Practices and Challenges of Implementing Balanced Scorecard in State Owned Banks of Ethiopia

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Abstract

This study assessed the overall practices and challenges faced while implementing the balanced scorecard (BSC) as a performance measurement, strategic management and communication system in three state owned banks of Ethiopia: Commercial Bank of Ethiopia (CBE); Construction and Business Bank (CBB) and Development Bank of Ethiopia (DBE). The study tried to evaluate the challenges faced as compared to the standard literatures of the system. In order to assess the implementation status of the stated banks, the study has been conducted by designing five-point Likert scale questionnaires. The total population size of the study was 654 involving department managers, team managers and non-management senior officers of the stated banks. The study adopted purposive sampling technique to select 150 respondents who have the working knowledge of the system of which the responses of 105 respondents were analyzed. Common implementation challenges such as limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team and organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication were observed in the stated banks at different level. However, lack of formal BSC education and training, lack of planning and communication, lack of organizational participation and inadequate IT support were the major challenges identified. The study advised those banks to conduct intensive awareness creation activities, ensure organizational level participation, develop strong implementation and monitoring mechanism and back the system with relevant IT system to gain advantage of the Balanced Scorecard system.

Key words: *Balanced scorecard, Ethiopian public banks, Performance measurement*

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1. Introduction

According to Norton and Kaplan (1992) during 1980s, many executives were convinced that traditional measures of financial performance didn't let them manage effectively and wanted to replace them with operational measures. Arguing that executives should track both financial and operational metrics, Norton and Kaplan suggested four sets of parameters, which finally leads to the birth of the Balanced Scorecard (BSC).BSC is a set of measures that gives top managers a fast but comprehensive view of the business. In addition to the traditional financial measures that tell the results of actions already taken, BSC accompanies other operational measures on customer satisfaction, internal processes, and the organization's innovation measures that are drivers of future financial performance (Norton and Kaplan, 1992).In addition to this, these authors have found out that apart from being a tool of performance management, the BSC 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 (Norton and Kaplan, 1996).Regardless of these benefits that are promised by BSC, empirical studies show that there are challenges of implementation. According to Pujas (2010) common challenges of implementation of BSC are limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, not involving the whole organization, inadequate key performance indicators (KPIs) and lack of planning and communication.

Ethiopian Banking sector broadly composes the public or government owned banks and private banks. As of December 31, 2013, there are sixteen private owned commercial banks and three public owned banks. From the three public banks, Commercial Bank of Ethiopia (CBE) and Construction and Business Bank (CBB) are commercial banks and the Development Bank of Ethiopia (DBE) is a specialized bank established to assist development projects. These public banks are supervised by the Public Financial Enterprise Agency which is responsible to oversee their overall efficiency and effectiveness and it also facilitates the development and implementation of change management tools on behalf of the owner.

Ensuring the efficiency and stability of the banking system can play a vital role for the successful implementation of the monetary and economic policies of a country. Yet, to achieve such objective it would be essential to put in place reform measures that enhance the contribution of the banking system towards economic development. Recently, the Ethiopian banks, especially, public banks are implementing different change management tools to bring about institutional transformations. As a result, all public financial institutions are engaged themselves in the development and implementation of BSC. The oldest in implementing the BSC is the CBE working with the system for the last six years and currently they have implemented individual level scorecard in some selective work units. DBE spent the last five years working with BSC and currently has cascaded its corporate scorecard down to the individual level and have aligned their reward system. On the other hand, CBB is the last one to adapt and introduce the system as its performance and strategic management tool and it has been working with the system for the last two years and currently, it has cascaded the system down to the individual level starting from the second half fiscal year of the 2013/14.

All these banks were motivated to introduce BSC to sustain the improvements that were introduced following the business process re-engineering study, to measure their performance from different perspectives and to link reward and compensation with performance. The study wonders if these benefits and promises of BSC are being materialized in Ethiopian public banks and assessed the gaps in implementing BSC. On the other hand, there are obviously common implementation challenges that can be faced by any organization while implementing BSC. Mainly BSC requires implementers to focus on three axes of considerations: The people issues and challenges in change management; the process issues that require a removal and addition of new processes to enable the transformation and the issue of technology that sustains and enables the continuous improvement (Nair, 2004).The study focused on assessing if such and other challenges are faced by these public banks and how they conquered them.

To systematically address the stated problem, the study raised the following research questions:

1. As compared to the standard literature, how is Balanced Scorecard being implemented in public banks?
2. What are the challenges in the implementation of the BSC in these banks?
3. What are the key factors that influence successful implementation of BSC in these public banks?

