



**Addis Ababa University**

**College Business and Economics**

**Studies MBA PROGRAM**

**Factors Affecting Balanced Scored Card (BSC) Implementation:**

*The Case of Abyssinia Bank of Ethiopia*

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)**

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**January, 2025**

**Addis Ababa University**  
**College Business and Economics**  
**Studies MBA PROGRAM**

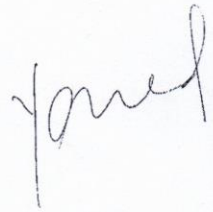
**Factors Affecting Balanced Scored Card (BSC) Implementation:**  
The Case of Abyssinia Bank of Ethiopia

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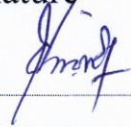
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## DECLARATION

I hereby declare that this thesis entitled "*Factors Affecting Balanced Scored Card (BSC) Implementation: The Case of Abyssinia Bank of Ethiopia*", has been carried out by me under the guidance and supervision of Dr. Yared A.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

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## CERTIFICATE

This is to certify that the thesis entitles “*Factors Affecting Balanced Scored Card (BSC) implementation: The Case of Abyssinia Bank of Ethiopia*”, submitted to Addis Ababa University College of business and economics for the award of the Degree of Master of Business Administration (MBA) and work carried out by Henok Hailu, under our guidance and supervision.

*Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.*

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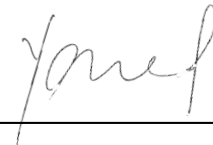
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## **ABBREVIATIONS AND ACRONYMS**

ANOVA- Analysis of variance

BOA- Bank of Abyssinia

BSC - Balance Score Card

HR -Human Resource

JD- Job Description

KPI -Key Performance Indicator

SPSS -Statistical Package for Social Sciences

## **ABSTRACT**

The Balanced Scorecard (BSC) is a strategic management tool designed to assess and enhance organizational performance beyond traditional financial metrics. Despite its potential, implementing the BSC can be complex and influenced by various factors. This research paper explores the factors impacting the BSC implementation at Bank of Abyssinia, which adopted the BSC in 2019. There has been no prior empirical study on its implementation and associated challenges. The study aims to identify the factors affecting BSC implementation, focusing on financial resources, top management support, job descriptions, and BSC evaluation. Using a quantitative approach, data was gathered from a survey of 294 employees at the bank's head office, and analyzed with SPSS version 20 through multiple regression. The findings indicate that Management Support, Job Description, and BSC Evaluation are significant predictors of BSC implementation, while Finance is not. The study also reveals that BSC implementation at Bank of Abyssinia is at a moderate level. These insights are valuable for understanding BSC implementation at the bank and can guide future improvements. The study concludes with recommendations for enhancing BSC implementation and suggests areas for further research

***Keywords:** Balanced Scorecard (BSC), Bank of Abyssinia, financial resources, top management support, job description, BSC Evaluation, BSC Implementation*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In 1992, Kaplan and Norton developed the Balanced Scorecard (BSC), a strategic management framework intended to overcome the limitations of traditional financial performance metrics. Over the past thirty years, the BSC has been widely adopted across various industries, including manufacturing, services, and both public and private sectors. Its main advantage lies in its ability to integrate three non-financial perspectives—customer satisfaction, internal processes, and learning and growth—with conventional financial metrics. Organizations often use the Balanced Scorecard (BSC) for assessing performance and strategic planning. Recent research (Kaplan & Norton, 2023) has shown its effectiveness in aligning corporate activities with overall vision and strategy. Other studies indicate that it improves communication and organizational efficiency (Meyer et al., 2024). Moreover, there is an increasing integration of digital transformation approaches with the BSC (Zhao et al., 2023).

The Balanced Scorecard (BSC) offers several benefits, including improved alignment of organizational activities with strategic objectives, which leads to more effective decision-making (Niven, 2023). It enhances performance measurement by providing a comprehensive view that integrates both financial and non-financial indicators (Kaplan & Norton, 2023). Recent research indicates that the BSC encourages better collaboration and communication, thereby enhancing organizational effectiveness (Meyer et al., 2024). Additionally, it supports a culture of continuous improvement by enabling organizations to track their progress toward strategic goals (Zhao et al., 2023). Overall, its integration with digital transformation initiatives increases its relevance in today's rapidly changing business environment (Smith, 2024).

Organizations use the Balanced Scorecard (BSC) to achieve various strategic goals, thereby improving overall performance and accountability (Kaplan & Norton, 2023). By combining financial and non-financial metrics, the BSC offers a holistic framework that assists organizations in prioritizing initiatives that align with their mission (Niven, 2023). Recent research indicates that the BSC enhances resource allocation, ensuring that efforts are focused on areas of significant impact (Meyer et al., 2024). It also promotes strategic communication by making objectives and performance metrics clear at all organizational levels (Zhao et al., 2023).

Ultimately, the BSC encourages a culture of strategic thinking, enabling teams to effectively contribute to the organization's success (Smith, 2024).

Initially, the BSC's primary function was performance measurement (Kaplan and Norton, 1992). It evaluates performance through four key metrics: financial, customer, internal processes, and learning and growth (Kaplan and Norton, 2002). By assessing these areas, the BSC helps firms monitor strategic aspects and foster continuous improvement in teamwork and partnerships. Financial metrics remain crucial for assessing whether a firm's strategy and execution align with its mission (Murby and Gould, 2005; Madsen and Stenheim, 2014), focusing on profit and market share for private entities and on result-oriented measures for public and non-governmental organizations (Madsen and Stenheim, 2014).

Additionally, the BSC evaluates customer perceptions, which are vital for sustaining sales, by measuring factors such as time, quality, performance, and cost (Casey and Peck, 2004; Kaplan and Norton, 1992). It also assesses internal processes that boost customer satisfaction and fosters employee development to enhance business processes (Bose and Thomas, 2007).

Despite successes, implementing the BSC can be challenging. Many organizations face obstacles during implementation, and a significant number either see no notable performance improvements or abandon the initiative altogether. Recent studies indicate that the success rate of Balanced Scorecard (BSC) implementation ranges from 50-70%, with key factors such as leadership engagement, strategic alignment, and organizational culture playing crucial roles in achieving desired outcomes (Marr & Schiuma, 2021; Niven, 2020). Persistent issues and high failure rates highlight significant limitations in both concept and application of the BSC (Pessanha and Prochnik, 2006). Problems identified include conceptual, technical, social, and political challenges (Madsen and Stenheim, 2014), as well as lack of employee involvement, negative attitudes, poor monitoring, and insufficient reward systems (Kuma, 2015). Other common issues include limited understanding of the BSC, lack of executive support, insufficient training, inadequate IT support, and poor communication and planning (Pujas, 2010).

In Ethiopia, many public sector organizations have adopted the BSC due to government reforms. Entities such as Ethiopian Airlines, Ethio-Telecom, Ethiopian Insurance Corporation, Commercial Bank of Ethiopia, and various government offices use the BSC for strategic management. The financial sector's role in economic development underscores the connection between financial growth and overall economic progress.

Despite the BSC's widespread use and benefits, it has notable limitations, with many organizations struggling to meet their objectives or facing significant implementation issues (Awadallah & Allam, 2015). This study focuses on the factors affecting the BSC implementation at Bank of Abyssinia, a private commercial bank established on February 15, 1996, under Ethiopian commercial law. The bank has been utilizing the BSC framework since 2019 to navigate rapid changes in both global and local conditions, including leadership transitions. The BSC has been employed to develop a five-year corporate strategy plan (2019/20 to 2023/24), aiming to transform the bank's vision into actionable performance outcomes and strategic drivers

## **1.2 Statement of the Problem**

The Balanced Scorecard (BSC), originally introduced by Kaplan and Norton in the early 1990s, is recognized for its potential to enhance organizational strategy execution and performance. Despite its advantages, significant skepticism exists regarding the direct correlation between BSC implementation and improved business outcomes. Madsen and Stenheim (2014) point out that while the BSC has been widely adopted, its successful application is often contingent upon various contextual factors, which can vary from one organization to another. Challenges identified in BSC implementation include conceptual, technical, social, and political issues. Technical obstacles may arise from limitations in infrastructure and software, as well as an overemphasis on measurement. Social challenges often relate to misalignment with organizational culture, insufficient engagement from critical stakeholders, and lack of commitment from top management. Additionally, political factors can include underestimating the time and resources required for effective implementation. Kiplagat (2016) further highlights issues such as unclear job roles, inadequate support from top management, and financial constraints. According to Meseret (2021), factors like finance, managerial backing, and employee attitudes significantly influence BSC success, while Venkatesh et al. (2022) emphasize the importance of communication, commitment, training, and organizational culture.

Despite extensive research on BSC adoption, there is a notable gap concerning its implementation specifically at the Bank of Abyssinia, which has utilized the BSC since 2019. This research seeks to fill that gap by investigating the unique factors influencing BSC implementation within this institution. Existing literature on BSC application in the banking sector lacks in-depth exploration of the specific challenges and practicalities associated with its implementation. Previous studies by Tsion (2014), Dawit (2015), Mitiku (2015), Mekonnen and

Abate (2018), and Simbo (2020) have primarily provided descriptive insights without thoroughly analyzing the implementation process.

This study is essential as it aims to uncover the nuanced challenges and factors affecting the BSC implementation at the Bank of Abyssinia. By doing so, it aspires to provide valuable insights that not only clarify existing uncertainties but also enhance the understanding of BSC practices in the banking sector, ultimately contributing to more effective strategic management in similar organizations.

### **1.3 Research Questions**

This study attempts to answer the following research questions:

1. Does the availability of financial resource affect the implementation of BSC?
2. Does top management support influence the implementation of BSC?
3. Does the job description have an effect on the implementation of BSC?
4. Does the evaluation of BSC affect the implementation of BSC?
5. Which of the four factors – Financial resource, Top management support, Job description & BSC Evaluation has the greatest impact on BSC implementation?

### **1.4 Research Objectives**

General Objective: The general objective of this study is to investigate the factors that affect the implementation of the Balanced Scorecard (BSC) at Bank of Abyssinia.

Specific Objectives:

The specific objectives of this research are:

- 1.To examine how the availability of financial resource affects the implementation of BSC.
- 2.To assess the extent to which top management support influences the implementation of BSC.
- 3.To examine the effect of job description on the implementation of the Balanced Scorecard (BSC).
- 4.To analyze how the BSC evaluation affects the implementation of BSC.
5. To determine which of the four factors – Financial resource, Top management support, Job Description & Evaluation of BSC- has the greatest impact on BSC implementation.

## **1.5 Hypotheses**

The study evaluates the following hypotheses concerning the relationships between independent and dependent variables:

H1: Availability of financial resources positively impacts the implementation of the Balanced Scorecard (BSC).

H2: Support from top management positively influences the implementation of the BSC.

H3: Job descriptions significantly affect the implementation of the BSC.

H4: The evaluation of the BSC has a positive effect on its implementation.

## **1.6 Significance of the Study**

This study is significant because it aims to enhance understanding of the factors influencing BSC implementation at Bank of Abyssinia. By identifying and analyzing these factors, the research could offer valuable insights for the bank and other organizations looking to adopt the BSC. The results could guide improvements in BSC implementation at Bank of Abyssinia, aiding in the achievement of its strategic objectives.

Beyond practical implications for Bank of Abyssinia and other banks, this research could also make a substantial contribution to academic knowledge regarding BSC implementation. Providing empirical data, this study may advance understanding of these factors and inform future research. Ultimately, it has the potential to enrich the academic literature on BSC practices and guide future studies in this field.

## **1.7 Scope of the Study**

This study examines the factors affecting the implementation of the Balanced Scorecard (BSC) specifically at Bank of Abyssinia in Ethiopia. It focuses on key variables such as top management support, financial resources, job descriptions, and BSC evaluation. Utilizing a quantitative research approach, including surveys of Bank of Abyssinia employees, the study aims to offer insights relevant to the Ethiopian banking sector and help the bank refine its strategies. The conceptual scope is confined to the factors influencing effective BSC implementation.

## **1.8 Limitations of the Study**

The study has several limitations to consider:

It focuses solely on Bank of Abyssinia, which may limit the generalizability of the findings to other organizations or contexts.

It examines only four specific factors, which may not encompass all possible influences on BSC implementation at the bank or elsewhere.

The research is based on data collected at a single point in time, potentially overlooking changes in influencing factors over time.

Response bias may affect the accuracy of survey responses if participants do not provide truthful answers.

Despite these limitations, the study offers significant insights into the factors impacting BSC implementation at Bank of Abyssinia.

## **1.9 Organization of the Study**

The study is structured into five chapters:

Chapter 1: introduces the research, including the background, problem statement, research objectives, hypotheses, significance, scope, limitations, and organization.

