PRACTICE AND CHALLENGES OF BALANCED SCORECARD IMPLEMENTATION IN ETHIO TELECOM

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Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. **Elias Birehanu**. All sources of materials used for the purpose of this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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       Name   Signature

Indra Ghandi National Open University, Addis Ababa   April, 2017

CERTIFICATE

Certified that the Dissertation entitled **Practice and Challenges of Balanced Scorecard Implementation in Ethio Telcom** Submitted by **Daniel Kommche** is his own work and has been done under my supervision.

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Lastly, I offer my regards and blessings to all of those who supported me in any respect during the completion of the project.

Daniel Kommche

List of Acronyms

BSC   Balanced Scorecard

SPSS Statistical Package for Social Science

KPI   Key performance indicator

IT   Information technology

OHI Organizational health index

eTOM enhanced Telecom Operation Map

ITIL   Information Technology Infrastructure Library

PCMM People capability Maturity Model

SWOT   Strength, Weakness, opportunity and Threat

CEO   Chief Executive Office

TEP   Telecom expansion project

EBTDA   Earning before tax, depreciation and amortization

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Abstract

The Balanced Scorecard (BSC) is a performance measurement and strategic management system which appears suitable for use by all types and sizes of business. The BSC's greatest strength for most businesses comes from its innate ability to integrate financial and non-financial measures together by measuring both strategic and business performance across four interrelated perspectives. However, unless the company exerts special effort for the implementation of BSc, it may not get its contribution. Thus, the purpose of this paper is to assess the contribution and challenges of BSc implementation in Ethio telecom. Mainly, this study tries to find out the challenges that faced by the organization and the contribution under four perspectives while implementing BSC. The study adopted descriptive research method to assess the implementation of BSC in Ethio telecom and to collect the data semi structured interview and questionnaire have been used. Similarly, to select the sample size from each division the researcher were used stratified sampling technique and based on this 371 questionnaires were distributed to each division according to their strata proportion and out of the distributed questionnaires 333 were returned. On the other side, for semi structured interview the study adopted purposive sampling technique to select the interviewee who have the working knowledge of the study area. To analyze the response that got from the respondents the study used SPSS and presented by graph, table and pie chart. The study result shows that the major challenges that the organization faced are lack of knowledge on how to cascadecorporate strategy, lack of IT support, the template that used to measure the performance is difficult to use, some measures are couldn't be measured qualitatively, poor commitment of higher level management and the manual nature of BSc makes difficult to control its implementation. In the contrary, Ethio telecom got benefits from the implementation of BSC that most of employees starting doing their tasks based on plan and target and resources are utilized cost effectively. Hence, to eradicate the identified challenges the researcher recommended that the organization should give adequate training on how to cascade and implement corporate BSC, to make the template easy the organization should assign at least one IT person for each division, the organization should try to identify the metrics that measured qualitatively and to get the greatest contribution of BSC the organization should systemize its deployment.

CHAPTER ONE

1.1. Background of the Study

The concept balance scorecard (BSC) is regarded as a possible effective performance measurement system (der-Jang &Hsu- Feng, 2011) and it is used for assisting organizations in actualizing its strategy. Strategies are described as plans specifically designed are a strategic performance management framework that allows organizations to manage and measure the delivery of their strategy. The BSC is further described by Kaplan & Norton (2001) as an important tool of strategy management which links strategic planning and budget. Budget enables a basis of comparison through which performance is assessed. The balanced scorecard as a tool deals with having strategic plans to achieve set goals. This agrees with the position of Kaplan & Norton, Bernard (2012) and Der-Jang & Hsu-Feng (2011) thus emphasizing the importance of having strategic plans to enhance the effective use of the balanced scorecard in appraising performance and possible attainment of progressive profit growth. (ALAO, 2013).

In this scenario according to Kaplan and Norton (1996, p. 25), "the balanced scorecard translates mission and strategy into objectives and measures, organized into four different perspectives: financial, customer, internal business process, and learning and growth". They (Kaplan & Norton, 1996, p. 25) also add that, "the four perspective of the scorecard permit a balance between short-and-long-term objectives, between outcomes desired and the performance drivers of those outcomes, and between hard objective measures and softer, more subjective measures". In Kaplan and Norton's view (1996), strategies are developed following a cause and effect approach. In, this cetin, the measurement system should make the relationships (hypotheses) among objectives and measures in the various perspectives explicit so that they can be managed and validate (Kaplan & Norton, 1996).

Making public services more available to users and improving the quality and efficiency are significant challenges for the modernization of the public sector (Mitchell, 2000).

Different authors have stated that BSC is a good instrument in the setting of public organization (chang, 2006; Niven, 2003). The implementation of BSC in the public sector can be of great significance as a result of the particular characteristics of such organization (Kaplan & Norton, 1992, 1996).

Currently, Ethio Telecom has introduced the balanced scorecard (BSC) to advance its strategy on June, 2015. Each employee from lower level to higher level has aligned company strategic objectives with the day to day operation to achieve company goal and mission and side by side they evaluated their performance based on the cascaded strategy twice a year. The scorecard has greatly affected the outlook and actions of users, both beneficially, and adversely. When elements of the BSC are well designed and effectively implemented, the BSC appears to motivate and influence lower-level manager to conform their actions to company strategy. Furthermore, managers believe that these changes result in improved result in improved sub-unit performance.

Recent literature studies related to performance measurement point that the relevance of financial as well as non-financial measures in performance evaluation of the organization is increasing. These all clearly show that the need for the balanced performance measurement such as balanced scorecard, which appears to have all the answers for choosing the most appropriate measures of company performance, to assess the performance and competitiveness of organizations in general and ethio telecom in particular in today's tomorrow's changing and competitive business environment, the purpose of this study was therefore to assess the practice and challenges of balanced scorecards implementation and possible to solve the challenge

1.2. Statement of the Problem

Since 1994, the government of Ethiopia has embarked on reforming its civil service organization with the objective of improving the public sector service delivery system. The government sponsored a lot of management training programs to enhance the capacity in all of its civil service organizations. Though the government strongly believed that, it brought some improvements in the performance of civil service organizations. However, the effort required

was too much as compared to the benefit obtained. Since 2004, the government has also endorsed business process reengineering (BPR) as a foundation for strengthening result based performance management system in the civil service. (Tesfay D, 2009)

Similar to other civil service institution Ethio Telecom has experience many challenges in human and technological capacity as the only telecom provider in Ethiopia. To exert this challenge, before 4 years ago, it changes its structure by the help of France telecom to bring radical change in the company and to provide effective and efficient service. But the structural change does not comprehensively or fully accommodate institution performance measurement, and it is not a tool for strategy development, implementation and more comprehensive approach for resolving the problem faced. The selected tool to resolve the problem is BSC, because BSC is government commends the company to implement the tool. BSC measures the performance of the organization in respect to four metrics these are financial, customer, and internal business process and learning & growth perspective. Furthermore, effective communicating these BSC throughout the organizational can be crucial to implementing that strategy successfully (Tucker et al, 1996; west and Meyer, 1997)

Consequently, Ethio telecom has launched BSC on June 2015. However; according to different literatures, organization who implements BSC has gain success as the same time some fails. For instance according to crabtree and DeBusk (2008) and Greatbanks and Tapps (2007) proofs that firms that adopted BSC significantly outperform firm that did not adopt BSC using different matching criteria. In addition to that other researchers showed that those perform BSC and those did not perform BSC come up with the same result Neely, Kennerley and Martines. (2000) and according to Lewy (1998) as cited by Tapanya (2004), 78% of attempts to implement BSC fail so it is difficult to generalize all attempts to implement BSC is success full and there are lots of challenges associated with BSC implementations. Timely understanding of the failures and success lead to corrective action and improvements.

There are a lots of challenges associated with BSC implementation in Ethio telecom that the researcher figure out by personal observation. Cascading to individual level is the most challenging activity. Cascading to individual level requires engaging the hearts and minds of the workforce. This entails getting their agreement and commitment to set targets. If that

engagement is not achieved, the individual level BSC becomes nothing more than a documentations exercise at the end of each reporting period. The behavior of your workforce will not change. The second challenge that associated with BSC implementation is Lack of Effective Training; Effective training is a critical tool for establishing and implementing a performance management system. Training increases and updates the skills, knowledge, competencies, and experiences of an employee through a series of training and development programs (Obeidat et al., 2014). If it is not given properly to employees it will affect the successful implementation of BCS at higher level. The third challenge is lack of senior management commitment. Delegation of the project to middle management and defining the project as performance measurement is described as one of the most common causes of failure, by missing focus and alignment to implement strategy. (Kaplan and Norton, 2001a).The fourth challenge is measurement tool (Automation). Automation is using software to automate the collection, reporting, and visualization of performance data and transforming performance measurement data into useful information and business intelligence (Niven, 2006).But if it is not easy to use, difficult to measure the performance of individual and also the company as a whole.