2. Literature Review

2.1. Rethinking Performance Management

All organizations formulate strategies to determine the direction of their businesses. At a strategic level the fundamental questions asked are what business do we want to be in? How are we going to achieve our mission? What kind of competencies and structure do we need to meet our objectives? And finally what is the time scale of achievement? Strategic decisions determine the direction of business and tactical decisions decide the nature and the type of operations (Kermally, 1997). Having set up the direction and the operations, the next stage is to formulate performance measures to assess the progress. In some situations being on the right track is not good enough. Businesses have to move faster in order to remain competitive. It is very important to measure progress against the objectives set. There is a need for regular monitoring and review. If there are any adjustments to be made we have to make quick decisions to get back on track (Kermally, 1997).

Performance management is about setting standards of performance and tracking performance to monitor business results consistent with strategic business objectives. Performance can be focused on processes, products and people (customers, employees). Unfortunately in practice many organizations focus on financial performance and pay very little attention to processes and people (Kaplan and Norton, 1992).

2.2. Criticisms of the Overabundant Use of the Financial Measures

According to Niven (2006), it is clear that the rules of the game for business have changed materially over the last decade. Or, at the very least, the rules of the game are in the process of radical change. Success for organizations today is measured very differently than it was yesterday. Of course, financial performance is still essential. Delivering profit growth or enhancing shareholder value is still at the top of every executive’s agenda, but it is now widely recognized that delivering financial performance alone is insufficient. Even more importantly, it is now generally accepted that the level of financial performance achieved today is a function of decisions made 6–18 months or even longer.

The following are the major criticisms levied against the overabundant use of the financial measures:

- Not consistent with today's business realities
- Driving by rearview mirror
- Tend to reinforce functional silos
- Sacrifice long-term thinking
- Financial measures are not relevant to many levels of the organization

2.3. Origin and Meaning of the Balanced Scorecard

Back in 1990, Nolan Norton Institute, the research arm of KPMG, sponsored a one-year multi-company study, "Measuring Performance in the Organization of the Future." The study was motivated by a belief that existing performance measurement approaches, primarily relying on financial accounting measures, were becoming obsolete. The study participants believed that reliance on summary financial-performance measures were hindering organizations' abilities to create future economic value (Kaplan and Norton, 1992). Representatives from a dozen companies: manufacturing and service, heavy industry and high-tech-met bi-monthly throughout 1990 to develop a new performance-measurement model. Art Schneiderman, the then vice president of quality improvement and productivity at Analog Devices, came to one meeting to share his company's experiences with the scorecard.

The subsequent group discussions on this experience of adopting the scorecard model to measure performance led to an expansion of the scorecard to what is finally labeled a "Balanced Scorecard," organized around four distinct perspectives- financial, customer, internal, and innovation and learning. The name reflected the balance provided between short and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between external and internal performance perspectives. Several participants experimented with building prototype Balanced Scorecards at pilot sites in their companies. They reported back to the study group on the acceptance, the barriers, and the opportunities of the Balanced Scorecard. The conclusion of the study, in December 1990, documented the feasibility and the benefits from such a balanced measurement system (Kaplan and Norton, 1992). This finally gives birth to the concept of the Balanced Scorecard which has subsequently been developed to one of the world's known strategic management, performance measurement and strategy communication tools.

The Balanced Scorecard (BSC) 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 scorecard measures organizational performance across four linked perspectives: financial, customer, internal business process, and learning and growth (Kaplan and Norton, 1992).

BSC aims to provide performance measures at strategic level, business unit level, process level and individual level. According to Kermally (1997), from a financial perspective, a business can measure its growth, liquidity, shareholder value, cash flow, return on capital employed and other significant indicators. From an internal business perspective, the measures could focus on cycle time, unit cost, defect rate, safety rate and other operational variables. From an organizational learning perspective, one would assess technological capability, time to market, new product introduction, rate of improvement, employee attitude, etc. And from a customer perspective, the measures would relate to assessing market share, customer satisfaction, supplier relationship/partnership, key accounts and so on. Organizations adopt the Balanced Scorecard because it retains a focus on short-term financial results, but also recognizes the value of building intangible assets and competitive capabilities (Kaplan and Norton, 1996).

According to Kaplan and Norton (1992), the major benefits of the balanced scorecard over the traditional performance management system can be summarized as follows:

- It helps companies to focus on what needs to be done in order to create a "breakthrough performance".
- It acts as an integrating device for a variety of often disconnected corporate programs, such as quality, re-engineering, process redesign and customer service.
- It translates strategy into performance measures and targets.
- It helps break down corporate-wide measures so that local managers and employees can see what they need to do to improve organizational effectiveness.
- It provides a comprehensive view that overturns the traditional idea of the organization as a collection of isolated, independent functions and departments.
- It provides a framework within which performance can be managed at corporate, unit, team and individual levels.