Chapter 2: reviews relevant literature and presents the conceptual framework.

Chapter 3: details the research methodology, including design, data collection, sampling, and analysis methods.

Chapter 4: discusses the results and findings of the research.

Chapter 5 offers discussion of the implications, concludes the study, and suggests recommendations and areas for future research.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter provides a review of literature related to the Balanced Scorecard. It is structured into various sections: defining the Balanced Scorecard, exploring its four perspectives, discussing its advantages, examining factors influencing its implementation, and presenting empirical studies and the conceptual framework of the research.

#### **2.2 Definition and Concepts of Balanced Scorecard**

Organizations frequently strive to achieve more with fewer resources. Stephen Covey remarked, “People and their managers are working so hard to ensure things are done correctly that they scarcely have time to determine if they are doing the right things.” Balancing the act of doing things right with doing the right things requires well-developed business strategies and efficient operations to fulfill these strategies. Competitive pressures and the need for performance improvement compel organizations to focus on both executing strategies effectively and running operations efficiently. To address this, the Balanced Scorecard framework aids in achieving the necessary balance between strategy and operations.

A Balanced Scorecard is a tool that translates an organization’s mission and strategy into a comprehensive set of performance metrics, providing a framework for strategic measurement and management (Kaplan and Norton, 1992). It presents a format for describing organizational activities through various measures across typically four perspectives (Nils-Goran et al., 2003). According to Niven (2008), the Balanced Scorecard consists of a carefully chosen set of quantifiable measures derived from an organization’s strategy. These measures help leaders communicate to employees and stakeholders the outcomes and performance drivers necessary to achieve the organization’s mission and strategic goals from financial, customer, internal process, and learning and growth perspectives.

Developed by Robert Kaplan, an accounting professor at Harvard University, and David Norton, a consultant from the Boston area, the Balanced Scorecard emerged from a research study in 1990. Kaplan and Norton investigated new performance measurement methods, driven by the belief that financial measures alone were inadequate for modern businesses. They concluded that relying solely on financial metrics was impeding value creation and proposed the Balanced

Scorecard as a tool incorporating measures from across the organization—customer issues, internal processes, employee activities, and shareholder concerns. This concept was initially detailed in their 1992 article “The Balanced Scorecard: Measures that Drive Performance” (Niven, 2002). Over time, organizations worldwide adopted the Balanced Scorecard, finding it effective not only in complementing financial measures with future performance drivers but also in communicating strategies through the chosen metrics.

The Balanced Scorecard has evolved from a measurement tool into a comprehensive Performance Management system applicable to both private and public (including non-profit) organizations. It helps align vision and mission with customer requirements and daily operations, manage and evaluate business strategy, monitor operational efficiency, build organizational capacity, and communicate progress to employees. Originally developed in the early 1990s, it has expanded its focus from merely measuring performance to managing and executing business strategy

Balanced Scorecard systems are central to corporate performance management, offering insights into three dimensions of organizational performance: financial and customer results, operations, and capacity. It breaks down the organization’s vision, mission, and strategy into different perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth. Each perspective provides insights into different aspects of performance, helping to balance strategy and operations, and ensuring alignment throughout the organization.

## **2.3 Perspectives of the Balanced Scorecard**

The Balanced Scorecard (BSC), developed by Kaplan and Norton, encompasses four key perspectives that enhance traditional financial performance measurements by incorporating customer, internal process, and learning and growth metrics. This approach allows organizations to track the intangible assets necessary for future growth (Kaplan and Norton, 1992). The four perspectives outlined by Kaplan and Norton include: learning and growth, customer, internal processes, and financial, each of which is explored in detail below.

### *2.3.1 Financial Perspective*

The financial perspective aims to answer the question: “How should we present ourselves to our shareholders to achieve financial success?” Other perspectives gain significance only if they influence financial outcomes, which must be reflected in this perspective. If changes in other

areas do not improve the financial outlook, they should be reassessed in light of the company's mission and strategy. Financial measures—such as profitability, sales growth, and revenue per sale—have traditionally been used to evaluate organizational success. While the BSC emphasizes the importance of integrating additional metrics, financial indicators remain crucial for assessing success.

In for-profit organizations, financial measures are particularly vital. They indicate whether the execution of strategies detailed in other perspectives is yielding positive financial results. Focusing on enhancing customer satisfaction or quality is valuable only if these efforts translate into financial gains. Common financial indicators include profitability, revenue growth, and asset utilization (Niven, 2002).

To achieve financial objectives, all measures across the other perspectives should be interconnected. The BSC combines traditional performance metrics with those reflecting the specific strategy and context of the business unit. Common financial themes—revenue growth, cost reduction, and asset utilization—can establish necessary connections to the other perspectives (Ruben, 1999).

### *2.3.2 Customer Perspective of the BSC*

The customer perspective seeks to address the question: “How should we be perceived by our customers?” The selection of metrics in this area depends on the desired customer base and the value the organization offers. In this perspective, managers identify the customer and market segments for their business unit and assess performance within these targeted areas. Key outcome measures typically include customer satisfaction, retention, acquisition, profitability, and market share.

Moreover, the customer perspective should also include specific metrics related to the value propositions delivered to targeted market segments (Kaplan and Norton, 1992). These measures can be categorized into four areas:

Time: Measured by lead time from order receipt to delivery.

Quality: Assessed through defect levels as perceived by customers.

Performance and Service: Evaluates how the organization's offerings create value for customers.

Cost: Involves various cost elements beyond just pricing, such as the administrative burdens associated with ordering and payment processes. A supplier may have higher prices but offer lower overall costs through better administrative efficiency (Ruben, 1999).

### *2.3.3 Internal Process Perspective*

This perspective addresses the question: "Which processes must we excel in?" It focuses on the critical procedures an organization needs to develop and master for success. The internal business processes perspective identifies the processes that meet the needs of shareholders and customers. Key considerations for achieving improvements include enhancing customer satisfaction, reducing costs, improving quality, increasing productivity, and boosting profits. Addressing these challenges requires a commitment to continuous operational efficiency.

In the Internal Process Perspective of the scorecard, we pinpoint the essential processes where the organization must excel to create value for customers. Our goal is to identify these processes and establish effective metrics to monitor our progress. To meet customer needs, it may be necessary to develop entirely new internal processes rather than just making incremental improvements to existing ones (Kaplan and Norton, 1992).

This perspective emphasizes that the organization must excel in specific internal processes to continually provide value to both customers and shareholders. Efficient operations in these areas are vital for fulfilling the company's value proposition. The focus is on identifying key processes and creating appropriate objectives and metrics to track their effectiveness. Sometimes, this requires completely new internal processes rather than merely refining existing ones. Key areas may include product development, production, manufacturing, delivery, and post-sale service (Niven, 2003).

Internal measures in the Balanced Scorecard should be derived from business processes that significantly influence customer satisfaction, including factors like cycle time, quality, employee skills, and productivity. To meet goals related to these factors, managers must establish metrics that reflect employee actions. Since many activities occur at departmental and workstation levels, managers need to break down overall cycle time, quality, and cost measures into finer levels. This approach connects top management's insights on key internal processes to the actions taken by employees, ensuring that staff have clear targets for decision-making and activity improvements that support the organization's mission (Kaplan and Norton, 1996).

### *2.3.4 Employee Learning and Growth Perspective*

This perspective answers the question: "How can we maintain our ability to change and improve?" It forms the foundation for a successful scorecard implementation, focusing on employee skills and information systems. The learning and growth perspective addresses the

gaps between the current organizational structure and the desired state needed to achieve goals. To manage these gaps, learning and growth metrics should be incorporated into performance evaluation systems. Typical measures include employee **productivity rates**, promotion opportunities, average years of service, staff satisfaction, training hours, and feedback from employees (Kaplan and Norton, 1992).

This perspective also encompasses information sharing and alignment, serving as a driver for achieving strategic objectives. It includes employee training and the cultural attitudes necessary for both individual and corporate development. In organizations that rely heavily on knowledge workers, continuous learning is essential, especially in an era of rapid technological change. Metrics can guide managers in directing training resources where they are most needed. Ultimately, learning and growth form the crucial foundation for the success of any knowledge-driven organization (BSC Institute, 2012).

Common measures in this perspective include employee skills, satisfaction, and the availability of information and tools. This perspective is often the last to be developed, as teams may feel exhausted from prior efforts or consider it secondary to other business functions. However, this viewpoint is essential, as the measures established here enable all other metrics in the scorecard. They act like the roots of a tree, supporting the trunk of internal processes and leading to the branches of customer outcomes and the leaves of financial returns. Organizations may adapt job descriptions, relocate employees, or implement incentive programs to enhance employee engagement, training, and retention (Niven, 2002).

## **2.4 Advantages of the Balanced Scorecard**

The Balanced Scorecard (BSC) is an effective tool for selecting a set of measures and goals that align with a company's vision and fulfill stakeholder needs. It facilitates the communication of strategic objectives and translates the mission into actionable steps. Additionally, the BSC enhances employee communication, helping them understand their roles in relation to the organization's overall mission (Kaplan and Norton, 2000).

Kaplan and Norton (1996) noted that the BSC serves as a management tool that addresses the limitations of traditional management control systems. A comprehensive review of BSC literature highlights numerous advantages for organizations (Buttigieg et al., 2016). Research by Ennew et al. (2015) found that implementing the BSC can lead to improved client satisfaction. Other studies (Lueg, 2015; Arben et al., 2016) indicated that the BSC keeps a company's

strategy and vision clear and up-to-date, leading to more efficient use of resources. They also noted that success factors are aligned with organizational objectives. Furthermore, the BSC helps align individual and departmental goals with broader company objectives, ensuring consistency with business strategy (Lueg, 2015; Arben et al., 2016). Rahman (2019) found that the BSC could enhance cost, quality, and environmental advantages.

## **2.5 Factors Affecting Implementation of the Balanced Scorecard**

For successful implementation of the Balanced Scorecard, organizations must recognize the factors influencing its effectiveness. Kaplan and Norton (1996) identified several barriers and challenges that may arise during implementation.

### *2.5.1 Financial Resources*

Financial resources refer to the availability of sufficient funding to support the BSC's implementation. This encompasses the costs of necessary infrastructure, software, and employee training. Adequate funding is essential for effective implementation, and a lack of resources can lead to inadequate employee compensation and insufficient hiring of BSC specialists, ultimately hindering the process (Kobia, 2009).

### *2.5.2 Job Description*

Job description pertains to the clarity and specificity of employee roles related to the BSC. It is crucial for employees to understand how their performance contributes to the organization's strategic goals as defined by the BSC. A well-defined job description outlines tasks, responsibilities, and qualifications necessary for the role. It is typically developed through job analysis, which examines the tasks and skills required (Armstrong, 2003). Clear job descriptions facilitate the balanced scorecard's measures and objectives (Kiplangat, 2016).

### *2.5.3 Management Support*

Management support indicates the commitment and involvement of top management in BSC implementation. This includes providing leadership, allocating resources, and promoting BSC use throughout the organization. The commitment from top management is vital for success, as it can significantly influence the outcome of BSC initiatives (Kaplan & Norton, 1996). Effective management involves planning, organizing, leading, and controlling resources to achieve objectives efficiently (Humphrey, 1995). Empowering employees to make decisions is also

essential, yet many top executives overlook the importance of sustaining BSC practices (Amanuel, 2014).

#### *2.5.4 BSC Evaluation*

BSC evaluation refers to the ongoing assessment of the BSC's effectiveness in achieving its goals. This process includes collecting and analyzing performance data, identifying areas for improvement, and making necessary adjustments to maintain the BSC's relevance and efficacy. Regular reviews are crucial to ensure that the BSC continues to meet its objectives (Kaplan & Norton, 1996).

### **2.6 Steps in the Development and Implementation of the Balanced Scorecard**

Creating a Balanced Scorecard (BSC) system involves nine steps: the first six focus on design, while the last three pertain to implementation, framing the BSC as a strategic management system.

#### **2.6.1 Building Phase (Corporate Scorecard)**

##### **Step 1: Assessment**

The first step involves assessing the organization to finalize the Balanced Scorecard Plan. This includes identifying the teams involved in the design process and the training they will need. It also requires an evaluation of strategic elements such as the mission, vision, SWOT analysis, and organizational values. Additionally, a change management plan must be prepared to assess the organization's readiness for implementation, outlining necessary preparations and communication strategies for different stakeholders (Morongwa Ramasobana, 2019).

##### **Step 2: Strategy**

This step focuses on defining strategic themes, which encompass strategic results and perspectives that prioritize customer needs and value propositions. The main objective is to understand what customers expect from the organization in terms of functionality, relationships, and brand perception, ensuring that value is delivered (<http://morongwa.co.bw/school.html>). The strategy should align with the organization's mission and operational context, detailing specific actions needed to achieve desired outcomes (Niven, 2014).