Thus, the study has been attempted to identify and validate the above mentioned Problems through scientific inquiry. Besides, there is no published research on the topic of balanced scorecard contribution and challenges in the same case.

1.3. Research Questions

The study has been attempts to achieve the following research questions.

- ➢ What are the challenges encountered in the implementation of BSC and the existing challenges?
- ➢ What are the major contribution of balanced scorecard implementation on customer, financial, internal business unit and learning and growth perspectives?
- ➢ What are the causes for the challenges while implementing BSC?
- ➢ How do employees think about implementation of BSC as performance evaluation system in Ethio Telecom?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study is to examine the contribution and challenge of BSC implementation in Ethio Telecom.

1.4.2. Specific objectives

More specifically the study seeks:

- ➤ To assess the challenges that the organization faces while implementing BSC.
- ➤ To investigate major contribution of balanced scorecard implementation on customer, financial, internal business unit and learning and growth perspectives.
- ➤ To assess the causes of the challenges that Ethio Telecom faces.
- ➤ To analyze employees perception of the performance evaluation system after balanced scorecard implementation in Ethio Telecom.
- ➤ To propose solutions for the identified challenges.

1.5. Definition of Terms

Balanced Scorecard: The Balanced Scorecard is a performance management tool that enables a company to translate its vision and strategy into a tangible set of performance measures. (Kaplan and Norton, 96)

Financial Measurement: Is a measurement tool that measures the performance of the organization based on the variables that cost of production; cash flow; Sales Growth; market share and so on.

Non-Financial Measurement: Is measures the performance of the company base on customer satisfaction; time taken to meet customer needs; the company's ability to improve employees skill and company's capacity of giving priority for various internal business process at which company must excel.

Performance Measurement: is as a process of assessing progress towards achieving pre-determined goals and objectives. (Esther et al, 2013)

Initiative: Strategic Initiatives are actionable projects that are aligned with Strategic Objectives and can be short-term or long-term that have potential for significant organization impact and benefit. (David, 2006)

Strategy: is the plan for how the organization intends to achieve its goal. (Monica et al, 2004)

Perspective: the gestalt or the personality of the organization base on customer; finance; internal business process and learning and growth

1.6. Significance of the Study

BSC has become one of the important reform implementation tools in the Ethiopian public sector. The objective of BSC is to realize the organizational Goal and objectives; so this paper shows the relevance of BSC in Ethio Telecom. The outcome of this study will help Ethio Telecom to pin point the important challenges that exist currently while implementing BSC and take remedial actions for suitable positive results. Moreover, the result from this research will assist the company to improve its BSC practice by identifying problems related with employee's perspective. In addition to this the finding will give an insight for other academicians who are interested to asses practice and implementation of BSC of other organization.

1.7 Scope of the Study

Taking into account the importance of BSC, its contributions to the overall performance of Ethio Telecom and the existing problems in its actual performance; the outcome of this study help Ethio Telecom to find out the challenges that exist currently while implementing BSC and it is valuable in proposing some possible recommendations/solutions to those challenges in the study area. In addition to this the findings give an insight for other academicians who are interested to assess contribution and challenges of BSC implementation of other organization

1.8 Limitation of the Study

Since the deployment of BSC in Ethio telecom is a recent phenomenon; it is difficult to find out all of the challenges that exist currently

1.9 Organization of the Study

The thesis will be organized and presented in five different chapters. The first chapter stands for introduction of the study which consists of background of the study, statement of the problem, objectives of the study, scope of the study and organization of the paper. Chapter two will contain different literatures on the area which discusses various theories and concepts regarding the topic. Then, chapter three will depict the research methodology. Furthermore, chapter four will presents all the collected data in a clear manner and the analysis accordingly. Finally, the fifth chapter will portrays the summary, conclusion and recommendation part.

CHAPTER TWO

2. Literature Review

In this chapter a Balanced Scorecard from a general perspective as well as the implementation of a balanced scorecard is described. It is organized into different sub topics: definition of balanced scorecard, the four perspectives of balanced scorecard, Steps of balanced scorecard implementation, Barriers to the implementation of balanced scorecard, Benefit of Balanced Scorecard implementation and finally empirical literature on BSC implementation are briefly discussed.

2.1. Definition of BSC

BSC defined differently by different researchers. In evaluation of BSC concept, two fundamental moments were identified; First, BSC was presented as a performance evaluation system (Kaplan, 1994; Kaplan & Norton, 1992; 1993 ;) and the authors defined BSC as –

"The Balanced Scorecard is a performance management tool that enables a company to translate its vision and strategy into a tangible set of performance measures."

According to Iqra et al. (2013) BSC is defined asa tool used by the management to keep a record of the activities and actions of the staff and to control and monitor the results or consequences of the actions.

More elaborating, Holmes, Gutierrez and Kiel defined BSC as:

> "A comprehensive method of measuring organizational performance that is superior to traditional singular and efficiency based measures of agency performance aimed at determining whether management is building the infrastructure necessary to sustain organizational and institutional resilience and accountability."

On the second stage, following the experience of implementing BSC in several enterprises, Kaplan and Norton (1996) concluded that managers were not using BSC only as performance evaluation, but also as a strategic management system. So in the second stage Kaplan and Norton (1996) argue that BSC is more than an operational or tactical measurement system, BSC is a

management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action.

BSC is not a simple set of measures, but their definition must follow two fundamental principles; all measures used must be based on the definition of objectives established by the company's mission and strategy; and a cause and effect relation between the measures defined for the four perspectives must be ensured.

According to Niven (2006) the measurement focus of the scorecard is to accomplish
Critical management process;-

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.

(Huselid, Becker, & Beatty, 2005; Tanyi, 2011) defined BSC as: "A tool manager can employ to measure an organization's operational success through direct cause-and-effect linkages back into daily operations."

Niven (2006) defined BSC as: *"Balanced Scorecard is a carefully selected set of quantifiable measures derived from an organization's strategy. The measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives in the eyes of financial, customer, internal process and internal growth and development perspective".*

2.2.   The Four Perspective of BSC

Balanced scorecard is management system that enables your business set, track and achieves its business strategies and objectives. Once the business strategies are developed, they are deployed and tracked through the four legs of balanced scorecard. These four legs of balanced scorecard are made up of four distinct business perspectives: customer leg, financial leg, the internal business process leg and finally the knowledge, education and growth leg (Chuck and rick *et.al*, 2007). There are a number of balances in balanced scorecard, among which is the balance or equilibrium between four historical domains or perspectives considered to be mutually linked in terms of strategy and performance.

When it comes to (Paul N, 2002) view of the balanced scorecard is like a tree that composed of four perspectives: the learning and growth perspectives are roots, the trunk is the internal process perspectives, customers are the branches and the leaves are the financial perspectives. Each perspective is interdependent on those below as well as those above. It is a continuous cycle of renewal and growth. Leaves (finances) fall to fertilize the ground and the root system, which stimulates growth throughout organization

