance evaluation system of the Corporation should be designed in such a ways that it is future oriented and focused on the long term developmental benefits rather than focusing on the controlling aspect only which is short term in nature.

Note that targets given to individuals are unattainable and unrealistic; EABC should revise individually cascaded targets used to measure performance of individual and company progress. In order to set performance target EABC should gather appropriate information sources available from Employees, trend analyses, executive interviews, assessments, stakeholder feedback, industry averages, and benchmarking are all possible origins of potential targets.

Therefore, EABC Management should study the target given periodically to its employees and need to reexamine the attainability of targets provided to employees in different level. Similarly, Key performance indicators used in EABC is not significantly measures both individual as well as the organization. The corporation should conduct further research to find best way of mastering the current problem to key performance indicators and it would perfectly acceptable to collect the metric data, as analysis can help pinpoint the root cause of KPIs used in Ethiopian Agricultural Businesses Corporation inappropriate to measure individual performance and company progress. EABC should work more on creating interactive two way communication system that develop smooth communication within the organization, develop employee commitment and sense of belongingness and EABC also focus on create better understanding through regular meetings to ensure that balanced scorecard brings good progress towards achieving the strategy executed in actionable way.

- ◆ To attain its organizational objectives and motivate employees towards better performance, attract and retain competent employees the current compensation and benefit package of Ethiopian Agricultural Businesses corporation should be revise and improved. The focus of revision should also include the benefit packages should be way linked with individual performance that acknowledge employee contribution towards the overall organizational successes.
- ◆ Ethiopian Agricultural Businesses Corporation should strengthen the existing IT support with update technology and professional staff to maintain balanced scorecard implementation with relevant information.
- ◆ As discovered from the findings, out of the four balanced scorecard perspectives Financial, Internal Business and customer perspectives showed improvements whereas there are no considerable improvements on learning and growth perspectives, therefore Ethiopian Agricultural Businesses Corporation should design learning and development program for its employees through training and educational programs. Beside this EABC should work on creating suitable working environment for carrier development.

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Appendix A: survey questionnaire



ST. MARY'S UNIVERSITY SCHOOL OF GRADUTIES STUDIES

INSTITUTE OF QUALITY AND PRODUCTIVITY MANAGEMENT

Questionnaire to be filled by Ethiopian Agricultural Businesses Corporation(EABC) staff at head office and Branch.

Researcher: Habtamu Yohannes adonyas12@gmail.com & (+251941225054)

Research Topic: Practices and Impact of Balanced Scorecard on the Performance of Ethiopia Agricultural Businesses Corporation (EABC).

Dear Respondents,

I would like to express my sincere appreciation for your generous time and honest prompt responses.

Objective: This questionnaire is designed to collect information about the existing Practices and Impact of Balanced Scorecard on the Performance of Ethiopia Agricultural Businesses Corporation (EABC).

The information that you respond to shall be used as a primary data in my case research which I am conducting as partial requirements of Master's degree at St Mary's University under Institute of Quality and Productivity Management.

Therefore, the information gathered will be used fully and with due attention for academic purpose only and I would like to assure you that the data collected will not be misused any ways.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (✓) in the appropriate box.

- ✚ For questions that demand your opinion, please try to describe as per the questions on the space provided
- ✚ If the space provided is not enough for your opinions, please use the back side of the paper by writing the question number.

I. Personal Information

1. Your age:

18-25 26-40 41-55 55-60

2. Sex

Male Female

3. Highest formal education attended

High school graduate: Technical

school graduate: College diploma:

Bachelor's Degree:

Master's Degree:

PhD other (please state _____)

4. Years of service in the organization

0-4 5-9 10-19 20-30 above 30 years

5. Your current position (Job grade) _____

6. Years of service on the current job _____

II. Please respond on the following questions to indicate your level of agreement with each of the identified issues associated with the implementation of a Balanced Scorecard. And put a tick mark (✓) in the box in front of the items of your choice.

7. Have you ever participated in meetings with your supervisor to discuss about your work/task since Ethiopian Agricultural Business Corporation started balanced score card implementation?

Yes No

8. If your response to question No - 1 is yes, how often is your opinion accepted by your boss?

Always Often Sometimes

9. As you know, the balanced scorecard is implemented in EABC; do you think this will enhance your effort towards the achievements of the company's strategy?

Yes No not sure

10. If your response to question No- 9 is no, why do you think it doesn't succeed? Please

Explain. -----

11. Since the implementation of balanced scorecard, how often do you have training or educational programs to update your skill?

Always Often Sometimes Never

12. How do you find your job and personal target after BSC implementation in your organization?

Interesting Routine

Challenging but achievable somehow difficult to achieve

13 Do you think that the performance evaluation system of your organization is serving its purpose?

Yes No

14. Do you think that the performance evaluation system differentiates effective performer from non-performer at all levels?

Yes No

15. Are you satisfied with balanced scorecard as performance evaluation system in EABC?

Yes No

16. If your answer is No for question no-15, what do you think the reason is? Please explain

III. In this part of the questionnaire, there are questions that are related challenges of BSC implementation and four perspectives of balanced scorecard. Therefore, you are required to give your opinion, to what extent your organization has done these activities to proper implement of BSC. Please use the following scale to indicate your level of agreement with each of the identified issues associated with the implementation of a Balanced Scorecard. And putting a tick mark (√) in the box in front of the items of your choice.