##### **Step 3: Strategic Objectives**

In this step, the organization identifies specific objectives it aims to achieve within a designated timeframe and with available resources. These objectives should align with strategic themes and

results and help translate broader strategies into actionable tasks (Morongwa Ramasobana, 2019). Strategic objectives serve as actionable activities that bridge strategies with performance measures (Rohm, 2008).

#### **Step 4: Strategy Maps**

The objectives identified in the previous step are connected through cause-and-effect relationships to create strategy maps for each theme. These theme maps are then integrated into an overall corporate strategy map, illustrating how the organization generates value for customers and stakeholders (Makakane, 2019). A strategy map visually depicts the connections among objectives, following an "If-Then" logic, and is a tool for aligning the organization, illustrating the customer/stakeholder value chain, and fostering consensus and accountability among executives.

#### **Step 5: Performance Measures**

This step involves translating the organization's mission and strategy into a comprehensive set of performance measures that form the basis for strategic management. These measures should be clearly defined, distinguishing between outcome and output metrics, as well as leading (predictive) and lagging (historical) indicators. This step is crucial and often complex, requiring careful consideration to ensure that performance measures are meaningful (Makakane, 2019). Expected outputs include performance measures and targets for each objective, along with baseline data.

#### **Step 6: Strategic Initiatives**

In this step, strategic initiatives are developed to support the strategic objectives. This involves drafting and assigning projects necessary for the organization's success. Performance measures and strategic initiatives should be assigned to specific owners and documented for accountability (Makakane, 2019). Strategic initiatives are defined as time-limited projects designed to help the organization reach its performance targets and can vary in scope and duration. Expected outputs include a prioritized list of strategic initiatives and project management details, such as ownership, scope, schedule, and deliverables.

### ***2.6.2 Implementation Phase (Business Unit and Individual Scorecard)***

#### **Step 1: Software and Automation**

This phase emphasizes implementing the Balanced Scorecard (BSC) rather than its initial development. The first step involves automating the BSC system by evaluating software options

and user requirements to ensure a **cost-effective choice that meets current and future performance needs**. Placing automation as the initial step underscores the importance of strategic thinking before becoming overly focused on software solutions. Early software purchases can stifle creative strategy development, while delays can hinder the momentum of the new system, as effective performance reporting is a key early benefit of establishing the scorecard (Makakane, 2019). Automation involves using software to streamline the collection, reporting, and visualization of performance data, transforming it into actionable insights and presenting it in an engaging format for users.

#### Step 2: Cascading

Cascading involves distributing the corporate scorecard throughout the organization to business and support units, followed by developing team and individual scorecards that connect daily activities with departmental goals and the overall corporate vision. This process is crucial for aligning the organization with its strategic objectives. Optionally, objectives for customer-facing processes can be integrated to ensure accountability and clarity across all levels of the organization. As the scorecard management system cascades, objectives become more operational, with corresponding performance measures established. Clear accountability is assigned at each level, reinforcing a focus on results and the strategies required to achieve them (Makakane, 2019).

#### Step 3:

The final step in the BSC implementation involves evaluating the success of the selected business strategies. Key questions include whether the expected results were achieved. This evaluation process encompasses incorporating organizational learning and knowledge into planning, making necessary adjustments to existing programs, introducing new cost-effective initiatives, and eliminating those that do not meet customer needs or are not economically viable (Morongwa Makakane, 2007).

## **2.7 Empirical Literature Review**

This section assesses the factors influencing the implementation of the Balanced Scorecard (BSC). Previous studies have identified several critical factors affecting successful BSC implementation, providing diverse insights into the subject.

In 2016, Kiplangat found that BSC implementation posed significant challenges for Kenyan state corporations, impacting their effectiveness and efficiency. Key obstacles included unclear job

descriptions, inadequate top management support, poor employee supervision, and insufficient financial resources. The study recommended effective job analysis and organizing BSC implementation as a distinct project following the outlined steps.

Madsen (2014) conducted exploratory research revealing that conceptual, technical, social, and political issues hindered BSC implementation. Conceptual challenges involve understanding the complexities of BSC, while technical issues relate to infrastructure and excessive focus on measurement. Social issues stem from cultural compatibility and lack of participation from key personnel, while political issues include underestimating the resources and time required for BSC implementation.

Meseret (2021) studied the factors influencing BSC implementation in Dabat Town's government sector, finding that finance, top management support, and employee attitudes significantly impacted effectiveness. Job description clarity and evaluation processes had less influence. The study emphasized the importance of top management support and proper BSC evaluation in successful implementation.

Milkiyas (2020) found that while some aspects of BSC implementation at Ethio-Telecom were strong, such as clarity on numerical targets and frequent management meetings, challenges persisted regarding employee buy-in, communication, and training. The study highlighted factors like employee perception and resource availability as crucial for successful implementation, recommending strategies for better employee engagement and training.

Jemal (2019) reported that the bank benefited from BSC implementation through improved alignment of daily activities with strategic objectives, enhanced service delivery, and better understanding of organizational vision. However, challenges included insufficient leadership commitment, focus on strategy formulation over implementation, and gaps in employee readiness. Recommendations included promoting the benefits of BSC through training and setting realistic targets.

Daniel (2017) identified lack of knowledge, IT support, and management commitment as challenges to BSC implementation, while also noting the benefits observed in Ethio-Telecom.

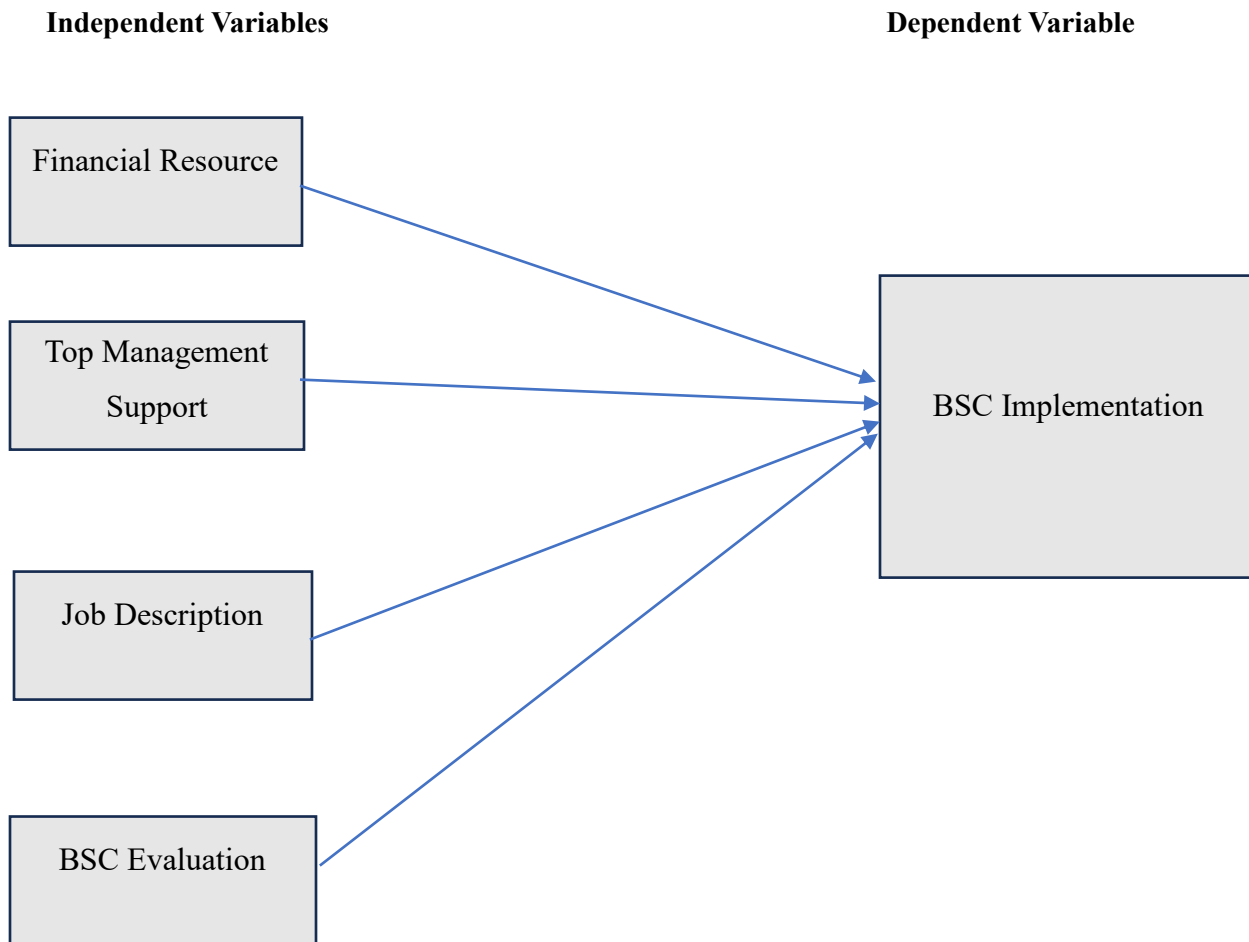
Mitiku (2015) emphasized the roles of employee attitudes and leadership commitment in the successful implementation of BSC at the Commercial Bank of Ethiopia.

Hiwot (2015) found that the one-way communication system at the Commercial Bank hindered employee understanding of BSC, negatively impacting motivation and commitment. Inadequate

training and an unsupportive work environment further limited employee engagement. Recommendations included improving communication, aligning rewards with performance, and enhancing training initiatives.

## 2.8 Conceptual Framework

This section entails conceptualization of the major research variables covered by the study. The conceptual framework shows that, financial resources, management support, job description, and BSC evaluation are the independent variables and the dependent variable is implementation of Balance Score Card.



**Figure: 2.1 Conceptual Framework**

Source: Adopted from: Hawaz (2015) and Kiplagat (2016)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This part of the research incorporates; Description of the study, research approach, research design, population, sampling techniques and size, data source, data collection instrument and method of data analysis, test of measurement quality, factor analysis and ethical consideration of the research.

#### **3.2 Background of the organization**

Ethiopia is a landlocked country located in the Horn of Africa, with a population of about 120 million people as of 2024, making it the second most populous country in Africa and the 13th in the world. Ethiopia has a rich and diverse cultural heritage, with more than 80 ethnic groups and languages. Ethiopia is also one of the oldest countries in the world, with a history that dates back to the ancient times of Aksumite civilization. Ethiopia is also one of the fastest growing economies in Africa, with an average annual growth rate of 9.8% from 2008 to 2018 (World Bank, 2020).

Banking is a vital sector for the development of Ethiopia, as it provides financial services and intermediation for various economic activities. Banking in Ethiopia dates back to 1905, when the first bank, Bank of Abyssinia, was established by a concession agreement with the National Bank of Egypt. Since then, the banking sector has evolved through different stages, from nationalization and centralization under the socialist regime to liberalization and privatization under the current system. The banking sector is regulated by the National Bank of Ethiopia (NBE), which is the central bank and monetary authority of the country.

Bank of Abyssinia (BoA) was established in 1996 to provide comprehensive commercial banking services in an era where the sector was still developing and transforming the economy. The name Abyssinia evokes courage and integrity, which are the core values of BoA. Its logo, the Adey Abeba, symbolizes hope, optimism, and a new beginning. BoA strives to offer that same promise to all its customers. Working with BoA means achieving lasting success with the support of a bank that represents determination and hard work. BoA is a share company owned by private individuals who have accumulated experience and success in various fields such as

business, entertainment, and education. Such diverse ownership reflects not only the company's ambition and willingness to excel in the industry, but also its ability to collaborate towards building a successful business venture and commercial bank service. BoA's commitment to deliver quality products and first-class customer service makes it the most suitable bank for everyone. Its tagline "Bank for All" expresses BoA's deep connection with the society. With more financial products and services, BoA has proven over the years that it can cater to any kind of customer. Through its 855 branches across the country, BoA serves over 10.2 million customers. BoA's well-structured financial service system is connected through the T-24 core banking system. This, along with the 1277 ATM machines, 18 virtual banking centers, and more than 1232 POS placed in different locations, enables customers to access their accounts from anywhere at any time. This also allowed BoA to increase its capital from ETB50 million to ETB 18.59 billion. The total asset of Bank of Abyssinia has reached ETB 188.55 billion.(Bank of Abyssinia, 2023)

Balanced Scorecard (BSC) is a strategic management tool that helps organizations to translate their vision and mission into measurable objectives and indicators across four perspectives: financial, customer, internal process and learning and growth. Balanced Scorecard (BSC) enables organizations to align their activities with their strategies, communicate their goals and monitor their performance (Kaplan & Norton, 1996). BSC has been widely adopted by various organizations around the world as a means to improve their performance and competitiveness. In Ethiopia, BSC has been introduced by some public and private organizations as part of their reform initiatives.