Figure 2.1 Balanced Scorecard Four Perspectives
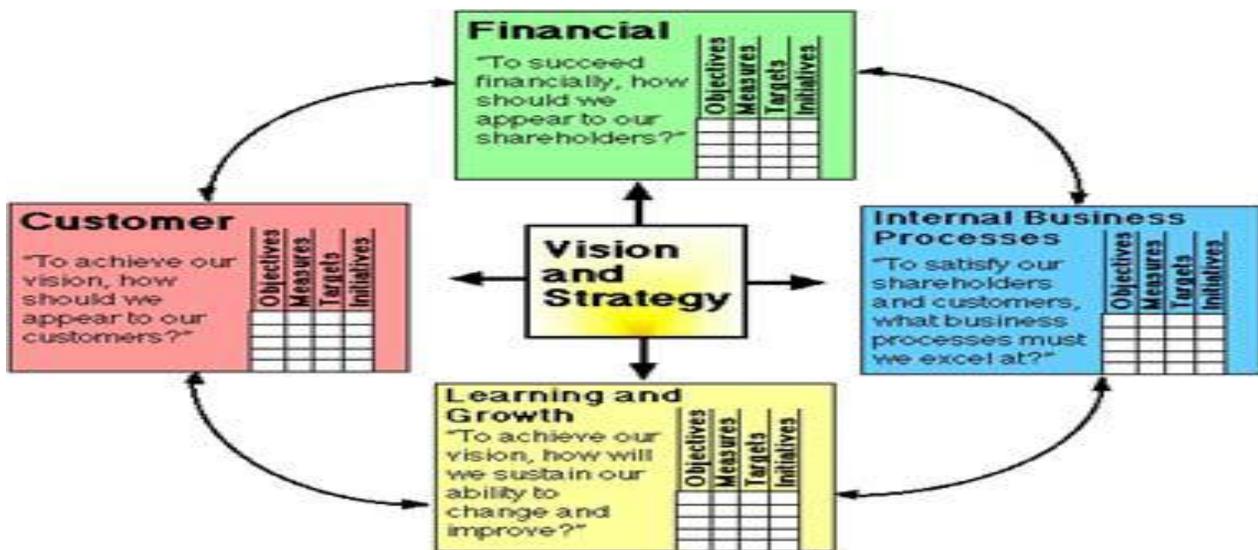
Source: Kaplan & Norton, 1996

2.2.1. Financial Perspective

The financial perspective is considered as the most important perspective among the others, particularly in relation to key strategy implementation and assessment of organizations' performances. Usually, it occupies the topmost part of the BSC. This is usually actualized through the provisions of the organizations' mission and vision statements and the transformation of financial issues into sustainable goals and minimal cost (Niven, 2011). The cause and effect trend can be seen through the financial index, irrespective of whether they are tangible or intangible. In addition, there should be ways by which the financial perspective can be used for raising the long-term stakeholder values, expanding the market and reducing costs.

In light of this, (Ronchetti, 2006) argued that the financial perspective, defines financial strategic objectives and financial performance measures that provide evidence of whether or not the Company's financial strategy is yielding increased profitability and decreased costs. This view also captures how the organization must look to customers in order to succeed and achieve the Organization's mission; thus, achieving financial strategic objectives is the primary means to realize the company's mission. To achieve this, however, the other three perspectives are very crucial.

2.2.2. Customer Perspective

According to Kaplan and Norton (1992), there are two measurement standards. First one is "Core measure group" standards are includes customer retention, market share, and customer satisfaction, customer acquisition and customer profitability. The next performance driver guides the organization to the customer value position, and include lead times, quality, attributes of product and quality, image and relationship. It was therefore argued in (Kaplan and Norton, 2001b), that these will be achievable with the right choice of customers with highest value propositions. These values, according to (Niven, 2011), can be achieved in any of the following three ways: (i) operational excellence concentrates on reasonable price and quick response, (ii) there are turn around innovate drives by product leadership towards improving both products and services qualities of the organization, (iii) creating an enabling customer intimacy based on long-term relationship due to vivid understanding of customer needs. From the report of research by (Ittner and Larcker, 1998) it is revealed that customer behavior and financial results are relatively constant over broad ranges of customer satisfaction, changing only after satisfaction moves through various "threshold" values, and diminishing at high satisfaction levels. As, thus supported by the argument in (Kaplan and Norton, 1996) and (Ittner et al., 1997) to include customer satisfaction indicators in internal performance measurement systems and compensation plans.

2.2.3. Internal Process Perspective

Internal business processes provide the organization with the means by which performance expectations may be accomplished. This perspective refers to the internal business processes of the organization and, therefore, managers are required to provide measures that answer the following question: "To satisfy our customers and shareholders, what business processes must we excel at?" The central theme of this perspective is the results of the internal business processes which lead to financial success and satisfied customers. (Kaplan and Norton, 1992, 1996)

Typically the measures of this perspective are based on producing goods and services in the most efficient and effective methods. Commonly used measures for this perspective are: cost of quality, cost of non-conformance, process innovation, time savings etc. (AL-Najjar and Kalaf, 2012). These processes also enable the business to satisfy the shareholder expectations of the company's financial return (Kaplan & Norton, 1996a).The internal business process perspective demonstrated the strategy of increasing and intensifying production while satisfying partners and operating in a socially responsible manner (Shadbolt et.al.,2003). However, for nonprofits, realizing excellence in internal operations correlates to increased constituent or congregant satisfaction, not financials (Niven, 2003).

2.2.4. Learning and Growth Perspective

The fourth perspective of the Balanced Scorecard, learning and growth, identifies the infrastructure that the organization must build to create long-term growth and improvement. Organizational learning and growth come from three principal sources: people, systems, and organizational processes. The financial, customer, and internal-business-process objectives of the Balanced Scorecard typically will reveal large gaps between the existing capabilities of people, systems, and procedures and what will be needed to achieve breakthrough performance. To close these gaps, businesses will have to invest in re-Skilling employees, enhancing information technology systems, and aligning organizational procedures and routines. (Nasrat. A et al., 2013)

In (Kaplan and Norton, 2004), the importance of this perspective measured through the ability of organizational capital, employees, and knowledge systems on one hand, as well as their importance in communicating value creations to the organizations on the other. Human capital

attempts to emphasize the investment on the employees who are responsible for critical internal processes to achieve an extraordinary level. The information capital backs up the infrastructure and strategic to assist the performance of human capital. The four elements of organizational capital namely culture, alignment, leadership, and teamwork facilitate and transform the behavior of a successful organization that is focused on strategy (Kaplan and Norton, 2004). According to Park and Gagnon (2006), the learning and growth perspective (organization's employees, infrastructures, and environment, and reflects employee satisfaction, motivation, empowerment, and the capabilities of employees and information systems) are argued to facilitate the performance of the other three perspectives.

2.3 The Steps of the Building and Implementation Process of Balanced Scorecard

Building the balanced scorecard system passes in to nine steps including the design, this is the first six steps, and the implementation steps from seven to nine steps.

Figure 2.2 Steps of building Balanced Scorecard

Design/ Development Phase

1. Assessment
2. Strategic Theme
3. Strategic Objectives
4. Strategic Map
5. Performance Measures and
6. Strategic Initiatives

Implementation Phase

1. Automation
2. Cascading
3. Evaluation

Source: http://intranet.ethiotelecom.et/default.aspx
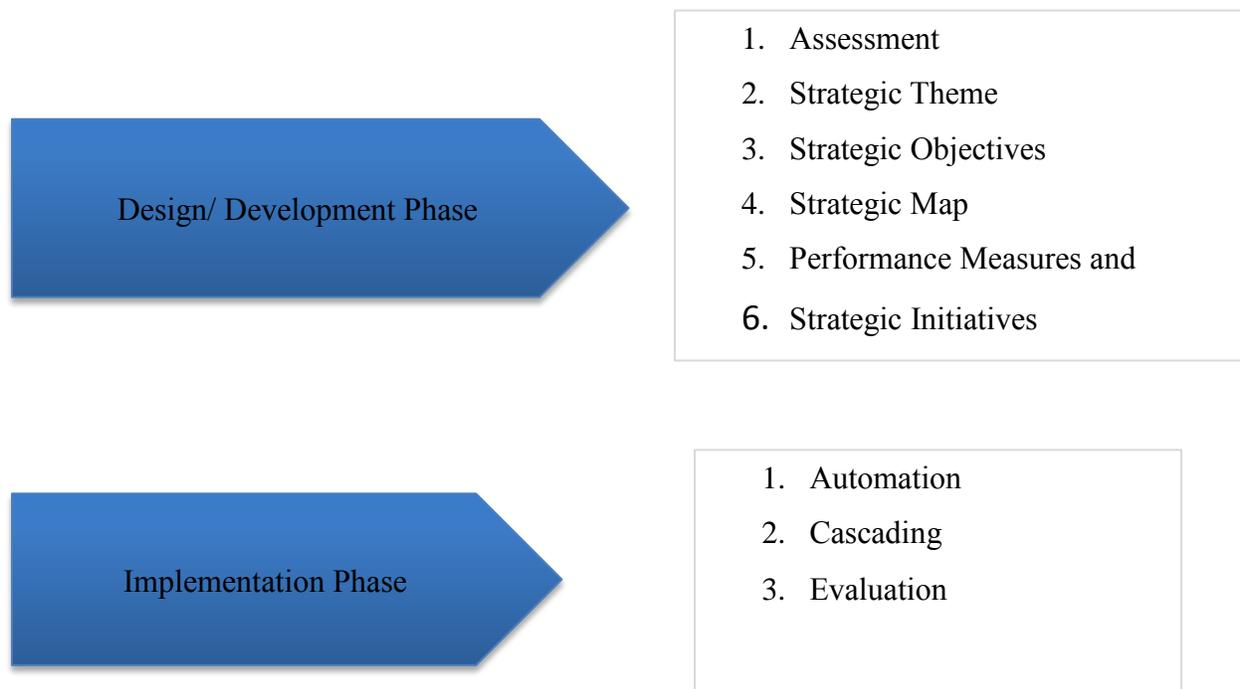
2.3.1 The Building Phase (Corporate Scorecard)