2.4. Implementing the Balanced Scorecard

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

Define the elements of the scorecard: It is necessary to establish the constituents of the balanced scorecard – the perspectives from which performance requirements will be defined and measured as a basis for improvement. The elements usually include financial, process and customer factors. People factors covering development, motivation, leadership, and so forth are sometimes substituted for learning and growth. At this stage, it is also necessary to define clearly the objectives of the balanced scorecard approach.

Identify performance drivers: The second step is to identify the performance drivers for each of the categories – for example, repeating and expanding sales from existing customers, the internal processes at which the company must excel, the needs and wants of customers and the particular people skills the organization needs now and in the future. Links will need to be established between each of these areas so that they are mutually reinforcing. For example, high levels of customer service in defined areas will lead to better financial performance; customer service levels can be improved by attention to processes such as on-time delivery, and customer care will be enhanced if the right people are selected and given the training to develop the necessary skills.

Identify performance measures: The third step is to determine how performance in each of the categories will be measured. In some areas such as finance and customer service it may be quite easy to determine quantitative measures such as sales or levels of service as assessed by surveys, questionnaires and mystery shopping. The measures for the process and change in perspectives may, however, have to focus on the achievement of development programs to meet defined specifications and to deliver expected results.

Communicate: This fourth step is to communicate to all employees what the balanced scorecard is, why it is important, how it will work, the part they will be expected to play and how they and the organization will benefit from it.

Operationalize: The fifth step is to operationalize the system. This means developing policies, procedures and processes that ensure that it is applied at all levels in the organization – strategically at the top, tactically in the middle – and as a matter of continuing importance so far as working practices are concerned to all employees.

Train: The sixth step is to provide training for everyone in the organization on the operation of the balanced scorecard and on what, on their different levels, they are expected to do about managing and implementing the process.

Monitoring, evaluation and review: Finally, the operation of the balanced scorecard should be monitored and its effectiveness evaluated in agreement with its objectives. A review can then take place to decide on where improvements or amendments need to be made and how they will take place.

2.5. Challenges of Implementing the Balanced Scorecard

According to Kaplan and Norton (1992), during the first couple of years of introducing the balanced scorecard in some of the companies, as the controllers and finance vice presidents of these companies took the concept back to their organizations, the project participants found that they could not implement the balanced scorecard without the involvement of the senior managers who had the most complete picture of the company’s vision and priorities. This was revealing, because most existing performance measurement systems have been designed and overseen by financial experts.

Othman (2009) as cited by Pujas (2010) states that one reason why BSC initiatives fail is that many initiatives are not Balanced Scorecard programs in the first place. He goes on to say that very often organizations do not understand what exactly the Balanced Scorecard is and what its implementation involves, regardless of whether they implement the BSC themselves or whether they hire a consultant from the outside.

Similarly, according to Niven (2005) no initiative in an organization, regardless of its potential, has any chance of success without a sponsor in top management. The same applies with the Balanced Scorecard. Niven (2005) stresses the importance of top management for the success of the Balanced Scorecard initiative. He argues that if top management does not support the BSC initiative, and, more importantly, does not appreciate its role in solving real-life problems, the BSC will show mediocre results and will probably fail.

In addition to this, 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.

On the other hand, according to Niven (2006) as cited by Pujas (2010) if information is not duly entered into the system, the Balanced Scorecard initiative will probably be worthless. Even if the needed information has been recorded in the Scorecard and its databases, unless it has been retrieved and viewed by the people who are supposed to benefit from the system, it will not make any worthwhile contribution to the organization. Therefore, the other implementation challenge is lack of IT. Niven (2006) emphasizes the problem of gathering and entering data into the Balanced Scorecard. In his view, this can sometimes represent a unique challenge.

In general the common challenges of implementing the balanced scorecard, according to Pujas (2010), can be summarized as: limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication.