Bank of Abyssinia (BoA) is one of the few private banks in Ethiopia that have implemented BSC as a strategic management system since 2019. Bank of Abyssinia adopted BSC with the aim to enhance its performance and achieve its vision. BoA developed its BSC framework based on its strategic plan for 2019-2024, which identified four strategic themes: growth and profitability; customer satisfaction; operational excellence; and human capital development. BoA also defined its strategic objectives and measures for each theme across the four perspectives of BSC. BoA implemented BSC through a participatory process involving all levels of management and staff. BoA also established a BSC office to coordinate and monitor BSC activities. BoA used BSC as a tool to communicate its strategy, align its operations, evaluate its performance and reward its employees (Bank of Abyssinia BSC Office).

### **3.3 Research Approach**

This study employed a **quantitative data collection** method to investigate the factors that affect the successful implementation of the Balanced Scorecard (BSC) in Abyssinia Bank. The researcher chose a quantitative research approach for this study because quantitative research is suitable when a large amount of numeric data is collected from various sources, such as surveys, questionnaires, or experiments, and the results are assumed to be measurable and presentable in form of numbers and statistics. **The aim of using quantitative research** is to make generalizations or predictions based on the processed results of the investigation, and to test hypotheses or theories using statistical methods. Quantitative research emphasizes quantification and objectivity when gathering and analyzing data (Bryman & Bell, 2011).

### **3.4 Research Design**

The study used both descriptive and explanatory research designs to analyze the quantitative data collected from the participants. The study is descriptive in nature, as it aims to describe the current situation of factors affecting BSC implementation in Abyssinia Bank. Descriptive research involves collecting and analyzing existing facts or information to make a critical evaluation of the material (Kothari, 2004). Descriptive research design helped to describe the characteristics of the sample and the variables, such as mean, standard deviation, frequency, and percentage (Sekaran & Bougie, 2016). This design provided a summary of the data and enabled the researchers to identify patterns and trends in the responses.

Explanatory research design helped to test the hypotheses and examine the causal relationships between the variables, using statistical tests such as correlation, regression, and ANOVA (Creswell & Creswell, 2018). This design allowed the researchers to infer how one variable influenced another and to what extent.

The study uses a cross-sectional methodology, which is suitable for describing the occurrence or the consequences of an event (Yin, 2003). A survey is a study that selects a single population in the real-life context and analyzes their scores in a quantitative (statistical) manner. Surveys try to answer the question "What exists?" (Sekaran, 2000). The main method of data collection for this study is a questionnaire.

## **3.5 Population, Sampling Technique and Sample Size**

### *3.5.1 Population of the Study*

The population for this study was employees of Abyssinia bank of all departments at the head office of the bank. Therefore 1,112 employees were targeting population of the study. (Source: BOA Corporate Human Resource Department, 2024)

### *3.5.2 Sampling Technique and Sample Size*

The researcher used simple random sampling, a probability  $c$ , to select the sample employees. This method was chosen to ensure that every employee in the population had an equal chance of being selected, reducing bias and enhancing the generalizability of the findings.. The population of 1,112 managerial and non-managerial employees was considered as a whole, without dividing it into strata.

The sample size was calculated using the formula

$n = N / (1 + (e)^2)$ , where  $n$  is the sample size,  $N$  is the population size of each variable, and  $e$  is the level of correctness (sampling error) with a 95% confidence level.

Using this formula,  $n = 1112 / 1 + 1112(0.05)^2$   $n = 294$ ; a sample size of 294 employees was selected, representing 26.43% of the total population.

## **3.6 Data Sources**

In this study, primary data was collected from employees in 13 departments at the Head Office. The target population for this study was drawn from all departments at the Head Office, with a total population of 1,112 people, as per information from the Corporate Human Resource department.

In addition to primary data, secondary sources were also used to gather information related to the research topic. These sources included books, journal articles, government publications, and other relevant materials.

## **3.7 Data Collection Instrument**

In this study, both primary and secondary sources were used to collect data. The primary data was gathered through a structured questionnaire, consisting of closed-ended questions, distributed to managers and employees of Abyssinia Bank. The questionnaire used a five-point Likert scale to measure responses, with options ranging from strongly agree (5) to strongly

disagree (1). It was designed to assess both independent and dependent variables related to the effective implementation of the Balanced Scorecard (BSC). This type of questionnaire offers respondents greater anonymity, encouraging them to more readily disclose their feelings and attitudes.

### **3.8 Methods of Data Analysis**

In this study, the Statistical Package for Social Science (SPSS) software version 20.0 will be used to analyze and present the data through the use of **descriptive and inferential analysis**. Descriptive analysis will provide a condensed picture of the data through the use of tables, frequency distributions, and percentages, as well as summary statistics such as means and standard deviation values. This will help to identify trends and patterns in the data.

Inferential analysis will be used to determine the relationships between BSC implementation and contributing factors affecting it. The reliability of the scale items was assessed using Cronbach's alpha coefficient. This measure indicated the internal consistency of the scale items and how well they measured the same underlying concept. Pearson's correlation coefficient was used to measure the strength and direction of the relationship between the variables. Regression analysis was also used to investigate the effect of BSC implementation on contributing factors, helping to determine how much of the variation in the dependent variable can be explained by the independent variable.

### **3.9 Test of Measurement Quality**

When writing a report, two important concepts to consider are validity and reliability. Validity refers to how well a chosen instrument measures what it intends to measure. Reliability refers to how consistent or dependable the research results are if the same techniques are used repeatedly. Therefore, the validity and reliability of the research were verified.

#### ***3.9.1 Reliability Test***

Reliability is the degree to which a construct is measured consistently or dependably. One way of estimating reliability is internal consistency reliability, which measures how consistent different items of the same construct are. If a construct is measured by multiple items, the extent to which respondents rate those items similarly reflects the internal consistency. This reliability measure

can be estimated by Cronbach's alpha (Anol, 2012). Therefore, the Cronbach's alpha coefficient was used to check the scale reliability of the instruments.

### *3.9.2 Validity Test*

The researcher consulted with the advisor and the advisor confirmed and accepted the validity of **the theoretical framework and the operational measures** used in the current study. The study adopted both theoretical and empirical approaches to assess validity. Theoretical validity refers to how well a theoretical construct is translated into or represented by an operational measure (Anol, 2012). The researcher addressed this aspect by reviewing literature and adapting instruments from previous research. Empirical validity examines how well a given measure relates to one or more external criteria, based on empirical observations. It tests whether a given measure behaves as expected, given the theory of that construct. The researcher assessed this aspect using quantitative analysis of observed data, such as correlation analysis (Anol, 2012). The correlation analysis tested the validity of the instrument, which measured the relationship between BSC implementation and the four factors affecting BSC.

### **3.10 Ethical Considerations**

The data gathered in this research will be used solely for the purpose of understanding the effect of factors on BSC implementation. The researcher is responsible for conducting the research process in accordance with the policies of both the firm and the college.

The data collected will not be transferrable to any person or organization. The research will be conducted in accordance with the guidelines, rules, and regulations of the college. The four stages of ethics in research - good design, data collection, data analysis, and proper dissemination - will be followed.

The objectives and motives of the research will be clearly communicated to all participants. There will be no misinterpretation or misuse of the data collected from the organization.

## CHAPTER FOUR RESULTS AND DISCUSSIONS

### 4.1 Introduction

In this chapter, the results of the analysis and interpretation of the data collected for the research on the factors affecting the implementation of the Balanced Scorecard at Bank of Abyssinia are presented as follows. The data was collected through a survey; distributing 294 questionnaires and receiving 205 (70%) completed responses. Of the remaining questionnaires, 20 (7%) were not returned and 69 (23%) were discarded due to improper filling. The quantitative data was analyzed using Statistical Package for Social Science (SPSS) version 20 and the results were presented using graphs, frequency tables, bar charts, and pie charts. The analysis includes descriptive statistics of the demographic information and variables, as well as **correlation and regression analysis**. Through this analysis, insights are provided into the factors that affect implementation of the Balanced Scorecard at Bank of Abyssinia.

### 4.2 Characteristics of Respondents

Table 4.1. Demographic Information of Respondents

No	Demographic Profile of Respondents	Frequency	Percent%
1	Sex		
	Male	127	62.0
	Female	78	38.0
	Total	205	100.0
2	Age		
	18-30	79	38.5
	31-40	90	43.9
	41-50	31	15.1
	>50	5	2.4
	Total	205	100
3	Education level		
	Diploma	2	1.0
	First Degree	102	49.8

	Second Degree	98	47.8
	Third Degree	3	1.5
	Total	205	100.0
4	Work Position		
	Manager	33	16.1
	Supervisor	20	9.8
	Employee	152	74.1
	Total	205	100.0
5	Experience		
	<2 years	21	10.2
	3-5 years	41	20.0
	5-9 years	67	32.7
	>10 years	76	37.1
	Total	205	100.0

Source: Survey Data, 2024

#### 4.2.1 Gender Composition of Respondents

Out of the 205 respondents, 127 (62%) were male and 78 (38%) were female. This indicates that there were more male respondents than female respondents in this survey.

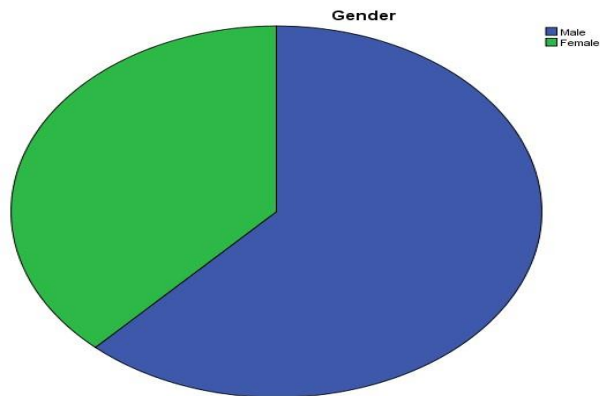
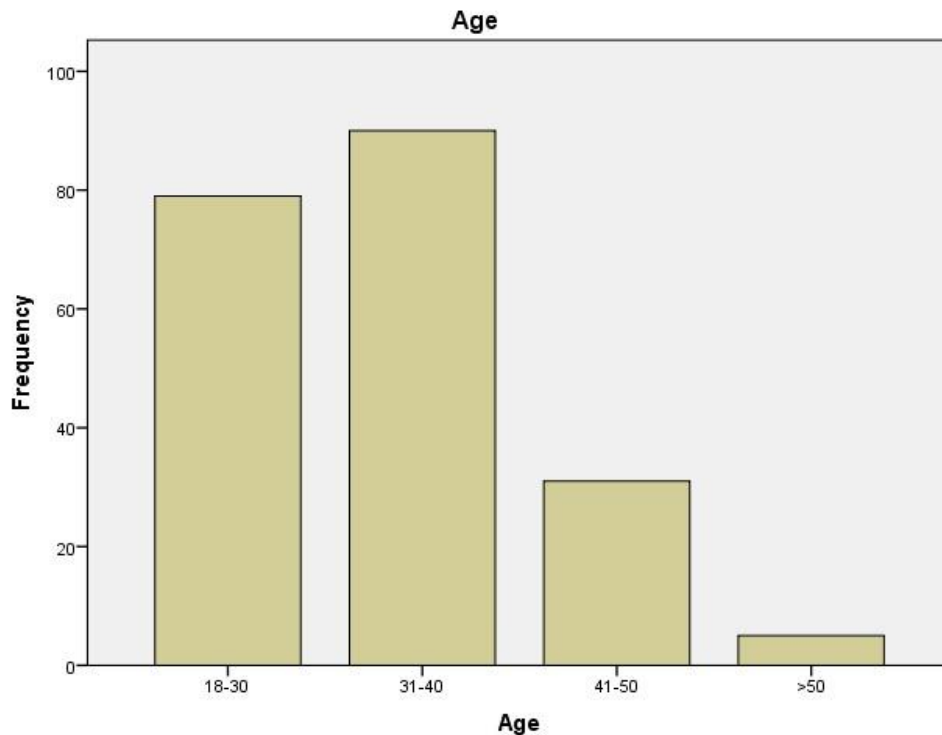


Figure 4.1 Gender composition of Respondents

Source: Survey Data, 2024

#### 4.2.2 Age Distribution of Respondents

The majority of the respondents (38.5%) were between the ages of **18-30**, followed by those between the ages of 31-40 (43.9%). Respondents between the ages of **41-50** made up 15.1% of the total, while those over the age of 50 made up only 2.4%. This suggests that the survey was mostly answered by younger individuals.

