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SCHOOL OF COMMERCE
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT**

**THE EFFECT OF BALANCED SCORECARD ON
ORGANIZATIONAL PERFORMANCE IMPROVEMENT (THE
CASE OF ETHIOPIAN FEDERAL POLICE COMMISSION)**

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Commerce for Partial Fulfillment of the Requirements for the
Degree of Masters in Human Resource Management.**

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Declaration

I, Mikiale Gebremaryam, declare that this work entitled “the effect of BSC on organizational performance improvement the case of Ethiopian federal police commission” is outcome of my own effort and that all source materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this university or any other university. It is submitted for the partial fulfillment of the masters of Arts Degree in Human Resource management.

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Acronyms

BSC	Balanced score card
BPR	Business process reengineering
CSF	Critical success factor
SBU	System business unit

Abstract

The aim of this study to be conducted in Ethiopian Federal Police Commission was to identify the effect of balanced score card on the overall organizational improvements and to know the challenges in implementing the balanced score card in the commission. Hence, for this study, three basic research questions have been endorsed. Furthermore descriptive research method and stratified sampling were employed .To answer these questions, different data instruments which are closed end questionnaire, interviews, and secondary data analysis has been used. These data were analyzed through descriptive statistics method. The findings of this study shows that lack of commitment of leaders in the commission in implementing BSC, incentives are not aligned with the BSC implementation process, individual employee performance after the BSC implementation is not improved. From this, the researcher concludes that organizational performance has not been improved after the full implementation of BSC in the commission. Therefore, for future improvement, recommendations have been forwarded.

CHAPTER ONE-INTRODUCTION

1.1.BACK GROUND OF THE STUDY

Successful organizations more than ever realize that performance management is a critical tool, particularly in translating an organization's /mission/ and strategic goals into results or desired outcomes (**DDI Performance Management Practices Survey Report, 1993 & 1997**). High performing organizations use PM system for improving organizational performance by developing the performance of individuals and teams (Armstrong, 2009).

According to the results of the DDI survey report, Performance management continues to grow and develop as an integrated business system, with strong links to business strategy, specific HR practices and other systems.

Balanced Scorecard (BSC) is one of the most popular developments with regard to the efforts in establishing an integrated business system (strategic approach). It is a strategic planning and performance management tool or a measurement framework that is used to align individual performance goals to corporate objectives through a cascading process. (<http://archive.opm.gov/perform/wppdf/handbook.pdf>).

BSC as a strategic management framework has drawn extensive attention from so many practitioners and researchers since early 1990s. In 1992, Kaplan and Norton introduced the BSC as a performance measurement system. But today, with a lot of refinements, BSC is used to translate an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic planning and management system. The BSC institute states that BSC has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. It enables organizations to clarify their vision and strategy and translate them into action.

What makes BSC interesting is its emphasis on both financial and non-financial measures of performance. The traditional measure of organizational performance was achieving

financial objectives without or with little consideration of the performance drivers of financial objectives. (Nortan and kaplan ,1996).

In today's complex competitive environment, it sounds vital that managers need to be aware of many aspects of their environment and performance rather than just focusing only on financial objectives. The BSC enables companies to track financial results as well as monitoring the progress in building the capabilities and acquiring the intangible assets they need for future growth (Kaplan & Norton, 1993). BSC measures (i.e., balances) organizational performance across four perspectives (lenses): financial, customers, internal business processes and learning and growth.

According to the proponents of BSC, the successful development and implementation of BSC has so many advantages for the organizations whether they are business, governments or non-profit. Kaplan & Norton believe that organizations need to use BSC approach to strategic planning and performance management system for a number of reasons:

- To increase focus on strategy and results
- To improve organizational performance by measuring what matters
- Alignment of organization strategy with the work people do on a day to day basis
- To focus on the drivers of future performance
- Communication of the organization's vision and strategy
- To Prioritize projects/initiatives

The BSC approach to strategic planning and performance management seems to be a fashion these days, whether it is by recognizing the benefits or not. According to BSC institution, this strategic management system is used extensively by business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of an organization, improve internal and external communications, monitor organization performance against strategic goals.

The new approach to strategic management has been introduced recently by Ethiopian government both at regional and federal levels; almost in all sectors including the civil service, financial industry and other public enterprises. Ethiopian federal police

commission is one of these institutions, with the expectation to benefit from the envisaged benefits.

But, is really BSC helps to improve performance as expected? How is the journey to date? What are the challenges in the BSC development and implementation processes of the Ethiopian federal police commission?

So, in this study, “the effects of BSC implementation on performance improvement” was assessed so as to see the status, identified the bottlenecks and proposed potential solutions based on critical review of literatures and the findings.

1.2. STATEMENT OF THE PROBLEM

The need to remain competitive, productive and open to the challenges of the future in the face of organizational change is becoming more important than ever, and the demand for innovative technology and service in the information age environment is just one of the challenges facing companies today (Kaplan and Norton 1996). Organizations are recognizing that a different approach to strategic management and organizational development, one that could respond to these challenges, was needed. On the strategic level the Balanced Scorecard translates an organization’s mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. A successful Scorecard program demands a high level of commitment and time. (Kaplan and Norton 1996).

The success of Ethiopian Federal Police Commission in General is reflected upon by its performance which is in turn highly dependent upon its strategies. In this era of cut-throat competition, what company requires is not just framing the right strategies, but also managing the same. The effect of the right strategies will automatically be reflected in the results. Moreover, the commission has to understand that it needs to give impetus not only towards the financial expenditure but also towards satisfaction of the customers, development of state-of-the-art technologies and creation of an environment of learning and growth in order to give excellent service to the Public. The Balanced Scorecard is such an innovative tool which has considered not just the financial indices but also the non-financial indicators as equally critical in determining organizational performance.

This tool brings a link between strategy and action. Due to these, the framework is gaining increasing importance among different management tools in the public sector.

Experience of implementing and using the BSC has been investigated in numerous studies, in private and public organizations alike. The results differ in terms of success and failure, but with an apparent predominance of success stories (Mooraj et al., 1999; Chan, 2004). Chan (2004) provides the following list of enablers for successful implementation: top managers' commitment; middle managers' and employees' participation; a culture of performance excellence; training and education; keeping the BSC easy to use; clarity of vision, strategy and outcome; links with incentives; and resources to implement the BSC.

Locally, a few studies on balanced scorecard have been done which includes; extent of use of balanced scorecard for employee performance management in commercial banks in Ethiopia, (Gizaw, 20013), The Application of the balanced scorecard in implementation of strategy at women, children, and youth (Gaym, 2012) and application of the balanced scorecard in strategy at higher institution in Ethiopia (Tilaye, 2010). some of the major causes of the challenges in the federal police commission faced in using the balanced score card to improve their performance are lack of skilled man power, lack of resources, lack of top management commitment, politicization of public administration, and lack of adequate knowledge in the subject matter.

To the researcher's knowledge, no study has been done in Ethiopian Federal Police Commission on the effect of BSC implementation on performance improvement and the challenges as a strategic management tool in the public sector and hence this study seeks to fill the knowledge gap.

1.3. Research Questions

This study tries to answer the following questions:

- ❖ To what extent the BSC implementation improves the overall performance of the organization?

- ❖ To what extent the BSC implementation process is aligned and contributes to the success of strategic objectives of the organization?
- ❖ What are the main problems and challenges in the BSC implementation process?

1.4. Objectives of the Study

The general objective of this study was to examine the effects of BSC implementation on performance improvement.

Specifically, this study aims to achieve the following objectives:

- To critically examine the effect of BSC implementation on performance improvement.
- To assess the major challenges & gaps of the BSC implementation.
- To assess whether the BSC implementation process is aligned and contributes to the success of strategic objectives of the organization?
- To Propose potential solutions based on critical review of literatures and the findings.

1.5. Significance of the Study

This study is important to various stakeholders. It is specifically important to the following stakeholders for the following reasons:

The study is important not only to Ethiopian Federal Police Commission Managers but also to other Managers in other industry Sector. It will help them understand the importance of balance scorecard and how to it helps achieve success as a strategic management tool. The study will also help other Managers know the methods used in gathering and applying balance scorecard, which will help them, improve their strategic management styles.

The study will also be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. It will also highlight other important relationships that require further research; this may be in the areas of relationships between balance scorecard and firm's performance. The results of

this study shall be used by academics to discuss issues of balanced scorecards and strategic management in Ethiopia.

1.6. Delimitation of the Research

The study intended to investigate the effect of BSC implementation on performance improvement, with respect to BSC framework and principles and actual practices.

The researcher recognizes that an in-depth investigation is required to generalize about the status/progress. However, due to constraints like, time, cost and other resources, the study was limited to at the head quarter of Ethiopian Federal Police Commission.

1.7. Organization of the Paper

The final research report of this study has mainly 5 chapters and subtopics in each Chapter. Accordingly:

Chapter one deals with the general background of the study, the statement of problem, research questions, general and specific objectives of the research, the delimitation of the research, the challenges faced the researchers and techniques employed by researchers to overcome the problems . The second chapter the second chapter deals with the written materials that are appropriate to this research were summarized and depicted in this chapter. It is a chapter that indicates the written materials that supported the researcher to develop their conceptual background regarding the area of study.

