

**Design and Implementation of Balanced Scorecard in
the Development Bank of Ethiopia**

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Addis Ababa University

School of Graduates

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Acronyms and Abbreviations

BPR	Business Process Reengineering
BSC	Balanced Scorecard
CPO	Core Process Officers
DBE	Development Bank of Ethiopia
DF	Degree of Freedom
IT	Information Technology
MATE	Manual and Technical Skill Employees
PRH	Process Heads
SPO	Support Process Officers
SPSS	Statistical Package for Social Science
n.d	no date

Abstract

The purpose of the study was to assess the design and implementation of Balanced Scorecard in Development Bank of Ethiopia and thereby to see the adequacy of the procedure to design Balanced Scorecard, the extent of Balanced Scorecard implementation success and identify the major challenges encountered during the design and implementation process and then provide alternative recommendation to the identified challenges. To attain these objectives, the study employed descriptive survey method. Accordingly, survey questionnaire and interviews questions were prepared and pilot tested and administered to a sample of 134 subjects which are composed of 8 Process Heads and 126 Core Process Officers, Support Process Officers, Manual and Technical Skill employees. A total of 120 (90%) of questionnaires were properly filled in and returned. Interview and document analysis were also made to complement the information obtained. All the closed ended questions of the questionnaires were analyzed quantitatively using frequency count, percentage and Pearson chi-square test whereas the data obtained from open ended questions, interviews and document analysis were transcribed to supplement the quantitative data. The result of this study indicated that the readiness for Balanced Scorecard design and implementation made by the bank was Commendable. The designing phase was done properly in terms of strategic plan preparation, theme identification, and strategic perspectives, corporate objectives and measures preparation. The relevance of Balanced Scorecard is not questionable as response by majority of respondents' show. In fact, it was also good in terms of corporate scorecard alignment with processes and strategy. With regards to Balanced Scorecard implementation, it was in a decent stage at corporate level and at process level; however, it was at early stage in individual level. Lack of adequate knowledge on Balanced Scorecard, insufficient participation, lack of consistent monitoring and evaluation, gaps in setting measurement and targets in the cascading process, resistance to change and in ability to automate the implementation process are the major problems. Thus, to alleviate the above challenges recommendation were forwarded. It is recommended that the bank has to create enabling environment to increase the involvement of employees, revise the cascaded objectives, automate the implementation process and organize discussion as well as awareness creation program to check and recheck the implementation process.

Key Words: DBE, Performance Management, Balanced Scorecard

CHAPTER ONE

INTRODUCTION

This chapter provides a background to study. It highlights the design and implementation of balanced scorecard (BSC), which measures the performance of the organization at corporate level and individual level. It also discusses the statement of the problem, objectives, significances, scope of the study and organization of the study.

1.1 Background of the Study

Performance management is a system designed to identify the ways to achieve organizational goals through constant assessment and feedback leading to improvement of employee performance. According to Armstrong (2006), the overall aim of performance management is to establish a high performance culture in which individuals and teams take responsibility for the continuous improvement of business processes and for their own skills and contributions within a framework provided by effective leadership. Specifically, Performance management is about aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be) and to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization.

Performance management came from the need of the organizations to monitor how it performs certain actions and operations that aims to reach its goals. Performance management and measurement is the prime motivator for organizations to focus not only on business measures (Armstrong, 2006).

To check the performance level of the organization it needs to use various methodologies and techniques. One method is the balanced scorecard; it was introduced by Robert Kaplan and David Norton to measure whether the activities of a company are meeting its objectives. When an organization implements the balanced scorecard it will translate the organization's vision and then link it to individual and organizational performance, the balanced scorecard leads to a much strategized business planning process, lastly, the balanced scorecard helps the organization to

know how to gain feedback and learn from such feedback. This in turn will help the company adjust its strategy according to the feedback and what they have learned from it. (Andre, 2010)

The balanced scorecard is seen as a strategic management system that helps to incorporate all measures that have importance to the organization. It is used by government agencies, business organizations and nonprofit organizations (Andre, 2010).

In the light of this designing and implementing balanced scorecard play a key role to achieve organizational goal as well as individual goals to the success of an organization.

Therefore, this study attempts to address the design and implementation of balanced scorecard and its problem in the Development Bank of Ethiopia. From DBE magazine, it is observed that DBE is one of the financial institutions engaged in providing short, medium and long term development credits. “DBE’s distinguishing feature is its “project based” lending tradition. Projects financed by the bank are carefully selected and prepared, thoroughly appraised, closely supervised and systematically evaluated. Since its establishment in 1909, the Bank has been playing a significant role in promoting the overall economic development of the country. “Following the issuance of the 1991 new political and free economic policy, Development Bank of Ethiopia has been re-established on September 1994 by proclamation No.200” (DBE,2009). “The bank’s organizational set-up comprises a Supervisory Agency, a Management Board, a President and the necessary staff pursuant to public enterprise proclamation No 25/1992” (DBE, n.d). The Bank has regional and branch offices throughout the country. In order to facilitate the services rendered to its customers, the bank has recently given the authority all regional offices the authority to appraise, grant and disburse loans on their own up to certain earmarked limit. “In its long years of service, DBE has established recognition at national and international levels. Nationally, it is the sole Bank with reputable experience in long-term investment financing. Internationally, it is recognized as an important on-lending channel for development programs financed by bilateral and/or multi-lateral sources. The recent focus of the Government in relation to DBE is to provide medium and long-term loans for investment projects, which are engaged in commercial Agriculture, Agro-processing and Manufacturing Industries, preferably export focused” (DBE, n.d).

In the past two years, the bank adopted the balanced Scorecard performance management system. Therefore, this study explored the design and implementation of balanced scorecard at all level of the bank.

1.2 Statement of the Problem

In 2007 G.C the government of Ethiopia launched reform programs. One of the major reform programs was Business Process Reengineering (BPR).The aim of BPR is to increase the efficiency and effectiveness of an organization on process based structure. While most of the public organizations achieve remarkable result through BPR, there were some problems in the implementation process especially in measuring the outcome. To solve those identified problems and to go with those achieved results the Balanced Scorecard System was launched in 2010 G.C. Balanced score card is a better tool used for strategic planning, strategic results monitoring and performance measurement which achieved at corporate level as well as at individual level (Niven, 2002). “The BSC would help the organization strategically focus its activities, align the day to day work with the organization overall strategy, and transform the organization daily operations” (Niven, 2002).

DBE is one of Public Financial Institutions. The bank designed and implemented balanced scorecard. There are advantages and disadvantages of the measurement. This will be more explored to identify the drawbacks of the system. And also, it helps to determine how the balanced scorecard is designed and implemented in the bank. It is also critical to investigate the various problems from the basic concepts of the balanced scorecard. This would enable to solve the practical problems in implementation of balanced scorecard.

Based on the above background this research tries to explore and answer the following basic research questions:

- a. How adequately was the procedure to design the BSC adopted in DBE?
- b. To what extent has the implementation of BSC been successful in DBE?
- c. How do employees perceive the introduction of BSC in DBE?
- d. What have been the major challenges encountered in the design and implementation of BSC in DBE?
- e. What measures could be taken to make BSC more effective?

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study is to see the design and implementation of balanced scorecard in the Development Bank of Ethiopia by looking at the various aspects, investigate related problems, and then forward appropriate recommendations.

1.3.2 Specific Objectives

The specific objective of the study addresses the following core points:-

- a. To assess the designing process of balanced scorecard in the DBE.
- b. To see the success of the balanced scorecard implementation in DBE.
- c. To identify employee perception in the introduction of BSC in DBE.
- d. To find out the major challenges encountered in the designing and implementation of BSC in DBE.
- e. To make appropriate recommendations to make BSC more effective.

1.4 Significance of the Study

In the preceding sections, the importance of BSC was clearly indicated for performance management system. Therefore, conducting this study has the following significance:

- a. The study can be used as feedback for Change Management, Strategic Management and Human Resource Management departments of the bank.
- b. The study helps to identify the problems of BSC in the designing and implementation process.
- c. The recommendation given based on the discussion and analysis will be helpful for Development Bank of Ethiopia.
- d. Finally, the study may also encourage and help as initial reference for other researcher who wants to conduct study on such similar matter.

1.5 Scope and Limitation of the Study

This study tries to see the design and implementation of BSC in the DBE. The research paper focuses on only BSC at the head office of the bank. It does not include the branches of the bank. The topic is broad and cannot be addressed within a specific time; it needs deep investigation from financial to time constraints and as well as data availability. However, this study will give an opportunity to further investigate the matter.

1.6 Operational Definition of Key Terms

Balanced Scorecard: is a tool that is in wide use in both public and private sectors. It uses financial and non-financial measures at various level of an organization to provide all employees with information they can use to affect the results being achieved. Veterans Benefits Administration (2003).

Initiative: Action programs designed to achieve our strategic performance goals (BSC Institute, 2007).

Measurement: A way of monitoring and tracking the progress of strategic objectives. (Matt H. Evans, *et al*)

Mission: the core purpose of the organization —why it exists (Niven, 2006)

Objective: What specifically must be done to execute the strategy; i.e. what is critical to the future success of our strategy? What the organization must do to reach its goals! (Matt H. Evans, *et al*)

Perspectives: Four or five different views of what drives the organization. Perspectives provide a framework for measurement. (Matt H. Evans, *et al*)

Strategy: How an organization intend to accomplish its vision; an approach, or “game plan”. The definition of the organization’s business (BSC Institute, 2007).

Strategic Map: Cause-effect relationships among the objectives that make up a strategy (Niven, 2006).

Strategic Result: Desired outcome for the main focus areas of the business (BSC Institute, 2007).

Strategic Theme: Main focus areas of the business; the organization's "Pillars of Excellence", used to focus staff effort on accomplishing the vision (BSC Institute, 2007).

Target: Desired level of performance for a performance measure (BSC Institute, 2007).

Vision: provides a word picture of what the organization intends ultimately to become -which may be 5, 10, or 15 years in the future (Niven, 2006).

1.7 Organization of the Study

Chapter one is the introduction. This includes the background to the study, the statement of the problem, objectives of the study, significance of the study, scope of the study, definitions of key terms and organization of the study. Chapter two will cover the review of related literature on BSC design and implementation. It enumerates concepts available on performance management and BSC. Chapter three will deal with the method used and how the data for the study will be analyzed and presented. Chapter four provides data presentation, analysis and discussion of findings. Chapter five will summarize, conclude and forward recommendations.

CHAPTER TWO

LITERATURE REVIEW

This chapter review literature on balanced scorecard. This is done mainly to get the current knowledge in the field or topic the researcher planned to study. Hence, this chapter tries to review Performance management system, the design and implementation of BSC, and overviews of the Balanced Scorecard Process in Development Bank of Ethiopia

2.1 Short History of Performance Management

Armstrong (2009) in his book Performance management discussed about the history of performance management where it started from.

According to Koontz (1971), the first known example of performance appraisal took place during the Wei dynasty (AD 221–65) when the emperor employed an ‘imperial rater’ whose task was to evaluate the performance of the official family. In the 16th century Ignatius Loyola established a system for formal rating of the members of the Jesuit Society.

The first formal monitoring systems, however, evolved out of the work of Frederick Taylor and his followers before the First World War. Rating for officers in the US armed services was introduced in the 1920s and this spread to the UK, as did some of the factory-based American systems. Merit rating came to the fore in the United States and the UK in the 1950s and 1960s, when it was sometimes re-christened performance appraisal. Management by objectives then came and largely went in the 1960s and 1970s, and simultaneously, experiments were made with assessment techniques such as behaviorally anchored rating scales. A revised form of results-orientated performance appraisal emerged in the 1970s and still exists today. The term performance management was first used in the 1970s but it did not become a recognized process until the latter half of the 1980s (Armstrong, 2006 pp.9-10).

2.2 Basic Concepts of Performance management

2.2.1 Definition of Performance Management

Performance management can be defined as:

a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It focuses people on doing the right things by clarifying their goals. It is owned and driven by line management (Armstrong, 2006 p.9).

2.2.2 Purpose of Performance Management

Noe et al (2011) argued that performance management system serves *three* broad *purposes*: strategic, administrative, and developmental. With regards to **strategic purposes**, a performance management system should link employee activities with the organization's goals. One of the primary ways strategies are implemented is through defining results, behaviors, and to some extent, employee characteristics that are necessary for carrying out those strategies, and then developing measurement and feedback systems that will maximize the extent to which employees exhibit the characteristics, engage in the behaviors, and produce the result (Noe et al, 2006). The second one, the performance management served for *administrative purpose*, which means organizations, used it for administration decision like salary increment, promotions, retention-termination, layoff, and recognition. The third one is *developmental purpose*, which is used to develop employees who are effective at their jobs. When employees are not performing as well as they should, performance management seeks to improve their performance (Noe et al, 2011).

2.2.3 Performance Management Process

While research and experienced practitioners have identified several characteristics that are prerequisites for effective performance management systems, there are also many decisions that need to be made to design a system ideally suited for a given organization's needs. One such decision is what purpose(s) the system will serve. For instance, performance management system can support pay decisions, promotion ,transfer , employee development and reduction in force. A performance management system that attempts to achieve too many objectives is likely to die of its own lack of focus and weight. There is no type of system or set of objectives that is best suited for all organizations. The purposes for a given performance management should be determined by considering business needs, organizational culture and the system's integration with other human resource management systems (Pulakos,2004).

Effective performance management systems have a well-articulated process for accomplishing evaluation activities, with defined roles and timelines for both managers and employees. Especially in organizations that use performance management as a basis for pay and other HR decisions, it is important to ensure that all employees are treated in a fair and equitable manner” (Pulakos, 2004).

Based on examination of performance management processes in several organizations, most contain some variation of the process shown below.

Figure1: Performance Management Process



2.2.4 Criteria for Performance Evaluation

Nao et al (2006) mentioned five criteria to evaluate performance management system. These are strategic congruence, validity, reliability, accountability, and specificity (Noe et al, 2006).