Step 1: Assessment

In step one, in the organizational assessment, the first one is about a number of things: to finalize the Balanced Scorecard Plan which will detail, among others, all the teams that will be involved in the designing of the scorecard and the training they will require. Secondly, in step one involves conducting the organization assessment of the strategic elements: the mission and vision, SWOT and organization values. Thirdly, Step One is also about preparing a change management plan for the organization, which will entail conducting a change readiness review to determine how ready the organization is in embarking on such a journey and what needs to be put in place to make it ready, as well 30 as defining communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication. The change management activities will take place throughout each step (Morongwa, 2007).

Step 2: Strategy

Strategy is about determining the strategic themes, including strategic results, strategic themes, and perspectives, which are developed to focus attention on the customer needs and their value proposition. The most important element of this step is to ensure that you have unpacked what your customers are looking for from your organization in terms of function, relationship and image to determine whether you are providing value to your customers (Morongwa, 2007).

Strategy represents the broad priorities adopted by the organization in recognition of its operating environment and pursuit of its mission. All performance objectives and measures should align with organizational strategy. Strategy is specific and detailed actions you will take to achieve your desired future and pattern of consistency of action over time (Niven, 2014)

Step 3: Strategic Objectives

A specific result that the organization is aimed to achieve within a time frame and with available resources. With regards to the third step, it is about determining your organization's objectives – that is your organization's continuous improvement activities, which should link to your strategic themes, perspectives and strategic results (cetin Morongwa, 2007).

Moreover, a strategic objective is used to break strategic themes in to more actionable activities that lead to the strategic results (Rohm, 2008)thus, it is *a*ction oriented activities (what must be done to be successful) that serve as a bridge among strategies and performance measures.

Step 4: Strategy Maps

The objectives designed in Step Three are linked in cause-effect relationships to produce a strategy map for each strategic theme. The theme strategy maps are then merged into an overall corporate strategy map that shows how the organization creates value for its customers and stakeholders. (Morongwa, 2007).

Strategic Map is a collection of strategic links constructed using **"If- Then"** logic to show the logical connection (cause-effect links) among the objectives. According to Kaplan and Norton (2001a,) a strategy map 'describes how shareholder value is created from intangible assets'. Hence, Strategic Map is a tool for creating organization alignment, a graphical picture of the customer/ stakeholder value chain and a tool for creating executive consensus and employee accountability. In relation to this, expected outputs at this step are**:-**

- Cause-effect relationships among objectives will be developed
- Enterprise-wide Strategy Map created from objectives
- Enterprise-wide Strategy Map approved by leadership

Step 5: Performance Measures

The 5th step in the design phase about performance measures is translation of an organization's mission and strategy in to a comprehensive set of performance measures that provides the framework for strategic measurement and management system. The performance measures are developed for strategic objectives. Performance measures should be defined clearly, differentiating the outcome and output measures, as well as the leading measures (future expected performance) and lagging measures (past performance history). In this step, you will also design your performance targets. This might be perceived as the most difficult and confusing step, so it is important that a bit of time is apportioned so that the performance measures will be meaningful (Morongwa, 2007). Performance Measures are indicators to track performance of an organization's strategies and a way of measuring any gaps in actual levels of performance compared to targeted levels. In addition to this, it is a means for measuring both organization effectiveness and operational efficiency and Visual indicators of relative success. Because of this Performance measures should be designed in a strategic (focus on results). In this step expected out puts are:-

- Performance Measures and targets for each objective
- Upper and lower thresholds for each measure
- Baseline data for each Performance Measure

Step 6: Strategic Initiatives

In Step Six, the strategic initiatives are developed that support the strategic objectives. This is where the projects that have to be undertaken to ensure the success of the organization (the extent to which the organization fulfills its mandate or vision) are drafted and assigned. To build accountability throughout the organization, performance measures and strategic initiatives are assigned to owners and documented in data definition tables (Morongwa, 2007).

Moreover, According to David, (2006) strategic initiatives are defined as the collections of finite-duration discretionary projects and programs, outside the organization's day to day operational activities, that are designed to help the organization achieve its targeted performance. Strategic Initiatives are actionable projects that are aligned with Strategic Objectives and can be

short-term or long-term also they are Wide-reaching organization projects (or programs) that have potential for significant organization impact and benefit. In this step expected out puts are:-

- Prioritize list of Strategic Initiatives
- Project management instituted: ownership, scope, schedule, and deliverables expected

2.3.2 The Implementation Phase (Business Unit and Individual Scorecard)

Step 7: Software and Automation

Following the development of the corporate scorecard ,Step Seven (Software and Automation) involves automating the Balanced Scorecard system, and consists of analyzing software options and user requirements to make the most cost-effective software choice for today and to meet enterprise performance information requirements in the future. Automation is purposely put as Step 7 on the 9-step framework, to make sure that the proper emphasis is placed on strategic thinking and strategy development before "software seduction" sets in. Purchasing software too early limits creative strategic thinking, and purchasing software late makes it difficult to sustain momentum of the new system, as performance information reporting utilization is clearly an early benefit to be captured from the process of building the scorecard system (Morongwa, 2007).

Automation is using software to automate the collection, reporting, and visualization of performance data and transforming performance measurement data into useful information and business intelligence (Niven, 2006) and also it is presenting performance information to the people who need it in a visually appealing format.

Step 8: Cascading

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

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

Step 9: Evaluation

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

Figure 2.3 Building and Implementing a Balanced Scorecard: Nine Steps to Success

Source: https://balancedscorecard.org/Resources/The-Nine-Steps-to-Success

2.4. Barriers to the Implementation of the Balanced Scorecard

Despite many stories of successful implementation of the Balanced Scorecard in large companies, Kaplan and Norton (2001), based on their experience of Balanced Scorecard implementation in many organizations, identify two sources of the failure of the Balanced Scorecard in large companies: the design and the process.

2.4.1. Design Failure

A poorly designed Balanced Scorecard may lead to its failure in an organization. A poor design includes:

- Too few measures in each perspective, leading to failure to obtain a balance between leading and lagging indicators or financial and non-financial indicators.

- Too many indicators without identifying the critical few: in this case, the organization will lose focus and be unable to find linkage between indicators.

- Failure of measures selected to depict the organization's strategy. This happens when an organization tries to input all its Key Performance Indicators (KPIs) into each perspective without screening to select only those measures linked to its strategy. This means the organization's strategy is not translated into action and it thus does not obtain any benefit from the Balanced Scorecard.

2.4.2. Process Failure

Process failures are the most common causes of failure of the Balanced Scorecard and include (Kaplan and Norton, 2001, p. 361):

- Lack of senior management commitment
- Too few individuals involved
- Keeping the scorecard at the top
- Overly long development process
- Treating the Balanced Scorecard as a one-time measurement project
- Treating the Balanced Scorecard as a systems project
- Hiring inexperience consultants
- Introducing the Balanced Scorecard only for compensation.

The underlying factor behind these failures is ineffective communication within an organization. This means that not everyone in the organization understands the concept and thus may even oppose it. The Balanced Scorecard is not a one-time project: It is a continual process. It translates strategy to operational terms, aligns the organization to strategy, and makes strategy everyone's everyday job. All of these elements must be fully supported by senior management and the executive leadership is clearly required (Kaplan and Norton, 2001).

2.5. Benefit of Balanced Scorecard

Madsen and Stenheim (2014), support that the BSC has an overall positive effect on the performance of an Organization and they found three common benefits of balanced scorecard to management.

- ➢ The BSC assists managers to focus on strategy, structure and vision.