Chapter three deals with the method of the research, the population of this study, sample of the study, the methods that the researcher employed in identifying the population, selecting the sample, instruments used to collect information/data, mechanisms used to analyze data and similar activities clearly discussed. Chapter four deals with data presentation, analysis and interpretation.

This is the final chapter of the research report that contains conclusion made by the researcher and possible measures that researcher suggest overcoming the identified problems to responsible body.

CHAPTER TWO

LITERATURE REVIEW

2. Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical background of the BSC, challenges of a BSC; the balance score card as a tool for performance and the effects of a BSC on performance.

2.1 Historical Background

During the industrial age, from 1850 to about 1975, companies succeeded by how well they could capture the benefits from economics of scale and scope. Technology mattered, but, ultimately, success accrued to companies that could embed the new technology into physical assets that offered efficient, mass production of standard products,(Kaplan and North, 1996). During the age financial control systems where developed in companies, such as general motors, DuPont, Matsushita, and general electric, to facilitate and monitor measure such a return- on- capital- employed (ROCE) could both direct a company's internal capital to its most productive use and monitor the efficiency by which operating division used financial and physical capital to create value for share holders, (Kaplan and Norton, 1996).

In the early 1980s, however, people began to recognize the financial reporting was an inadequate basis for managing modern businesses. Times had changed; industrial age competition is shifting to information age competition. "The information a environment for both manufacturing and service organizations requires new capabilities for competitive success. The ability of a company to mobilize and exploit its in tangible or invisible assets has become for more decisive than investing and managing physical, tangible assets, "(Kaplan and Norton, 1996). Investing in, managing, and exploiting the knowledge of every employee, motivation and process capabilities have become critical to the success of the information age companies. Therefore, for a company operating in the information age and complex competitive environment to be navigated by quarterly

and annual financial reports only, will no longer enable companies gain sustainable competitive advantage.

Companies in the contemporary competitive environment needed to track results while simultaneously monitoring progress in building the capacity and acquiring the intangible assets they need in the future growth.

The balanced score card approach grew out of a multi- company study group in the early 1990's sponsored by CEO of the Nolan Norton institute, David P. Norton, with support from Dr Robert S. Kaplan, the Arthur Lowes Dickinson professor of accounting at the Harvard business school (Bose and Thomas, 2007). Kaplan and Norton's BSC concept challenged this traditional, single focused approach to performance measurement. They noted that examining only financial outcomes did not provide a company the full picture of its overall performance that is in fact ignored the other factors at play in a company's performance. And, proposed that organizations consider all the factors that influence overall performance in order to get a balanced view. They urged companies to ask and to measure, "if we're going to succeed financially (the overall mission for businesses) what is it that we do well from our customers perspective,?" and "if we are to meet these customer needs, what is it that we must do well internally?" by answering such questions, organizations would be considering their performance from all perspectives financial, customer, and internal.

2.2 Basic concept of the Balanced Scorecard

The BSC is an integrated performance management system that enables organizations to clarify their strategy and translate it into action, (Papaioannou and Finstein, 2006). Many companies these days have adopted mission statements to communicate fundamental values and beliefs to all employees. The mission statement addresses core beliefs and identifies target markets and core products. In addition to this, mission statements need to be inspirational. They should supply energy and motivation to organization. But inspirational mission statements and slogans are not sufficient. As Peter Senge (2004), observed "many leaders have personal visions that never get translated into shared vision that galvanize an organization what has been lacking is a discipline for translating

individuals vision in to shared vision. “The balanced score card translates vision, mission and strategy in to objectives and measures, organized in to four different perspectives; financial, on customer, internal business process, and learning and growth.

2.2.1 Mission

The mission is the highest, heading level of the score card. It answers the questions:

- What is one over all reason for being?
- What is sour mission:
- Why do we exist as organ?

Perspectives

Perspectives represent the various areas that influence performance and over all achievement of the mission. There are typically four to five perspectives with in a score card; they do not argue that these perspectives are necessary and sufficient conditions for success. In fact, they recommend these perspectives but suggest that organs add any perspectives that are more relevant (mohan Nair, 2004). Perspectives answer the question: what are our key areas of focus in trying to achieve our mission?

- The financial perspective (how do we look to financial resource providers
- The customer (stake holder) perspective how do stake holders see up
- The internal process perspective – (at what must we excel?)
- The learning and growth perspective (can we improve our ability to grow?(Paper housen and eistein, 2006)

2.3.3 Objectives

Within each perspective, objectives identify what needs to be done in order to achieve the overall mission. The answer to the questions:

- What must we do (from each perspective) to achieve the overall mission?
 - What is most important (from each perspective) to achieving the overall mission?
- They are usually multiple objectives for/within each perspective.

2.2.4 Measures

Measures provide a way to determine how an organization is doing in achieving the objectives within the perspectives and in turn the overall mission. They are the most “actionable” component in the score card. For each measure, a target is set so that progress toward the objective can be evaluated. Measures answer the question:

- How do we know how well we’ are doing in achieving our objectives, and in turn our overall mission? (Paper housen and eistein, 2006)

2.2.5 Initiatives

Strategic initiatives together with their respective implementation budgets (if they had any), are what support the achievements of the strategic objectives. To build accountability throughout the organization ownership of performance measures and strategic initiatives is assigned to the appropriate staff and dominated in data definition tables. (Norton and Kaplan, 1996)

2.3 Evolution of the Balanced Scorecard

The balanced score card was first introduced in the early 1199s through the work of Robert Kaplan and David Norton of the Harvard business school. Since then, the concept has become well known and its various forms widely adopted across the world (Rigby, 2001; cobbold and lawrie, 2002)

During the dozen years since the advent of balanced score card, changes have been made to the definition of what constitutes balanced score card. The changes have enabled related changes to be made to the design processes used to create the device with in the organizations. These evolutions of the balances score card can be largely attributed innovation driven by empirical evidence of weakness in the device created, rather than in the original idea. Early balanced score cards failed because they were very difficult to design well, in part because the characteristics of an effective balanced scorecard were not well characterized. The need to have a design process that made measure selection

more relevant and part of the collective view of management team drove the major changes from the organizational concept that can be seen in two subsequent.

2.4 The Need for BSC

An organization's measurement system strongly affects the behavior of people both inside and outside the organization. If companies are to survive and prosper in information age competition, they must use measurement and management systems derived from their strategies and capabilities. According to Kaplan and Norton (1996) organizations implement BSC for the following reasons:

- Increase focus on strategy and results
- Improve organizational performance by measuring what matters
- Align organization strategy with the work people do on a day-to-day basis
- Focus on the drivers of future performance
- Improve communication of the organization's Vision and Strategy

2.4.1 BSC Principles

Kaplan and Norton, in their second book (1996) *The Strategy Focused Organizations*, proposed to build BSC around the five management principles so as to ensure the success of the development and implementation. These five success principles are:

1. Mobilize change around/through executive leadership
2. Translate strategy into operational terms
3. Align the organization to the strategy
4. Motivate to make strategy everyone's job
5. Govern to make strategy a continual process

2.4.2. The BSC as a Management System

The Balanced Scorecard is not only a measurement framework but also a tool that helps organizations to identify, plan and execute their strategies.

The' Balanced Scorecard helps to translate a business unit's mission and strategy into tangible objectives and measures.

BSC a strategic Planning and PMS balances:

- Both financial and non-financial measures
- Short and long term measures
- Performance drivers (leading indicators-that drive future performance) and outcome (lagging) measures(i.e. the results from past efforts)
- Between objectives, easily quantified outcome measures and subjective, somewhat judgmental, performance drivers of the outcome measures.
- Between external measures for shareholders and customers, and internal measures of critical business processes, innovation, and learning and growth.(Kaplan and Norton,1996)

The balanced scorecard suggests viewing the organization from four perspectives (Paper housen and eistein, 2006) ,and to develop metrics, collect data and analyze it relative to each of these perspectives:

- **THE LEARNING AND GROWTH PERSPECTIVE:** concerned with “how we sustain our ability to change and grow”. That is concerned with how an organization's performance management system supports high performance. All people management practices and IT packages fall under this perspective. (Paper housen and eistein, 2006) .
- **THE BUSINESS PROCESS PERSPECTIVE:** It is concerned with increasing efficiency, productivity and quality to satisfy customers. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (Kaplan and Norton,1996).
- **THE CUSTOMER SERVICE:** It is concerned with what an organization's customers require from it and how it meets their requirements. These are leading indicators: if customers are not satisfied, they will eventually shift to other suppliers that will meet their needs. Poor performance from this perspective is

thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups requirements (Kaplan and Norton, 1996).

THE FINANCIAL PERSPECTIVE: concerned with what must be done to create sustainable economic value.

The next step is formulating strategic objectives in each perspective of the BSC and the objectives are logically connected by a cause and effect relationship (**strategic mapping**)

Finally, for each strategic objective, performance measures with targets and initiatives are designed.



4 Perspectives in Balanced Scorecard



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Therefore, the Balanced Scorecard is more than a tactical or an operational measurement system. Therefore, the BSC is more than an operational measurement system and used today as a strategic management system, to manage business strategies.