2.2.4.1 Strategic Congruence

Strategic congruence is the extent to which a performance management system elicits job performance that is congruent with the organization's strategy, goals, and culture. If a company emphasizes customer service, then its performance management should assess how well its employees are serving the company's customers. Strategic congruence emphasizes the need for the performance management system to guide employees in contributing to organizational success. This requires systems flexible enough to adopt to change in the company's strategic posture (Noe et al, 2006).

2.2.4.2 Validity

“Validity is the extent to which a performance measure assesses all the relevant-and only the relevant- aspects of performance. This is often referred to as “content validity.” For performance measure to be valid, it must not be deficient or contaminated. The performance measure should seek to minimize contamination is seldom possible” (Noe et al, 2006).

2.2.4.3 Reliability

Reliability refers to the consistency of performance measure. One important type of reliability is *interrater* reliability: the consistency among the individuals who evaluate the employee's performance measure has *interrater* reliability if two individuals give the same (close to the same) evaluations of a person's job performance. Evidence seems to indicate that most subjectivity supervisory measures of job performance exhibit low reliability. With some measures, the extent to which all the items are rated are internally consistent is important (internal consistency reliability) (Noe et al, 2006).

2.2.4.4 Acceptability

Acceptability refers to “whether the people who use a performance measure accept it. Many elaborate performance measures are extremely valid reliable, but they consume so much of managers’ time that they refuse to use it. Alternatively, those being evaluated by a measure may not accept it” (Noe et al, 2006).

2.3 Origin and Basic Concepts of Balanced Scorecard

2.3.1 Origin of the Balanced Scorecard

Niven (2006) in his book “Balanced Scorecard Step by Step” briefly discussed about the origin of balanced scorecard.

The Balanced Scorecard was developed by two men, Robert Kaplan, a professor at Harvard University, and David Norton, a consultant also from the Boston area. In 1990 led a research of a dozen companies exploring new methods of performance measurement. The drive force for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. The study companies, along with two people, were convinced that a reliance on financial measures of performance was affecting their ability to create value. The group discussed a number of possible alternatives but settled on the idea of a Scorecard featuring performance measures capturing activities from throughout the organization—customer issues, internal business processes, employee activities, and of course shareholder concerns. (Kaplan and Norton, 1992).

Over the next four years a number of organizations adopted the Balanced Scorecard and achieved immediate results. Kaplan and Norton discovered these organizations were not only using the Scorecard to complement financial measures with the drivers of future performance but were also communicating their strategies through the measures they selected for their Balanced Scorecard. (Kaplan and Norton, 1996).

“Since that time the Balanced Scorecard has been adopted by nearly half of the *Fortune* 1000 organizations and the momentum continues unabated. Once considered the exclusive domain of the for-profit world, the Balanced Scorecard has been translated and effectively

implemented in both the not for-profit and public sectors. These organizations have learned that by slightly modifying the Scorecard framework they are able to demonstrate to their constituents the value they provide and the steps they are taking to fulfill their important missions” (Niven, 2002).

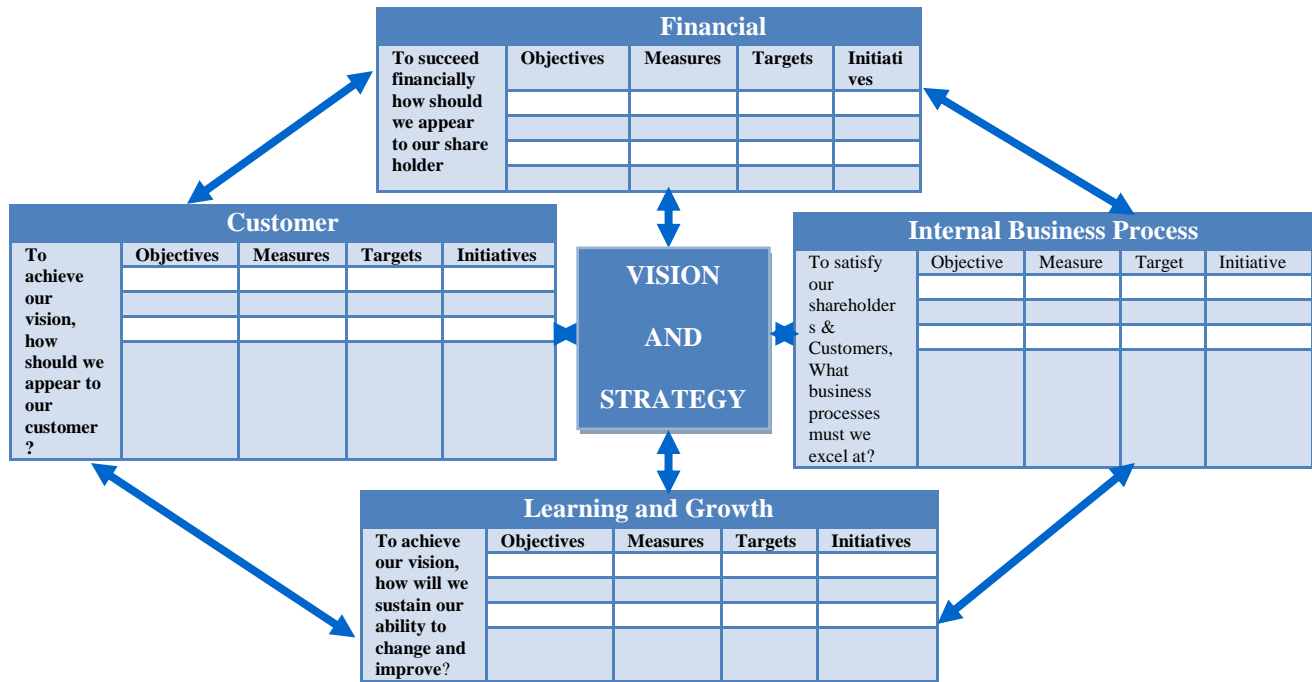
2.3.2 Definition of Balanced Scorecard.

As defined by Kaplan and Norton (1996), “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”. This strategic management system measures organizational performance in four ‘balanced’ perspectives: Financial, Customer, Internal Business Process and Learning and Growth” (Knnap, 2001).

2.3.3 The Balanced Scorecard as a Performance Measurement System

Because the balanced scorecard is not focused solely on a single measurement of performance, it allows us to view results of organisational performance from different dimensions, i.e. business results (financial and customer), operations and organisational capacity. It is based on the following framework of four perspectives

Figure 2: The Basic design of Profit oriented Balanced Scorecard Organization



Source: Kaplan & Norton, 1996, p.8

2.3.3.1 Financial Perspective

Although the Balanced Scorecard was developed in part as a reaction against the excessive reliance on financial measures, the financial measures are still an important component of the Balanced Scorecard (Niven, 2006). According to Kaplan and Norton (1992) measures in the Financial Perspective indicate whether the implementation of the company strategy and its execution are contributing to the improvement of bottom-line results. Focusing resources, energy, and capabilities on customer satisfaction, quality, knowledge, and other factors in the other perspectives without incorporating indicators showing the financial returns of an organization may produce little added value. According to Niven (2006), the Financial Perspective focuses on measures which have the goal of enhancing shareholder value. The most commonly used measures are derived from the objectives of revenue growth and productivity, such as return on equity, return on investment, revenue, gross margin, and other indicators (Niven, 2006).

2.3.3.2 Customer Perspective

In the Customer Perspective, the aim is to identify the customer and market segments in which the organization will compete, and, accordingly, the measures to track related performances (Kaplan and Norton, 1996). The Customer Perspective should ask how an organization appears to customers in order to achieve the organization's vision and mission. This reflects the factors that are really important to customers (Kaplan and Norton, 1992). Kaplan and Norton (1992) recognized these factors in: time, quality, performance, service and cost. Niven (2006) argues that to achieve positive financial results, organizations need to create and deliver products and services which customers perceive as adding value. The most common measures for this perspective include: customer satisfaction, customer loyalty, and market share (Niven, 2006).

2.3.3.3 Internal Process Perspective

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

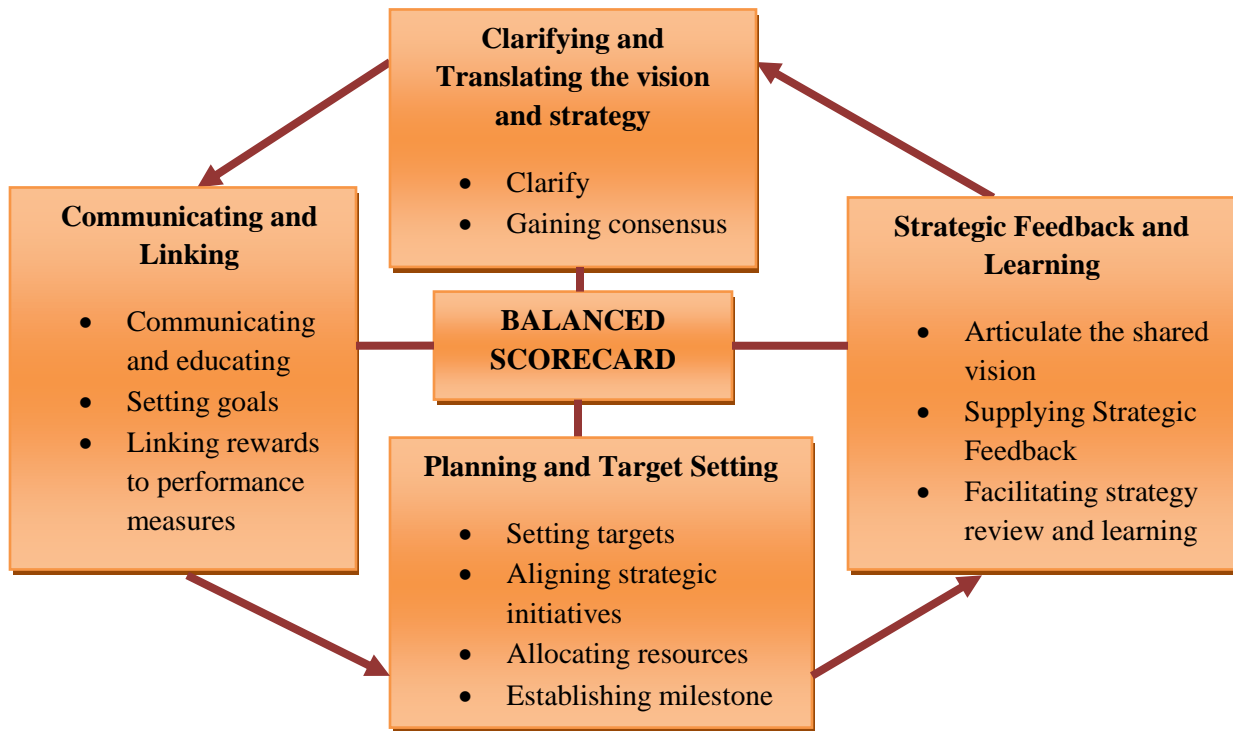
2.3.3.4 Learning and Growth Perspective

The next perspective is represented by the Learning and Growth Perspective. By measuring the organization's ability to innovate, improve, and learn, the Learning and Growth Perspective identifies the needed infrastructure to support the other three perspectives. Niven (2006) argues that measures of the Learning and Growth Perspective are the enablers of the other perspectives and represent the foundation of the Balanced Scorecard. According to Kaplan and Norton (1992), continual improvements and the ability to learn and introduce new products and services are the precondition to survive, expand in the global marketplace, and increase the company's

value. Knowledge, employee skills and satisfaction, the availability of information and adequate tools are frequently the source of growth and therefore the most common measures of this perspective (Niven, 2006).

2.3.4 Balanced Scorecard as Strategic Management

Figure 3: The Balanced Score card as strategic Framework for Action



Source: Kaplan & Norton, 1996 p.11

2.3.4.1 *Translating the vision:* helps managers build a consensus around the organization’s vision and strategy. “Despite the best intentions of those at the top, lofty statements about becoming “best in class,” “the number one supplier,” or an “empowered organization” don’t translate easily into operational terms that provide useful guides to action at the local level. For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success” (Kaplan and Norton, 2007).

- 2.3.4.2 *Communicating and Linking:*** lets managers communicate their strategy up and down the organization and link it to departmental and individual objectives. Traditionally, “departments are evaluated by their financial performance, and individual incentives are tied to short-term financial goals. The scorecard gives managers a way of ensuring that all levels of the organization understand the long-term strategy and that both departmental and individual objectives are aligned with it” (Kaplan and Norton, 2007).
- 2.3.4.3 *Business planning:*** enables companies to integrate their business and financial plans. “Almost all organizations today are implementing a variety of change programs, each with its own champions, gurus, and consultants, and each competing for senior executives’ time, energy, and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals—a situation that leads to frequent disappointments with the programs’ results. But when managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long-term strategic objectives” (Kaplan and Norton, 2007).
- 2.3.4.4 *Feedback and Learning:*** gives companies the capacity for what we call strategic learning. “Existing feedback and review processes focus on whether the company, its departments, or its individual employees have met their budgeted financial goals. With the balanced scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives—customers, internal business processes, and learning and growth—and evaluate strategy in the light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time learning” (Kaplan and Norton, 2007).

2.3.5 Balance in the Balanced Scorecard

The concept of balance is central to *Balanced Scorecard* system, specifically relating to the following areas:

- 2.3.5.1** It is balanced, because it looks at measures in relation to each other and ensures that one measure does not receive too much emphasis. Balanced means that the total performance picture and the relationships among the measures are never forgotten (BSC Designer, n.d). “It also conceived to overcome the deficiencies of a reliance on financial measures of performance by balancing them with the drivers of future performance Balance between financial and nonfinancial indicators of success” (Niven, 2006).
- 2.3.5.2** “Balance between internal and external constituents of the organization. Shareholders and customers represent the external constituents expressed in the Balanced Scorecard while employees and internal processes represent internal constituents. The Balanced Scorecard recognizes the importance of balancing the occasionally contradictory needs of all these groups in effectively implementing strategy” (Niven, 2006).
- 2.3.5.3** It is balanced because it includes objective, numerical measures and more subjective judgmental measures. The information that a unit cost measure provides an organization is very different from the information obtained from a survey that records a customer reaction to service delivery. Both measures provide different perspectives of service delivery that an organization needs to understand the result it is achieving (BSC Designer, n.d).
- 2.3.5.4** It is balanced because it looks at lagging indicators and at leading indicators. “Lag indicators generally represent past performance. Typical examples might include customer satisfaction or revenue. Although these measures are usually quite objective and accessible, they normally lack any predictive power. Lead indicators are the performance drivers that lead to the achievement of the lag indicators. They often include the measurement of processes and activities. On-time delivery might represent a leading indicator for the lagging measure of customer satisfaction” (Niven, 2006).