- ➢ The BSC integrates financial and non-financial-based metrics to assist managers to focus on the entire business process and ensure current business activities and events contribute to customer values and to the long-term organizational strategy

- ➢ The BSC assist managers to monitor the execution of a strategy by mapping cause-and-effect linkages between employee activities and strategy implementation.

In the same scenario, Casey and Peck (2004) also support that the BSC benefits organization. The BSC benefits organizations by providing managers with a deeper insight into business operations and into different ways to create value. In particular, strategy maps provide managers with a visual illustration of the inter-relationships between employee activities and strategy implementation. The process of developing strategy maps in itself provides the management with a deep insight into business operations and the potential areas to focus to create value. Thus, strategy maps are especially beneficial to organizations that use the BSC as a strategic management tool. The benefits come from strategy maps providing a common language and a common frame of reference, facilitating discussion, communication and visualization of the organization strategy and channels or activities required to achieve the strategy

Moreover, (Basuony, 2014) observes aligning organization to the strategy assists in solving the problem of communication especially formal reporting and bureaucracy whereas making the organization strategy an everyday job solves the problem of communication and coordination. Further, as a control system, the BSC assists large organizations to achieve their strategies by enabling management to articulate, communicate, and monitor strategy implementation.

In Addition to this, According to (Kaplan and Norton, 96) The Balanced Scorecard has many advantages these are:-

- Balanced Scorecard (BSC) provides managers with the instrumentation they need to navigate to future competitive success.
- The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system
- The BSC enables companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they need for future growth.

2.6.   Empirical Literatures on Balanced Scorecard Implementation

A study conducted by (Madsen and Stenheim, 2014) proof that the concept is useful. In this finding the consultants highlighted that the BSC can be used to balance shareholder and stakeholder demands, the concept's compatibility with local culture and business practices in Scandinavia, and how the BSC can be used to communicate and visualize. The user organizations highlighted that the concept helps them with managerial 'focus', gives them a sense of 'balance', helps with communication and visualization, aligns goals, is a cultural and motivational tool, and that the BSC label can be used to drive organizational change processes.

However, (Stephen and Gabriel ,2010) The study on Application of balanced scorecard at Essar Telecom Kenya Ltd, the result shows that even if this company uses the balanced scorecard primarily for strategy implementation and performance management tool; various challenges experienced such as Management being too busy solving and implementing short term goals, inadequate top management support, lack of highly developed information system to support balanced score card, lack of linkage of balanced scorecard to employee reward, balanced scorecard is time consuming to develop, lack of skills and know how in developing and implementing balanced score card, organizational politics, change management strategies, revenue constraints. The study further shows that the benefits of balanced score card outweigh the costs if implemented fully, efficiently and effectively.

In the same scenario, the study by (Hiwot, 2015) Practice and challenge of balanced scorecard implementation in CBE, in her finding different factors were identified as responsible challenges after balanced scorecard implementation in the bank. The study shows that after BSC implementation the impact is negative on the performance evaluation system in the bank as well as the key performance indicators are not measured the performance of the individual and the bank progress; Concerning the target given to the individual workers was not considered the internal capacity of the bank consequently the target is unattainable and unrealistic and the existing communication system is poor as a result it does not facilitate interactive way of communication.

However, the study shows that BSC implementation in CBE has also a positive impact.

In addition to the above survey, (Tsion, 2014) in her study on prospects and challenges of Balanced scorecard implementation in development bank of Ethiopia, finds that BSC helps the employees and the organization in order to enhance their knowledge in regarding to their organization vision, mission and objectives; it also enhances the knowledge of effective time management, commitment to work, having responsibility for their work. Hence, the study shows that achievements and positive contribution of BSC to the organization and the credit process leads the employees and the customer to look at it positively.

In the contrary, (Voelpel et al., 2005) and (Rillo, 2004) find, in practice, the BSC hampers a firm's innovation capability, which it could derive from external networks. The original and successive conceptions of the BSC perceive firms are in isolation and adversarial to competitors. The BSC framework focuses almost exclusively on a firm's internal processes to the exclusion of linkages with related firms and the environment. The main aim of the BSC is enhancing performance and translating strategy into action of the individual firm without consideration of the interlinked and networked business environment. In today's business eco-system, firms collaborate within their networks to improve their own performance. Thus, this kind of innovation driven by external networks is not possible in a firm implementing the BSC. In related with the above study, (BizShifts ,2010) in his study support that, within a decade of its foundation, an estimated 44% of organizations worldwide had implemented the BSC; however, only 22% to 50% of these organizations achieved higher return on asset and higher return on

equity while an estimated 85% of the organizations experienced problems during implementation. While the survey conducted by (Molleman, 2007) finds the inflexibility of the BSC a significant limitation towards its implementation. This report evidences that the BSC is not sufficiently flexible for application in firms in a highly dynamic business environment. This finding contradicts the observation by Kaplan and Norton about the flexibility of the BSC. While Kaplan and Norton argue that the BSC assists managers to modify strategies, in a highly dynamic business environment, managers will have to modify their strategies frequently or changing them altogether.

Thus, the above studies show that even though the balanced scorecard implementation has benefits for the organization performance it has its own challenges and limitations for the successful implementation. Considering this challenge, deploying this tool needs a careful attention.

CHAPTER THREE

3. Research Design and Methodology

3.1. Research Design

The researcher used a descriptive method of study. According to (Cooper and Schindler, 2003) this method tries to answer the questions who, what, when, where and how and the researcher attempts to describe or define a subject, often by creating a profile of a group of problems, people or events. Hence, the researcher used this method to assess the contribution and challenges of BSC implementation in EthioTelecom because this method describes the characteristics of objects, people, group or environment. Moreover, Qualitative and quantitative methodology have been used in order to gather most appropriate data to answer the research questions. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be express in terms of quantity. Qualitative research is concerned with qualitative phenomena. For example study what make people hard work or be lazy will lead to arriving at qualitative cause such as weather the jobs are challenging or not weather the salary is attractive or not and weather there are opportunity to grow within the organization. Qualitative research is especially in the behavioral scientist where the aim is to discover the underline motive, interest, personality and attitude of human being, (Shejahan, 2004).

3.2. Population and Sampling Design

The target population of this study was Ethio telecom staffs. Due to time and resource constraint it would be impractical for the researcher to survey the entire staffs so that this study only focused on head quarter staffs. According to preliminary survey of Ethio telecom database the total staffs is 12,959 out of this the head quarter staffs is 5123 and its structure classified by 16 Divisions. Thus, the researcher preferred to use Stratified sampling Technique. According to Cooper and (Shindler, 2003) Stratified sampling divided Population into subpopulation or strata and use simple random on each strata. Results may be weighted and combined. And it increases statistical efficiency; provide data to represent and analyze subgroups; researcher enable to

control sample size in strata and can use of different methods in strata. Hence, this method gives equal chance of being selected for each division or strata. The researcher used the formula derived by Taro Yemane (1967)

$$n = \frac{N}{1 + N(e)^2}$$

Where n =sample size, N =population size, e= sampling error (usually .10, .07, .05 and .01 acceptable error, the researcher will use 0.05 sampling error)

$$n = \frac{5123}{1 + 5123(0.05)^2}$$

$$n = 371$$

The researcher took 371 as a sample and to determine the sample size of the selected division researcher used proportional stratification. Accordingly, the proportion of the sample for all divisions presented as follows:

Table 3.1 Proportion of the sample

No.	Division	Population	Sample Proportion
1	Customer Service	1719	124
2	Network	1322	96
3	sourcing and Facility	804	58
4	Information Division	296	21
5	Enterprise	179	13
6	Finance	151	11
7	human Resource	145	11
8	Marketing	131	10
9	Residential Sales	113	8
10	Quality and Process	69	5
11	CEO Office	55	4
12	Internal Audit	54	4
13	Legal	34	3
14	Security	30	2
15	TEP Office	19	1
16	Board Office	2	0
	Total	**5123**	**371**

3.3 Source of Data and Methods of Data Collection

The study was used both secondary and primary data sources. The primary data for the research was collected from participants through structured questionnaires. Questionnaires are one of the most widely used survey data collection techniques. Because each person (respondents) is asked to respond to the same set of questions, it provides an efficient way of collecting responses from a large sample. (Saunders, et al, 1997). A questionnaire was prepare to get insight of employees about the contribution and Challenges of BSC while implementing in Ethio telecom and A 'five-point Likert Scale' was employed to treat most of the responses through questionnaires. And also the researcher have been used interview as a primary data by considering that the use of interviews can help the researcher to gather valid and reliable data that are relevant to the research questions and objectives. Hence, the researcher by considering the above advantage used semi–structured interviews that were conducted to the selected quality and process officer by using purposive sampling i.e. judgmental sampling in related to the success and challenges of BSC implementation. The rational using judgmental sampling is by personally considering that quality and process division has experts in related with the study area. The secondary data have been collected from journals, books, websites, broachers, articles and the organization recorded documents that are related to the study area. The questionnaire has classified in three parts, the first part relating to demographic profile of respondents, the second part about the respondents understanding on the contribution and the third part also about challenges of BSc implementation in Ethio telecom. Pilot test was conducted using 10 questionnaires to identify and eliminate potential problems associated with question content, wording and format. Besides the reliability test was assessed using Cronbachalpha. Finally the researcher went personally to randomly selected respondents in each division and distributed a total of 371 questionnaires and 333 usable questionnaires were collected. The rest 38 questionnaires were not returned.