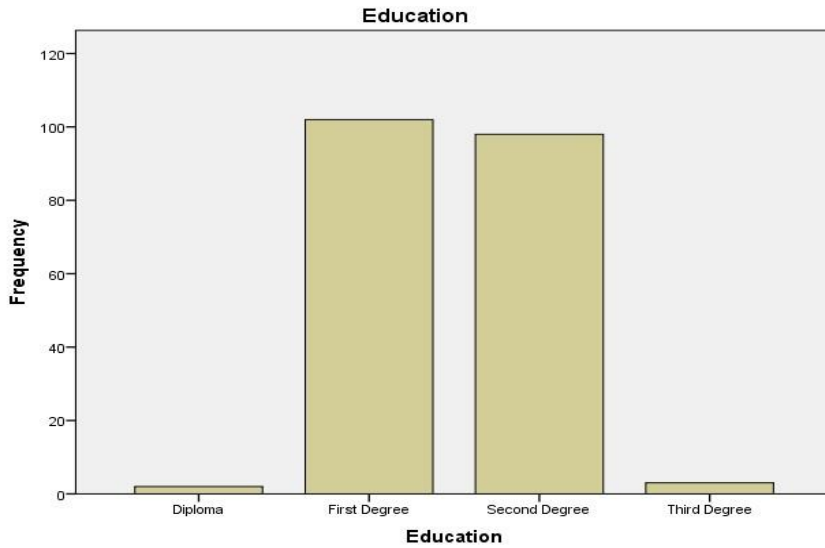


**Figure 4.2 Age Distribution of the Respondents**

Source: Survey Data, 2024

#### 4.2.3 Education Level of Respondents

Almost half of the respondents (**49.8%**) had a first degree, while 47.8% had a second degree. Only a small percentage of respondents had a diploma (1%) or a third degree (1.5%). This indicates that the majority of respondents **were highly educated.**

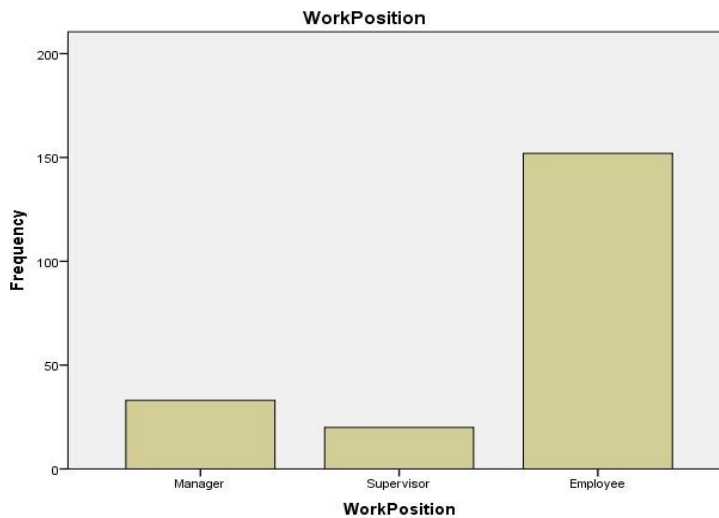


**Figure 4.3 Education level of Respondents**

Source: Survey Data, 2024

#### 4.2.4 Work Position of Respondents

The majority of respondents (74.1%) were employees, while 16.1% were managers and 9.8% were supervisors. This suggests that most respondents were not in managerial or supervisory positions.

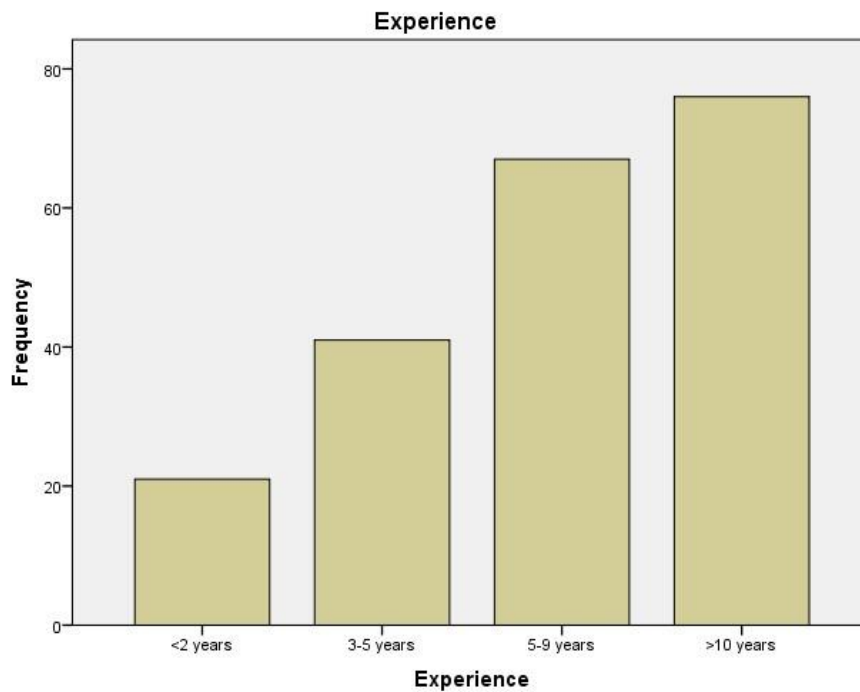


**Figure 4.4 Work Position of Respondents**

Source: Survey Data, 2024

#### 4.2.5 Work Experience of Respondents

Respondents with more than 10 years of experience made up the largest group (37.1%), followed by those with 5-9 years of experience (32.7%). Respondents with 3-5 years of experience made up 20% of the total, while those with less than 2 years of experience made up only 10.2%. This indicates that most respondents had a significant amount of work experience.



**Figure 4.5 Work Experience of Respondents**

Source: Survey Data, 2024

### 4.3 Reliability and Validity

**Table 4.2 Reliability Test result**

<b>Constructs</b>	<b>Cronbach's Alpha</b>	<b>Cronbach's Alpha Based on Standardized Items</b>	<b>N of Items</b>
Financial Resource	.813	.815	6
Top Management Support	.893	.895	7
Job Description	.705	.850	7
BSC Evaluation	.858	.859	8
BSC Implementation	.898	.903	10
All Constructs together	.941	.955	38

Source: Survey Data, 2024

The table presents the results of a reliability analysis using Cronbach's Alpha for the constructs financial resource, Top Management Support, Job Description, BSC Evaluation, and BSC Implementation. Cronbach's Alpha is a measure of internal consistency, indicating how closely related a set of items are as a group. A high value of Cronbach's Alpha (**usually above 0.7**) indicates good internal consistency and reliability of the scale.

In this case, all constructs have Cronbach's Alpha values above 0.7, indicating good internal consistency and reliability. The highest value is for Effective BSC Implementation (.898), followed by Management Support (.893), BSC Evaluation (.858), Finance (.813), and Job Description (.705). The Cronbach's Alpha values based on standardized items are similar to the original values, indicating that the results are robust. The number of items for each construct ranges from 6 to 10, with a total of 38 items for all constructs together.

Overall, these results suggest that the scales used to measure the constructs in this study are reliable and have good internal consistency. This indicates that the data collected using these scales is likely to be accurate and can be used to draw valid conclusions about the relationship between the independent variables (Financial resources, Top Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation).

#### **4.4 Descriptive Analysis**

Mean score was calculated to show the average responses of respondents for each question that was included under each dimension and to reach the grand mean of each dimension. Mean scores

were interpreted as follows, 4.21-5 Strongly Agree, 3.41-4.20 agree, 2.61-3.40 neutral, 1.81-2.6 disagree and 1.0-1.8 are considered strongly disagree.

#### 4.4.1 Financial Resource

**Table 4.3 Financial Resource**

No.	Item	Mean	Std. Deviation
1	The organization has adequate financial resources to implement BSC.	4.0098	.94967
2	There is a performance-based pay system in place within the organization.	3.3805	1.08538
3	The annual budget is allocated according to the organization's strategic objectives.	3.9268	.81620
4	High-performing employees are rewarded within the organization.	3.5659	1.02508
5	The organization have its own plan to motivate employees toward BSC implementation.	3.5951	.92724
6	Employees are compensated fairly for the work they do.	3.5707	.97575
	<b>Grand Mean &amp; Standard Deviation</b>	<b>3.6748</b>	<b>.69521</b>

Source: Survey Data, 2024

The mean scores for the six items related to the Finance variable range from 3.38 to 4.01, with a grand mean of **3.67 and a standard deviation of 0.70**. This suggests that, on average, respondents agreed with the statements related to the Finance variable.

The highest mean score (4.01) was for the item “The organization has adequate financial resources to implement BSC,” indicating that respondents generally agreed that their organization had sufficient financial resources to implement the Balanced Scorecard.

The lowest mean score (3.38) was for the item “There is **a performance-based pay system in place within the organization,**” indicating that respondents were less likely to agree that their organization had a performance-based pay system in place.

Overall, these results suggest that respondents generally agreed that their organization had adequate financial resources to implement the Balanced Scorecard and allocated its annual budget according to its strategic objectives. However, there was less agreement regarding the

presence of a performance-based pay system and the fair compensation of employees for their work.

#### 4.4.2 Top Management Support

Table 4.4 Top Management Support

No.	Item	Mean	Std. Deviation
1	The top management of the organization is involved in setting BSC targets.	3.8244	.82152
2	The top management supports the department in achieving individual targets.	3.8293	.81957
3	The top management is aware of the investment required and long-term benefits of BSC.	3.8293	.76384
4	The top management is committed to providing resources for BSC implementation.	3.7561	.86264
5	The top management clearly communicates performance management systems to employees.	3.7659	.84818
6	The top management regularly reviews and updates BSC targets and objectives.	3.7122	.79834
7	There is a system in place for employees to provide feedback to top management on BSC implementation.	3.4878	.94251
	<b>Grand Mean &amp; Standard Deviation</b>	<b>3.7436</b>	<b>.65430</b>

Source: Survey Data, 2024

The mean scores for the seven items related to the Management Support variable range from 3.49 to 3.83, with a grand mean of 3.74 and a standard deviation of 0.65. This suggests that, on average, respondents agreed with the statements related to the Management Support variable.

The highest mean score (3.83) was for the items “The top management of the organization is involved in setting BSC targets,” “The top management supports the department in achieving individual targets,” and “The top management is aware of the investment required and long-term benefits of BSC,” indicating that respondents generally agreed that top management was

involved, supportive, and aware of the requirements and benefits of implementing the Balanced Scorecard.

The lowest mean score (3.49) was for the item “There is a system in place for employees to provide feedback to top management on BSC implementation,” indicating that respondents were less likely to agree that there was a system in place for employee feedback on BSC implementation.

Overall, these results suggest that respondents generally agreed that top management was involved, supportive, and aware of the requirements and benefits of implementing the Balanced Scorecard. However, there was less agreement regarding the presence of a system for employee feedback on BSC implementation.

#### 4.4.3 Job Description

Table 4.5. Job Description

No.	Item	Mean	Std. Deviation
1	The day-to-day activities of each employee are aligned with the organization's strategy.	4.0000	.82248
2	Each employee's job description is in line with the organization's goals and objectives.	4.1610	2.86603
3	All employees and their jobs are aligned with the organizational plan.	3.9561	.81831
4	Target cascading for employees is based on job title and job grades.	3.7415	.93750
5	Individual employee targets are designed to achieve organizational goals.	3.9707	.83966
6	Employee job descriptions are regularly reviewed and updated to reflect changes in organizational goals and objectives.	3.5951	.96861
7	There is a system in place for employees to provide feedback on their job descriptions and alignment with organizational goals.	3.5317	1.00256
	<b>Grand Mean &amp; Standard Deviation</b>	<b>3.8509</b>	<b>.82166</b>

Source: Survey Data, 2024

The mean scores for the seven items related to the Job Description variable range from 3.53 to 4.16, with a grand mean of 3.85 and a standard deviation of 0.82. This suggests that, on average, respondents agreed with the statements related to the Job Description variable.

The highest mean score (4.16) was for the item "Each employee's job description is in line with the organization's goals and objectives," indicating that respondents generally agreed that employee job descriptions were aligned with the organization's goals and objectives.

The lowest mean score (3.53) was for the item "There is a system in place for employees to provide feedback on their job descriptions and alignment with organizational goals," indicating that respondents were less likely to agree that there was a system in place for employee feedback on job descriptions and alignment with organizational goals.

Overall, these results suggest that respondents generally agreed that employee job descriptions and day-to-day activities were aligned with the organization’s strategy, goals, and objectives. However, there was less agreement regarding the presence of a system for employee feedback on job descriptions and alignment with organizational goals.