It is used to accomplish critical management processes:

1. Clarify and translate vision and strategy
2. Communicate and link strategic objectives and measures
3. Plan, set targets, and align strategic initiatives
4. Enhance strategic feedback and learning

5. Building & Implementing a Balanced Scorecard



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(Kaplan and Norton, 1996).

2.5, BSC and its Effect on Performance Improvement

The case study on the Freemantle port authority, Western Australia, by implementing balanced Scorecard, the authority got a significant impact on its organizational structure, operations as well as the overall performance of the organization. (Ridwan et al. 2013). In recent years, the advantage and use of BSC is owned both in private and public sector commercial and noncommercial entities Ridwan (as cited in Lawson, Stratton, and Hatch, 2006; Kaplan, 2010). More than 50% of fortune (wealthy) 500 companies adopt the BSC or its variations as a main performance measurement and strategic management tool Ridwan (as cited in Gumbus, 2005). The adoption of key performance indicators (KPIs) should be developed as an integral part of BSC adoption, as it provides the basis on which the system is part of the critical linkage between strategy execution and

strategy adjustment Ridwan (as cited in Slater, Olson and Reddy, 1997) It is very important for policy makers and managements for public sector organizations to take into account the environments and strategic factors in developing and implementing only management tools such as BSC Ridwan (as cited in Niven 2002)Wisniewski and Stewart (2004), Aderoft and Willis (2005)) in recent years New Public Management (NPM) practices or reforms under taken in European, Asian and African Countries and other part of the world (Harun and Komase, 2012) through the previous studies provided evidences on positive impact of using corporate scorecard on firms performance, however these studies were mostly concerned with profit-seeking organizations. But although it is a case study in Fremantle port authority (FPA), balanced scorecard brought a significant impact on the organizational structure, operations as well as the overall performance of the organization. (Ridwan et al. 2013).

Empirical evidence from Dutch firms suggests BSC use will not automatically improve company performance, but that the manner of its use matters: BSC that complements corporate strategy positively influences company performance, while BSC use that is not related to the strategy highly decrease it. (*Geert J.M. Braam and Edwin. J* Nijssen,2004.*)

The results of the first group of studies show positive and negative relationship between BSC use and performance. A possible explanation for these ambiguous and inconsistent findings may be luck of control in these studies for differences in implementation and the actual way in which Instrument is used. The second type of research confirms that there are serious differences in away the BSC is or can-be -used. As-a comprehensive performance measurement system the BSC affects the quality of information for decision making. When co-aligned carefully corporate strategy it helps a company's strategic focus and increases performance. (Heinz Ahn, 2001)

The study supplements Kaplan and Norton's roadmap with additional suggestions which are using multidisciplinary project teams to help effective implementation of the BSC.

- Using baseline set of performance indicators; using simple measures, and focus on the ones as key for organizational control and strategy.
- Careful monitoring or initial BSC measurement effectiveness,

- Top management should be alert to the dynamic environment of the firm.
The Balanced Scorecard can enhance organizational performance, but managers should be careful of the requirements for its implementation and use. (*Geert J.M. Braam and Edwin.J. Nijssen, 2004*)

The study on Balanced Scorecard (BSC) usage and financial performance of Branches in Jordanian Banking Industry, (Hamzah Hussein Al-Mawali, Yuserrie Zainuddin, Noor Nasir Kader Ali, 2010) concluded, in particular on the measurements which is in financial performance of branches. The results fully support the notions that there are link between financial branches performance and the overall BSC measures usage. Although this study found support for the positive impact of overall Balanced Scorecard implementation usage on financial performance, results of this study are rather diverse when taking the four perspectives of BSC measures individually. An interpretation of the results is that branches with greater usage of Customer Oriented indicators and Product/service Oriented indicators will experience enhancement in financial performance.

The findings reveal that there are some departments whose type of designed jobs allowed managers to know better about the implementation of BSC. Others departments managers did not have the same facility and understanding for doing so, which resulted in the setting of Unachievable objectives, inappropriate targets and hard-to-measure performance indicators. This problem arose because of the lack of experience of some department heads about the BSC, some of whom had never participated in a strategic planning process and the like before. When the process was reviewed, managers acknowledged that the BSC helped them to devise viable plans Mi also allowed them to manage their departments better. There was a consensus across the Management team and an acceptance that the results from the BSC performance indicator provided a useful basis for launching a 'performance remuneration regime', to be introduced in the course in 2008.

The findings gathered in this research confirm the assumption that an organization should develop a different Balanced Scorecard for each business unit rather than create an overall framework for the entire organization. The evidence is quite overwhelming

that an individual Balanced Scorecard for each unit induced cooperation rather than competition and synergy rather than disintegration. The researchers reached another interesting conclusion from the observations gathered throughout the analysis which has to do with the BSC strategic map. According to their site, Kaplan and Norton (2001), government and non-profit organizations should put the customer or citizen at the top of their strategic map because this type of organization does not seek profits. The researcher's conclusion is that (Arthur Bernard's Foundation) does not pursue profits, although it does desperately need financial stability in order to survive, which is ensured by good financial performance. Besides satisfying the Administrative and the Fiscal Councils, needs to face the University as a strong stakeholder whose demands need to be met, and it needs to be assured that the financial resources obtained from public and private funding agencies are being managed in a wise and safe way. By securing these ends, it will be possible to secure the Foundation's financial health in the long term, the Balanced Scorecard as a performance management tool for third sector organizations. The case of the Arthur Bernard's Foundation, Brazil (Ricardo Correa Gomes and Joyce Liddle,2001).

Most organizations did not have formal system to help them execute their strategies, only 40% of organizations linked their budgets to their strategies and only 30% linked incentives compensations to strategies, fewer than 10% employees understand their companies' strategy .Clearly employees who do not understand the strategy cannot think their daily activities to its successful execution. More over 85%excutive""teams spent less than one hour per month discussing strategy with 50% spent no time on the strategy discussion, the execution premium (Kaplan, 2008)

The study conducted on the impact of BSC on the case of Australian public sector enterprise, finds that:

- The method is primarily relies, on- document examination of official reports issued by FPA The case study report analysis was the implementation, and impact of a scorecard since it was adopted in 1999until 2001

- The analyzed report was official documents including annual report (CEOs report, financial statements) and other related publications as means to compare and understand the differences of FPAs performance before and after the implementation of the company's corporate scorecard. International business research; (Ridwan et al. 2013).

More and more organizations are forming to performance management for seamless answers to those three fundamental business questions. A recent American Medical Response (AMR) survey showed continued strong demand for performance management in all types of organizations in North America. It also found that demand for dash boards and scorecards is to outpacing all other performance management segments, indicating on urgency to keep an eye on our performance. (Rodica maria,1998).

Rising expectations for public sector performance have driven many public organizations to use score carding to monitor and manage their way to improved performance with well documented successes. Scorecards provides the means to capture and clearly articulate the organizations strategy, align all stakeholders and employees toward those goals, and help measure and manage the organizations progress towards those objectives. (Rodica maria,1998).

2.6 Building and Implementing The BSC: The Nine Steps To Success

Step one of the scorecard building process starts with an assessment of the organization's Mission and Vision, challenges (pains), enablers, and values. Step One also includes preparing a change management plan for the organization, and conducting a focused communications workshop to identify key messages, media outlets, timing, and messengers.

In Step Two, elements of the organization's strategy, including Strategic Results, Strategic Themes, and Perspectives, are developed by workshop participants to focus attention on customer needs and the organization's value proposition. (Ridwan et al. 2013).



Source: (Ridwan et al. 2013).

In Step Three, the strategic elements developed in Steps One and two are decomposed into Strategic Objectives, which are the basic building blocks of strategy and define the organization's strategic intent. Objectives are first initiated and categorized on the Strategic Theme level, categorized by Perspective, linked in cause-effect linkages (Strategy Maps) for each Strategic Theme, and then later merged together to produce one set of Strategic Objectives for the entire organization. (Ridwan et al. 2013).

In Step Four, the cause and effect linkages between the enterprise-wide Strategic Objectives are formalized in an enterprise-wide Strategy Map. The previously constructed theme Strategy Maps are merged into an overall enterprise wide Strategy Map that shows how the organization creates value for its customers and stakeholders.

In Step Five, Performance Measures are developed for each of the enterprise-wide Strategic Objectives. Leading and lagging measures are identified, expected targets and

thresholds are established, and baseline and benchmarking data is developed. .(Ridwan et al. 2013).

In Step Six, Strategic Initiatives are developed that support the Strategic Objectives. To build accountability throughout the organization, ownership of Performance Measures and Strategic Initiatives is assigned to the appropriate staff and documented in data definition tables.

In Step Seven, the implementation process begins by applying performance measurement software to get the right performance information to the right people at the right time. Automation adds structure and discipline to the system and helps people make better business decisions. (Ridwan et al. 2013).

In Step Eight, the enterprise-level scorecard is ‘cascaded’ down into business and support unit scorecards, meaning the organizational level scorecard (the first Tier) is translated into business unit or support unit scorecards (the second Tier) and then later to team and individual scorecards (the third Tier). Cascading translates high-level strategy into lower-level objectives, measures, and Operational details and is the key to organization alignment around strategy. (Ridwan et al. 2013).