2.6. Conceptual Framework

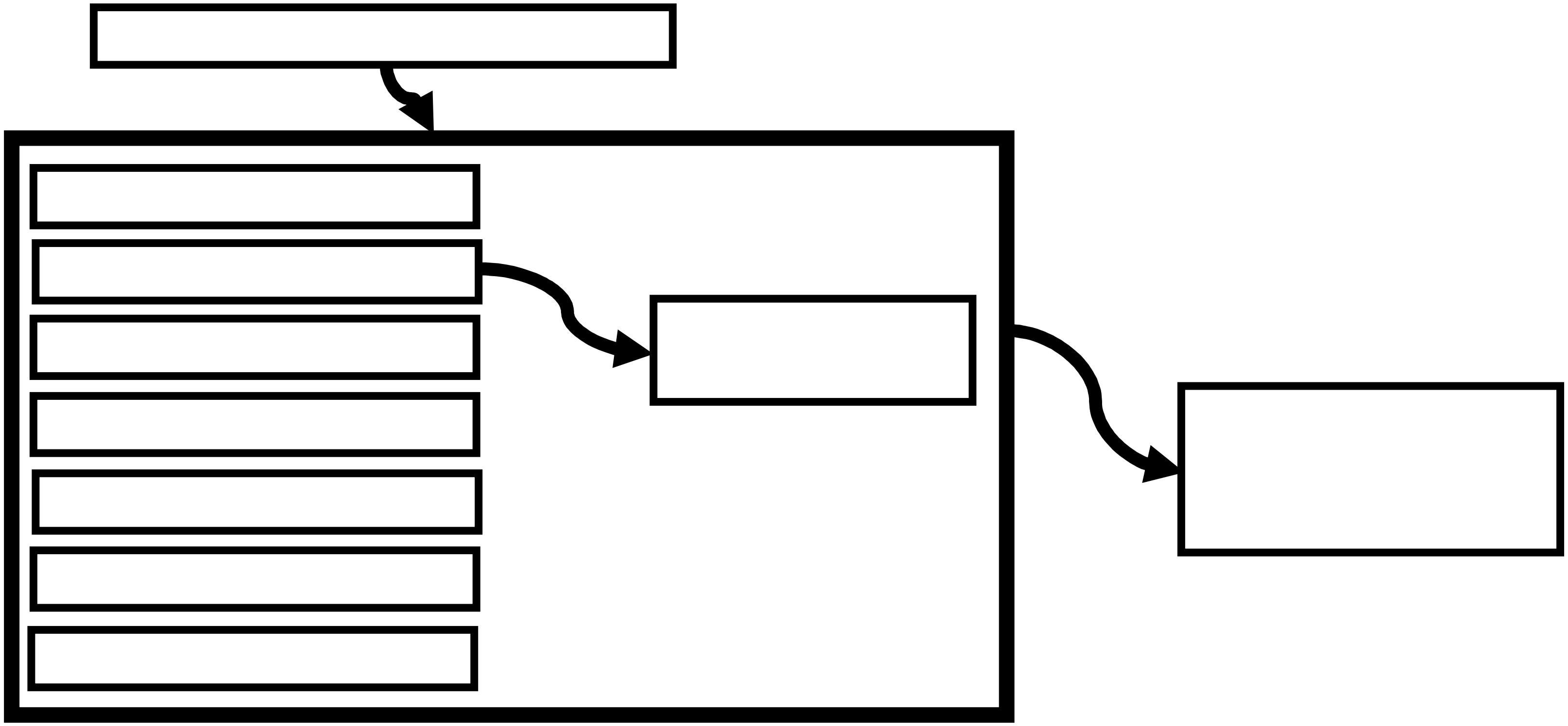
Regardless of all the popular benefits that are promised by the balanced scorecard, empirical studies, such as Pujas (2010), show that the following are key success factors of BSC implementation.

- ***Balanced Scorecard Concept Clarity:*** refers to the failure to understand what exactly the Balanced Scorecard is and what its implementation involves.
- ***Executive Sponsorship:*** represents the support of the top management of the organization during the development and implementation of the system.
- ***Lack of BSC Education and Training:*** like any system, the implementation of the balanced scorecard, requires the creation of

sufficient awareness which obviously requires conducting continuous training and education.

- ***Inadequate IT Support:*** According to Niven (2006), the problem of gathering and entering data into the Balanced Scorecard is emphasized during the implementation process. To overcome such problem and smoothen the implementation process, the system should be supported by an appropriate IT system.
- ***Effective Project Team:*** To create a Balanced Scorecard that is capable of implementing the company strategy, linking individuals, creating new behavior and enhancing communication, a team of people is needed. Many ambitious initiatives have failed just because they were led by ineffective teams.
- ***Lack of Participation:*** According to Pujas (2010), during the implementation process, if the importance of employee involvement is not understood, the organization may miss the opportunity to benefit from the employees' knowledge that is directly related to the areas in which they exert influence.
- ***Adequate Key Performance Indicators (KPIs):*** refers to the measurement of the strategic objectives of the balances scorecard. The decision about what metrics to incorporate in the balanced scorecard is perceived as one of the most difficult parts of the initiative (Niven, 2006). Therefore, due consideration should be made by the implementer while designing the scorecard.