1= If You Strongly Disagree

2= If You Disagree

3= If You Don't Know (Neutral)

4= If You Agree

5= If You Strongly Agree

No	Please use the following scale to indicate your level of agreement with each of the identified issues related to factors that contribute to the success of the BSC implementation	1	2	3	4	5
Impact of balanced scorecard implementation						
Vision barrier						
17	I know what are the vision ,mission and values of E A B C					
18	I have clear line of sight among my responsibilities ,accountability & Goals					

19	In my opinion the strategies are implemented in actionable ways to Achieve EABC long term vision.					
20	I think BSC implementation has created effective two way communication In EABC					
People barrier						
21	My actual performance is tied to rewards and it acknowledges my contribution for overall company success					
22	The rewarding system of the corporation is not satisfactory compared to my Effort					
23	In my opinion employees lack motivation to exert their effort successfully implementing balanced scorecard					
Resource barrier						
24	The BSC implementation are linked to departmental, team and individual goal					
25	My institution has ineffective IT support to implement BSC properly					
26	Allocating appropriate resources for the building up and sustaining of the BSC implementation is good in EABC.					
Management barrier						
27	I have frequently meeting with managers to discuss the progress towards the achievements of balanced scorecard					
28	Properly identified working method and processes exist in my institution in order to implement BSC					
29	I know that the results of my work are linked to the organizational strategy					
30	Key performance indicators in EABC properly measures the organization progress and performance of individual effort towards the achievements of the company strategy					
Financial Perspectives						
31	BSC implementation helps EABC to use its resource cost effectively					
32	Balanced scorecard implementation brings revenue growth and sustainable market share to my organization					
33	BSC implementation Improves Financial Performance of EABC					
Internal business unit perspectives						
34	Due to the implementation of BSC in EABC the service delivery time and Effort is improved.					

35	BSC implementation improves achievement of Strategic Goals for my business unit					
36	BSC implementation is suitable to meet increasing diverse customer Needs					
Customer perspectives						
37	I know who are EABC customers and what kind of service they need					
38	I always ask if my customers are satisfied or dissatisfied					
39	I have the right to make decisions to solve problems for my customers					
40	The implementation of balanced scorecard improves the service delivery Of the organization.					
41	I think customers are satisfied by our service after the implementation of balanced scorecard					
42	The customer compliance is declined after balanced scorecard Implementation					
43	The organization is attracting new customers due to suitable customer service					
Learning and growth perspectives						
44	BSC gives much concern to the advancement of your career development					
45	The training given on balanced score card implementation is inadequate					
46	The training program given for me is appropriate to enhance my performance in work					
47	I have taken all necessary support to improve myself through training					
48	The working environment is suitable to develop my job, knowledge and Ability. so that I can advance my career					

IV. Performance measurement related

Performance measurement in this questionnaire does not refer to the performance of individuals. It refers to the process of collecting and analyzing data for the purpose of strategic decision making

Questions number 49 to 53 please circle the appropriate response

49. Over the last five years, how would you describe your organization's approach to the use of performance measurement?

1. Falling interest 2.Unchanged 3.Increasing interest 4.Heavy emphasis

50. What is your assessment of value of performance measurement to the organization?

1. Waste of time 2. Limited value 3. Effective 4. A key managerial control

51. Are performance measures modified when there are changes in the organization's strategic objective?

1. Never 2. Rarely 3. Usually 4. Often 5. Always

52. Does your organization use performance measurement to identify areas that require strategic focus?

1. Never 2. Rarely 3. Sometimes 4. Frequently 5. As a matter of policy.

53. How often do you prepare your formal performance measurement reports? Please circle the most appropriate response.

1 Every month 2 Quarterly 3 Twice a year 4 Annually 5 If other please specify

v. Additional Personal Opinions

1. Out of the above listed points, are there any other impacts your organization face after balanced scorecard implementation? Please list _____

2. In your opinion what are the achievements balanced scorecard in EABC of Ethiopia?

3. What do you recommend to solve the above problems in Ethiopian Agricultural Business Corporation? -----

Appendix B: Interview

St. Mary's
University School of graduate studies
QPM Program

The following interview questions are designed to collect information about the perception of employees towards the practice and impact of balanced scorecard. The information shall be used as primary data in my case research which I am conducting my QPM under the performance of Corporation.

The research is to be evaluated in terms of its contribution to our understanding of the practices of balanced scorecard and its contribution to the improvement of these practices. Finally, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the project.

List of interview questions:

1. When does the balanced scorecard implementation started in EABC?
2. Is enough training provided about balanced scorecard implementation and do employee has appropriate awareness about BSC?
3. What is the benefit gained for the corporation after balanced scorecard implementation?
4. What are the impacts faced related to balanced scorecard implementation?
5. What measures are taken to overcome the above problems?
6. Does key performance indicators properly measure the corporation progress and performance of individual effort towards the achievements of the company strategy?
7. Does the performance evaluation is linked to rewarding system?

THANK YOU!!