In Step Nine, an Evaluation of the completed scorecard is done. During this evaluation, the organization tries to answer questions such as, ‘Are our strategies working?’, ‘Are we measuring the right things?’, ‘Has our environment changed?’ and ‘Are we budgeting our money strategically?’ (Ridwan et al. 2013).

2.7 Balanced Scorecard and Strategy- Focused Organization

As we have seen in the previous section “the balanced score card was initially conceived as an organizational performance measurement tool that included non- financial as well as financial measures. By ensuring that all of the objectives and measures inherent to it are derived from the organization’s vision and its resulting strategy, strategy focused organizations have transformed the balanced score card from a performance management tool into a strategic tool, (Kaplan and Norton, 2001)

Using the scorecard allows the companies to redefine the relationship with the customers, to reengineer fundamental their business process, teach their work forces new skills and deploy technology infrastructure. A new culture emerges, centered on the team effort required to support the strategy. Companies like Mobil have used the balanced score card approach to focus their organizations on strategy by adhering to the five key principles, (Kaplan and Norton, 2001). This will be.

1. Translate the strategy in to operational terms
2. Align the organization to the strategy
3. Make strategy every one’s every day job
4. Make strategy a continual process
5. Mobilize change through executive leadership.

2.8 Balanced Scorecard in the Public Sector

While initially developed for private sector enterprises, the Balanced Scorecard was soon extended to nonprofit and public sector enterprises. Prior to the development of the Balanced Scorecard, the performance reports of nonprofit and public sector enterprises focused only on financial measures, such as budgets, funds appropriated, donations, expenditures, and operating expense ratios. Clearly, however, the performance of nonprofit and public sector enterprises cannot be measured by financial indicators. Their success has to be measured by their effectiveness in providing benefits to constituents. The Balanced Scorecard helps and public sector enterprises select a coherent use of

nonfinancial measures to assess their performance with constituents. (Rodica maria,1998).

Since financial success is not their primary objective, public sector enterprises cannot use the standard architecture of the Balanced Scorecard strategy map where financial objectives are the ultimate, high-level outcomes to be achieved. Public sector enterprises generally place an objective related to their *social impact* and *mission*, such as reducing poverty, pollution, diseases, or school dropout rates, or improving health, biodiversity, education, and economic opportunities. A nonprofit or public sector agency's mission represents the accountability between it and society, as well as the rationale for its existence and ongoing support. The measured improvement in an public sector enterprises social impact objective may take years to become noticeable, which is why the measures in the other perspectives provide the short- to intermediate-term targets and feedback necessary for year-to year control and accountability. (Kaplan, 2008)

One additional modification is required to expand the customer perspective. Donors or Taxpayers provide the financial resources—they pay for the service—while another group, the citizens and beneficiaries, receive the service. Both constituents and resource suppliers should be the placed at the top of an public sector strategy map. (Kaplan, 2008)

2.9 Dealing with Challenges of BSC Implementation

The main problem is that it does not provide practical guidance for deployment, and some executives view it as a "quick fix" that can easily be installed in their organizations. Implementing a balanced metrics system is an evolutionary process, not a one-time task that can be quickly checked off as “completed”. If executives do not recognize this from the beginning and fail to commit to the long term, then the organization will realize disappointing results. However, some approaches allow for a rapid start to the metrics system evolution. (Ricardo Correa Gomes and Joyce Liddle, 2001).

Poorly Defined Metrics - Metrics need to be relevant and clear. They should be depicted with visual indicators that are easily understood. In addition, metrics need to be collected at the ideal frequency for making decisions, and defined in such a way that the measurement can be consistently applied across the firm, even if their targets of

performance differ (and they should). A system that has sloppy or inconsistently defined metrics will be vulnerable to criticism by people who want to avoid accountability for results. . (Ricardo Correa Gomes and Joyce Liddle, 2001).

Lack of Efficient Data Collection and Reporting - A primary reason that companies overemphasize financial metrics at the expense of other important operating variables is the simple fact that systems already exist for collecting and reporting financial measures. Companies that deliberately plan to define the vital few metrics and commit the resources to automate data collection and subsequent reporting tend to achieve good results. Unfortunately, in most organizations, if collecting metrics data consumes too much time and energy, they will not be captured. That is why it is important to prioritize key performance indicators so you can be confident that your investment in metrics is spent on the information that will be most relevant to improving organizational performance.

Lack of a Formal Review Structure - Scorecards work best when they are reviewed frequently enough to make a difference. If a metric value changes on a daily basis and the variables within the control of management can be affected on a daily basis, then the metric should be reviewed on a daily basis. Additionally, metrics review meetings should follow a standard agenda, with clearly defined roles for all attendees and an expectation that follow through on any agreed upon actions will be monitored at each meeting. (Gomes and liddle, 2009).

No Process Improvement Methodology - The value of Balance Scorecard systems relies on the premise that once performance problems are identified, there is an efficient and effective method for diagnosing and addressing root causes. Solutions can then be developed and performance gaps can be closed. If the organization does not have standard methodologies and toolkits for addressing process problems, the amount of effort required to derive a problem solving approach for each new performance gap could eventually damage the performance improvement program as it will be seen as taking too many resources away from daily operations. When this happens, there can be no adaptation and performance will continue to deteriorate. Using time-tested process improvement methodologies, perhaps in combination with problem solving

methodologies (e.g. Six Sigma) can greatly alleviate this problem. . (Gomes and liddle, 2009).

Too Much Internal Focus - One major criticism of the Balanced Scorecard is that it encourages an internal focus. This is not as much an indictment of the principle as it is the way companies put the principle into practice. To help overcome this problem, one should always start with an external focus – the view of your organization’s Super System. The goal is to achieve a balance of enterprise level metrics as you assess the organization’s market, shareholders, competitors, employees and stakeholders. Executives will use data about their Super System to assess Strengths, Weaknesses, Opportunities and Threats (SWOT). This will then guide them to gaps in their enterprise level metrics. Then, all other levels of metrics are tested for alignment with the enterprise level metrics, thereby ensuring that even internal metrics link to external performance drivers. (Gomes and liddle, 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter contains details on the research design, target population, the study sample and sampling procedures, data collection instruments and the procedures for data analysis.

3.1 Research Design

This study employed a descriptive design approach of quantitative and qualitative methods on the use of BSC as strategy implementation tool. Descriptive survey design is used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification. Descriptive survey research is intended to produce statistical information that interests policy makers (Lipe & Salterio, 2001). The choice of the descriptive survey research design is based on the fact that in the study, the researcher is interested on the state of affairs already existing in the field.

3.2 Population and Sampling

3.2.1 Population

The Head Quarter of the Ethiopian Federal Police Commission is located in Addis Ababa, which is the capital city of Ethiopia. The commission has a total of around 30,000 police members and civil staffs. The work of the commission is divided into office and field. Those who are assigned in the office (working in the Head Quarter) engage in non-operational activities such as facilitating the operation whereas those who are assigned in the field are engaged with operational activities such as crime prevention. Having this classification, the target population (that is, 1250) of this study was those who are assigned to work in the Head Quarter.

The sampling methods used were stratified random sampling and purposive sampling. Stratified random sampling was used to collect data from large number of subjects. The commission is divided into four departments. These departments are sub-divided into directorates. The four departments, namely Federal Police Human Resource Department,

Crime Investigation, Crime Prevention, and Ethiopian Police University College have three, three, four, and four directorates, respectively. Based on these strata, a total of 200 subjects were selected randomly using stratified sampling. These subjects were selected because these subjects are part of the implementation of BSC.

Table 1. Population and sample sizes of the study

Department	Total population of the department	Sample
Federal Police Human Resource Department	150	24
Crime Investigation	198	29
Crime Prevention	600	102
Ethiopian Police University College	302	45
Total	1250	200

Source: Human Resource Documentation Section

In addition, eight participants were selected purposefully to get in-depth information using interview. These research participants were managers and BSC leaders who are responsible for BSC implementation. The participants were selected based on the assumption that they are owners and are responsible for successful implementation of the BSC.

3.3 Methods Data Collection

Questionnaire: One questionnaire was developed by the researcher to collect data from the subjects included in the study. The questionnaire had two major parts: items dealing with background data (three items) and 30 closed-ended items about the respondents and items related to factors which were supposed to be determinants of the performance improvement. Initially, the items were developed in English. The researcher translated the items in to Amharic and gave both the English and Amharic versions to English language professional. The English language professional checked the accuracy of the

translation and gave comments to the researcher. Based on the comments given the researcher accommodated the necessary corrections and made the final version ready.

Interview: One semi-structured interview guide was prepared to collect data from managers and BSC leaders. The interview guide had 10 items dealing with determinants of the performance improvement.

Documents: Documents from Head Quarter were used to check whether there is improvement in performance and to know whether all BSC steps were properly implemented

3.4 Data Sources

The researcher has used both primary and secondary data. According to Saunders, et al. (2009), primary data is data collected specifically for the research project being undertaken. The researcher gathered primary data directly from subjects/participants whom the researcher let to fill questionnaire and participate in interview sessions. Cooper and Schindler (2003) explain that secondary data is a useful quantitative technique for evaluating historical or contemporary confidential or public records, reports, government documents and opinions. Secondary data will involve the collection and analysis of published material and information from other sources such as annual reports and published data. The researcher also gathered secondary data from Federal Police BSC document, one year annual BSC report, and BSC based Federal Police performance appraisal document.