2.3.6 The Steps of the building and Implementation Process of Balanced Scorecard

The balanced scorecard includes two Phases. These are the building phase and the implementation phase. From step 1 to step 6 are included in the building Phase where as step 7 to 9 are in the implementation phase (Balanced Scorecard Institute, 2007)

Figure 4: The Balanced Scorecard Nine Step Framework



Source: Balanced Scorecard Institute, 2007

2.3.6.1 The Building Phase (Corporate Scorecard)

In step one, in the organizational assessment, the first one is about a number of things: to finalize the Balanced Scorecard Plan which will detail, among others, all the teams that will be involved in the designing of the scorecard and the training they will require.

Secondly, in step one involves conducting the organization assessment of the strategic elements: the mission and vision, SWOT and organization values. Thirdly, Step One is also about preparing a change management plan for the organization, which will entail conducting a change readiness review to determine how ready the organization is in embarking on such a journey and what needs to be put in place to make it ready, as well

as defining communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication. The change management activities will take place throughout each step (Morongwa, 2007).

Step two is strategy; the strategy is about determining the strategic themes, including strategic results, strategic themes, and perspectives, which are developed to focus attention on the customer needs and their value proposition. The most important element of this step is to ensure that you have unpacked what your customers are looking for from your organization in terms of function, relationship and image to determine whether you are providing value to your customers (Morongwa, 2007). Effective strategy making involves combining a different set of activities from your rivals to produce value for customers (Niven 2006).

With regards to the third step, It is about determining your organization's objectives – that is your organization's continuous improvement activities, which should link to your strategic themes, perspectives and strategic results (Morongwa, 2007). An objective statement is a two to three-sentence narrative that clarifies what is meant by each objective appearing on the Strategy Map, outlines why it is important, explains how it links in the chain of cause and effect, and briefly describes how it can be accomplished (Niven 2006).

The fourth step is about strategic map, the objectives designed in step three are linked in cause-effect relationships to produce a strategy map for each strategic theme. The theme strategy maps are then merged into an overall corporate strategy map that shows how the organization creates value for its customers and stakeholders (Morongwa, 2007). Strategy Map as a one-page graphical representation of what you must do well in each of the four perspectives in order to successfully execute your strategy. "What you must do well" is answered in the form of objectives, concise statements typically beginning with a verb appearing in each of the perspectives (Niven 2006).

The other steps in the design phase about performance measures. Measures are quantifiable (normally, but not always) standards used to evaluate and communicate performance against expected results (Niven 2006). The performance measures are developed for strategic objectives. Performance measures should be defined clearly, differentiating the outcome and output measures (Morongwa, 2007). The Balanced Scorecard should contain a mix of lagging and leading indicators of performance. Lagging indicators represent the consequences of actions previously taken (past performance history), while leading indicators drive, or lead to, the results achieved in lagging indicators (future expected performance) (Niven 2006).

In Step Six, the strategic initiatives are developed that support the strategic objectives. This is where the projects that have to be undertaken to ensure the success of the organization (the extent to which the organization fulfills its mandate or vision) are drafted and assigned. To build accountability throughout the organization, performance measures and strategic initiatives are assigned to owners and documented in data definition tables (Morongwa, 2007). Four steps are necessary to ensure that you have the right initiatives in place at your organization: Develop an inventory of all initiatives currently under way. Second, Map those initiatives to the objectives appearing on your Strategy Map. Third, Be sure to work closely with initiative supporters to be certain you know the specifics of each project before deciding on its strategic relevance, the fourth one, Eliminate, consolidate, or reduce in scope those initiatives that are not contributing to your strategy, and consider developing initiatives to support the new objectives and measures never before used at your organization and finally prioritize your strategic initiatives. Each one should have a corresponding business case that will provide an objective basis for making the decisions (Niven 2006).

2.3.6.2 The Implementation Phase (Business Unit and Individual Score card)

Step Seven involves automating the Balanced Scorecard system, and consists of analyzing software options and user requirements to make the most cost-effective software choice for today and to meet company performance information requirements in the future. Automation is purposely put as Step 7 on the 9-step framework, to make

sure that the proper emphasis is placed on strategic thinking and strategy development before "software seduction" sets in. Purchasing software too early limits creative strategic thinking, and purchasing software late makes it difficult to sustain momentum of the new system, as performance information reporting utilization is clearly an early benefit to be captured from the process of building the scorecard system (Morongwa, 2007).

Following the development of the corporate scorecard, Step Eight (Cascading) involves cascading the corporate scorecard throughout the organization to business and support units. Then team and individual scorecards are developed to link day-to-day work with departmental goals and corporate vision. Cascading is the key to organization alignment around strategy. Optionally, objectives for customer-facing processes can be integrated into the alignment process to produce linked outcomes and responsibilities throughout the organization. Performance measures are developed for all objectives at all organization levels (Morongwa, 2007).

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

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

2.3.7 The benefits of Balanced Scorecard Implementation

Research has shown that using Balanced Scorecard has many benefits and pitfall. Some of the benefits are:

2.7.3.1 Better Strategic Planning - The Balanced Scorecard framework provides a powerful framework for building and communicating strategy. The business model is visualized in a strategy map which forces managers to think about cause-and-effect relationships. The process of creating a Strategy Map ensures that consensus is reached over a set of interrelated strategic objectives. It means that the performance outcomes as well as key enablers or drivers of future performance (such as the intangible) are identified to create a complete picture of the strategy (Marr, 2010).

2.7.3.2 Improved Strategy communication and Execution – The fact that the strategy with all its interrelated objectives is mapped on one piece of paper allows companies to easily communicate strategy internally and externally. We have known for a long time that a picture is worth a thousand words. This ‘plan on a page’ facilitates the understanding of strategy and helps to engage staff, and external stakeholders in the delivery and review of strategy. In the end it is impossible to execute a strategy that is not understood by everybody (Marr, 2010).

2.7.3.3 Better Management Information – The balanced scorecard approach forces organizations to design key performance indicators for their various strategic objectives. This ensures that companies are measuring what actually matters. Research shows that companies with a BSC approach tend to report higher quality management information and gain increasing benefits from the way this information is used to guide management and decision making (Marr, 2010).

2.7.3.4 Improved Performance Reporting – Companies using a BSC approaches tend to produce better performance reports than organizations without such a structured approach to performance management. Increasing needs and requirements for transparency can be met if companies create meaningful management reports to communicate performance both internally and externally (Marr, 2010).

2.7.3.5 Better Strategic Alignment – Organizations with a balanced scorecard are able to better align their organization with the strategic objectives. In order to execute a plan well, organizations need to ensure that all business and support units are working towards the same goals. Cascading the balanced scorecard into those units will help to achieve that and link strategy to operations (Marr, 2010).

2.7.3.6 Better Organization Alignment – Well implemented Balanced Scorecards also help to align organizational process such as budgeting, risk management and analytic with the strategic priorities. This will help to create a truly strategy focused organization (Marr, 2010).

2.8.3 Pitfalls in the Balanced Scorecard Implementation

There are many Balanced Scorecard implementations where companies don't seem to get all the benefits described above. Research and experience have identified various traps and pitfalls main ones to avoid are listed below (Marr, 2010).

2.8.3.1 Seeking Perfection in a Balanced Scorecard - There are some companies that spend forever trying to create a perfect Balanced Scorecard and therefore never actually start using it. It is important to realize that there will never be a perfect Balanced Scorecard. The world around you changes constantly and therefore the Balanced Scorecard needs to change too. However, in order to be practical it is important to agree on one Balanced Scorecard and run with it for a while instead of waiting forever to create something perfect (Marr, 2010).

2.8.3.2 Lack of Senior Management Support for the Balanced Scorecard. Not having the buy-in and support of key manager and executives can jeopardize the success of any Balanced Scorecard implementation. It is important that key individuals in an organization are committed to the strategic objectives and performance indicators identified in the Balanced Scorecard. The best way to achieve this is to closely engage them in the process of designing the Balanced Scorecard (Marr, 2010).

2.8.3.3 Not Involving Staff and External Stakeholders in the Balanced Scorecard design. The Balanced Scorecard is often seen as a top management initiative in which they define what needs to be done and what needs to be measured. However, creating a Balanced Scorecard is a fantastic opportunity to engage with a wider group of internal staff

and key external stakeholders. Involving them will yield a better Balanced Scorecard and most importantly help to create buy-in and support (Marr, 2010).

2.8.3.4 Lack of Balanced Scorecard Understanding. Many organizations assume that once senior management have agreed on their Balanced Scorecard, strategic map and their indicators everyone will happily implement it and collect and report the data. Don't underestimate the need for training and communication about the Balanced Scorecard initiative and its aims and objectives. Again, this is especially important since there are so many different interpretations of what a Balanced Scorecard is and what it is for. Experience has shown that the support of lower and middle tier managers is essential for the success (Marr, 2010).

2.8.3.5 Using the Balanced Scorecard for Additional Top Down Control. As I have outlined in my book "Strategic Performance Management", one of the main problems with Balanced Scorecards arises when senior managers use the performance indicators identified to apply a command-and-control approach in which they use the indicators to punish or reward people. This creates fear, resistance and cheating. Instead, managers should use their Balanced Scorecards to foster a learning culture where everybody is encouraged to collect performance information to improve future performance (Marr, 2010).

2.3 Overview of Balanced Scorecard Design and Implementation in the Development Bank of Ethiopia

The Ethiopian economy has gone through numerous changes in the past two decades. In line with the overall change movement, a number of efforts were concurrently initiated towards the objective of transformation by the government in 1991. The major and comprehensive move towards institutional transformation was, however, initiated in 2006. The study, as recommended under BPR, started from the "clean sheet" concept and was finalized by re-establishing the organization under a unified and process based new structure that defined the core and critical support processes. The first part of this study was completed and implemented in July 2008. The BPR for the remaining support processes was completed and implemented in August, 2009 (DBE, 2010).

Nonetheless, this second approach or undertaking was soon overtaken by new developments or frameworks under institutional transformation. This was mainly due to the fact that the approach was deemed to be operation focused rather than strategy focused. This significant shortcoming of the Result Oriented Performance Evaluation Method, i.e. the shortcomings of the tool used for performance measurement, soon led the organization to look for a broader and more comprehensive solution for resolving the problems facing the bank in many areas (DBE, 2010).

One such solution identified as an appropriate remedy to the indicated problems and considered to be a better tool for strategic planning, strategic results monitoring and performance measurement was the Balanced Scorecard System. Accordingly, the bank finally decided for the implementation and adoption of this new management model to satisfy its needs. The effort now being made by the DBE is, therefore, the direct result of this new initiative.

The new model is particularly acclaimed to be strong in the area of performance measurement as it encompasses a number of different perspectives in a comprehensive manner. The model also excels all previously tested systems, which are limited to financial performance measurement only. The other major advantage of the new model is its exceptional suitability for strategy development and implementation. In fact it is exactly because of its multi-dimensional approach to strategy development, strategic plan implementation and the full attention given by the model to intangible assets that it is widely known as the Balanced Scorecard System. It is also because of these reasons that BSC is perceived as an all-inclusive and improved tool for strategic planning (strategy development), strategy implementation and performance measurement (DBE, 2010).

The model is in particular considered to be highly appropriate and relevant to the DBE. This is essentially because it fully resolves the problem of performance measurement, which to date was inappropriately limited to financial aspects only despite the limitation of such a system to adequately portray the bank's performance. In addition to this it preferred due to its suitability for communicating the strategic planning, performance measurement and management processes as these end results are easily related and cascaded to the day-to-day activities of employees (DBE, 2010).

As I mentioned in the literature part of this paper, the balanced scorecard includes two stages; the first one is the building stage (the design Part) which includes the first six steps of BSC and the other is the implementation stage that includes the remaining three steps. The information obtained from Strategic Management Process, the bank tried to address most of the steps of balanced scorecard. In addition to this, all the steps in the design process formulated by BSC committee and monitored by the Change Management Process. The remaining steps are done by the Strategic Management Process with the exception of automation. The overall design and implementation of the BSC of the bank is at good status, but still have problems in cascading and in automation.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter deals with the research methodology that is used in gathering data for the study. It contains the research design, sources of data, sample size and sampling technique, data gathering instruments, procedures and methods & data Analysis.

3.1 Research Methodology

This study focused on assessing the BSC design and implementation in the DBE. To this effect, to get reliable information of the design and the current status of the implementation BSC, descriptive survey method was employed with the assumption that it can help to gather a large variety of data. The survey method using questionnaire was used for this study because it helps to make the research more objective by generating quantitative data from a variety of resources.

3.2 Source of Data

Both primary and secondary data sources were used in order to generate relevant information to the research. Primary data were gathered from informants who are believed to have adequate exposure to the issues under investigation. Therefore, these informants grouped in job categories and include: Top Level Managers, Process Heads (PRH), Core Process Officers (CPO), Support Process Officers (SPO), and Manual and Technical Skill Employees (MATE).

As to the secondary data, both published and unpublished sources were used after evaluating their relevance. Among other, various documents, proceedings, magazines, internet (on-line) sources and books were reviewed in order to seek information about previous achievement, constraints and adopted strategies in BSC. Specifically, the respondents of the study were sampled from the total population, which will be drawn from the bank.

3.3 Sample size and Sampling Techniques

This study adopted proportional stratified random sampling because it enable us to get more precise estimates for each stratum (group) and by estimating more accurately each of the component parts, we get a better estimate of the whole (Kothari, 2004).