Figure 1: Conceptual Framework



Source: *Self-Extracted*

- ***Planning and Communication:*** similar to any system, the implementation of the balanced scorecard system requires a precise development plan to guide the selected team during the BSC journey. Without a formal plan showing the implementation path in advance, there is the risk of confusion.

Finally, the researchers presuppose that if such success factors are well addressed in the stated public banks, the overall implementation of the balanced scorecard system, as their performance measurement and strategic management system would be successful.

3. Research Methods

The study adopted descriptive research method with a primary purpose of assessing the practices and challenges faced by public banks in implementing BSC as their performance and strategic management system. The overall development and implementation of BSC based on these banks' document on the corporate, process and individual level BSC is evaluated against the standard theoretically and empirically acknowledged practices of implementing the BSC. The study employed qualitative and quantitative research approaches.

The target population for the study includes management members which are process owners; team managers/leaders numbered 169 and non-management senior Officers of the Ethiopian public banks, which are 485. All of them are working in their respective Head Offices. The researchers believe that full information about the development of BSC and the possible challenges faced during the process of implementation can be garnered by targeting the stated portion of employees and the management of the bank. Hence, non-probability sampling, specifically purposive sampling technique is used by purposely selecting individuals and groups which the researchers believed have better access to the development and implementation of the BSC system. Consequently, the distribution of the sample size was in the manner based on the total employees of the banks under study and the time taken by these banks in adopting the BSC system. Accordingly, the researchers randomly took equal number of samples from the Development Bank of Ethiopia (DBE) and Construction and Business Bank (CBB) with each of them getting 45 (15 from management and 30 from non-management). That of the Commercial Bank of Ethiopia was 60 (18 from management and 42 from non-management).

The study largely depended on primary data, which is collected through survey method by using standard questionnaires that was arranged in standardized 5-point Likert scale. The standard questionnaire was targeting the management and highly professional employees of the banks. In addition, secondary data such as relevant BSC documents were referred. Furthermore, Cronbach's alpha is used to test the reliability of the questionnaire for internal consistence. An alpha value with a lower limit of 0.7 and upper limit of 0.9 was considered acceptable. The reliability test run for the questionnaire of the study showed Cronbach's alpha of 0.885 showing an acceptable internal consistence.

4. Results And Discussions

4.1. Concept Clarity of Balanced Scorecard

According to Kaplan and Norton (1992), one of the crucial factors for the successful implementation of BSC is to create clarity of the concept of BSC weigh before starting implementation of the system. As table 1 shows, a minimum mean response of 4.25 and the maximum mean response of 4.43

was registered and representing a significant level of agreement. This implies that in all the banks under study, though slightly different from each other, the basic concept and awareness about the balanced scorecard has been encouragingly created.

Table 1: Concept Clarity on Balanced Scorecard

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
BSC links short term operational performance with long term strategic objectives	N	0	2	7	44	52	**4.39**
	%	-	1.90	6.67	41.90	49.52	
BSC creates ability to translate vision into operational strategy	N	0	2	4	46	53	**4.43**
	%	-	1.90	3.81	43.81	50.48	
The Bank used BSC to set business strategies and objectives	N	1	4	11	41	48	**4.25**
	%	0.95	3.81	10.48	39.05	45.71	
BSC rolls down vision from corporate to division, to individual employees	N	1	3	6	45	50	**4.33**
	%	0.95	2.86	5.71	42.86	47.62	

When we compare the relative awareness created across banks with regard to the concept of the balanced scorecard, table 2 below displays that the Development Bank of Ethiopia (DBE) has created better awareness, with an average mean score of 4.71, followed by the Commercial Bank of Ethiopia (CBE) with an average mean score of 4.44 while Construction and Business Bank (CBB) has an average mean score of 3.88, implying the limited, still satisfactory, level of awareness about the concept of BSC, which is the result of the late introduction of the system in the stated bank and the resulting inadequate awareness creation activities.

Table 2: Level of Concept Clarity of Balanced Scorecard by Banks

Items	Name of the Bank		
	CBE	DBE	CBB
BSC links short term operational performance with long term strategic objectives	4.40	4.74	4.03
BSC creates ability to translate vision into operational strategy	4.45	4.71	4.13
The Bank used BSC to set business strategies and objective	4.40	4.65	3.66
BSC rolls down vision from corporate to division, to individual employees	4.50	4.74	3.72
Average Mean	4.44	4.71	3.88

4.2. Executive Sponsorship

According to Niven (2006) executive sponsorship, for BSC implementation effort, is the crucial part. Suffice it to say that if the company's leader is not aligned with the goals and objectives of BSC and does not believe in the merits of the tool, all the efforts will be severely compromised. An executive sponsor must provide leadership for the program in both words and deeds.