3.4 Pilot Study

Cooper and Schindler (2010) indicated that a pilot test is conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample. According to Mugenda and Mugenda (2003), a pilot study is conducted when a questionnaire is given to just a few people with an intention of pre-testing the questions. Pilot test is an activity that assists the research in determining if there are flaws, limitations, or other weaknesses within the interview design and allows him or her to make necessary revisions prior to the implementation of the study (Ngechu, 2004). A pilot study was undertaken on 20 employees of Ethiopian Federal Police Commission to

test the reliability and validity of the questionnaire. The purpose of a pilot test is to test the reliability and validity of the questionnaire and enable the researcher to amend the questionnaire as appropriate so as to capture data accurately.

3.5 Data Analysis

The research is both quantitative and qualitative in nature. Once the data was collected it was checked for completeness and made ready for analysis. The data from the field was first coded according to the themes researched on the study. Analysis was done with aid of the statistical package for social sciences (SPSS) package. Descriptive statistics were generated to outputs such as percentages, frequency and proportions that are presented in tables and figures.

CHAPTER FOUR

4. Results and Discussion

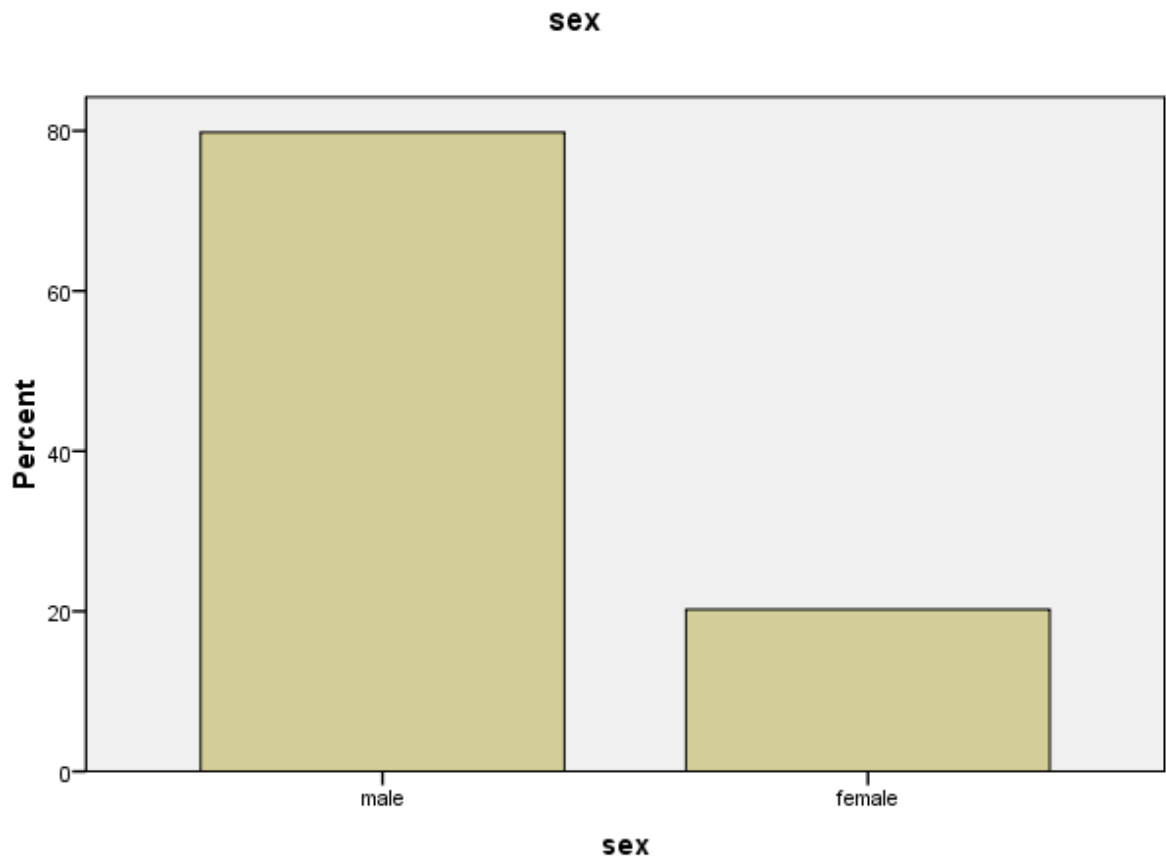
In this part of the study results of data gathered using questionnaire, documents, and interview were presented. Tables and bar charts were used to display the data. Cronbach’s alpha was employed to check the internal consistency of items. The alpha value for the items was 0.90.

According to proposal, one of the questioners which have been prepared for collecting primary data from all police officers and civilians in the federal police commission. This is because BSC is every ones every day job (Kaplan, 2004). It is preferable and more reliable if the data collection is from each department of employee in the commission as the implementation of BSC is through all employees. Hence, regarding reliability, the researcher made a test. The total population of Ethiopian federal police which is located on the head quarter is 1250 of police officers and civilians. From this population a sample of 200 was taken for the study and 188 questionnaires were returned, which means the response rate was 94%.

Table 2. Respondents’ Demographic Profiles

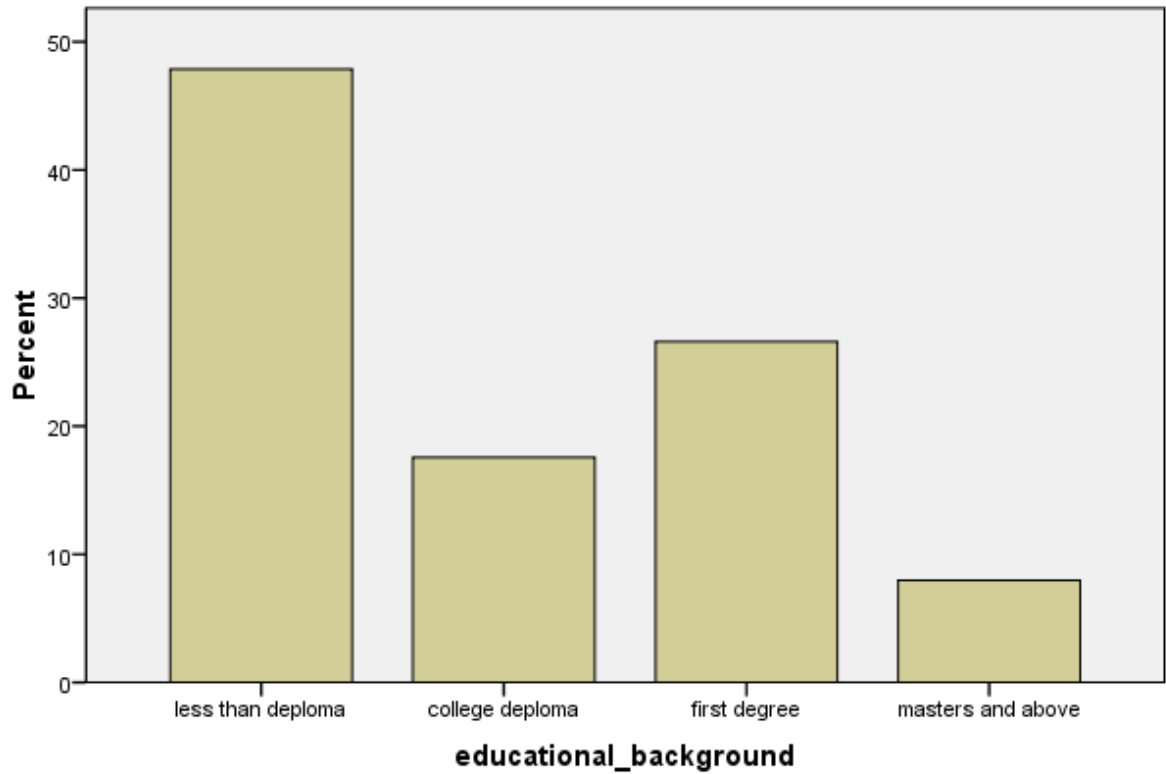
Item	Variable	Frequency	Percentage
Sex	Male	150	79.8
	Female	38	20.2
Educational background	Less than diploma	90	47.9
	College diploma	33	17.6
	First degree	50	26.6
	Maters and above	15	8
Service year in the commission	Less than three years	31	16.5
	3to6 years	84	44.7
	6to10 years	35	18.6
	More than 10 years	38	20.2
	Total	188	100%