As it is obtained from DBE Human Resources Department, the employees in the DBE classified in the following groups, namely, Top Level Managers, Process Heads (PRH), Core Process Officers (CPO), Support Process Officers (SPO), and Manual and Technical Skill Employees (MATE).

The total number of employees is 670. From this total population, 134 staffs were taken as the sample size. In descriptive research typically uses larger samples; it is sometimes suggested that one should select 10-20 percent of the accessible population for the sample (Singh, 2006). In addition to that it is necessary to determine the number of element for of each group (stratum) in relation to its proportion in the total population (Kumar, 2005). Therefore, using proportional stratified random sampling the following number of participant was selected from each group (stratum).

Table 1: Sample Size

Job Category	Sample Size	
	Frequency	%
PRH	9	7
CPO	76	57
SPO	32	23
MATE	17	13
Total	134	100

3.4 Instruments and Procedures of Data Gathering

To gather necessary information from the participant closed ended questionnaire with a five-point Likert scale and some open ended questions were used. The reason for using the Likert scale is that it will enable certain arithmetical operations to perform the data that collected from the respondents and it help to measure the magnitude of the differences among the individuals or the group.

The questionnaires were prepared by the researcher based on relevant available literature and researchers' past experience. The Questionnaires for Process Heads (PRH), Core Process Officers (CPO), and Support Process Officers (SPO) were prepared in English and; for those Manual and Technical Skill Employees (MATE) in Amharic. The questionnaire method as instrument of data collection was used because it provided wider coverage to the sample and also facilitated collection of a large amount of data. Hofstee (2006) reasoned that questionnaires will offer confidentiality and also allows getting more volume of data as they can be sent to more people.

The questionnaires distributed and collected by the researcher in duration of a month as few respondents from each group may fail to return it in time. Beside this, the researcher was conducted structured interview with Top level managers and Process heads. All the related documents and necessary data were obtained from Change Management, and Strategic Management and Human Resource Process.

3.5 Methods of Data Analysis

Both quantitative and qualitative approaches were used to analyze the data collection for the study. This is because employing the mixed approach helps to converge or confirm findings from different data sources (Creswell, 2003). Depending on the nature of research questions and data that was collected, different statistical techniques were employed. Data collected from closed-ended questionnaires were fed into the Statistical Package for Social Science (SPSS) computer program and analyzed with five point Likert Scale quantitatively in terms of frequency and percentage. Chi-square was employed to find out whether there is a significant difference between different groups of respondents as per basic questions. On the other hand, the information which was gained from open ended questionnaires and interview were analyzed qualitatively. Finally findings were interpreted and analyzed in relation to the research questions and literature review.

CHAPTER FOUR

Presentation and Analysis of Data

This chapter deals with presentation, analysis and interpretation of data. The chapter consists of two sections. In the first section, the feature of respondents with regard to sex, work experience and academic qualification are dealt with. The second section deals with analysis and interpretation of data related to the topic under study that was collected through questionnaire, interview and different documents.

In order to obtain relevant data, a total of 134 copies of questionnaire were distributed to the respondents. Out of these copies of questionnaires 8 were distributed to Process Heads and 126 copies distributed to Core Process Officers, Support Process Officers, and Manual and Technical workers. From the distributed copies of questionnaires, 120 (90%) were completed and returned. Besides, interviews were conducted with two Top Level Managers and three Process Heads to cohere the data obtained through questionnaires and to get more detail information.

4.1 Characteristics of the Respondents

The bank employee from all categories of sex, work position, educational qualification and years of experience were participated in filling out the questionnaire. This was made in order to increase the comprehensiveness and reliability of the data.

As the data in table 2 reveals, 77% and 23% of the respondents were male and female respectively.

Concerning work experience of respondents the majority of respondents that is 79% had more than 6 years work experience, where as 21% had below 6 years. From the data, we can understand that the experiences of respondents were found to be adequate in order to provide enough information regarding BSC implementation in the bank.

Regarding academic qualification of respondents, 12% were Diploma holders, 86% were 1st and 2nd degree holders. Hence, it was thought that the information they provide would be rational due to their academic background.

Table 2: Respondents by Sex, Work Experience and Academic Qualification

S.No	Item	Respondents of the Bank in Position									
		Process Head		Core Process Officers		Support Process Officers		Manual & Technical		Total	
		N	%	N	%	N	%	N	%	N	%
1	Sex										
	Male	7	88	58	84	16	55	11	79	92	77
	Female	1	12	11	16	13	45	3	21	28	23
2	Years of Experience										
	3 – 5	0	0	18	26	3	10	4	29	25	21
	6 – 10	2	25	28	41	7	24	5	36	42	35
	11 – 20	2	25	7	10	9	31	3	21	21	18
	Above 20	4	50	16	23	10	35	2	24	32	26
3.	Academic Qualification										
	Diploma	0	0	0	0	6	21	8	57	14	12
	BA/BSC	6	75	61	88	23	79	4	29	94	78
	MA/MSC	2	25	15	22	-	-	-	-	10	8
	Others							2	14	2	2

4.2 Readiness of DBE for BSC design and implementation

Readiness of DBE can be seen in terms of strategic plan preparation, leadership commitment, and employees' supportiveness. Hence, the respondents were asked to respond on bank's readiness to design and implementation of BSC.

Table 3: Rating on BSC Readiness Factors

S.N	Item	Respondents	VH		H		MO		L		VL		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1	Well prepared strategic plan	Process Heads	5	62.5	-	-	3	37.5	-	-			11.2	0.5
		Core Process Officers	26	37.7	13	18.8	24	34.8	6	8.7				
		Support Process Officers	14	48.4	11	37.9	3	10.3	1	3.4				
		Total	45	42.5	24	22.6	30	28.3	7	6.6				
2	Leadership commitment for BSC	Process Heads	3	37.5	3	37.5	2	25	-	-			3.97	0.68
		Core Process Officers	31	44.9	27	39.1	8	11.6	3	4.4				
		Support Process Officers	13	44.8	14	48.3	2	6.9						
		Total	47	44.3	44	41.5	12	11.4	3	2.8				
3	Employee supportiveness for BSC	Process Heads			-	-	4	50	3	37.5	1	13	13.7	0.03
		Core Process Officers			10	14.5	24	34.8	30	43.5	5	7.2		
		Support Process Officers			2	6.9	3	10.4	23	79.3	1	3.4		
		Total			12	11.4	31	29.2	56	52.8	7	6.6		

VH = Very High, H = High, Mo = Moderate, P = Poor, VP = Very Poor $\alpha = 0.05$

The items in table 3 were specifically designed to examine the degree of readiness of the bank to BSC. The result revealed that the majority 65.1% of respondents regarding strategic plan preparation rated as high. This implies that there has been a chance to work on BSC study since the BSC was started with the preparation of strategic plan. Manager’s readiness for leadership commitment was rated high by 88.3% of the respondents. This shows that the management of bank was good at leadership commitment where as employee supportiveness rated as low. Regarding the difference in responses of respondents, there was no statistically significant difference among responses of respondents in all items of table 3 except item 2. Moreover, the responses of interview showed that there was low acceptance at the beginning period of BSC

process. Therefore, the bank readiness was good, however, the supportiveness of employees need attention.

4.3 Balanced Scorecard Design phase in Development Bank of Ethiopia

Before the bank begins the work of the design phase, it must lay the groundwork for design and the implementation of BSC; this may include training, assessment of external and internal organizational environment, and a carefully designed BSC plan to guide the work of the BSC teams, and then the design process will be started. As indicated in the literature review, out of the nine steps of the BSC steps, six of them are in the design phase, the steps also include the preparation period. Hence, the respondents were asked to assess the design of the BSC.

Table 4: Adequacy of Training on BSC

Item	Respondents	VH		H		MO		P		VP		X ²	P-Value
		N	%	N	%	N	%	N	%	N	%		
Adequacy	Process Heads	0	0	2	25	5	62.5	1	12.5			1.98	0.92
	Core Process Officers	3	4.3	11	15.8	43	62.3	12	17.4				
	Support Process Officers	1	3.4	7	24.1	18	62.1	3	10.3				
	Total	4	3.9	20	18.9	66	62.3	16	15.1				

VH=Very High, H=High, Mo = Moderate, P = Poor, VP = Very Poor $\alpha = 0.05$

As it can be seen in table 4, about 62.3% of the respondents responded that the adequacy of the training was on average and 15.1% rated it as poor, while the remaining 23.9% of the respondents rated it as high. In addition, one of the interviewees said that the training given to the bank employees was not adequate, it is like an introduction, even the number of days given to the training was limited, and it was not enough to understand the basic concepts of BSC. The training was given on hierarchical level. From the above data, one can observe that the BSC training which was also given to individual employees was adequate. With regards to the adequacy of this training program, there was no statistically significant difference among the responses of different group of respondent at P-value of 0.92

Table 5: Preparedness of DBE for BSC

S.N	Item	Respon dents	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	DBE was planned for BSC	Process Heads	2	25	5	62.5	1	12.5	-	-	-	-	3.86	0.424
		Core Process Officers	22	31.9	39	56.5	8	11.6	-	-	-	-		
		Support Process Officers	10	34.5	19	65.5			-	-	-	-		
		Total	34	32.1	63	54.9	9	8.5	-	-	-	-		
2.	Necessary resources were allocated for BSC design and implementation	Process Heads	-	-	-	-	8	100	-	-	-	-	8.71	0.19
		Core Process Officers			4	5.8	46	66.7	17	24.6	-	-		
		Support Process Officers	-	-	-	-	24	82.8	3	10.3	2	6.9		
		Total			4	3.8	78	73.6	20	18.9	4	3.8		
3.	BSC committee was established	Process Heads	1	12.5	7	87.5	-	-	-	-	-	-	19.2	0.004
		Core Process Officers	9	12.5	41	59.4	16	23.2	3	3.9	-	-		
		Support Process Officers	13	44.8	15	51.7	1	3.4	-	-	-	-		
		Total	23	21.7	63	59.4	17	16	3	2.8	-	-		

SA = Strongly Agree A= Agree UD = Undecided DA = Disagree SD = Strongly Disagree $\alpha=0.05$

In the assessments of DBE’s preparedness for BSC (in table 5), 87% of the respondents agreed that the BSC plan was prepared before the design process. Majority of the respondents did not have divergent opinion; the chi- square tested at p-value 0.424. Regarding the resource allocation for BSC, 73.6% of respondents were undecided. Consequently, significant difference was not observed among the responses of respondents in item 1 and 3 of table 5.

In addition to this, the respondents were asked about BSC committee, 81.1% of the respondents confirmed that the BSC design was began with committee establishment. Concerning the BSC Committee, significant difference observed among responses of respondents at p-value of 0.004. In addition, the result of interview indicated that the work of BSC committee in the design phase

monitored by Change Management Process and its work approved by Top Level Management; and follow up and evaluation in the implementation phase is also done by Strategic Management Process. Generally the respondents' opinion in table 5 and the result of interview revealed that except the allocation of resources, majority of the respondents agreed that the bank prepared itself before BSC design.

The other important thing in the design phase of BSC is the preparation of strategic plan. Strategic plan preparation starts with the data gathering from different resources, such as an interview with key executives, review of public available documents and research papers; and it also includes meetings and other communication among the organization's leaders (Balanced Scorecard, n.d). As shown in table 6 below, 87.5% of Process Heads, 73.9% of Core Process Officers and 93.2% of Support Process Officers confirmed that the strategic plan was prepared by top level management. Regarding strategic plan preparation, there was no statistically significant difference observed among responses of respondents at p-value of 0.424.

Respondents were further asked about the analysis of relevant document and the adequacy of employee discussion on strategic plan.

Majority of the respondents, all Process Heads, 79.7% of Core Process Officers, 89.6% of Support Process Officers indicated that relevant documents and information were analyzed adequately for strategic plan preparation; where as 27% of the respondents were undecided. In addition to this figure, chi-square result also shows that there is no statistically significant difference existed among the responses of the group of respondents at p-value of 0.19. This indicated that the strategic plan was prepared using relevant information and document analysis.

Concerning the adequacy of employee discussion on strategic plan, as shown in table 6 item 3, 62.5% of Process Heads, 42.5% of Core Process Officers and 82.5% of Support Process Officers showed their disagreement. The results of an interview with Process Heads and Top Level Management of the bank indicated that even though it was done satisfactorily, there was participation of employees in the preparation of strategic plan. Moreover, most of the time, the strategic plan was prepared by top level management; as result the participation of employee in preparation process was limited. Generally, the opinion of respondents' and results of interview

indicated that the strategic plan was prepared with the involvement of all respective body of the bank.

Table 6: Performance on the DBE’s Strategic Plan Preparation

S.N	Item	respondents	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1	Strategic plan was prepared by Top level Management	Process Heads	2	25	5	62.5	1	12.5	-	-	-	-	3.86	0.424
		Core Process Officers	12	17.4	39	56.5	16	23.2	2	2.9	-	-		
		Support Process Officers	0	-	27	93.2	1	3.4	1	3.4	-	-		
		Total	14	13.2	71	67	18	17	3	2.8	-	-		
2	Relevant documents & information were adequately analyzed.	Process Heads	1	12.5	7	87.5	-	-	-	-	-	-	8.71	0.19
		Core Process Officers	16	23.2	39	56.5	12	17.4	2	2.9	-	-		
		Support Process Officers	11	37.9	15	51.7	3	10.3	-	-	-	-		
		Total	28	26.5	61	57.6	15	14	2	1.9	-	-		
3	Employees adequately discussed on draft Strategic plan	Process Heads	1	12.5	-	-	2	25	5	62.5	-	-	19	0.004
		Core Process Officers	3	4	-	-	21	30.4	29	42.3	-	-		
		Support Process Officers	-	-	-	-	5	17.2	24	82.5	-	-		
		Total	4	3.8	0	0	28	26.2	58	55	16	15		

SA = Strongly Agree A= Agree UD = Undecided DA = Disagree SD = Strongly Disagree $\alpha=0.05$

From the Corporate BSC Document of DBE, the researcher observed that four thematic areas were identified in DBE. These are: 1. Capacity Building (Excellence in Human Capital in particular), 2. Service Excellence 3. Asset Quality Excellence 4. Business Expansion & Intensification. Also, the results of each thematic area were to improve bank services, increase effectiveness & efficiency, good quality assets and financial sustainability as well as increase the number of development projects and additional value from existing assets or business lines respectively.