#### 4.4.4 BSC Evaluation

Table 4.6 BSC Evaluation

No.	Item	Mean	Std. Deviation
1	The performance contract and appraisal are submitted to the concerned body in a timely manner.	3.9073	.80817
2	BSC measures of performance are directly linked to the strategic objectives of the company.	3.9610	.79115
3	The organization’s evaluation is based on the targets or plans of the BSC.	3.8878	.85869
4	Performance progress is monitored periodically before formal evaluation.	3.7463	.87113
5	Formal evaluation of the organization takes place regularly.	3.9317	.83150
6	Evaluation is conducted through open and transparent two-way communication.	3.7073	.93000
7	The influence of superiors on evaluation is minimized.	3.5366	.91549
8	The BSC evaluation system is user-friendly.	3.5366	.91012
	<b>Grand Mean &amp; Standard Deviation</b>	<b>3.7768</b>	<b>.61341</b>

Source: Survey Data, 2024

The mean scores for the eight items related to the BSC Evaluation variable range from 3.54 to 3.96, with a grand mean of 3.78 and a standard deviation of 0.61. This suggests that, on average, respondents agreed with the statements related to the BSC Evaluation variable.

The highest mean score (3.96) was for the item “BSC measures of performance are directly linked to the strategic objectives of the company,” indicating that respondents generally agreed that BSC measures of performance were linked to the company’s strategic objectives.

The lowest mean score (3.54) was for the items “The influence of superiors on evaluation is minimized” and “The BSC evaluation system is user-friendly,” indicating that respondents were less likely to agree that the influence of superiors on evaluation was minimized and that the BSC evaluation system was user-friendly.

Overall, these results suggest that respondents generally agreed that performance contracts and appraisals were submitted in a timely manner, BSC measures of performance were linked to strategic objectives, and formal evaluations took place regularly. However, there was less agreement regarding the minimization of the influence of superiors on evaluation and the userfriendliness of the BSC evaluation system.

#### *4.4.5 BSC Implementation*

Table 4.7 BSC Implementation

No.	Item	Mean	Std. Deviation
1	General staff members are engaged in the formulation of strategies and balanced scorecard implementation.	3.3220	.97707
2	The organization's strategic goals are properly represented in the balanced scorecard.	3.7415	.82038
3	There is alignment between the organization's activities and its vision and strategy.	4.0341	.76300
4	Internal and external communication has improved.	3.8146	.81936
5	Employees receive cascaded monthly targets to manage their work performance.	3.7512	.86408
6	The organization provides an environment for learning and growth.	4.0439	.73633
7	The organization has enhanced its information technology and systems.	4.1561	.71745
8	The organization's balanced scorecard performance is monitored against its strategic goals.	3.8585	.73730
9	The efficiency of the organization's operations has improved.	4.0000	.75407
10	The achievement of the organization's objectives has improved.	4.0244	.76977
	<b>Grand Mean &amp; Standard Deviation</b>	<b>3.8746</b>	<b>.57662</b>

Source: Survey Data, 2024

The mean scores for the ten items related to the BSC Implementation variable range from 3.32 to 4.16, with a grand mean of 3.87 and a standard deviation of 0.58. This suggests that, on average, respondents agreed with the statements related to the Effective BSC Implementation variable.

The highest mean score (4.16) was for the item "The organization has enhanced its information technology and systems," indicating that respondents generally agreed that their organization had improved its information technology and systems.

The lowest mean score (3.32) was for the item “General staff members are engaged in the formulation of strategies and balanced scorecard implementation,” indicating that respondents were less likely to agree that general staff members were engaged in strategy formulation and BSC implementation.

Overall, these results suggest that respondents generally agreed that their organization had improved its information technology and systems, aligned its activities with its vision and strategy, and provided an environment for learning and growth. However, there was less agreement regarding the engagement of general staff members in strategy formulation and BSC implementation.

#### 4.5 Correlation Analysis

Correlation analysis is a statistical method used to evaluate the strength and direction of the relationship between two variables. The correlation coefficient, which ranges from **-1 to 1**, indicates the direction and strength of the relationship. A value of **-1** indicates a **perfect negative correlation**, a value of **0** indicates **no correlation**, and a value of **1** indicates a perfect positive correlation. According to Field (2005), a correlation coefficient **between 0.1 and 0.29** indicates a weak relationship, between 0.3 and 0.49 indicates a moderate relationship, and above **0.5** indicates a **strong relationship**.

Table 4.8 Correlation Analysis between Independent and Dependent Variable

	Financial Resource	Mgt Support	Job Description	BSC Evaluation	BSC Implementation
Finance	1				
Mgt Support	.685**	1			
Job Description	.578**	.591**	1		
BSC Evaluation	.626**	.645**	.515**	1	
BSC Implementation	.534**	.605**	.639**	.614**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Survey Data, 2024

In this case, the Pearson correlation coefficients show that there is a positive relationship between BSC Implementation and the four independent variables: Financial resource, Top management Support, Job Description, and BSC Evaluation. The strength of these relationships varies, with Job Description having the strongest correlation with BSC Implementation ( $r = 0.639$ ), followed by BSC Evaluation ( $r = 0.614$ ), Top Management Support ( $r = 0.605$ ), and financial resource ( $r = 0.534$ ). All of these correlations are statistically significant at the 0.05 level.

Additionally, there are significant correlations among the four independent variables themselves. The strongest correlation is between Top management Support and Financial resource ( $r = 0.685$ ), followed by top management Support and BSC Evaluation ( $r = 0.645$ ), Financial resource and BSC Evaluation ( $r = 0.626$ ), Job Description and top management support ( $r = 0.591$ ), and Job Description and Financial resource ( $r = 0.578$ ). These results suggest that there are relationships among these variables that may be worth further exploration.

#### **4.6. Test for Central Assumptions of Classical Linear Regression Model (CLRM)**

In order to conduct a **linear regression analysis**, first the underlying assumptions must be tested. If the assumptions were met, one can proceed with the regression analysis; proceeding with the regression analysis without meeting the **basic assumptions leads to wrong results**. The assumption of normality test, Multicollinearity test, and heteroskedasticity test, were tested and met for the sake of this study. The following subsequent sections present the test results of these assumptions.

##### **4.6.1 Normality test**

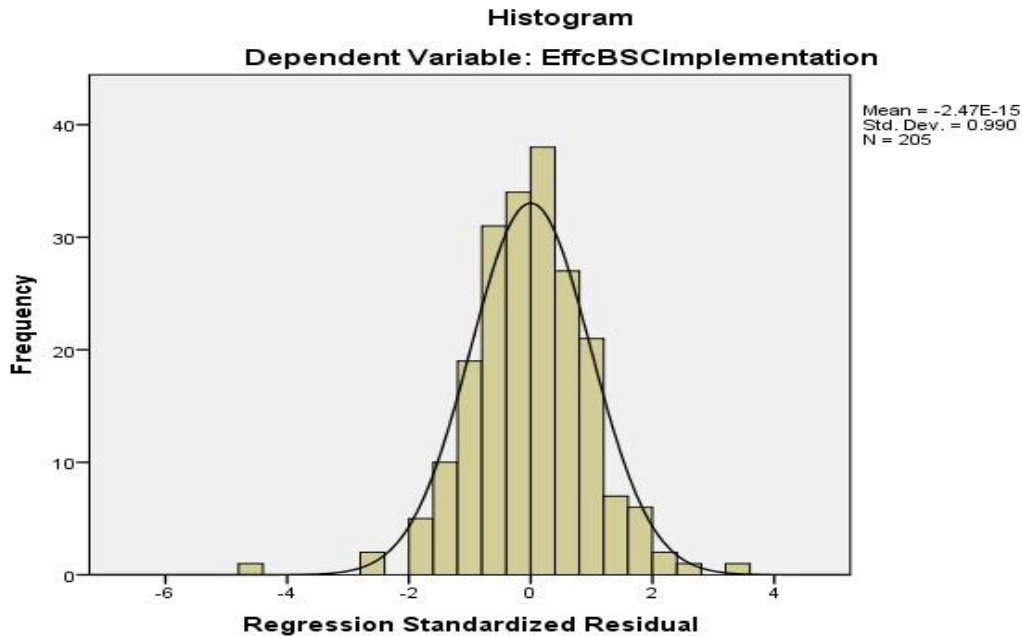
One of the basic assumptions of regression analysis is the error terms must be normally distributed with mean zero and constant variance. This can be checked by histogram or pp-plot. To attain this assumption the histogram should be approximately normal or it must be **bell shaped distribution**. Therefore, the researcher used histogram for testing the normality of the data. Another common test for normality is to run descriptive statistics to get skewness and kurtosis. Skewness and kurtosis are measures of the shape of a distribution (Field, 2018). Skewness measures the degree of asymmetry of a distribution. A value of **0 indicates that the distribution is symmetric**, while positive values indicate that the distribution is skewed to the right (i.e., has a longer tail on the right side) and **negative values indicate that the distribution**

**is skewed to the left** (i.e., has a longer tail on the left side) (Hair et al., 2010). In this case, all constructs have negative skewness values, indicating that their distributions **are skewed to the left**. Kurtosis measures the “peakedness” or “flatness” of a distribution relative to a normal distribution. A value of 0 indicates that the distribution has the same kurtosis as a normal distribution, while positive values indicate that the distribution is more peaked (i.e., has more observations in the tails) and negative values indicate that the distribution is flatter (i.e., has fewer observations in the tails) (Kutner et al., 2005). In this case, all constructs have positive kurtosis values, indicating that their distributions are more peaked than a normal distribution. In summary, the above table provides information about the shape of the distributions for each construct. The skewness and kurtosis values can be used to assess whether the data meets the assumptions of normality required for certain statistical analyses.

Table 4.9 Summary of Skewness and Kurtosis

Constructs	N	Skewness	Kurtosis
Financial resource	205	-.480	.252
Top Management Support	205	-.670	1.456
Job Description	205	-.673	1.083
BSC Evaluation	205	-.336	.126
BSC Implementation	205	-.636	1.187

Source: Survey Data, 2024



**Figure 4.6 Histogram Dependent variable**

Source: Survey Data, 2024

#### *4.6.2 Linearity Test*

Multiple regressions can accurately estimate the relationship between dependent and independent variables, when their relationship is linear in nature (Keith, 2006). If linearity is violated, all the estimates of the regression including regression coefficients, standard errors, and tests of statistical significance may be biased (Keith, 2006). This can be best checked by p-p plot residual as shown in the appendixes. When, p-p residual looks at straight line, the relationship between the dependent and independent variables is linear. Therefore, there is **no linearity problem** on the data used for this study.

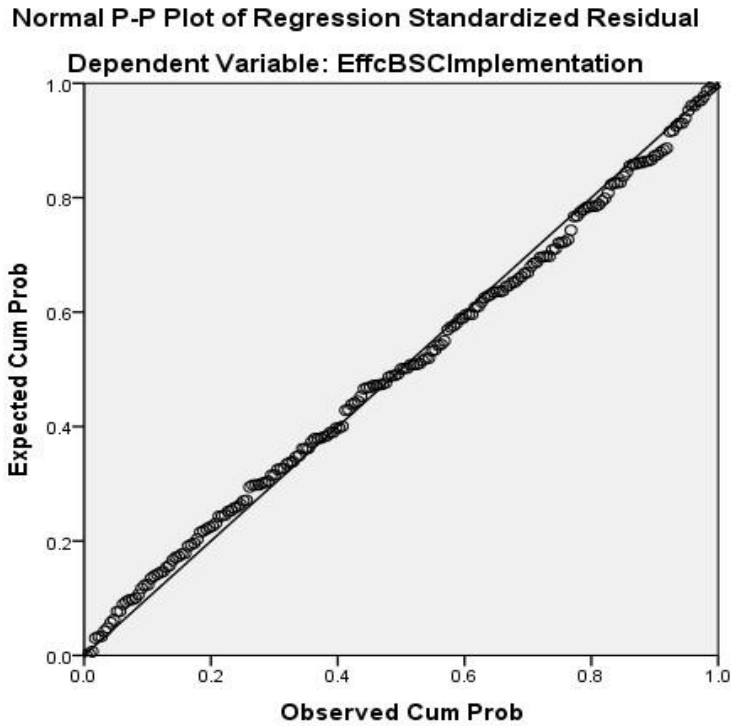


Figure 4.7 Normal P-P Plot of Regression Standard Residual

Source: Survey Data, 2024

#### 4.6.3 Multicollinearity Test

Table 4.10 Multicollinearity Result

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.176	.187		6.286	.000		
Financial resource	.001	.060	.001	.016	.987	.445	2.247
Management Support	.169	.065	.192	2.596	.010	.422	2.368
Job Description	.260	.044	.371	5.885	.000	.584	1.713
BSC Evaluation	.280	.063	.298	4.427	.000	.511	1.958