Source: The researcher, 15 April 2015

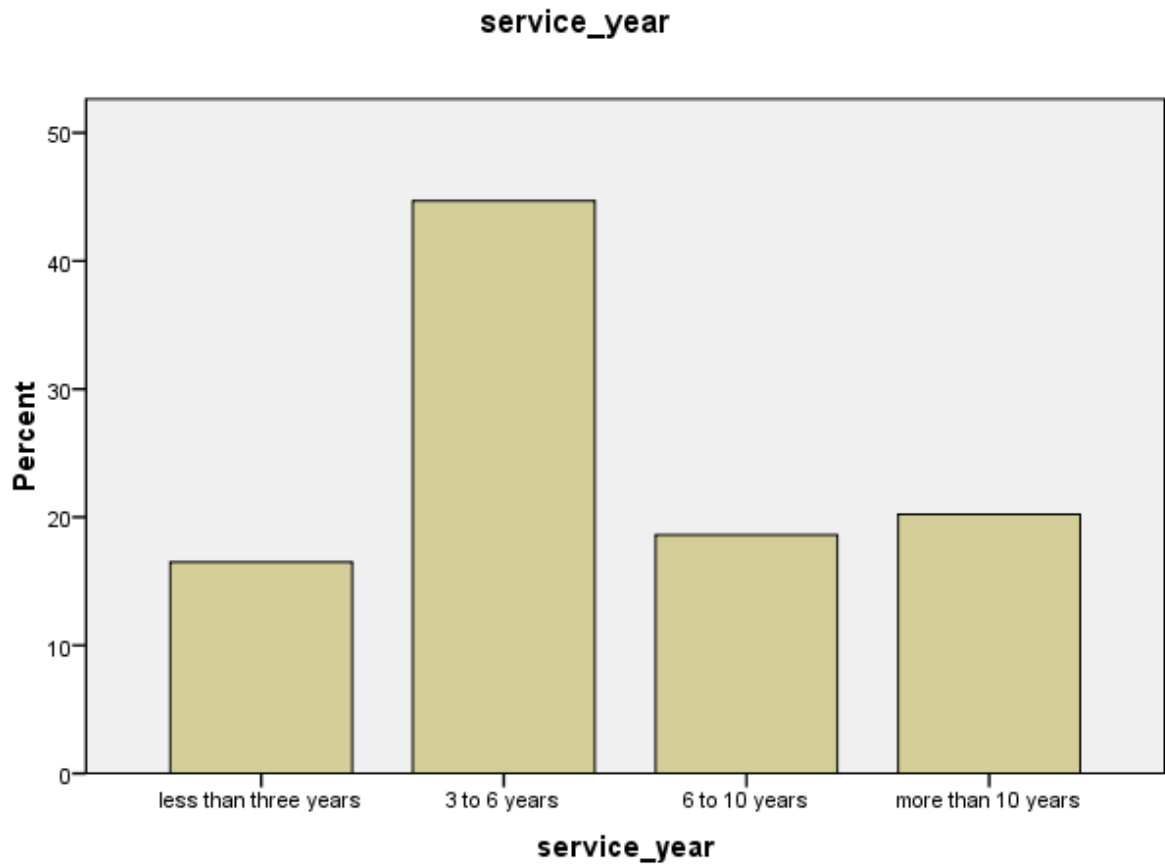


Based on the results, indicates that most of the respondents (79.8%) were males and only 20.2% of were female. one can understand that there is imbalance between male and female in the commission.

educational_background



The majority 47.9% of respondents are less than diploma level of education and 17.6% are diploma holders. On the other hand, 26.6 % of respondents have first degree and the rest of few respondents 8% are MA degree and above .



With regard to work experience in the commission , 16.5% have less than 3 year, 44.7% of employees have 3-6 years, 18.6% of them have 6-10 years while 20.8% of employees have more than 10 years of experience .above(80%)employee are working more than 3years .therefore, employee of the commission are eligible to fill the questionnaire.

4.2. Analysis on the Effect of BSC on Performance Improvement

In this section, the effect of BSC on performance improvement has been described.

4.2.1. Performance Improvement Analysis

Table 3: performance improvement

Number	Items	Variables	Frequency	Percentage
1	My performance is improved after the implementation of BSC	Strongly disagree	2	1.1
		Disagree	105	55.9
		Undecided	5	2.7
		Agree	74	39.4
		Strongly Agree	2	1.1
2	Our department overall performance is improved after the implementation of BSC	Strongly disagree	2	1.1
		Disagree	107	56.9
		Undecided	3	1.6
		Agree	60	31.9
		Strongly Agree	16	8.5
3	The budget utilization percentage is increasing year to year after the implementation of BSC	Strongly disagree	16	8.5
		Disagree	75	39.9
		Undecided	8	4.3
		Agree	75	39.9
		Strongly disagree	14	7.4
		Strongly disagree	188	100%
4	Employee participation and being benefited has been increasing year to year after the implementation of BSC	Strongly disagree	89	47.3
		Disagree	35	18.6
		Undecided	32	17
		Agree	18	9.6
		Strongly disagree	14	7.4
5	The BSC has been linked to incentive scheme	Strongly disagree	74	39.4
		Disagree	63	33.5
		Undecided	17	9
		Agree	32	1.7
		Strongly agree	2	1.1
		Total	188	100%

Source: The researcher, 15 April 2015

In rating item 1 (table 3), which was stated as, my performance is improved after the implementation of BSC, more than half of respondents gave negative response. Meaning, 2(1.1%) responded “strongly disagree”, 105(55.9%) “Disagree” while 5(2.7%) of them rated “undecided”. However, 74(39.4%) and 2(1.1%) of the respondents rated

“agree” and “strongly Agree”, respectively. Majority of respondents say that their performance are not improved after the implementation of BSC. But according to Kaplan and Norton individual employee should improve their performance after the implementation of BSC.

In responding to item 2 of table 3, 2(1.1%) of the respondents rated as “strongly disagree”, 107(56.9%) of them rated disagree to the same view, while 3(1.6%) of the respondents sat on the undecided. On the other hand, 60 (31.9%), and 16 (8.5) of respondents rated agree and strongly agree, respectively. majority of respondents say that their performance are not improved after the implementation of BSC. But according to Kaplan and Norton organizations should improve their performance after the implementation of BSC.

As item 3 (table 3) indicates in rating whether the budget utilization of the commission is improved or not. In this case, 14(7.9%) of respondents rated it as “strongly agree”, 75(39.9%) “Agree”, 8(4.3%) “Undecided”, while 75(39.9%) of the respondents “disagree” and the remaining 16 (8.5%) of respondents are rated “strongly disagree”. Nearly half of respondents rated that their department budget utilization is improved after the implementation of BSC. Therefore one can argue that BSC is a management tool that helps organizations to improve their budget utilization through appropriate planning and control.

Table3(item 4) revealed that, 89(47.3%) of the respondents are strongly disagree that employees participation and benefits are increased after implementation of BSC and 35(18.6%) responded “disagree” to the same item, whereas, 32(17%) of them sat on the fence, that is, they did not decided, while 18(9.6%) of the respondents responded “agree” and the remaining 14(7.4%) of respondents were “strongly agree”. One can understand that employee benefits and participation in decision making are not increased. But Kaplan and Norton in their book give emphasis that employee participation is a critical factor for the success of BSC.

As table 3(item 5) shows that 74(39.9%) and 63 (33.5%)of respondents rated strongly disagree and disagree that the BSC has been linked to the incentive scheme,

respectively. whereas, 17(9%) of the respondents responded as undecided to the same view. However, 32(17%) of the respondents were agreed, to the same, 2(1.1%) of the respondents rated it as strongly agree. participants in the interview session also agree that the incentive scheme are not linked with the BSC. Kaplan and Norton, (2001), suggest that “the final linkage from higher level strategy to day to day occurs when companies’ link individuals’ incentive and reward program to the balanced score card”. But as we can see from the above responses, most employees (72.93%) don’t believe that the organization uses the BSC or performance measurement system to compensate/reward employees.

4.2.2. Employee Knowledge on BSC

Table 4: knowledge of employee

Number	Items	Variables	Frequency	Percentage
1	I have adequate concept (knowledge) about the BSC	Strongly disagree	1	0.5
		Disagree	104	55.3
		Undecided	18	9.6
		Agree	64	34
		Strongly agree	1	0.5
2	I have trained on BSC concept at least once	Strongly disagree	3	1.6
		Disagree	34	18.1
		Undecided	14	7.4
		Agree	135	71.8
		Strongly agree	2	1.1
3	I have computer skill so that doing my plan and report it to my boss and it will not be a problem	Strongly disagree	105	55.9
		Disagree	15	8
		Undecided	-	-
		Agree	49	26.1
		Strongly disagree	19	10.1
		Strongly agree	1	0.5
Total			188	100

Source: the researcher, 15 April

As item 1 (table 4) indicates about the employee knowledge on BSC concept, 1(0.5%) of respondent rated it as “strongly agree”, 64(34%) “Agree”, 18(9.6%) “Undecided”, while 104(55.3%) of the respondents “disagree” and the remaining 1(0.5%) of respondents are rated “strongly disagree”. From the above response one can understand that employee do not have sufficient knowledge about the concept and principles of BSC.

In rating item 2 (table 4), which was stated as I have trained on the BSC concept at least once” most of respondents gave positive response. Meaning, 135(71.8%) responded “agree”, 2(1.1%) “Strongly agree” while 14(7.4%) of them rated “undecided”. However, 34(18.1%) and 3(1.6%) of the respondents rated “disagree” and “strongly disagree”, respectively. From previous literature review which is the execution premium (Kaplan, 2008) the researcher that communicating about the strategy and educate employees about

the mission can make employees to contribute their inputs for the execution of the strategy.