3.4. Method of Data Analysis

The researcher employed descriptive data analysis method to analyze the collected data. Data collected through questionnaires regarding respondent's profile, the contribution of BSc under four perspectives and its challenges analyzed by SPSS and also the data which generated from SPSS has been clearly presented by using tables, graphs and pie chart which are expressed in the form of frequency, percentage and mean. Respondent's profile expressed in the form of frequency and percentage and the contribution of BSc under four perspective and its challenges expressed and analyzed based on frequency, percentage and mean and interpreted accordingly; while for qualitative data collected using interview from quality and process officer analyzed in brief and meaningful way.

CHAPTER FOUR

4. Data Presentation and Analysis

This chapter presents respondent's profile, the reliability analysis, and the analysis of variables that describe about contribution and challenges of balanced scorecard implementation. The analysis and interpretation from the information collected through structured questionnaires with a total of 371 were administered and out of this 333(89.7%) usable questionnaires were collected and analyzed by the statically package for social science (SPSS) version 20. In the same scenario, data collected from primary sources through interview also analyze in a brief and precise way.

4.1. Profile of Respondent

This Section summarizes the Sex of respondent, age of respondent, their Educational Level, respondents position (Level) in the organization, Years of service on the current job, total Years of service in the organization and their Division. The purpose of this demographic analysis is to know how much proportion of male and female, age distribution, how many employees are educated, how many years the employees has experience on Ethio telecom and how many employees participated from each division. The proportion of each demographic characteristic of respondents presented one by one as below.

4.1.1 Sex of Respondent
Figure 4.1 Sex Proportions of the Respondents
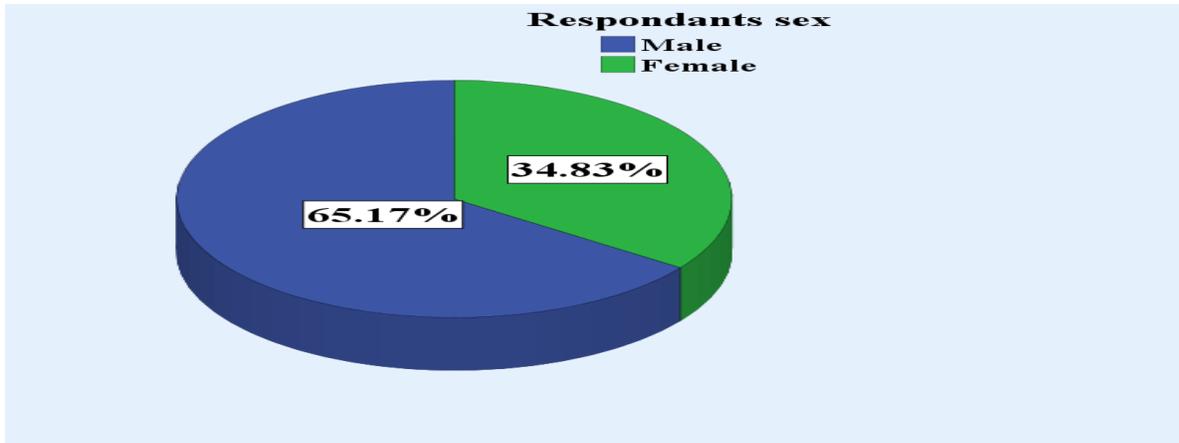
Source: Own Survey

As shown in the above figure 4. 1, 65.17% of respondents are male and 34.8% of respondents are female. Hence, majority of the respondent are male. This shows that in Ethio telecom the sex proportion is imbalance.

4.1.2. Age of Respondents
Figure 4.2 Age Proportion of the Respondents
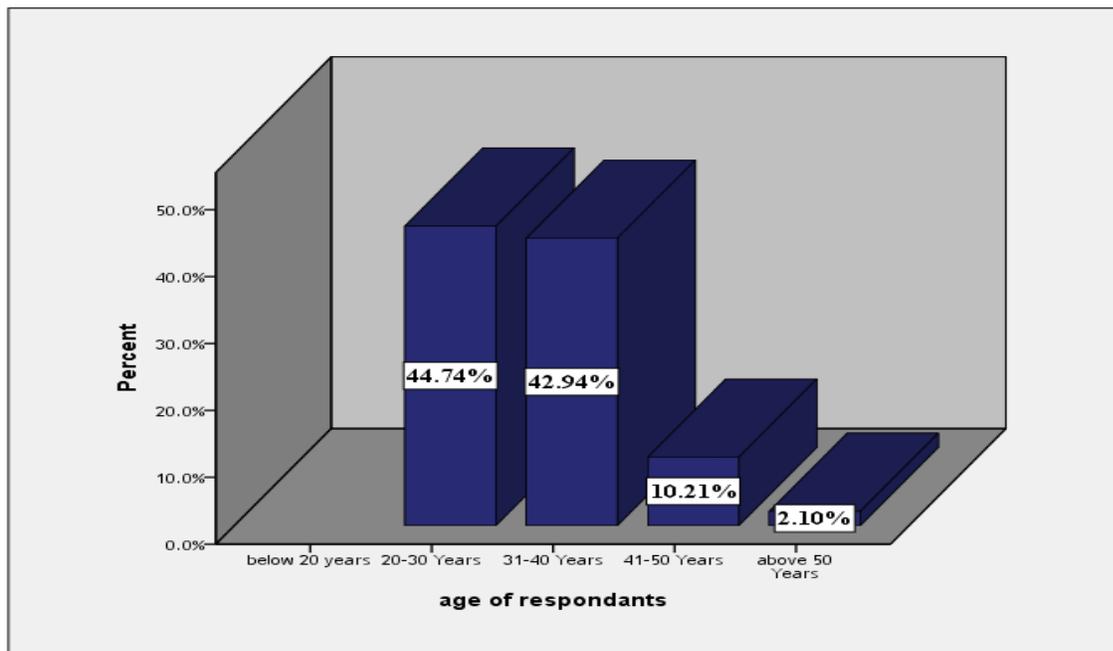
Source: Own Survey

As indicated the above Figure 4.2, 44.7% of the respondents are grouped under the age of 20-30 years, 42.9% of the respondents are under category of 31-40 years, 10.2% of the respondents are sorted under 41-50years and the remaining (2.1%) is categorized above the age group of 50.Thus, from this result the researcher conclude that majority of Ethio telecom staffs are young, enthusiastic and innovative.