Table 3: Level of Executive Sponsorship

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
Top Management of the Bank took the initiative	N	0	8	11	55	31	4.04
	%	-	7.62	10.48	52.38	29.52	
There was full support from the management	N	6	18	16	30	35	3.67
	%	5.71	17.14	15.24	28.57	33.33	
BSC is one of the priorities of the Bank	N	1	13	24	42	25	3.73
	%	0.95	12.38	22.86	40.00	23.81	
Top management periodically monitors progress of BSC	N	0	4	11	47	43	4.23
	%	-	3.81	10.48	44.76	40.95	
Top Management works closely with the champion	N	2	27	25	30	21	3.39
	%	1.90	25.71	23.81	28.57	20.00	

As table 3 depicts, respondents agreed to the management's commitment in periodically monitoring the progress of the BSC implementation with mean score of 4.23. On the other hand, minimum mean score of 3.39 was registered to the question requesting the level of Top management's involvement with the BSC champion. This implies that the executives of the banks under study have sufficiently supported the implementation process by taking the BSC as one of the priorities of the bank. However, as they have loads of other responsibilities, there is a tendency of overlooking closely working with the BSC champion.

As table 4 describes, comparing the level of executive sponsorship across banks under study, respondents from DBE have significantly agreed to the existence of the necessary support and sponsorship from their executives showing a mean score of 4.17. This is mainly because of the fact that the management of the stated bank regularly follows the status of the implementation and gives briefing to the overall employees at the executive level. On the other hand, there is a relatively lower level of agreement registered from CBE and CBB with regard to the level of executive sponsorship, with mean score of 3.60 and 3.74 respectively. This implies that the level of executive sponsorship of these banks is not to the level that is expected but still it is encouraging.

Table 4: Executive Sponsorship across Banks

Items	**Name of the Bank**		
	CBE	DBE	CBB
Top Management of the Bank took the initiative	4.10	4.06	3.94
There was full support from the management	2.98	4.48	3.78
BSC is one of the priorities of the Bank	3.55	3.94	3.78
Top management periodically monitors progress of BSC	4.21	4.55	3.94
Top Management works closely with the champion	3.19	3.81	3.25
Average Mean	3.60	4.17	3.74

4.3. Balanced Scorecard Education and Training

According to Niven (2007), organizations conduct awareness sessions during the time the Scorecard is trumpeted as a measurement system featuring financial and nonfinancial measures, but little information is offered about the many subtleties and complexities of the model. Often the deceptive simplicity of the Scorecard makes people susceptible to the false notion that in-depth training is not required. Organizations, therefore, should take the necessary time at the beginning of the implementation to develop a comprehensive Scorecard curriculum that includes background on the concept, objectives in implementing the BSC, typical problems, success stories, and practical implementation details.

As table 5 above illustrates, the level of education and training with regard to BSC is insignificant, with a minimum mean score of 2.81 for a question presented to respondents if their bank has provided them training that equipped them sufficient knowledge about the meaning of BSC. On the other hand, the maximum mean score of 3.24 is recorded for the question presented to the respondents if their respective bank has provided them training to design their personal scorecard. This implies that totally, the level of training and education conducted by banks is not to the level that can create sufficient knowledge about BSC and did not guide them in how to design their own scorecard.

Table 5: BSC Education and Training

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
The Bank has provided me training about the meaning of BSC	N	14	44	8	26	13	2.81
	%	13.33	41.90	7.62	24.76	12.38	
I have been informed about corporate objectives of the Bank	N	10	33	15	36	11	3.05
	%	9.52	31.43	14.29	34.29	10.48	
The bank informed all employees to clearly understand corporate level objectives	N	7	39	23	27	9	2.92
	%	6.67	37.14	21.90	25.71	8.57	
I understood alignment of my unit's objectives with the corporate level objectives	N	6	46	11	30	12	2.96
	%	5.71	43.81	10.48	28.57	11.43	
The bank provided me training to design my personal scorecard	N	8	31	13	34	19	3.24
	%	7.62	29.52	12.38	32.38	18.10	

With regard to the level of BSC education and training provided across banks under study, as table 6 below shows, respondents from all the three banks have proved the insufficient level of education and training provided, with maximum mean score of 3.28 by the respondents from the DBE and the minimum mean score of 2.80 by the respondents from the CBE. This also implies the similar lower level of education and training provided by banks under study.