In responding to item 3 of table 4, 105(55.9%) of the respondents rated as “strongly disagree”, 15(8%) of them rated disagree to the same view, while 49 (26.1%), and 19 (10.1) of respondents rated agree and strongly agree, respectively. Majority of respondents say that they have no skill in information technology. but Levy(2008)stated that skillful employee in information technology are very important for the success of BSC implementation.

4.2.3. Reporting Systems of the Commission

Table 5: Reporting systems

Number	Items	Variables	Frequency	Percentage
1	Employee have regular review meeting in their case team	Strongly disagree	-	-
		Disagree	65	34.6
		Undecided	-	-
		Agree	92	48.9
		Strongly agree	31	16.5
2	I am doing and registering daily my individual plan and performance	Strongly disagree	3	1.6
		Disagree	-	-
		Undecided	-	-
		Agree	165	87.8
		Strongly agree	20	10.6
3	I compile the work done within one week and send it to my immediate supervisor continuously	Strongly disagree	-	-
		Disagree	1	0.5
		Undecided	-	-
		Agree	150	79.8
		Strongly agree	37	19.7
		Total	188	100%

- In rating item 1(table 5), which stated as “employees have regular review meeting in their case team”. Most of respondents gave positive response. Which means, 92(48.9%) responded “agree”, 31(16.5%) “Strongly agree” while 65(34.6%) of them rated “disagree”. From the execution premium book, (Kaplan) we can understand that review meeting is “ strategic trajectory for breakthrough performance,”

In rating item 2 (table 5), which was concern about doing and registering individual plan, majority of respondents 165(87.8%) responded “agree”, 20(10.6%) “Strongly agree” while 3(1.6%) of them rated “strongly agree”. From the above identified result employee are doing their plan properly and this is one determinant for the effectiveness of BSC.

In responding to item 3 of table 5, majority 150(79.8%) of the respondents rated as “agree”, 37(19.7%) of them rated disagree to the same view, while 1(0.5%) of the respondents sat on disagree.

From the above result one can argue that the reporting system in the Ethiopian Federal Police is improved after the implementation of BSC.

4.2.4. The Application of BSC

Table 6: BSC application

No.	Items	Variables	Frequency	Percentage
1	Balanced score card is a tool for performance improvement so that targets to be achieved	Strongly disagree	1	0.5
		Disagree	2	1.1
		Undecided	1	0.5
		Agree	70	37.2
		Strongly agree	114	60.6
2	I know that the BSC is the modern management system to make the strategy every ones every day job	Strongly disagree	1	5
		Disagree	5	2.7
		Undecided	14	7.4
		Agree	53	28.2
		Strongly agree	115	61.2
3	The implementation of BSC as a management, planning and communication tool, making me strategy to focused and result oriented so, it is relevant to my job and practical	Strongly disagree	2	1.1
		Disagree	93	49.5
		Undecided	15	8
		Agree	78	41.5
		Strongly agree	-	-
4	The ways that are implementing the BSC makes our job complex, but BSC by itself can simplify the job	Strongly disagree	3	1.6
		Disagree	57	30.3
		Undecided	17	9
		Agree	101	53.7
		Strongly agree	10	5.3
5	The BSC implementation process and its assessment and working formats by itself become an added task (additional job)	Strongly disagree	2	1.1
		Disagree	46	24.5
		Undecided	1	0.5
		Agree	104	55.3
		Strongly agree	35	18.6
		Total	188	100%

As item 1 (table 6), stated that “BSC is a tool for performance improvement so as to achieve the organization goal” in response to this, majority 114(60.6%) of respondents responded “strongly agree”, 70(37.2%) “agree” while 1(0.5%) of them rated “undecided”. However, 2(1.1%) and 1(0.5%) of the respondents rated “disagree” and “strongly disagree”, respectively. From the above one can understand that employee now BSC as a management tool.

With regard to item 2 of table 6, 115(61.2%) of the respondents rated as “strongly agree”, 53(28.2%) of them rated agree to the same view, while 14(7.4%) of the respondents answer undecided. On the other hand, 5 (2.7%), and 1(0.5%) of respondents rated disagree and strongly disagree, respectively. Another key indicator or principle of achieving a strategy focused organization is the organizations ability to make strategy every ones every day job. Therefore majority of employee have awareness on the above issues.

In item 3 (table 6) shows that 2(1.1%) of respondents rated it as “strongly disagree”, 93(49.5%) “Disagree”, 15(8%) “Undecided”, while 78(41.5%) of the respondents “agree”. majority of respondents states that they do not get BSC as relevant as to their work. this may do to the nature police work.

Table 6 (item 4) revealed that, 101(53.7%) of the respondents are agree about the way that they are implementing the BSC that makes the job complex. To the same point, 10(5.3%) responded “strongly agree”, whereas, 17(9%) of them sat on the fence, that is, they did not decided, while 57(30.3%) of the respondents responded “disagree” and the remaining 3(1.6%) of respondents were ’strongly disagree’. Majority of respondents are not happy on the way the commission is implementing the BSC.

As table 6(item 5) shows that majority 104(55.3%) and 35 (18.6%) of respondents rated agree and strongly agree that the BSC become an additional job, respectively. Whereas, 1(0.5%) of the respondent responded as undecided to the same view. However, 46(24.5%) of the respondents were disagreed, and 2(1.1%) of the respondents rated it as strongly disagree. Most of respondents believe that the way that implementing BSC

create additional job. This may be due to unnecessary and time consuming of meeting in the commission.

4.2.5. BSC Implementation Process

Table 7 Implementation Process

Number	Items	Variables	Frequency	Percentage
	I know that cascading has been completed to individual level	Strongly disagree	2	1.1
		Disagree	5	2.7
		Undecided	4	2.1
		Agree	147	78.2
		Strongly agree	30	16
	I know that all nine steps are included in our implementation	Strongly disagree	2	1.1
		Disagree	89	47.3
		Undecided	34	18.1
		Agree	61	32.4
		Strongly agree	2	1.1
	The activities performing day to day are the way to achieve total vision result	Strongly disagree	105	55.9
		Disagree	1	0.5
		Undecided	-	-
		Agree	64	34
		Strongly agree	18	9.6
	Before the implementation of BSC all employee have been discussed and have give their comment.	Strongly disagree	3	1.6
		Disagree	3	1.6
		Undecided	21	11.2
		Agree	145	77.1
		Strongly agree	16	8.5
		Total	188	100%

Source the researcher, 15 April 2015

In rating item 1 (table 7), majority of respondents gave positive response. This means, 147(78.2%) responded “agree”, 30(16%) “Strongly agree” while 4(2.1%) of them rated “undecided”. However, 5(2.7%) and 2(1.1%) of the respondents rated “disagree” and

“strongly disagree, respectively. In line with this (Kaplan and Norton, 2001),”say that when individuals can construct their own balanced score card, then we have produced the clearest mechanism for aligning individual objectives to business unit and corporate objectives”. And in the absence of this individual level score cards ownership and accountability over objectives, measures and initiatives will in evitable prevail.

In responding to item 2 of table7, 89(47.3%) of the respondents rated as “disagree”, 2(1.1%) of them rated strongly disagree to the same view, while 34(18.1%) of the respondents rated on the undecided. On the other hand, 61 (32.4%), and 2 (1.1) of respondents rated agree and strongly agree, respectively. according to respondents response almost all steps of BSC is applied in the commission except automation. The researcher understands through the document analysis and interview session that the commission did not introduce the automation in designing and implementing the BSC.

As item 3 (table 7) indicates in rating whether the activities performing day to day are the way to achieve the vision of the commission. In this case, majority of respondents 105(55.9%) rated it as “strongly disagree”, 1(0.5%) “Disagree”, 8(4.3%). While 64(34%) of the respondents “agree” and the remaining 18 (9.6%) of respondents are rate “strongly agree”.

According to Kaplan and Norton, (2001), one of the key indicators or principles of achieving a strategy focused organization is the organizations ability to translate strategy in to operational terms. But majority of respondents believe that the day to day operational activities are not in the way that contribute to the total vision and strategy of the organization.

Table7 (item 4) revealed that, 145(77.1%) of the respondents are agree and 16(8.5%) responded “strongly agree” to the same item, whereas, 21(11.2%) of them sat on the fence, that is, they did not decided, while 3(1.6%) of the respondents responded “disagree” and the remaining 3(1.6%) of respondents were “strongly disagree”. The process to initiate the balanced score card management system starts with a leader creating the sense of urgency for change (Kaplan and Norton, 2001), and this sense of urgency for change comes when leaders communicate a compelling reasons as to why the

change is needed. So according to the respondents the implementation of BSC is communicated to employee.