4.1.3. Respondents Level of Education
Figure 4.3 Education Level of the respondent
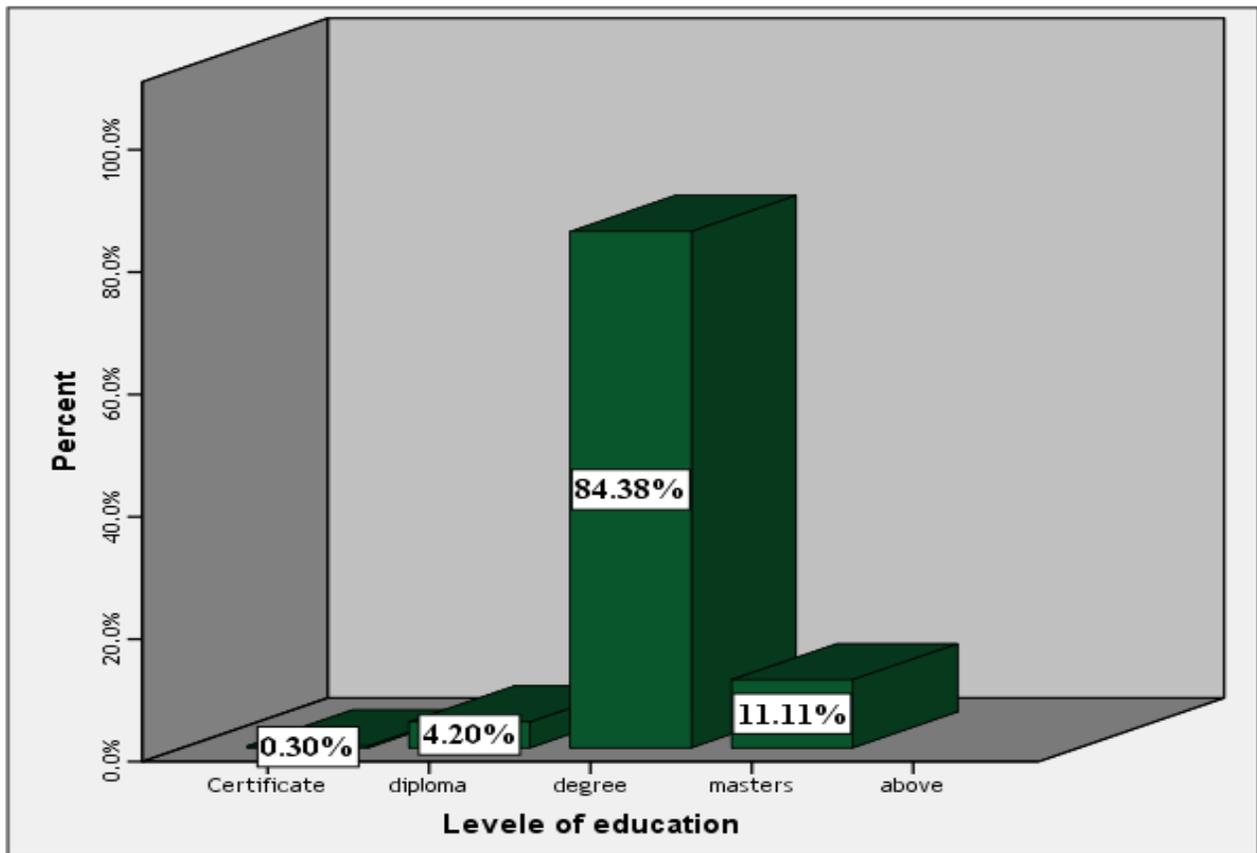
Source: Own Survey

The above result indicated that educational level of the respondents, 11.1% of respondents have master's degree (post graduate), 84.4% have BA degree (Under graduate), 4.2% are diploma holder and 0.3% of respondent have certificate. This result implies that above 95.5% of the participants in the survey are literate people who have already achieved First degree and above. Hence, respondents are well-educated who are believed to be responsible to know about the study area and to give valuable response.

4.1.4. Respondent's Current position in the organization

Figure 4.4 Current position of the respondent in the organization
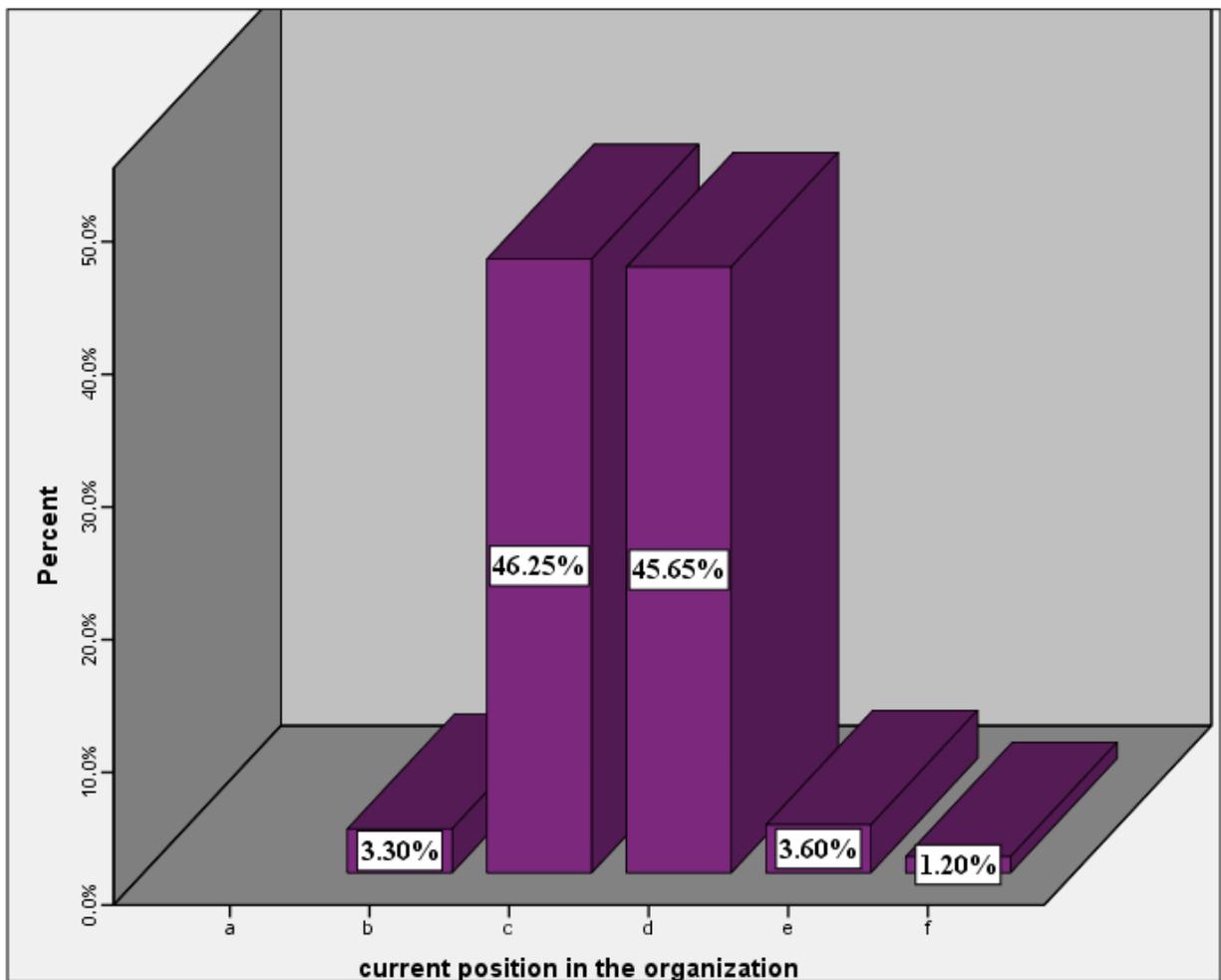
Source: Own Survey

When we see the current position of respondents in Ethio telecom, as the survey result shows that in figure 4.4, 1.2% of respondents are F level (Officers), 3.6 % of respondents are E level (managers), 45.6% are D level that means their position is Supervisor or specialist, 46.2% respondents are C level this implies that they are professional in their field of task and the remaining 3.3% are b level. From this result the majority of the respondents are found in level C and D while the study also comprise almost all the hierarchical position in Ethio Telecom