Dependent Variable: BSC Implementation

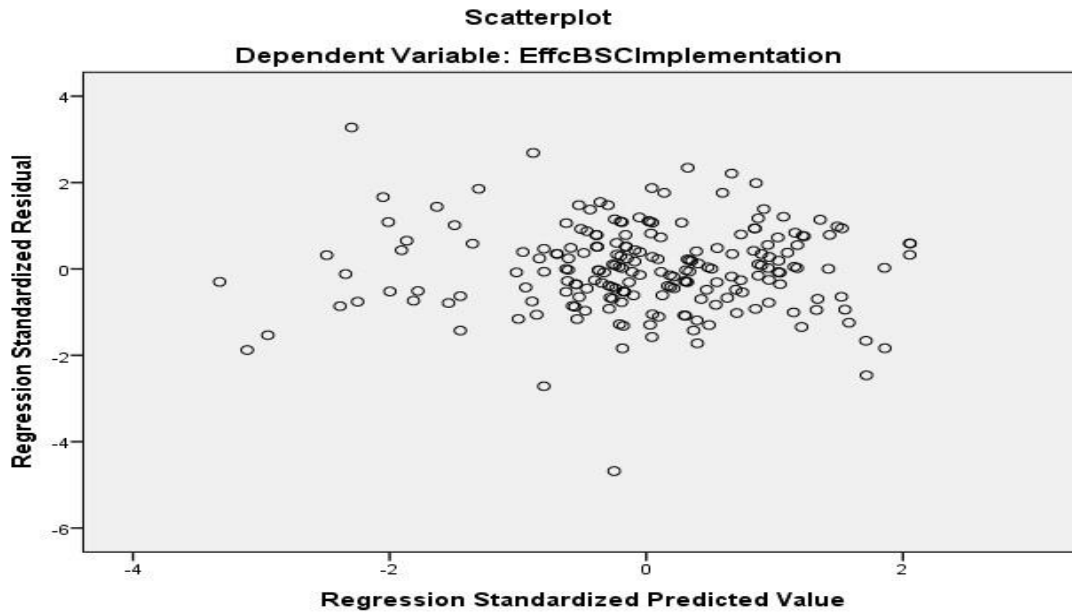
Source: Survey Data, 2024

The table provided shows the results of a multicollinearity analysis for a model with BSC Implementation as the dependent variable. Multicollinearity refers to a situation where two or more independent variables in a multiple regression model are highly correlated, meaning that

one can be linearly predicted from the others with a substantial degree of accuracy (Field, 2018). In this analysis, the independent variables are Finance, Management Support, Job Description, and BSC Evaluation. The collinearity statistics, Tolerance and VIF (Variance Inflation Factor), are used to assess the presence of multicollinearity. Tolerance is calculated as  $1 - R^2$ , where  $R^2$  is the coefficient of determination for the regression of the independent variable on all other independent variables (Hair et al., 2010). VIF is the reciprocal of tolerance and measures how much the variance of the estimated regression coefficient is inflated due to multicollinearity (O'Brien, 2007). A common rule of thumb is that if the **VIF of an independent variable is greater than 10**, then **multicollinearity is high** (Kutner et al., 2005). In this case, all VIF values are below 10, indicating that there is **no serious multicollinearity problem among the independent variables**. The highest VIF value is for Management Support (2.368), which is still well below the threshold of 10. In summary, this multicollinearity analysis suggests that there is no serious multicollinearity problem among the independent variables in this model. This means that the regression coefficients can be reliably estimated and interpreted.

#### *4.6.4 Heteroskedasticity Test*

Heteroscedasticity statistics checked is used to **measure model fitness**. The variance of the residuals for every set of values for the independent variable should be equal and violation is called Heteroskedasticity. This means that investigators assume that errors are spread out consistently between the factors of BSC implementation. Scatter plot of more than 3.3 or less than -3.3 indicates a Heteroscedasticity problem (Tabachnick & Fidell, 2007). Therefore, as shown in figure 4.8 the data did not violate Heteroscedasticity assumption and instead it was Homoscedasticity.



**Figure 4.8 Scatterplot Dependent variable**

Source: Survey Data, 2024

## 4.7 Regression Analysis

Regression analysis was carried out to determine the extent to which independent variables (finance, top management support, job description and BSC evaluation affects the dependent variable (BSC implementation).

*Table 4.11 Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733a	.537	.527	.39640

a. Predictors: (Constant), Finance, Management Support, Job Description, BSC Evaluation

b. Dependent Variable: BSC Implementation Source: Survey Data, 2024

The R value of .733 indicates that there is a strong positive correlation between the independent variables (Finance, Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation). The R Square value of .537 indicates that

approximately **53.7%** of the variance in Effective BSC Implementation can be explained by the independent variables included in the model.

The Adjusted R Square value of **.527** takes into account the number of independent variables in the model and is a more accurate measure of the proportion of variance explained. In this case, it indicates that approximately **52.7%** of the variance in BSC Implementation can be explained by the independent variables included in the model.

The Standard Error of the Estimate value of **.39640** provides an estimate of the standard deviation of the residuals, which measures how well the regression line fits the data. A smaller value indicates a better fit.

Overall, these results suggest that the independent variables (Finance, Management Support, Job Description, and BSC Evaluation) are predictors of Effective BSC Implementation and can explain a substantial proportion of its variance.

Table 4.12 Multiple Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
<b>1</b>	(Constant)	1.176	.187		6.286	.000
	Finance	.001	.060	.001	.016	.987
	Management Support	.169	.065	.192	2.596	.010
	Job Description	.260	.044	.371	5.885	.000
	BSC Evaluation	.280	.063	.298	4.427	.000

a. Dependent Variable: BSC Implementation

Source: Survey Data, 2024

**The multiple regression analysis shows the relationship between the independent variables (Finance, Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation).** The Unstandardized Coefficients (B) represent the change in the dependent variable for a one-unit change in the corresponding independent variable, while the Standardized Coefficients (Beta) represent the relative importance of each independent variable in predicting the dependent variable.

The results show that Management Support (Beta = .192,  $p = .010$ ), Job Description (Beta = .371,  $p = .000$ ), and BSC Evaluation (Beta = .298,  $p = .000$ ) are all significant predictors of BSC Implementation. This indicates that these variables have a significant positive relationship with BSC implementation. On the other hand, finance (Beta = .001,  $p = .987$ ) was not found to be a significant predictor of BSC Implementation.

Overall, these results suggest that Management Support, Job Description, and BSC Evaluation are important factors in predicting BSC implementation at Bank of Abyssinia.

#### **4.8 Testing the Hypotheses with Regression Results**

Based on the results of the regression analysis, we can draw the following conclusions about the hypotheses:

H1: The availability of financial resources has a significant positive effect on the implementation of BSC at Bank of Abyssinia.

The results show that financial resources (Beta = .001,  $p = .987$ ) was **not found to be a significant predictor of BSC Implementation**. This indicates that the availability of financial resources does not have a significant positive effect on the implementation of BSC at Bank of Abyssinia. Therefore, we can conclude that **H1 is not supported by the data**.

H2: Top management support has a significant positive effect on the implementation of BSC at Bank of Abyssinia.

The results show that Management Support (Beta = .192,  $p = .010$ ) is a significant predictor of BSC Implementation. This indicates that top management support has a significant positive effect on the successful implementation of BSC at Bank of Abyssinia. Therefore, we can conclude that H2 is supported by the data.

H3: Job descriptions have a significant impact on the implementation of BSC at Bank of Abyssinia.

The results show that Job Description (Beta = .371,  $p = .000$ ) is a significant predictor of Effective BSC Implementation. This indicates that job descriptions have a significant impact on the implementation of BSC at Bank of Abyssinia. Therefore, we can conclude that H3 is supported by the data.

H4: The evaluation of BSC has a significant positive effect on its successful implementation at Bank of Abyssinia.

The results show that BSC Evaluation (Beta = .298,  $p = .000$ ) is a significant predictor of BSC Implementation. This indicates that the evaluation of BSC has a significant positive effect on its successful implementation at Bank of Abyssinia. Therefore, we can conclude that H4 is supported by the data.

#### **4.9 The study results compared to the Empirical studies**

This research aims to compare its findings with other empirical studies on similar topics. Four relevant studies that have been conducted in the same or related fields are Kiplagat (2016), Meseret (2021), Milkiyas (2020), and Jemal (2019). The first one is by Kiplagat (2016), who investigated the factors affecting the implementation of professional learning communities (PLC) in state corporations in Kenya. He used a mixed-methods approach and collected data from 120 respondents using questionnaires and interviews. **He concluded that job description, management support, and financial resources were all significant factors that influenced the success of PLC implementation.** However, in this research, financial resource was not a significant factor, as it had no significant correlation with the level of BSC implementation. Therefore, there is a clear difference between the two studies on this factor, even though they have similar results on the other factors. This difference could be attributed to the different **contexts and sectors of the two studies, as well as the different methods of data analysis.**

The second study is by Meseret (2021), who examined the factors affecting the effective implementation of balanced scorecard (BSC) in the government sector, using Dabat town administration as a case study. She used a descriptive research design and collected data from 80 respondents using questionnaires. She found that job description and BSC evaluation were not significant factors, while finance, top management support, and employee attitude had significant effects on BSC implementation. When comparing her study with this research, the only similar factor that significantly affected BSC implementation was management support, which had a positive and strong correlation with BSC implementation in both studies. On the other hand, the results of the two studies differed on the other factors. For instance, financial resource was an important and significant factor in Meseret's study, but not in this research. This could be because Meseret's study focused on the government sector, which might have more budget constraints than the private sector. Likewise, job description was a significant factor in this research, but not in Meseret's study. This could be because this research focused on BSC design

and alignment, which might require more clarity and specificity in job roles and responsibilities than Meseret's study.

The third study is by Milkiyas (2020), who also explored the factors affecting BSC implementation in Ethio-Telecom, which is the same organization as this research. He used a quantitative research design and collected data from 150 respondents using questionnaires. The results of his study agree with this research on some factors, such as employee perception, management support, and BSC evaluation, which were all significant and positively correlated with BSC implementation in both studies. However, the results also disagree on other factors, such as financial resources and job description. Milkiyas (2020) found that finance and BSC design were significant factors that influenced BSC implementation, while this research found that job description was significant and finance was not. The possible reasons for these discrepancies could be the different sample sizes and sampling techniques of the two studies, as well as the different time periods of data collection and analysis.

The fourth study is by Jemal (2019), who conducted a case study on the BSC implementation in Dashen Bank, one of the leading private banks in Ethiopia. He used a qualitative research design and collected data from 15 key informants using semi-structured interviews. He compared the bank's performance before and after the BSC implementation and found that the BSC implementation improved the bank's strategy alignment, service delivery, performance, and employee understanding. However, the results diverged on the factors affecting the BSC implementation. Jemal (2019) identified leadership commitment and support, employee readiness, and performance measurement and reward system as major challenges that hindered the BSC implementation in the bank, while this research only found leadership commitment and support as a significant factor that positively correlated with the BSC implementation, and not the other two factors.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This part of the research discusses summary, conclusion and recommendation of the research findings. The study was examined through descriptive and inferential statistical analysis. Based on the findings of the study the following were the summary, conclusion and recommendation of the research.

#### **5.2 Summary of the Findings**

In the case of this study on factors affecting BSC implementation at Bank of Abyssinia, the summary of findings section would present the key results related to the relationship between the independent variables (Financial resources, Top Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation).

The demographic analysis of the respondents showed that there were more male respondents than female respondents, and that the majority of respondents were between the ages of 18-30 and 31-40. The majority of respondents were highly educated, with almost half having a first degree and nearly the same proportion having a second degree. Most respondents were employees, with only a small percentage in managerial or supervisory positions. The majority of respondents had significant work experience, with over 10 years being the most common.

The descriptive analysis showed that, on average, respondents agreed with the statements related to the independent variables (Financial resources, Top Management Support, Job Description, and BSC Evaluation) and the dependent variable (Effective BSC Implementation). The highest levels of agreement were found for items related to Management Support and BSC Evaluation.

The correlation analysis showed that there is a strong relationship between the independent variables (Financial resources, top Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation). The strongest correlation is between Management Support and Financial resources, while the weakest correlation is between financial resources and BSC Implementation. Overall, all four independent variables are positively related to BSC implementation.

Further, the results of the study support three out of the four hypotheses. H1, which stated that the availability of financial resources has a significant positive effect on the implementation of

BSC at Bank of Abyssinia, was not supported by the data. However, H2, H3, and H4, which stated that top management support, job descriptions, and the evaluation of BSC have a significant positive effect on its successful implementation at Bank of Abyssinia, respectively, were all supported by the data.