On the basis the above mentioned points, the respondent were asked to give their opinion on the theme identification process as shown in table 7.

In item 1 of table 7, respondents were asked about whether the themes are focused on the main area of the bank. Majority of respondents, that is, 62% of Process Heads, 72% of Core Process Officers and 82% of Support Process Officers agreed that the themes of the bank focused the main service area of the bank, while the remaining 24.5% did not agree in their response. In this case, there was no statistically significant difference among group of respondents at p-value of 0.574. With respect to the linkage of themes, 74.5% of respondents agreed that the themes of the bank linked with the activities of the bank. The chi-square result did not show statistically significant difference among the responses of respondents.

The thematic area of the bank expected to address the customer service of the bank. In connection with this, Majority of the respondents, 81.1%, agree with the issue raised on item 3 of table 7. Consequently, statistically significant difference was not observed among the responses of the group of respondent at P-value 0.356. Regarding the result of theme, as shown in item 4 of table 7, 79.4% of respondents confirmed that the result of themes helped the bank to achieve its mission and vision, showing no statistically significant difference among responses of respondents at p-value of 0.136.

In general, table 7 revealed that those selected themes addressed customer service of the bank, and it linked with process activities. This may help the bank to achieve its mission and vision.

Table 7: Rating on the DBE’s Strategic Theme Identification

S.N	Item	Respondents	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	Themes represented the main focus area of the Bank	Process Heads	0	0	5	62.5	3	37.5					4.769	0.574
		Core Process Officers	5	72	45	62.5	18	26.4						
		Support Process Officers	5	17	19	65.5	5	17.3						
		Total	10	9.4	69	65.1	26	24.5	1	0.9				
2.	Themes linked with all bank process activities	Process Heads			5	62.5	3	37.5					15.17	0.18
		Core Process Officers			50	72.5	18	24.1	1	1.4				
		Support Process Officers	5	17	19	65.5	5	17.3						
		Total	5	4.7	74	69.8	26	24.5	1	0.9				
3.	Themes addressed the customer service	Process Heads			6	75	2	25					6.63	0.356
		Core Process Officers	6	9.7	48	69.6	15	21.7						
		Support Process Officers	2	6.9	24	82.8	2	6.9	1	3.4				
		Total	8	7.5	78	73.6	19	17.9	1	0.9				
4.	Themes result helped to achieve the bank mission and vision	Process Heads	1	13	5	62.5	1	12.5	1	12.5			9.744	0.136
		Core Process Officers	12	17	41	59.4	16	23.2						
		Support Process Officers	8	28	17	58.6	3	10.3	1	1.3				
		Total	21	20	63	59.4	20	18.9	2	1.9				

Table 8: Rating on the Preparation of Strategic Perspective

S.N	Item	Responde nts	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	The four Perspectives are sufficient to measure the Corporate performance of the Bank	Process Heads	5	62.5	3	37.5							1.97	0.741
		Core Process Officers	31	44.9	36	52.2	2	2.9						
		Support Process Officers	15	51.7	14	48.3								
		Total	51	48.1	53	50	2	1.9						
2.	There was a relationship among the four perspectives	Process Heads			7	87.5	1	12.5					4.07	0.667
		Core Process Officers	17	24.6	46	66.7	4	5.8	2	2.9				
		Support Process Officers	6	20.7	21	72.4	2	6.9						
		Total	23	21.7	74	69.8	7	6.6	2	1.9				

SA = Strongly Agree A= Agree UD = Undecided DA = Disagree SD = Strongly Disagree $\alpha=0.05$

The aim of perspective with a Balanced Scorecard is to examine the strategy, making it clearer through the lens of different viewpoints. Any strategy, to be effective, must contain descriptions of financial aspirations, markets served, processes to be conquered, and, of course, the people who will steadily and skillfully guide the company to success (Paul R. Niven, 2002). From DBE’s BSC document, the researcher observed that four perspectives (Financial, Customer, Internal Business Process, and Learning and Growth) were selected to the bank. Accordingly, as shown in item 1 table 8, majority of respondents, 98%, showed their agreement on those selected perspectives, showing no statistically significant difference among the response of respondents. This indicated that the four perspectives were sufficient to DBE.

As indicated item 2 in table 8, 87.5% of Process Heads, 91.3% of Core Process Officers and 93.1% of Support Process confirmed that there was a relationship among the four perspectives. In addition, the strategic map of the bank in DBE’s BSC document confirmed this point. Concerning the relationship of perspectives, there was no statistically significant difference

observed among the responses of respondent. The result showed that there was relationship among the four perspectives.

Table 9: Rating on the Preparation Strategic Objectives

S.N	Item	Job Category	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	The objectives are customer focused	Process Heads	1	12.5	7	87.5							6.22	0.183
		Core Process Officers	11	15.9	48	69.6	10	14.5						
		Support Process Officers	6	20.7	23	79.3								
		Total	18	17	78	73.6	10	9.4						
2.	The objectives were designed in relation to the four perspectives	Process Heads	1	12.5	7	87.5							3.56	0.468
		Core Process Officers	16	23.2	48	69.6	5	7.2						
		Support Process Officers	6	20.7	23	79.3								
		Total	23	21.7	78	73.6	5	4.7						
3.	Strategic Map provides clarity and serve as powerful communication tools	Process Heads	2	25	5	62.5	1	12.5					13.1	0.105
		Core Process Officers	2	2.9	53	76.8	10	14.5	2	2.9	2	2.9		
		Support Process Officers	3	10.3	26	89.9								
		Total	7	6.6	84	79.2	11	10.4	2	1.9	2	1.9		

SA = Strongly Agree A= Agree UD = Undecided DA = Disagree SD = Strongly Disagree $\alpha=0.05$

For the success of the bank, objectives should be customer focused. Therefore, respondents were asked whether the designed objectives are customer focused, the majority of respondent, 90.6%, replied that the objectives were customer focused as indicated in item 1 of table 9. In this case, there was no significant difference observed among the responses of respondents at p-value 0.183.

Concerning the relationship between the designed objectives and the four perspectives (Financial, Customer, Internal Business Process and Learning and Growth) 95% of the respondents confirmed that the objectives were designed in relation to the four perspectives. As result, there was no statistically significant difference among the response of respondents at p-value of 0.468

After designing the objectives of the bank, the strategic map will be followed. The strategic map helped to see the relationships of objectives under each perspective. In relation to this point, the researcher observed that there is a well-designed strategic map on the BSC documents of the bank (Annex D). Besides, the researcher also asked the respondents with respect to strategic map, how the strategic map helped the bank as a communication tool and its clarity to understand the overall relationship with objectives. 85.8% of respondents agreed that the strategic map was clear and it served as a powerful communication tool. The remaining 10.4% were not decided. P-value 0.105 indicated that there was no statistically significant difference among the responses of respondent. This shows that the strategic map is used as a communication tool, which helped to understand the overall relationship among objectives.

Table 10: Rating on Performance Measure

S. N	Item	Respondents	SA		A		UD		DA		SD		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	Performance measures of the bank determine the achievement of the objectives	Process Heads	2	25	4	5	2	25					8.64	0.195
		Core Process Officers	6	8.7	50	72.5	10	15	3	4.3				
		Support Process Officers	3	10.3	25	86.2			1	3.4				
2.	Performance measures is used to evaluate and communicate performance against expected results	Process Heads			5	62.5	3	38						0.99
		Core Process Officers	4	5.8	49	71	14	20	2	2.9				
		Support Process Officers	6	20.7	21	72.4	2	6.9						

Performance measures are metrics used to provide analytical basis for decision making and to focus attention on what matters most. They answer the question, “How is the organization doing at the job of meeting its strategic objectives?” (DBE, 2010). In addition, the performance measure is used to identify the gap between the actual performances with targeted result. Accordingly, the respondents were asked how much the performance measures were used to evaluate performance and how it helped the bank to achieve the designed objectives. 62.5% of Process Heads, 76.8% of Core Process Officers and 93.1% Support Process Officers agreed that the performance measures helped them to see the actual performance against the expected result. Moreover, semi-annual and annual report of the bank showed that the bank measured its performance against the expected result. The chi-square result indicated that there was no statistically significant difference observed among the responses of respondents at p-value of 0.99.

Concerning the determination of achievement, 75% of Process Heads, 81.2% of Core Process Officers and 86.5% of Support Process Officers replied that the performance measure helped the bank to determine the achievement of the bank objectives. Chi-square result showed that there was no statistically significant difference among the group of respondents at p-value of 0.195. In addition, information obtained from interview showed that overall achievement and success of the bank reported to the respective government bodies and stakeholders using BSC report format.

4.4 The Implementation Phase of BSC in Development Bank of Ethiopia

Balanced Scorecard is primarily an agent of change, it is critical to craft a communication strategy and plan. Objectives of the plan may include: building awareness, providing education on key concepts, generating engagement and commitment, encouraging participation, generating enthusiasm and providing results to interested parties (Paul R. Niven, 2002). As indicated table 11 below, the respondents were asked to assess the adequacy of discussion in the bank before BSC implementation. Majority of respondents, 72.6%, said that the adequacy of the discussion was moderate and 16% rated low. From the open ended question of the questionnaire, respondents affirmed that the discussion before implementation was not that much satisfactory.

Table 11: Adequacy of Pre-implementation Discussion on BSC

Item	Job Category	VH		H		Mo		P		VP		X ²	P value
		N	%	N	%	N	%	N	%	N	%		
Adequacy	Process Heads	2	25			6	75					19.72	0.032
	Core Process Officers	1	1.4	5	7.2	48	69.6	13	18.8	1	1.4		
	Support Process Officers			3	10.3	23	79.3	3	10.3				
	Total	3	2.8	8	7.5	77	72.6	16	15.1	1	0.9		

VH=Very High, H=High, Mo = Moderate, P = Poor,VP = Very Poor $\alpha = 0.05$

Cascading process is developing Balanced Scorecards at each level of the organization. These Scorecards align with organization’s highest-level Scorecard (Corporate Scorecard) by identifying the strategic objectives and measures that lower-level departments, and groups will use to track their progress in contributing to overall goals (Paul R. Niven, 2002). Accordingly, DBE had cascaded the Corporate Scorecard to group and individual level. The respondents were asked to evaluate the cascading process of the bank, as indicated in table 12. 50% of Process Heads, 59.4% of Core Process Officers and 75.5% of Support Process Officers replied that the alignment of cascaded scorecard with corporate scorecard was high, whereas 30.2% of the respondents rated as moderate. The chi-square result showed that there was no statistically significant different among the responses of respondents at p-value of 0.170. This clearly indicated that the corporate scorecard aligned with the cascaded scorecard.

With regard to the alignment of the cascaded BSC to strategy, 62.5% of Process Heads, 59.4% of Core Process Officers and 86.4% Support Process Officers responded that the alignment was high, where as the total of 31% rated as Moderate. There was no statistically significant difference among responses of respondents. This shows that there was alignment between cascaded BSC and strategy.

Table 12: Reviewing and Evaluating Cascaded BSC

S.No	Item	Respondents	VH		H		Mo		P		VP		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	Alignment to Corporate Scorecards	Process Heads	0		4	50	4	50					9.1	0.17
		Core Process Officers	4	5.8	37	53.6	25	36.2	3	4.3				
		Support Process Officers	3	10	22	75.9	3	10.3	1	3.4				
		Total	7	6.6	63	59	32	30	4	3.8				
2	Alignment to Strategy	Process Heads			5	62.5	3	37.5					10	0.117
		Core Process Officers	2	2.9	39	56.5	27	39.1	1	1.4				
		Support Process Officers	3	10	22	75.9	3	10.3	1	3.4				
		Total	5	4.7	66	62	33	31	2	1.9				
3	Appropriateness of Objectives & Measures	Process Heads					4	50	2	25	2	25	13	0.038
		Core Process Officers			2	2.9	33	47.8	33	47.8	1	1		
		Support Process Officers					23	79.3	6	20.7				
		Total			2	1.9	60	56.6	41	38.7	3	3		
4	The clarity and simplicity of activities stated under each objectives	Process Heads			3	37.5	3	37.5	2	25			6.2	0.4
		Core Process Officers	4	5.8	28	40.6	33	47.8	4	5.8				
		Support Process Officers	1	3.4	15	51.7	12	41.1	1	3.4				
		Total	5	4.7	46	44.4	48	46.2	5	4.7				

VH=Very High, H=High, Mo = Moderate, P = Poor, VP = Very Poor $\alpha = 0.05$

In order to check the appropriateness of objectives and measures, the respondents were asked to point out their view on this issue. The data item 3 in table 12 showed that 50% of Process Heads, 49.2% of Core Process Officers and 20.7% of Support Process Officers rated as poor, whereas 56.6% of the respondents rated as moderate. In this case, statistically significant difference was

observed among the responses of respondents. From data obtained from the open ended questions of the questionnaire and interview showed that some processes had team based activities, those activities evaluated at team level, because of this it was challenging to cascade objectives and measures. On the other hand the nature and behavior measures were also difficult for the cascading process. Therefore, the bank or the concerned process (business unit) should give attention for cascading process, especially, in group objectives and individual measures.

About the simplicity and clarity of activities, 37.5% of Process Heads, 45.1% of Core Process Officers and 55.1% of Support Process Officers rated as high, whereas 37.5% of Process Heads, 47.8% of Core Process Officers and 41.4% of Support Process Officers rated as moderate, and 15.1% of respondents rated as low. Statistically significant difference was also observed among the responses of respondents. This result indicated that activities stated under each objective were somehow simple and clear.

Table 13: DBE’s BSC Evaluation Mechanism.