4.2.6. Managers Leadership Quality and Commitments

Table 8 leadership quality and commitments

Number	Items	Variables	Frequency	Percentage
1	BSC is mainly the leaders project, therefore, leaders are leading the BSC project having sufficient knowledge about the subject matter with commitment	Strongly disagree	4	2.1
		Disagree	109	58
		Undecided	17	9
		Agree	43	22.9
		Strongly agree	15	8
2	Team spirit after the BSC implementation has been increased	Strongly disagree	1	0.5
		Disagree	105	55.9
		Undecided	3	1.6
		Agree	63	33.5
		Strongly agree	16	8.5
3	My immediate manger helps me to improve my performance	Strongly disagree	87	46.3
		Disagree	5	2.7
		Undecided	1	0.5
		Agree	94	50
		Strongly agree	1	0.5
4	I have got training to improve my skill after the implementation of BSC	Strongly disagree	5	2.7
		Disagree	107	56.9
		Undecided	30	16
		Agree	44	23.4
		Strongly agree	2	1.1
		Total	188	100%

Source The researcher, 15 April 2015

As item 1 (table 8), stated that “BSC is mainly the leaders project, therefore, leaders are leading the BSC project having sufficient knowledge about the subject matter”. In

respond to this, majority 109(58%) of respondents responded “disagree”, 4(2.1%) “Strongly disagree” while 17(9%) of them rated “undecided”. However, 43(22.9%) and 15(8%) of the respondents rated “agree” and “strongly agree”, respectively. Half of participants in the interview session also believe that top managers are not committed for the successful implementation of the BSC. From the above one can understand that managers of the commission not only have no enough knowledge on the concepts and principles of BSC but also lack of commitment.

With regard to item 2 of table 8, 105(55.9%) of the respondents rated as “disagree”, 1(0.5%) of them rated strongly disagree to the same view, while 3(1.6%) of the respondents answer undecided. On the other hand, 63(33.5%), and 16(8.5%) of respondents rated agree and strongly agree, respectively. One can conclude that team spirit are not increased after the implementation of BSC.

In item 3 (table 8) shows that 87(46.3%) of respondents rated it as “strongly disagree”, 5(2.7%) “Disagree”, 1(0.5%) “Undecided”, while 94(50%) of the respondents “agree” and the remaining 1(0.5%) of respondents responded to strongly agree. According to Levin (2007) With tenacious leadership and support a Scorecard project could ultimately succeed despite a lack of training at the outset. Without executive sponsorship, however, the effort is most likely doomed. Introducing coaching and mentoring is important for the successful implementation of BSC in the commission.

Table 8 (item 4) shows that, 107(56.9%) of the respondents are disagree about the training given to the employee to improve their skill after implementing the BSC. To the same point, 5(2.7%) responded “strongly disagree”, whereas, 30(16%) of them sat on the fence, that is, they did not decided, while 44(23.4%) of the respondents responded “agree” and the remaining 2(1.1%) of respondents were ’strongly agree’. In addition to the above participants in the interview session also agree that the commission do not work enough to train the skill of employee. One can understand that prepare training and development is important that helps employee to develop their skills.

4.2.7 Performance Appraisal

Table 9 performance appraisal

No.	Items	Variables	Frequency	Percentage
	Employee are evaluated according to result they registered	Strongly disagree	1	0.5
		Disagree	118	62.8
		Undecided	1	0.5
		Agree	51	27.1
		Strongly agree	17	9
	The BSC assessment process and the format are simple	Strongly disagree	2	1.1
		Disagree	104	55.3
		Undecided	30	16
		Agree	50	26.6
		Strongly agree	2	1.1
	Me and my colleagues performance rating point is increasing since BSC implementation	Strongly disagree	70	37
		Disagree	41	21.8
		Undecided	-	-
		Agree	63	35.5
		Strongly agree	14	7.4
	Because of the budget constraint the implementation of BSC is in questionable	Strongly disagree	3	1.6
		Disagree	51	27.1
		Undecided	-	-
		Agree	116	61.7
		Strongly agree	18	9.6
	The BSC as a management tool is suitable with the nature of police work	Strongly disagree	2	1.1
		Disagree	107	56.9
		Undecided	5	2.7
		Agree	45	23.9
		Strongly agree	29	15.4
	The performance assessment criteria are related with my work activities.	Strongly disagree	88	46.8
		Disagree	6	3.2
		Undecided	31	16.5
		Agree	62	33
		Strongly agree	1	0.5
		Total	188	100%

Source the researcher, April 2015

As item 1 (table 9), described that “Employee are evaluated according to result they registered”. In respond to this, majority 118(62.8%) of respondents responded “disagree”, 1(0.5%) “Strongly disagree” while 1(0.5%) of them rated “undecided”. However, 51(27.1%) and 17(9%) of the respondents rated “agree” and “strongly agree”, respectively. From the above one can understand that the commission evaluation system has a problem.

With regard to item 2 of table 9, 104(55.3%) of the respondents rated as “disagree”, 2(1.1%) of them rated strongly disagree to the same view, while 30(16%) of the respondents answer undecided. On the other hand, 50(26.6%), and 2(1.1%) of respondents rated agree and strongly agree, respectively. From the above identified summary one can argue that the assessment format is a kind complex and not easily understood by the staff members of the commission.

In item 3 (table 9) shows that 70(37%) of respondents rated it as “strongly disagree”, 5(2.7%) “Disagree”, 41(21.8%), while 63(35.5%) of the respondents “agree” and the remaining 14(7.4%) of respondents responded to strongly agree. Majority of respondents believe that their performance rating point is not increased after the implementation of BSC.

Table 9 (item 4) shows that, 51(27.1%) of the respondents are disagree, and 3(1.6%) responded “strongly disagree”, whereas, 116(61.7%), of the respondents responded “agree” and the remaining 18(9.6%) of respondents were ‘strongly agree’. Integrating the balanced score card with the organizations planning and budgeting process is critical for improving performance of organization (Kaplan and Norton, 2001), but as we can identify from the above summary Majority of respondents believe that there is budget constraint to implement BSC initiatives.

With regard to item 5 of table 9, 2(1.1%) of the respondents rated as “strongly disagree”, 107(56.9%) of them rated disagree to the same view, while 5(2.7%) of the respondents sat on the undecided. On the other hand, 45 (23.9%), and 29 (15.4) of respondents rated agree and strongly agree, respectively.

Majority of respondents states that BSC is not suitable to the nature of police work.

In item 6(table 9), 88(46.8%) of respondents rated it as “strongly disagree”, 6(3.2%) “Disagree”, 31(16.5%) “Undecided”, while 62(33%) of the respondents “agree” and the remaining 1 (0.5%) of respondents are rated ” strongly agree”. according to the above result one can understand that the evaluation criteria are not related with individual employee work nature in the commission. the researcher, from the interview participants answer, found that the main threats and challenges for future continuous implementation are lack of commitment leaders, budget constraint, formals the boring types of format, which is complicated and not simplified and time and resource consuming.

CHAPTER FIVE

Conclusion and Recommendations

5.1. Conclusion

- It can be concluded that, while there are some indications of the effectiveness of BSC in making the federal police commission a strategy- focused organization. A very significant proportion that helps to improve organizational performance is not at work in the commission. and some of the major causes of the challenges in the federal police commission faced in using the balanced score card to improve their performance are lack of skilled man power, lack of resources, budget constraint,lack of top management commitment, politicization of public administration, and lack of adequate knowledge in the subject matter.
- BSC is an execution of strategy and making the strategy every ones every day job, but in the case of the commission most of crime prevention officers, do not have computer skill so it is hard for them to deal with automated system. The formats are not simple, assessment process is boring, time consuming and become a job by itself. In addition to the above the commission does not introduce the automation system.
- The performance evaluation system is not linked to incentive mechanisms for the motivation purpose. There is not effective data recording system, there is no enough training and development mechanism. Furthermore the budget system is not aligned with the new work initiatives of the commission.

From this we can infer that despite the success and popularity of the balanced score card in that helps organization to improve their performance in many developed countries, this research conducted on the Ethiopian federal police commission could serve as an indicator of the fact that civil service organizations in least developed countries, that are trying to adopt the BSC could be faced with set of challenges that are different from set of challenges that organizations in developed countries face.

5.2. Recommendations

In line with the conclusion, it is generally important to bear in mind that the conditions of effectively implementing the BSC strategy management tool are not common to every country and every situation. Therefore, it is important to design and implement the BSC in a manner that is responsive to the prevailing reality of a country or the specific situation at hand.

With regards to the Ethiopian Federal Police commission, it needs to acknowledge the major deficiencies the system had in design and implementation stage and take some corrections measures.

The following recommendation could be good starting points:

- The implementation to be successful and to make the assessment process successful, the missing automation (step 7), should be implemented soon with innovative cost effective method.
- BSC in execution of strategy and making the strategy every ones every day job, but in the case of the commission most of crime prevention officers, do not have computer skill so it is hard for them to deal with automated system. So it is better to train them basic computer skill in Amharic language so that to record their daily performance and to plan and report.
- As the formats are not simple, assessment process is boring, time consuming and become a job by itself, simple and one page formal should be designed.
- The performance evaluation system should be linked to incentive mechanisms for the motivation purpose.
- Having base line data is mandatory for setting targets within threshold, therefore, since there is not effective data recording system, care should be taken for proper recording.
- Getting commitment of leaders are more important than other indicators for the success of BSC implementation. So the commission should create sense of owner ship.
- Education on the basic principles of the balanced score card to both the management and employees should be given,
- The budgeting system should be aligned with the balanced score card work initiatives of the commission.

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