Based on the regression results, there is a strong positive correlation between the independent variables (Financial resources, Top Management Support, Job Description, and BSC Evaluation) and the dependent variable (BSC Implementation). Approximately **52.7% of** the variance in BSC Implementation can be explained by the independent variables. The model provides a good representation of the relationship between the independent and dependent variables, suggesting that these variables are important predictors of BSC implementation.

### **5.3 Conclusion**

This study aimed to investigate the factors affecting BSC implementation at Bank of Abyssinia. The independent variables considered in the study were financial resources, Top Management Support, Job Description, and BSC Evaluation. The dependent variable was BSC Implementation.

The study found that there is a strong positive relationship between the independent variables (Financial resources, Top Management Support, Job Description, and BSC Evaluation) and the dependent variable BSC Implementation) at Bank of Abyssinia.

The study employed a descriptive and explanatory research design and used both primary and secondary data sources. The primary data was collected through a questionnaire survey from 1112 employees of Bank of Abyssinia, while the secondary data was obtained from the bank's annual reports and other relevant documents. The data was analyzed using descriptive statistics, correlation analysis, and multiple regression analysis.

The results suggest that Management Support, Job Description, and BSC Evaluation are significant predictors of BSC Implementation, while Finance was not found to be a significant predictor.

The correlation analysis shows that there is a strong positive relationship between the independent variables and the dependent variable, with the strongest correlation being between Management Support and Financial resources.

The regression analysis indicates that approximately 52.7% of the variance in BSC Implementation can be explained by the independent variables. The ANOVA table shows that

there is a highly significant relationship between **the independent variables and the dependent variable**.

The findings of the study revealed that all the independent variables, except for financial resources, have a significant positive effect on BSC implementation at Bank of Abyssinia. The study found that top management support is the most important factor for BSC implementation, followed by job description and BSC evaluation. The study also found that financial resources do not have a significant effect on BSC implementation, contrary to the hypothesis. This implies that the bank has sufficient financial resources to implement BSC, but it needs to improve its allocation and utilization. The study also found that BSC implementation has a positive impact on the bank's performance in terms of customer satisfaction, employee satisfaction, internal processes, and financial outcomes.

The study also provides practical implications for Bank of Abyssinia and other organizations that intend to implement BSC as a strategic management tool. The study suggests that Bank of Abyssinia should enhance its top management support for BSC implementation by providing clear vision, mission, goals, and strategies; communicating them effectively to all employees; involving them in the design and execution of BSC; and rewarding them for their achievements. The study also suggests that Bank of Abyssinia should align its job descriptions with its BSC objectives and measures by defining roles, responsibilities, expectations, and competencies for each employee; providing them with regular feedback and coaching; and linking their performance appraisal and compensation with their BSC results. The study also suggests that Bank of Abyssinia should conduct periodic evaluations of its BSC implementation by monitoring and measuring its progress, outcomes, and impacts; identifying gaps, challenges, and opportunities; and taking corrective actions and improvements.

#### **5.4 Recommendations**

Based on the findings of this study, the following recommendations can be made to improve the effective implementation of the Balanced Scorecard (BSC) at Bank of Abyssinia:

**Increase top management support:** The results of the study suggest that top management support is a significant predictor of BSC implementation. Therefore, it is recommended that Bank of Abyssinia should increase top management support for BSC implementation. This can be achieved through various means, such as **providing adequate resources, setting clear goals**

**and objectives, and communicating the importance of BSC implementation to all employees.**

Improve job descriptions: The study found that job descriptions have a significant impact on the implementation of BSC at Bank of Abyssinia. It is recommended that the bank review and update its job descriptions to ensure that they accurately reflect the roles and responsibilities of employees in relation to BSC implementation. This will help to clarify expectations and improve accountability.

**Enhance BSC evaluation:** The results suggest that the evaluation of BSC has a significant positive effect on its successful implementation at Bank of Abyssinia. It is recommended that the bank should enhance **its BSC evaluation processes to ensure that they are rigorous, transparent, and effective.** This can be achieved through regular monitoring and reporting, as well as through the use of appropriate performance metrics.

**Consider other factors:** While financial resource was not found to be a significant predictor of BSC Implementation in this study, it is still an important factor to consider. The bank should ensure that adequate financial resources are allocated to support BSC implementation. Additionally, other factors such as employee training and development, communication, and organizational culture may also play a role in BSC implementation and should be considered in future efforts to improve this process.

Overall, these recommendations aim to address the key factors identified in the study as contributing to effective BSC implementation at Bank of Abyssinia. By implementing these recommendations, the bank can improve its performance and achieve its strategic goals through the effective use of the Balanced Scorecard.

## **5.5 Limitations of the Study**

This study has provided valuable insights into the factors affecting BSC implementation at Bank of Abyssinia and its impact on organizational performance. However, this study also has some limitations that suggest some directions for future research.

One of the limitations of this study is that it focused on four factors of BSC implementation: financial resources, top management support, job description, and BSC evaluation. However, these **factors may not be exhaustive or sufficient to explain the success or failure of BSC implementation.** Therefore, a possible direction for future research is to identify and examine more factors that influence BSC implementation in the banking sector. For example, future

research could investigate how organizational culture, employee motivation, stakeholder involvement, or external environment affect BSC implementation and performance.

Another limitation of this study is that it examined the relationship between BSC implementation and organizational performance using four dimensions: customer satisfaction, employee satisfaction, internal processes, and financial outcomes. However, these dimensions may not capture all aspects of organizational performance or reflect the strategic goals of the bank. Therefore, another direction for future research is to use other indicators of organizational performance to measure the impact of BSC implementation on the bank's performance.

## **5.6 Future Research Direction**

A possible direction for future research is to identify and examine more factors that influence BSC implementation in the banking sector. For example, future research could investigate how organizational culture, employee motivation, stakeholder involvement, or external environment affect BSC implementation and performance. Another direction for future research is to use other indicators of organizational performance to measure the impact of BSC implementation on the bank's performance. For example, future research could use indicators such as innovation, social responsibility, or market share to evaluate the effectiveness of BSC implementation in achieving the bank's strategic goals.

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## APPENDICES

### APPENDEX 1. QUESTIONNAIRE

This questionnaire is part of a thesis research paper and aims to gather information on the factors affecting the implementation of balanced scorecard at Abyssinia Bank. Your participation in this survey is voluntary and your responses will be kept confidential. The survey should take approximately 5-10 minutes to complete. Thank you for your time and valuable input.

Section one: General information of Respondents Back ground Information

Please put right mark (√) in front of your choice box that express yourself.

1	Sex	Male <input type="checkbox"/>	Female <input type="checkbox"/>		
2	Age	18-30 <input type="checkbox"/>	31-40 <input type="checkbox"/>	41-50 <input type="checkbox"/>	>50 <input type="checkbox"/>
3	Educational Level	Diploma <input type="checkbox"/>	First Degree <input type="checkbox"/>	Second Degree <input type="checkbox"/>	Third Degree <input type="checkbox"/>
4	Work Position	Manager <input type="checkbox"/>	Supervisor <input type="checkbox"/>	Employee <input type="checkbox"/>	
5	Experience	<2 years <input type="checkbox"/>	3-5 years <input type="checkbox"/>	5-9 years <input type="checkbox"/>	>10 years <input type="checkbox"/>

Section Two: Factors affect balanced scored card (BSC) Implementation

This questionnaire tries to assess Factors affecting BSC implementation. Therefore, you are required to give your opinion, to what extent your organization has done the Activities to implement BSC. Considering your organization’s experience, please use the following scale on each of the identified issues associated with the implementation of BSC. Rating Scales 5 Strongly Agree 4-Agree 3-neutral 2-Disagree 1- Strongly Disagree

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Effect of Financial Resource on BSC Implementation						
1	The organization has adequate financial resources to implement BSC.					
2	There is a performance-based pay system in place within the organization.					
3	The annual budget is allocated according to the organization’s strategic objectives.					

4	High-performing employees are rewarded within the organization.					
5	The organization have its own plan to motivate employees toward BSC implementation.					
6	Employees are compensated fairly for the work they do.					
2.Effect of Management Support on balanced scored card (BSC) Implementation						
1	The top management of the organization is involved in setting BSC targets.					
2	The top management supports the department in achieving individual targets.					
3	The top management is aware of the investment required and longterm benefits of BSC.					
4	The top management is committed to providing resources for BSC implementation.					
5	The top management clearly communicates performance management systems to employees.					
6	The top management regularly reviews and updates BSC targets and objectives.					
7	There is a system in place for employees to provide feedback to top management on BSC					

	implementation.					
<b>3. Effect of Job Description on balanced scored card BSC Implementation</b>						
1	The day-to-day activities of each employee are aligned with the organization's strategy.					
2	Each employee's job description is in line with the organization's goals and objectives.					
3	All employees and their jobs are aligned with the organizational plan.					
4	Target cascading for employees is based on job title and job grades.					
5	Individual employee targets are designed to achieve organizational goals.					
6	Employee job descriptions are regularly reviewed and updated to reflect changes in organizational goals and objectives.					
7	There is a system in place for employees to provide feedback on their job descriptions and alignment with organizational goals.					
<b>4. Effect of BSC evaluation on BSC Implementation</b>						
1	The performance contract and appraisal are submitted to the concerned body in a timely manner.					

2	BSC measures of performance are directly linked to the strategic objectives of the company.					
3	The organization's evaluation is based on the targets or plans of the BSC.					
4	Performance progress is monitored periodically before formal evaluation.					
5	Formal evaluation of the organization takes place regularly.					
6	Evaluation is conducted through open and transparent two-way communication.					
7	The influence of superiors on evaluation is minimized.					
8	The BSC evaluation system is user-friendly.					

Section Three: Basic issues for balanced scored card (BSC) implementation

1	General staff members are engaged in the formulation of strategies and balanced scorecard implementation.					
2	The organization's strategic goals are properly represented in the balanced scorecard.					
3	There is alignment between the organization's activities and its vision and strategy.					

4	Internal and external communication has improved.					
5	Employees receive cascaded monthly targets to manage their work performance.					
6	The organization provides an environment for learning and growth.					
7	The organization has enhanced its information technology and systems.					
8	The organization's balanced scorecard performance is monitored against its strategic goals.					
9	The efficiency of the organization's operations has improved.					
10	The achievement of the organization's objectives has improved.					

APPENDEX 2.

Table 4.2 RELIABILITY STATISTICS

Financial Resource Reliability Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.813	.815	6

Top Management Support Reliability Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.893	.895	7

Job Description Reliability Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items

.705	.850	7
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BSC Evaluation Reliability Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.858	.859	8

BSC Implementation reliability result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.898	.903	10

All Variables Together Reliability Result

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.941	.955	38

APPENDIX 3.

Table 4.8. Correlation Statistics

		Finance	Management Support	Job Description	BSC Evaluation	BSC Implementation
Finance	Pearson Correlation	1	.685**	.578**	.626**	.534**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	205	205	205	205	205
Management Support	Pearson Correlation	.685**	1	.591**	.645**	.605**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	205	205	205	205	205
Job Description	Pearson Correlation	.578**	.591**	1	.515**	.639**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	205	205	205	205	205
BSC Evaluation	Pearson Correlation	.626**	.645**	.515**	1	.614**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	205	205	205	205	205
BSC Implementation	Pearson Correlation	.534**	.605**	.639**	.614**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	205	205	205	205	205

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4.9 Descriptive Statistics

	N		Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error	Statistic	Std. Error
Finance	205		-.480	.170	.252	.338
ManagmentSupport	205		-.670	.170	1.456	.338
JobDescription	205		-.673	.170	1.083	.338
BSCEvaluation	205		-.336	.170	.126	.338
EffcBSCImplementation	205		-.636	.170	1.187	.338
Valid N (listwise)	205					

Table 4.11. Regression Statistics Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733a	.537	.527	.39640

a. Predictors: (Constant), BSCEvaluation, JobDescription, Finance, ManagmentSupport

Table 4.12 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.402	4	9.100	57.916	.000b
	Residual	31.426	200	.157		
	Total	67.828	204			

Dependent Variable: BSCImplementation

Predictors: (Constant), BSCEvaluation, JobDescription, Finance, ManagmentSupport

Table 4.13 Coefficients

Model	Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	1.176	.187		6.286	.000		
(Constant)	.001	.060	.001	.016	.987	.445	2.247
Finance	.169	.065	.192	2.596	.010	.422	2.368
ManagmentSupport	.260	.044	.371	5.885	.000	.584	1.713
JobDescription	.280	.063	.298	4.427	.000	.511	1.958

a. Dependent Variable: BSC Implementation