Item	Respondents	Using BSC software		Manual		There was no Mechanism		X ²	P value
		N	%	N	%	N	%		
BSC Evaluation Mechanism	Process Heads	-	-	7	87.5	1	12.5	0.431	0.806
	Core Process Officers	-	-	64	92.8	5	7.2		
	Support Process Officers	-	-	26	89.7	3	10.3		
	Total	-	-	97	91.5	9	8.5		

Basically, the existence of information and communication technology mechanism is essential for the success of BSC implementation. Moreover, the bank expected to automate the system by using the necessary BSC software after cascading the scorecard. With regard to this, majority (91.5%) of respondents replied that the bank was used manual system to evaluate performance; where as 8.5% didn’t know about the mechanism. The result of chi-square did not show significant difference among group of respondents. Moreover, information obtained from the interview confirmed that the automation of BSC did not start in the bank. Their reason is that it was better to refine the designed BSC at the implementation phase before applying BSC

software. After completing those all processes, the necessary software will be developed and installed to the system.

Table 14: Rating on BSC implementation level

S.No	Level of Implementation	Respondents	VH		H		MO		P		VP		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	Implementing at Corporate level	Process Heads	2	25	6	75							11.9	0.065
		Core Process Officers	7	10.1	60	87	2	2.9						
		Support Process Officers			27	93.1			2	6.9				
		Total	9	8.5	93	87.7	2	1.9	2	1.9				
2.	Implementing at Process/ Business unit level	Process Heads	1	12.5	7	87.5							13.3	0.38
		Core Process Officers	5	7.2	47	68.1	17	24.6						
		Support Process Officers			21	72.4	5	17.2	3	10.3				
		Total	6	5.7	75	70.8	22	21	3	2.8				
3.	Implementing at individual Level	Process Heads			4	50	4	50					15.7	0.041
		Core Process Officers	2	2.9	28	40.6	27	39.1	10	14.5	2	2.9		
		Support Process Officers	3	10.3	18	62.1	4	13.8	1	3.4	3	10		
		Total	5	4.7	50	47.6	35	33	11	10	5	4.7		

VH=Very High, H=High, Mo = Moderate, P = Poor VP = Very Poor $\alpha = 0.05$

BSC is a way of measuring organization, business unit or department success and the performance of individuals (Niven, 2002). In order to see the implementation level of the bank, the researcher asked the respondents to assess the current level of BSC implementation in the bank. As indicated in table 14, Majority of the respondents 96.2 % of respondent rated the level of implementation at Corporate was high and very high. Regarding the level of implementation at process level (business unit), 76.5% of respondents rated as high, while 21% rated as moderate. Concerning the implementation of BSC at individual level, respondents rated as high,

moderate and poor by 52.3%, 43%, and 4.7% of the respondents respectively. The result of chi-square indicated that there was no statistically significant difference among responses of respondents in all item except item 3 of table 14. Responses from open ended questions and interview revealed that the level of implementation at individual level was not like as corporate or process. It was at early stage.

In general, table 14 shows that BSC was fully implemented at corporate level and at process level, however, at the individual level some respondents was not satisfied with implementation. Therefore, the implementation of BSC at individual needs attention.

The implementation of BSC at individual level is hampered by various problems, some of them are communication problem, design problem, lack of commitment among leadership, information technology problems, etc. In light of this, attempt was made by the researcher to assess the major problems encountered in BSC implementation at individual level. The respondents of the bank were asked to rate the major problems faced in the bank to implement BSC at the individual level. The rating was made and the result is shown at 5- point Liker Scale (**VS** = Very Serious **S** = Serious **SWS** = Somewhat Serious **ONS** = Observed but not serious **NO** = Not observed).

As indicated in item 1 of table 15:1, 62.5% of Process Heads, 56.5% of Core Process Officers and 34.5% of Support Process Officer replied that the Communication problem was somewhat serious, where as 24.5% of them replied as the problem was observed but not serious. Statistically significant difference was observed among the responses of respondents on communication problem.

The problem faced due to inappropriate design, 50% of Process Heads, 47.8% of Core Process Officers and 68.9 % of Support Process Officers was rated as Serious and very serious, and 34.9% of the respondents said that the problem was somewhat serious. There was significant difference among the respondents.

Lack of commitment among leaders can also be one of the constraints to implement BSC at individual level. As shown in item 3 table 16, 50% of Process Heads, 55.1% of Core Process Officers and 62 % of Support Process Officers indicated that the problem was observed but not

serious, 20% of the respondents replied that there was no observed problem in leadership commitment, in this case there was no statistically significant difference at p-value of 0.335.

Table 15:1 Rating on BSC implementation problems at individual level

S.No	Item	Respondents	VS		S		SWS		ONS		NO		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
1.	Problem in communication	Process Heads			1	12.5	5	62.5			2	25	16.56	0.035
		Core Process Officers			12	17.5	39	56.5	15	21.7	3	4.3		
		Support Process Officers	1	3.4	2	6.9	10	34.5	11	37.9	5	17.3		
		Total	1	0.9	15	14	54	50.9	26	24.5	10	9.4		
2.	Inappropriate design	Process Heads			4	50	4	50					15.1	0.3
		Core Process Officers	2	2.9	31	44.9	25	36.2	8	11.6	3	2.9		
		Support Process Officers	7	24.1	13	44.8	8	27.6	1	1.34				
		Total	9	8.5	48	45	37	34.9	9	8.5	3	2.8		
3	Lack of commitment among leaders	Process Heads					4	50	2	25	2	25	9.09	0.335
		Core Process Officers	2	2.9	10	14.5	19	27.5	24	34.8	14	20.3		
		Sup/ Proc Officers					11	37.9	13	44.8	5	17.2		
		Total	2	1.9	10	9.4	34	32.1	39	36.8	21	20		

One of the problems in evaluating the individual performance was information technology problem. The researcher tried to see this aspect of the problem, in this regard, 37.5% of Process Heads, 42% of Core Process Officers and 44.8 of Support Process officers replied that there was serious problem; this is due to automation problem.

Employee supportiveness for change is important for smooth implementation of BSC; contrary to this employee resistance to change is obstacle for successful implementation. The researcher asked the respondents to rate this problem, Majority of the respondents, that is, 50% of Process Heads, 56.5% of Core Process Officers and 37.9 % of Support Process Officers indicated that the

problem was serious and very serious, and 19.8% rated as somewhat serious; whereas the remaining 29.2% said that the problem was observed but not serious. The chi-square result showed that there was statistically significant difference among the responses of respondents.

The other problem in the implementation of BSC was lack of adequate knowledge on BSC. With regarding to this, 37.5% of Process Heads, 39.1% of Core Process Officers and 48.3 % of Support Process Officers said that the problem was serious and very serious. On the other hand, 36.2% of Core Process Officers and 41.4 % of Support Process Officers replied as the problem was somewhat serious.

Table 15:1 Rating on BSC implementation problems at individual level

S.No	Item	Respondents	VS		S		SWS		ONS		NO		X ²	P value
			N	%	N	%	N	%	N	%	N	%		
4.	Information technology problem	Process Heads	1	12.5	2	25	1	12.5	3	37.5	1	12.5	21.3	0.005
		Core Process Officers	8	11.6	21	30.4	10	14.5	21	30.4	9	13		
		Support Process Officers	1	3.4	12	41.4	14	48.3	2	6.9				
		Total	10	9.4	35	33	25	23.6	26	24.5	10	9.4		
5.	Internal resistance to change	Process Heads	1	12.5	3	37.5	2	25	2	25			24.3	0.002
		Core Process Officers	12	17.4	27	39.1	10	14.5	13	18.8	7	10.1		
		Support Process Officers	2	6.9	9	31	9	31	9	31				
		Total	15	14	39	37	21	19.8	24	22.6	7	6.6		
6.	Lack of adequate knowledge on BSC	Process Heads			3	37.5			4	50	1	12.5	24.3	0.002
		Core Process Officers	5	7.2	22	31.9	25	36.2	17	24.6				
		Support Process Officers			14	48.3	12	41.4	3	10.3				
		Total	5	4.7	39	37	37	34.9	24	22.6	1	0.9		

Generally, table 15:1 & 2 revealed that even though all the problems existed in the bank, inability to evaluate performance using information technology (inability to start automation),

resistance to change and lack of adequate knowledge on BSC were the major problems in the implementation of BSC at individual level.

Table 16: Rating on the relevance of BSC to DBE

Item	Respondents	VH		H		MO		L		VL		I don't know		X ²	P value
		N	%	N	%	N	%	N	%	N	%	N	%		
BSC Relevance	Process Heads	8	100											6.22	0.399
	Core Process Officers	43	62.3	22	31.9	2	2.9	2	2.9						
	Support Process Officers	20	69	9	31										
	Total	71	67	31	29	2	1.9	2	1.9						

VH=Very High, H=High, Mo = Moderate, P = Poor VP = Very Poor $\alpha = 0.05$

The researcher had also sought the opinions of the respondents on the relevance of BSC to the bank. As it is shown on the above table, Majority (96%) of the respondents responded that the BSC was relevant to DBE. About the chi-square result, there was no statically significant difference among responses of respondents. This shows that majority of the respondents agreed with BSC relevance.

Table 17: Rating on Participation of Different groups in BSC

S.No	Item	Organizational Level	VH		H		Mo		P		VP	
			N	%	N	%	N	%	N	%	N	%
1.	Participation in Design process	Top level manager	20	16.7	85	70.8	11	9.2	2	1.7	2	1.9
		Process heads	16	13.3	92	76.7	10	8.3	2	1.7		
		Employee	10	8.3	75	62.5	35	29.2				
		Customer	1	0.8	15	12.5	76	63.3	28	23.3		
2.	Participation in Implementation Process	Top level manager	9	7.5	76	63.3	32	26.7	3	2.5		
		Process heads	13	10.8	93	77.5	14	11.7				
		Employee	69	57.5	31	25.8	20	16.7				
		Customer	5	4.2	2	1.8	25	21	61	51	27	22

VH=Very High, H=High, Mo = Moderate, P = Poor VP = Very Poor $\alpha = 0.05$

As indicated in table 17, the Top Level Managers involvement in the design process was rated as high and very high by 87.5% and similarly the involvement of Process Heads also rated as high by 91% response. With regard to employee involvement majority (62.5%) of the respondents rated as moderate, where as the customer involvement rated as low. Concerning the participation in implementation process, the involvement of Top Level Managers, Process Heads and employees rated as by 80.8%, 88.3% and 83.3% of the respondents respectively whereas the involvement of Employee rated as low by 72.3% respondents. This revealed that majority of the respondents have rated high with regards to the Top Level Management and the Process Heads involvement, where as the participation of employees and customer rated as moderate and low respectively.

Table 18: Frequency of Monitoring and Evaluation of BSC Implementation

Item	Respondents	Every day		At the end of every week		At the end of every Month		At the end of every quarter of the year		X ²	P value
		N	%	N	%	N	%	N	%		
Frequency of Monitoring and Evaluation	Process Heads	1	12.5			2	25	5	62.5	13.2	0.40
	Core Process Officers	-	-	3	4.3	11	15.9	55	79.7		
	Support Process Officers	3	10.3	3	10.3	8	27.6	15	51.7		
	Total	4	3.8	6	5.7	21	19.8	75	70.8		

VH=Very High, H=High, Mo = Moderate, P = Poor VP = Very Poor $\alpha = 0.05$

The experience of monitoring and evaluation of BSC implementation leads to identify the weakness and strength that pave the way for better future performance. As displayed in table 18, 75 % of respondents, that is majority of them, indicated that monitoring and evaluation of the bank was conducted at the end of every quarter of the year. The chi-square result showed that there was statistically significant difference among the responses of respondents.

Table 19: Employee attitude towards the introduction of BSC

No	Initiator	N	%
1	I am Accepting it, but still have complaints	74	61.5
2	I accepted it, so I don't have Complaint	36	30
3	I never ever Accepted BSC	3	2.5
4	I initially accepted it, I am now complaining.	7	5.8

As indicated in table 19, the attitude of employees towards BSC, small portion 30% of the respondents accepted BSC, but they did not have complaints, while 61.5% of respondents replied that they accepted it, but they had complaints. From this data, it can be observed that even if the majority of employee accepted BSC, they still have complaints on BSC.

4.5 Major Success of BSC in the Development Bank of Ethiopia

The respondents were asked to indicate their agreement using a 5-point scale, with 5 being “Strongly agree” and 1 being “Strongly disagree” on the success of bank in using BSC. They were also invited to assess the success on six criteria, which listed in table 20. As indicated in item 1, 83.3 % of the respondents agreed that the bank was successful in the alignment of vision with employees’ daily activities. With regard to BSC support to achieve process objectives, 73.3% of the respondents made their agreement, similarly 85% and 70.9% of the respondents were showed their agreement on item 4 and 6 respectively, where as majority of the respondents indicated their disagreement in item 3 and 5. There was no statistically significant difference among responses of respondents in all items in table 20. Generally, the majority of respondents confirmed for each item, except item 3 and 5 that the bank was successful in terms of process objective achievement, learning and continuous improvement, and with the alignment of the bank vision in daily activities.