Table 6: Bank Level BSC Education and Training

Items	Name of the Bank		
	CBE	DBE	CBB
The Bank has provided me training about the meaning of BSC	2.52	3.13	2.88
I have been informed about corporate objectives of the Bank	2.69	3.29	3.28
The bank informed all employees to clearly understand corporate level objectives	2.50	3.55	2.88
I understood alignment of my unit's objectives with the corporate level objectives	3.02	2.84	3.00
The bank provided me training to design my personal scorecard	3.24	3.61	2.88
Average Mean	2.80	3.28	2.98

4.4. IT Support

Automating the Balanced Scorecard provides a number of benefits and maximizes its use as a measurement system, strategic management system, and communication tool. The advanced analytics and decision support provided by even the simplest scorecard software allow organizations to perform intricate evaluations of performance and critically examine the relationships among their performance measures. Automation also supports true organization-wide deployment of the tool (Niven, 2006).

Table 7: BSC Automation

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
The Bank's BSC is fully automated	N	52	40	12	1	0	**1.64**
	%	49.52	38.10	11.43	0.95	-	
BSC is supported by IT in collecting, analyzing, reporting and distributing relevant data	N	44	39	15	7	0	**1.86**
	%	41.90	37.14	14.29	6.67	-	
An appropriate IT system is designed to help employees to collect data	N	46	35	17	7	0	**1.86**
	%	43.81	33.33	16.19	6.67	-	

As table 7 shows, with regard to the questions presented to the respondents if their respective bank's BSC system is fully automated, the respondents significantly disagreed with mean score of 1.64. Furthermore, with regard to the question presented to them if their banks use other IT systems in the process of collecting, analyzing the data to easily make use of the bank's balanced scorecard system, still they are significantly disagreed to it. This implies that there is no any customized IT system being used by these banks in order to fully take hold of all the benefits that would be provided by the balanced scorecard system. In general, across banks there is no significant deviation on the consensus that there is no customized IT system designed or acquired to assist the overall implementation of the balanced scorecard with mean value 1.44 -1.94.

4.5. Organizational Level Participation

Organizations who have successfully implemented BSC system, as their performance measurement and strategic management system have often reported that involving all employees and the management at all levels in the development and implementation of the BSC helps a lot to build a shared interest, and increases each individual's motivation to see the system succeed (Kermally, 1997).However, as table 9 shows, respondents significantly disagreed to the idea that all employees of the respective banks were involved in the implementation process of BSC, with mean score of 2.69. Similarly, they have disagreed to the question presented to them if their supervisor's guided them in how to design their personal scorecard, with mean score of 2.78. While with regard to the timely provision of information about the balanced scorecard, the respondents have loosely agreed with the mean score of 3.56.

Table 9: BSC Participation

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
All employees were involved in the implementation	N	9	46	22	25	3	**2.69**
	%	8.57	43.81	20.95	23.81	2.86	
BSC implementation was participatory	N	2	30	23	43	7	**3.22**
	%	1.90	28.57	21.90	40.95	6.67	
I was guided by my supervisor while I was designing my scorecard	N	8	51	12	24	10	**2.78**
	%	7.62	48.57	11.43	22.86	9.52	
Information on BSC is provided timely	N	7	19	13	40	26	**3.56**
	%	6.67	18.10	12.38	38.10	24.76	

Furthermore, the analysis result indicates that level of participation across banks, that of the DBE, though limited, is slightly better with average mean score of 3.23 followed by the CBE and the CBB with average mean score of 3.10 and 2.86 respectively. This implies that though there is a slight difference across banks, there is a limited level of employee participation while implementing BSC.

4.6. Key Performance Indicators

With regard to the alignment of KPIs with the mission and vision of the bank concerning the sufficiency of the respective banks' KPIs to measure their strategic objectives, as table 10 below depicts, the respondents have a neutral agreement with mean score of 3.30 and 3.14 respectively. On the other hand, for the question raised to the respondents if BSC complements the financial measures of past performance, the respondents have agreed to it with mean score of 4.14. This implies that there is a loose relationship of KPIs with the respective banks' mission and vision and there are inadequate key performance indicators on the respective scorecards. Furthermore, comparing the response across banks, the respondents from the DBE loosely agreed to the stated concepts about the KPIs, with mean score of 3.73 followed by the

CBE and CBB, with mean score of 3.45 and 3.23. This implies that though there is a slight difference across banks, there is a limited level of agreement on the stated questions regarding Key Performance Indicators.