Table 20: Rating on the Success of DBE in the implementation of BSC

Item	Respondents	SA		A		UD		D		SD		X ²	P value
		N	%	N	%	N	%	N	%	N	%		
1. BSC linked the vision with daily activities.	Proc/ Heads	2	25	6	75							7.47	0.588
	Core Pro/Off	9	13	52	75.4	5	7.2	3	4.3				
	Sup. Pro/Off	8	27.6	17	58.6	4	13.8						
	Manu &Tec	3	21.4	9	64.3	1	7.1	1	7.1				
	Total	22	18.3	84	70	10	8.3	4	3.3				
2. BSC helped each processes to achieve their objectives	Proc/ Heads	3	37.5	4	50	1	12.5					15.9	0.069
	Core Pro/Off	5	7.2	40	58	17	24.6	7	10.1				
	Sup. Pro/Off	4	13.8	22	75.9	3	10.3						
	Manu &Tec	3	21.4	7	50	4	28.6						
	Total	15	12.5	73	60.8	25	20.8						
3. BSC equipped employees with greater accountability.	Proc/ Heads					5	62.5	3	37.5			15.4	0.08
	Core Pro/Off			1	1.4	20	29	40	58	8	11.6		
	Sup. Pro/Off			1	3.4	2	6.9	23	79.3	3	10.3		
	Manu &Tec			1	7.1	6	42.9	6	42.9	1	7.1		
	Total			3	2.5	33	27.5	72	60	12	10		
4. BSC encouraged learning and continuous improvement	Proc/ Heads	1	12.5	7	87.5							13.6	0.137
	Core Pro/Off	12	17.4	47	68.1	5	7.2	57					
	Sup. Pro/Off	2	6.9	24	82.8	3	10.3						
	Manu &Tec			9	64.3	4	28.6	1	7.1				
	Total	15	12.5	87	72.5	12	10	6	5				
5. The bank has been more profitable since the adoption of the BSC	Proc/ Heads					1	12.5	7	87.5			7.6	0.574
	Core Pro/Off			4	5.8	25	36.2	36	52.2	4	5.8		
	Sup. Pro/Off			1	3.4	10	34.5	18	62.1				
	Manu &Tec			1	7.1	3	21.4	10	71.4				
	Total			6	5	39	32.4	71	59.2	4	3.3		
6. BSC has increased employees' understanding of strategies	Proc/ Heads			7	87.5	1	12.5					4.2	0.149
	Core Pro/Off	2	2.9	45	65.2	22	31.9			2	2.9		
	Sup. Pro/Off			23	79.3	5	17.2	1	3.4				
	Manu &Tec			8	57.1	6	42.9						
	Total	2	1.7	83	69.2	34	28.3	1	0.8	2	1.7		

4.6 Major Challenges of BSC in the Development Bank of Ethiopia

As indicated in item 1 of table 21, 41.6% of the respondents showed their agreement on the problem of insufficient information, whereas 35% indicated their disagreement and the remaining 21.7% undecided.

With regard to inconsistency of BSC terminology to the culture of the bank, 48.3% of respondent responded that they disagree and strongly disagree and 27.5% agree, whereas 24.2% of them did not show their agreement or disagreement on the problem.

In item 3 of table 21, the problem was related with BSC effect on profit, 59.9% of the respondents disagree and strongly disagree with BSC effect of BSC on the bank profit, while 23 19.2% of the respondent agree on the effect.

Regarding item 4 of table 21, 74.2% of the respondents agreed that BSC was difficult to understand easily, the remaining 19.2% did not decide on the issue.

The other problem was inability to reach consensus on the designed objectives, on this case 65.9% of the respondents believed that there was a problem to reach consensus on objectives, whereas the other respondent did not show their agreement or disagreement.

In all items on the above table, the chi-square result indicated that there was no statistically significant difference among responses of respondents, because in all items the P-value is greater than 0.005.

Generally, the above responses indicated that except item 1 and 2, majority of respondents agree with the problem of item 3, 4 and 5 of table 21. Agreement shows that the problem is critical in the implementation of BSC; therefore the bank should give attention to solve those problems.

Table 21: Rating on the challenges BSC Design and Implementation

Item	Respondents	SA		A		UD		DA		SD		X ²	P value
		N	%	N	%	N	%	N	%	N	%		
1. In ability to get sufficient information on BSC design & implementation	Proc/ Heads			5	62.5	1	12.5	2	25			19.47	0.193
	Core Pro/Off	7	10.1	18	26.1	15	21.7	29	42				
	Sup. Pro/Off	4	13.9	6	20.7	7	24.1	10	34.5				
	Manu & Tec	2	14.3	8	57.1	3	21.4	1	7.1				
	Total	13	10.8	37	30.8	26	21.7	42	35				
2. Scorecard terminologies are not consistent with the culture of the bank	Proc/ Heads			4	50	1	12.5	3	37.5			20.86	0.052
	Core Pro/Off	3	4.3	14	20.3	20	29	32	46.4				
	Sup. Pro/Off			5	17.2	3	10.3	20	69	2	6.8		
	Manu & Tec	1	7.1	6	42.9	5	35.7	2	14.3				
	Total	4	3.3	29	24.2	29	24.2	57	47.5	2	0.8		
3. BSC have had relatively little effect on bank performance.	Proc/ Heads			1	12.5	1	12.5	6	75			11.95	0.449
	Core Pro/Off	2	2.9	16	23.2	10	14.5	35	50.7	6	8.7		
	Sup. Pro/Off			4	13.8	6	20.7	18	62.1	1	3.4		
	Manu & Tec			2	14.3	6	42.9	6	42.9				
	Total	2	1.7	23	19.2	23	19.2	65	54.1	7	5.8		
4. BSC is difficult to understand easily	Proc/ Heads	3	37.5	4	50	1	12.5					6.15	0.908
	Core Pro/Off	16	23.2	34	49.3	13	18.8	4	5.8	2	2.9		
	Sup. Pro/Off	5	17.2	16	55.2	6	20.7	1	3.4	1	3.4		
	Manu & Tec	6	42.9	5	35.7	3	21.4						
	Total	30	25	59	49.2	23	19.2	5	4.2	3	1.4		
5. Inability to reach consensus on the designed objectives and Measures	Proc/ Heads	3	37.5	5	62.5							16.12	0.186
	Core Pro/Off	16	23.2	21	30.4	29	42	1	1.4	2	2.9		
	Sup. Pro/Off	6	20.7	15	51.7	8	27.6						
	Manu & Tec	4	28.6	9	64.3	1	7.1						
	Total	29	24.2	50	41.7	38	31.7	1	0.8	2	1.7		

SA = Strongly Agree A= Agree UD = Undecided DA = Disagree SD = Strongly Disagree $\alpha=0.05$

In order to get some other problems in addition to what was mention in table 21, the respondents were also asked to list the problems faced by the bank in the design and implementation of BSC. Accordingly, the following problems were obtained from data collected.

- Getting consensus on objectives, measures and targets was serious problems,
- During implementation some activities are difficult to cascade at individual level,
- The problem of inconsistency on the new idea,
- Lack equal understanding among employees and leaders on BSC,
- Lack of track record for individual performance,
- There was a problem to monitor and evaluate the implementation process and also to monitor the performance of individual employee.

CHAPTER FIVE

Summary, Conclusion and Recommendations

This chapter deals with major findings of the study and the recommendations forwarded based on the finding and conclusions.

5.1 Summary

The design and implementation of Balanced Score Card may take an organization to a grand success. It can overcome many problems because it can link all the perspectives of organizations. Thus, Balanced Score Card, therefore, is a very important strategic management tool which helps an organization not only to measure the overall status of an organization but also the performance of individuals. Proper implementation of Balanced Score Card can ensure the success of an organization.

The purpose of this study was, therefore, to assess the design and the implementation process and the problem faced by the Development Bank of Ethiopia in designing and implementation of Balanced Score Card. The study was particularly focused on addressing the following basic research questions.

- a. How adequately was the procedure to design the BSC adopted in DBE?
- b. To what extent has the implementation of BSC been successful in DBE?
- c. How do employees perceive the introduction of BSC in DBE?
- d. What have been the major challenges encountered in the design and implementation of BSC in DBE?
- e. What measures should be taken to make BSC more effective?

Based on the above research questions, data were collected from the Top Level Managers, Process Heads, Core and Support Process Officers and Manual & Technical Employees. The researcher randomly selected 134 respondents and the study adopted proportional stratified random sampling. Questionnaire and interview were employed as instrument of data collection. After making the necessary coding, data were entered in the computer, and then analyzed using SPSS. Depending on the nature of data, variables were analyzed using both descriptive (frequency count and percentage) and inferential (chi-square test) statistics.

Accordingly, the following were major Findings:

- The study showed that DBE had good readiness and preparation in terms of strategic plan and in leadership commitment whereas employee supportiveness for BSC was low. Also, readiness of bank in allocation resources was not satisfactory.
- Majority of the respondents affirmed that the training on BSC was on average. Moreover, the outcome of an interview showed that the training on BSC was inadequate. Hence, it is important that employees are induced in training programs to increase their understanding on BSC.
- It was found that the activities performed under the design phase of BSC were good. This indicated that the design phase was properly done in terms of strategic plan, theme identification, and strategic perspectives, objectives and measures preparation.
- Regarding the cascading process of the bank, majority of the respondents are not comfortable on the cascaded objectives and measures where as its alignment with corporate scorecard and strategy was good. Also, the information obtained from the interview showed that some processes had team based activities where by these activities were evaluated at a team level.
- Automation was considered among the preconditions needed in the BSC implementation process. In this regard, the result of study indicated that the bank did not start the BSC automation process.
- Concerning the level of the implementation of BSC, the study indicated that BSC was fully implemented at corporate level and at process level. However, in individual level, it was at early stage and it had also some challenges in cascading process of measurements and activities.
- The study also revealed that lack of adequate knowledge on BSC, information technology problem and internal resistance to change were the major problems that hinder the effort of the bank in the implementation of BSC at individual level.
- Basically, successful implementation of BSC requires adequate participation of management body, employees and customers. Concerning this, the findings showed that the participation of top level managers and process owners in the design and in the

implementation process was high, where as the participation of employee and customer was moderate and low respectively.

- It was also discovered that the bank has done evaluation at the end of every quarter of the year to see the result of the implementation. But, it seems less effort is made to evaluate it and the culture of discussion on the implementation process was not satisfactory.
- About the attitudes of employees towards BSC, the result of the study indicated that majority of the employees accepted BSC, but they still have complaints.
- The finding of the study revealed that among five problems that are related to BSC design and implementation, the inability to get sufficient information on BSC, the inability to reach consensus on the designed objectives and the problem in BSC understanding were the major ones.

5.2 Conclusion

Based on the review of related literature so far and summary of the findings of the study, the following conclusions are drawn:

Performance management system enables an organization to plan, measure, and control its performance according to a predetermined strategy. In short, it enables an organization to achieve desired results. Recently the balanced scorecard is the most widely applied performance management system globally. Organizations have adopted the Balanced Scorecard to their particular external and internal circumstances, because the Balanced Scorecard system enables an organization to align all levels of employees around a single strategy so that it can be executed more successfully. Two years ago, The Development Bank of Ethiopia had adopted a performance management system with emphasis on the Balanced Scorecard.

Therefore, this study was conducted to assess the design and implementation of the Balanced Scorecard in the Development Bank of Ethiopia. The extent of pre-planning and designing for the Balanced Scorecard as well as its implementation and success were the focus areas of this research. The study also identified major challenges encountered during the design and implementation of BSC in the bank.

The readiness for BSC design and implementation made by the bank has to be encouraged. The designing phase was done properly in terms of strategic plan preparation, theme identification, and strategic perspectives, corporate objectives and measures preparation. The relevance of BSC was also accepted by the majority of respondents, and hence, the researcher concludes that BSC would be appropriate for measuring the performance of the bank as well as the individuals. With regards to BSC implementation, it was in a decent stage at the corporate level and at the process level; however, it was at an early stage at the individual level. In contrast, resistance to change, lack of BSC understanding and the problem of cascading process were the major challenges of the implementation process.

In general, one may conclude that the researcher appreciated the bank's effort to apply BSC at all levels of the bank. Besides, to achieve the expected results, the bank may need to develop necessary software to automate the system and prepare continuous discussion on BSC to improve the attitude of the employees.

5.3 Recommendation

Based on the findings of the study and conclusion, the following recommendations are drawn to enhance the bank's efficiency and effectiveness in the implementation of BSC.

- The Participation of employees in every step of BSC design and implementation may enable them to develop a sense of belongingness and acceptance during implementation. This will help to achieve the expected result, however, as indicated in this study, the participation of employees and customers were low. Therefore the bank conducts training as well as organizes experience sharing program and workshop. The management also should assess the status of staff awareness towards BSC process
- Cascading is the process of developing Scorecards at all levels of the bank. These Scorecards align with the bank highest-level Scorecard (Corporate Scorecard) by identifying the strategic objectives and measures lower-level processes. With regard to this, the study revealed that the majority of the respondents were not comfortable in the cascaded objective and measure; and also on their appropriateness. It is, therefore, advisable that the bank as well as the concerned process (business unit) should revise the cascaded objectives, activities and measure for better achievement.
- Experiences have shown that BSC implementation could be realistic and successfully implemented if it supported by strong information and communication technology (Automation). As indicated in the findings of this study the bank did not start automation process, therefore it is suggested that the bank should computerize (Automate) the BSC system because it will improve information and record management system.
- Resistance to change is the major problem among employees; however they accepted BSC with some complaints. Thus, it is advisable to evaluate employees' reaction to BSC implementation. If there is negative (unfavorable) reaction to the implementation, then discussion or awareness creation about the implementation must be organized.
- Evaluating of BSC process should start from the very beginning to the final steps. It should not be a one time job be it at the end of quarter of the year or after six months. The implementation of BSC will get refined and eventually become successful if we do evaluation in every step of the implementation process. Therefore, the bank or the concerned

process (Business unit) should arrange regular program every month to check and re-check the implementation process, to bring about the expected result.

- The proposed recommendations require the collaborative efforts of all employees of the bank from lower to higher level.

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Addis Ababa University
Graduate studies
College of Education and Behavioral Studies
Department of Educational Planning and Management

Dear Respondent,

This is to kindly request you to participate on this survey. Your participation is invaluable to the successes of this survey. The purpose of the study is to see the design and implementation of Balanced Scorecard in the Development Bank of Ethiopia. I am sincerely requesting less than 30 minutes of your leisure time to complete the questionnaire.

This questionnaire is designed for a research work approved by Addis Ababa University, Department of Educational Planning and Management to be conducted for Masters Degree in Human Resource and Organizational Development in Education

This study is purely for academic purpose and your response will be treated with strict confidentiality and anonymity. Kindly note that there is no right or a wrong answer, what is important is that you provide your genuine responses to the best of your knowledge.

To indicate your response, please put a “√” mark in the appropriate Box or write your answers briefly in the space provided for questions that require written response. .

I thank you in advance for taking your time to complete the questionnaire.

Part I: Back ground of Respondent

1. Sex

a. Male b. female

2. Work Experience

a. 3-5 years c. 6-10 years

b. 11-20 years d. above20 years

3. Department _____

4. Position _____

5. Educational Background

a. Diploma b. Bachelor degree c. Master’s degree

d. Doctorate degree e. Other (please specify) _____

Part II Balanced Scorecard Design Phase in the Bank

1. The bank readiness to design and implement BSC, Please put a tick mark (√) inside in available box.

VH = Very High H= High MO= Moderate L= Low VL= Very Low

No	Readiness Factor	VH	V	MO	L	VL
1	Well prepared strategic plan					
2	Leadership commitment					
3	Employee supportive for change					
4	Effort of allocating resource to BSC program					

2. How adequate was the BSC training offered to you?

- A. Very High
- B. High
- C. Moderate
- D. Low
- E. Very Low
- F. There was no training

3. Issues related with BSC design

Please put a tick mark (√) inside in available box that most closely represents your opinion. Please give your opinions based on your own views of the current situation.

SA= Strongly Agree A = Agree UD = Undecided D = Disagree SD = Strongly Disagree

S.No	Item	SA	A	UD	D	SD
3.1	The Bank has plan for BSC design and implementation					
3.2	Necessary resources are allocated for BSC Design and Implementation					
3.3	BSC committee has been established					
3.4	Strategic plan was prepared by Top level Management					
3.5	Relevant documents & information were adequately analyzed					
3.6	Employees adequately discussed on draft Strategic plan					
3.7	The themes represent bank's main focus area of the Bank					
3.8	The themes linked with all bank process activities					
3.9	The themes addressed the customer service					
3.10	Themes result helped to achieve the bank's mission and vision					
3.11	The Four perspectives are sufficient to measure the corporate performance of the bank					
3.12	There was relationship among the four perspective					
3.13	The objectives are customer focused					
3.14	The objectives were designed in relation to the four perspective					
3.15	The relationship of objectives under each perspectives (Strategy Maps) provide clarity and serve as powerful communication tools					
3.16	Performance measures of the bank determine the achievement of the objectives.					
3.17	Performance measures is used to evaluate performance against expected results					

Part III The Balanced Scorecard Implementation Phase

4. How adequate was the implementation discussion conducted with Bank’s employees?

- A. Very High
- B. High
- C. Moderate
- D. Low
- E. Very Low
- F. There was no discussion

5. Reviewing and Evaluating the Cascaded Balanced Scorecard

VH = Very High H= High MO= Moderate L= Low VL= Very Low

No	Cascaded Balanced Scorecards	VH	H	MO	L	VL
5.1	Alignment to Corporate Scorecards.					
5.2	Alignment to Strategy.					
5.3	Appropriateness of Objectives & Measures.					
5.4	The clarity and simplicity of activities stated under each objectives					

6. Which of the following mechanisms are used to evaluate individual performance?

- A. using BSC software
- B. Manual
- C. There was no any mechanism

7. How do you rate the overall implementation of BSC in the bank?

VH= Very High H= High MO= Moderate L= Low VL= Very Low

S.No	Level of Implementation	VH	H	MO	L	VL
7.1	Implementing at Corporate level					
7.2	Implementing at team/Department level					
7.3	Implementing at individual Level					

8. Rate the following problems in terms of the seriousness in the implementation BSC at individual level?

VS = Very Serious S = Serious SWS = Somewhat Serious

ONS = Observed but not serious NO = Not observed

S.No	Level of Implementation	VS	S	SWS	ONS	NO
8.1	Problem in communication					
8.2	Inappropriate design					
8.3	Lack of commitment among leaders					
8.4	Information technology problem					
8.5	Internal resistance to Change					
8.6	Lack of adequate knowledge on BSC					

9. Rate the relevance of BSC

- A. Very High
- B. High
- C. Moderate
- D. Low
- E. Very Low
- F. I don't Know

10. How do you rate the participation of different groups in the design and implementation of BSC?

S.No	Item	Very High	High	Moderate	Low	Very Low
10.1	In the design Process					
	10.1.1 Top level manager					
	10.1.2 Department head					
	10.1.3 Employee					
	10.1.4 Customer					
10.2	In the implementation process					
	10.2.1 Top level manager					
	10.2.2 Department head					
	10.2.3 Employee					
	10.2.4 Customer					

11. How frequently does each department monitor and evaluate BSC implementation?

- A. Every day B. At the end of every week
- C. At the end of every month D. At the end of every quarter of the year
- E. There was no any mechanism

Part IV General opinion/view about BSC Design and Implementation Phase in the Bank

12. How has your attitude been towards in the introduction of BSC?

- A. I am accepting it, but I have complaints.
- B. I accepted it, I don't have any complaint.
- C. I never ever Accepted BSC.
- D. I initially accepted, but I am now complaining.
- E. Other (Please specify) _____

13. In your opinion, How do you see the success of BSC implementation in the Bank?

SA = Strongly Agree A = Agree UD = Undecided D = Disagree SD = Strongly Disagree

S.No	Item	SA	A	UD	D	SD
13.1	BSC linked the vision with daily activities.					
13.2	BSC helped the processes to achieve their objectives.					
13.3	BSC equipped employee with greater accountability.					
13.4	BSC encourages learning and continuous improvement					
13.5	The bank has been more profitable since the adoption of the BSC					
13.6	BSC has increased employees' understanding of strategies					

14. How do you see the challenges BSC Design and Implementation

S.No	Item	SA	A	UD	D	SD
14.1	In ability to get sufficient information on BSC design & implementation					
14.2	Scorecard terminologies are not consistent with the culture of the bank.					
14.3	BSC have had relatively little effect on bank performance.					
14.4	BSC is difficult to understand easily					
14.5	Inability to reach consensus on objectives and Measures					

15. What are the major problems in the design and implementation of BSC?

16. What do you recommend for the above mentioned major Problems?

Thank you for completing this questionnaire.

አዲስ አበባ ዩኒቨርሲቲ

የድህረ ምረቃ ፕሮግራም

የትምህርት ዕቅድና ሥራ አመራር ትምህርት ክፍል

ይህን መጠይቅ ለሚሞሉ

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ በትምህርት ዕቅድና ሥራ አመራር ትምህርት ክፍል በሰው ሃብትና በተቋማዊ ዕድገት በድህረ ምረቃ ትምህርት በመማር በሚገኙ ተማሪዎች የመመረቂያ የጥናት ዕሉፍ ለማዘጋጀት በዩኒቨርሲቲው ና በተቋሙ ከታየ በኋላ በሚጠናው ጥናት ዙሪያ መረጃ ለመሰብሰብ የሚያገለግል ነው። የዚህ ጥናት ዓላማው ለትምህርታዊ ሥራ ሲሆን የሚሞሉት መረጃዎችም በጥንቃቄ የሚያዙ መሆኑን እገልጻለሁ።

ከዚህ በታች ለቀረቡት ጥያቄዎች በሚስማሙበት መልስ ላይ “ √ ” ያድርጉ ። መጠይቁን በሙሉ ሞልቶ ለመመለስ ከ10-15 ደቂቃ የሚወስድ መሆኑን እየገለፅኩ በቅድሚያ ካለዎት ሰዓት በመውሰድ መጠይቁን ስለሞሉ በቅድሚያ አመሰግናለሁ።

ክፍል አንድ፡ አጠቃላይ መረጃ

6. ፆታ

ሀ. ወንድ ለ. ሴት

7. በባንኩ የአገልግሎት ዘመን

ሀ. 3 - 5 ሐ. 11- 20
ለ. 6 - 10 መ. ከ20 ዓመት በላይ

8. የሚሠሩበት የሥራ ሂደት _____

9. የሥራ ዓይነት _____

10. የትምህርት ደረጃ

ሀ. 10ኛ - 12ኛ ለ. ዲፕሎማ
ሐ. የመጀመሪያ ዲግሪ መ. ሁለተኛ ዲግሪ
ሠ. ሌላ ካለ ይግለፁ _____

ክፍል ሁለት ፡ የባንኩን የባላንስድ ስኮር ካርድ (BSC) ዝግጅትና ትግበራ በሚመለከት ያለዎት አስተያየት

1. በባላንስድ ስኮር ካርድ (BSC) ዝግጅትና ትግበራ የተለያዩ ክፍሎች ተሳትፎዎች ያካተተ ከሆነ የተሳትፎአቸው ሁኔታ ምን ይመስል ነበር። ከዚህ በታች ለቀረቡት ጥያቄዎች በሚስማሙበት መልስ ላይ “ √ ” ያድርጉ

ተ.ቁ	ርዕስ	በጣም ክፍተኛ	ክፍተኛ	መካከለኛ	ዝቅተኛ	በጣም ዝቅተኛ
1.1	በ ዝግጅት ወቅት የነበረው የተሳትፎ ደረጃ					
	1.1.1 ክፍተኛ የሥራ ኃላፊዎች					
	1.1.2 የሥራ ኃላፊዎች					
	1.1.3 ሠራተኞች					
	1.1.4 የባንኩ ደንበኞች					
1.2	በትግበራ ወቅት የነበረው የተሳትፎ ደረጃ					
	1.2.1 ክፍተኛ የሥራ ኃላፊዎች					
	1.2.2 የሥራ ኃላፊዎች					
	1.2.3 ሠራተኞች					
	1.2.4 የባንኩ ደንበኞች					

2. በባላንስድ ስኮር ካርድ (BSC) ዝግጅትና ትግበራ አንተ/ቺ የነበረህ/ሽ አመለካከት እንዴት ነበረ?

- ሀ. ቀስ በቀስ ሲገባኝ ልቀበለው ችያለሁ፣ ግን አሁንም ቅሬታ አለኝ
- ለ. ሙሉ በሙሉ ተቀብዬዋለሁ፣ ምንም ቅሬታ የለኝም
- ሐ. ሙሉ በሙሉ አልተቀበልኩትም
- መ. በመጀመሪያ ተቀብዬዋለሁ፣ ቀስ በቀስ ተውኩት
- ሠ. ሌላ _____

3. የባላንስድ ስኮር ካርድ (BSC) ውጤታማነትን በተመለከተ ያለዎትን አመለካከት በተሰጠው ሳፕሮች ውስጥ የ (✓) ምልክት በማስቀመጥ ቢገልጹልን ::

ተ.ቁ	ርዕስ	በጣም እስማማለሁ	እስማማለሁ	ለመመለስ እቸገራለሁ	አልስማማም	በጣም አልስማማም
3.1	BSC የባንኩን ራዕይ ከዕለታዊ ሥራ ጋር የሚያገናኝ መሳሪያ ነው::					
3.2	BSC ለባንኩ የሥራ ሂደቶች የተቀመጡ ግቦች ለማሳካት ረድቷል::					
3.3	ሠራተኛው ከBSC አጠቃቀም ጋር ተያይዞ የሚገኘውን ተጠያቂነትን እንዲገነዘቡ አስችሏል::					
3.4	BSC መማርንና ዕድገትን ለመሻሻል ይረዳል::					
3.5	ባንኩ BSC መጠቀም ከጀመረ ወዲህ ትርፋማ ሆኗል::					
3.6	BSC ሠራተኛውን የባንኩን የዕድገት ስትራቴጂዎች እንዲረዳ አስችሏል ::					

4. የባላንስድ ስኮር ካርድ (BSC) ዝግጅትና ትግበራ ወቅት የታዩ ችግሮችን በሚመለከት በተሰጠው ሳፕሮች ውስጥ የ (✓) ምልክት በማስቀመጥ ቢገልጹልን

ተ.ቁ	ርዕስ	1 በጣም እስማማለሁ	2 እስማማለሁ	3 ለመመለስ እቸገራለሁ	4 አልስማማም	5 በጣም አልስማማም
4.1	የ BSC ዝግጅትና ትግበራ ወቅታዊ መረጃዎችን ለማግኘት ችግር አለ::					
4.2	ለ BSC የምንጠቀምባቸው ቃላቶች ወጥነት የሌላቸውና ከባንኩ የሥራ ፀባይ ጋር የማይሄዱ አስቸጋሪዎች ናቸው::					
4.3	የBSC ትግበራ ባንኩ ላይ የሚያረካ ውጤት አላመጣም::					
4.4	የBSC ፅንሰ ሃሳብ በቀላሉ ለመረዳት አስቸጋሪ ነው::					
4.5	ግቦቹና መለኪያዎቹ በጋራ ስምምነት አልተደረሰባቸውም::					

5. በ BSC ዝግጅትና ትግበራ የታዩ ዋና ዋና ችግሮች ቢገልፁ?

6. ከዚህ በላይ ለተገለፁት ችግሮች የሚሰጡት የመፍትሔ ሀሳብ ካለዎት ቢገልፁ?

Interview Questions

1. What is your department role in BSC design and implementation?
2. Do you believe that Balanced Scorecard (BSC) is a valuable and strategic performance measurement system to evaluate the performance of an organization
3. How adequately was the BSC Designed in DBE? Please, briefly discuss the steps used in the design phase.
4. How successful was BSC implementation in DBE? Please briefly discuss the implementation level in all level of the bank?
5. To what extent were department heads, employees and customers involved in BSC design and implementation?
6. How positive was the perception of employees in the introduction of BSC? If they perceive it negatively what are the causes for this problem?
7. Is there any change in the performance of the Bank at the corporate level and at individual level? If you answer yes, please mention some of the changes?
8. What was the system (mechanism) developed to evaluate the evaluation result in the bank?
9. Would you want to mention some of the success and challenges of the Bank in the implementation of BSC?
10. Do you have any comments or suggestions on the BSC design and implementation?

Many thanks for your cooperation

Declaration

I Asrat Tereda hereby declares that the work which is being presented in the thesis entitled “The Design and Implementation of Balanced Scorecard in the Development Bank of Ethiopia” is my original work and prepared by under the guidance of my advisor Ato Melaku Yimam. It has not been presented for a degree, in any other university. All the resources of the materials used in this thesis have been fully acknowledged.

Name **Asrat Tereda**

Signature

Date

This thesis has been submitted for examination with my approval as a university advisor

Name **Ato Melaku Yimam**

Signature

Date