Table 10: Evaluation of KPIs

Items		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
KPIs are designed based on the Bank's mission and vision	N	4	35	16	25	25	**3.30**
	%	3.81	33.33	15.24	23.81	23.81	
At all levels there is sufficient KPIs to measure objectives	N	13	29	16	24	23	**3.14**
	%	12.38	27.62	15.24	22.86	21.90	
BSC complements the financial measures of past performance	N	3	5	10	43	44	**4.14**
	%	2.86	4.76	9.52	40.95	41.90	
While designing BSC, Data collection method and its frequency was set	N	4	33	16	35	17	**3.27**
	%	3.81	31.43	15.24	33.33	16.19	

4.7. Planning and Communication

From the companies, Kaplan and Norton studied, it is managed to be recognized that effective BSC execution requires an effective planning and communication. This ensures that enterprise level plans are translated in to the plans of the various units and departments; executing strategic initiatives to deliver on the grand plan; and aligning employees' competency development plans, and their personal goals and incentives, with strategic objectives (Kaplan and Norton, 2005).

Table 11: Planning and Communication of BSC System

Questions		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
The Bank's Strategy map is clear and understandable	N	1	27	9	49	19	**3.55**
	%	0.95	25.71	8.57	46.67	18.10	
I understand the benefits of implementing BSC	N	7	44	12	32	10	**2.94**
	%	6.67	41.90	11.43	30.48	9.52	
BSC is better than previous measurement systems	N	0	2	12	61	30	**4.13**
	%	-	1.90	11.43	58.10	28.57	
BSC is relevant performance management tool for the Bank	N	2	30	6	47	20	**3.50**
	%	1.90	28.57	5.71	44.76	19.05	
It is the right time for the Bank to implement BSC	N	16	49	9	28	3	**2.55**
	%	15.24	46.67	8.57	26.67	2.86	

With regard to the clarity of the respective bank's strategy map and betterment of the system as compared with the previous performance measurement system, they have depicted their level of agreement with mean score of 3.55 and 4.13 respectively. On the other hand, in relation to the time of implementation the system is right for the respective banks, as table 11 below shows, respondents loosely disagreed the existence of adequate communication and awareness creation effort, with mean score of 2.94 and 2.55 respectively. Moreover, the extent of planning and communication activities conducted across banks, the finding depicts that there is inadequate effort that has been made by the banks under study on the stated issue. This is shown by the average mean score of 3.15, 3.45 and 3.47 recorded by the respondents from CBE, CBB and DBE respectively.

5. Conclusion and Recommendations

According to Niven (2006), no two BSC implementations are completely alike. Further, the same author states that organizations which decided to implement the tool should do so in a way that fits the individual culture, current management processes, and readiness for such a major change initiative. Therefore, the findings and recommendations of this study cannot be generalized and taken for granted by other companies, researchers or others interested in the topic. However, the stated findings, and recommendations can be adapted to the context of the organization.

5.1. Conclusion

The study concluded that the banks have implemented the system almost in a similar manner as compared to the standard way of literature except that the automation of the system was nonexistent in all the three banks. The study has found out that there are different mechanisms undertaken by the respective banks with the intention of supporting their BSC system by IT. Other than this, the way these banks have implemented the system is similar due to the fact that the other two banks followed and benchmarked that of the Commercial Bank of Ethiopia’s experience.

All the common challenges/key success factors of BSC implementation have been observed by these banks though at different level. However, with regard to creating concept clarity about the system, all the three banks have made an encouraging effort. Similarly, the sponsorship status of the system by their respective executives and the existence of sufficient KPIs to measure performance are also strong. On the other hand, there are some critical success factors that demonstrate lower achievement including BSC education and training, automating BSC, the organizational level participation to further instill the BSC concept and sustain its improved implementation, and the BSC planning process and its communication to the overall employees. Generally, it seems safe to conclude that though these banks have been implementing the balanced scorecard system in a way that the literature advises, the stated challenges identified in the study have made banks not to grab the full benefit of BSC system.

5.2 Recommendations

To exploit the benefits of implementing BSC as a performance management, strategic management and communication tool, the study proposes the following recommendations to be considered by Ethiopian Public banks:

- All those three banks under the study should conduct intensive awareness creation activities to the employees about the meaning, benefit and the techniques of BSC system from the balanced perspective of its nature as a strategic management system, performance measurement and strategy communication.
- Any newly introduced system in an organization, to be effectively implemented, should involve organizational level participation in its development and implementation. The same is true for BSC. Similarly, effective implementation plan and monitoring mechanism should be set and its progress should be attentively followed up by the executive management team of the banks.
- The undeveloped IT slowed the initiative and caused many frustrations for the system. Therefore, relevant IT-systems, BSC-software, should be implemented to facilitate and exploit the full benefits of BSC.
- The processes/departments that are established to oversee the overall implementation of the BSC system should enhance their follow up by periodically monitoring implementation gaps and subsequently fill them by organizing awareness creation activities, and formal trainings in order instill the concept and benefit of BSC to all stakeholders.

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