Figure 4.5 Respondent's Years of Service on the Current Job
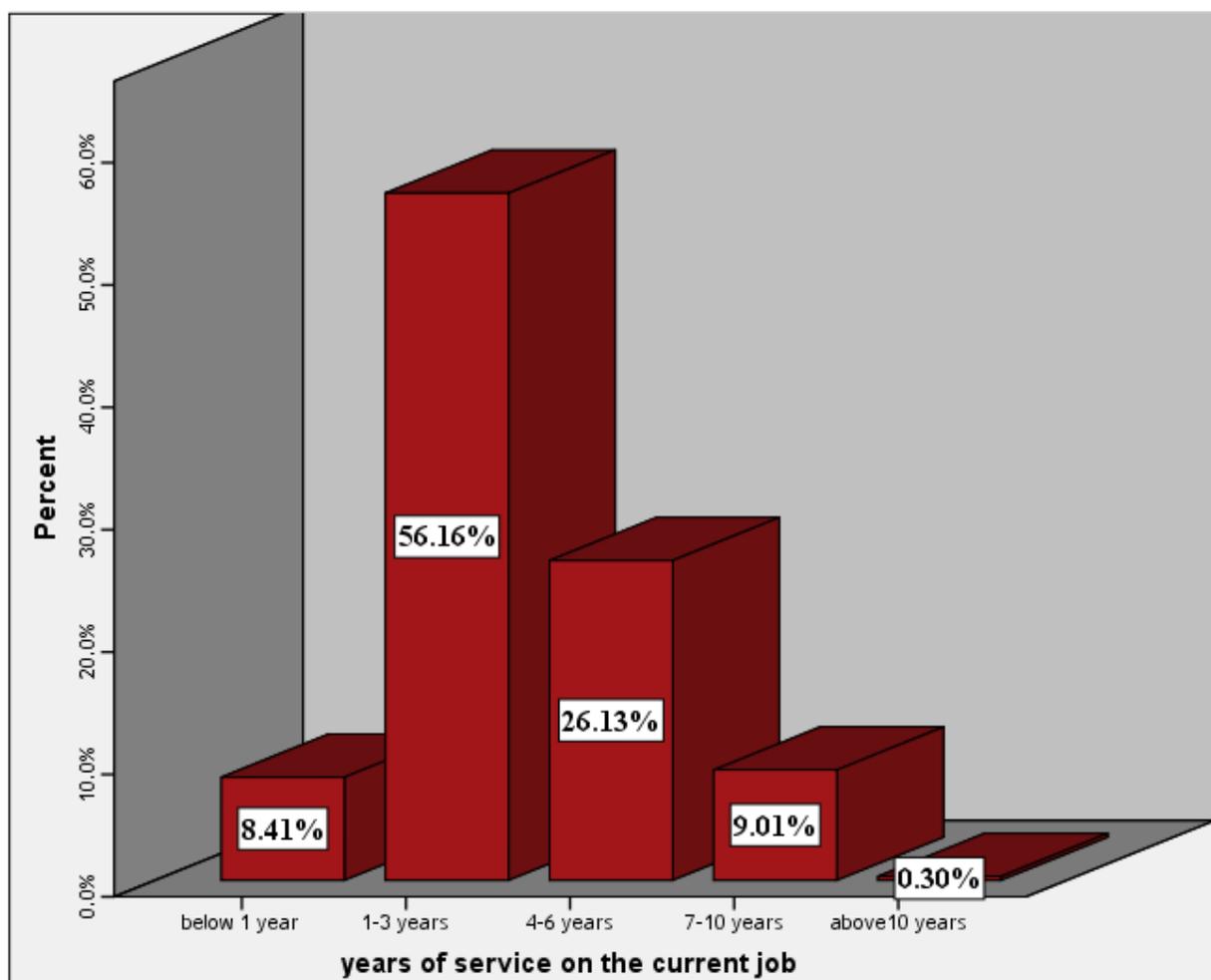
Source: Own Survey

Regarding their work experience in the current position, as the survey result denotes that 0.3% of respondents have above 10 years' service experience, 9% of respondents have 7-10 years' service experience, 26.1% are work between 4-6 years, 56.2% of respondents are works between 1-3 years and the remaining 8.4% of respondents have below 1 year service experience. As a holistic view of this result the majority of the respondents have served between 1-3 years on the current job.

Figure 4.6 Respondents' Years of Service in the Organization
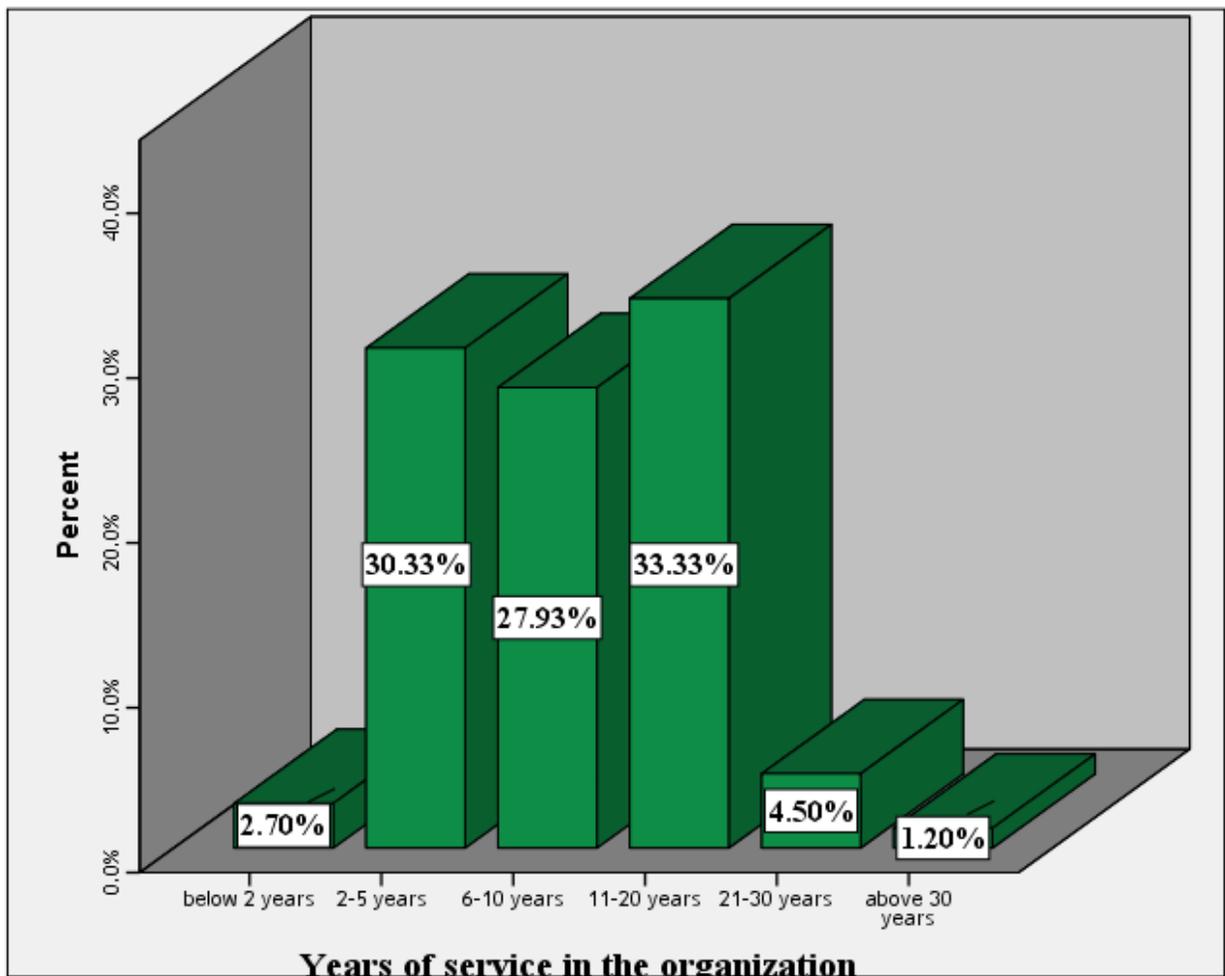
Source: Own Survey

Respondents were in the same way asked to indicate their experience in the organization. According to the survey result in figure 4.6, majority of respondents 33.3% found between 11-20 years subsequently 30.3% of respondents have served between 2-5years following to 27.9% of

respondents have service experience in Ethiotelecom, next to 4.5%, 2.7% and 1.2% of respondents' works between 21-30 years, below 2 years and above 30 years respectively

4.1.7. Respondents Division

Table 4.1 Proportion of the Participated Respondents in each Division

	Division	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CEO	4	1.2	1.2	1.2
	Customer Service	112	33.6	33.6	34.8
	Enterprise	13	3.9	3.9	38.7
	Finance	11	3.3	3.3	42.0
	Human Resource	11	3.3	3.3	45.3
	Internal Audit	4	1.2	1.2	46.5
	Information System	19	5.7	5.7	52.3
	Legal	3	.9	.9	53.2
	Marketing and communication	10	3.0	3.0	56.2
	Network	78	23.4	23.4	79.6
	Quality and Process	5	1.5	1.5	81.1
	Residential sales	8	2.4	2.4	83.5
	Security	1	.3	.3	83.8
	Sourcing and facility	53	15.9	15.9	99.7
	TEP	1	.3	.3	100.0
	Total	333	100.0	100.0	

Finally, according to the survey result reveals in figure 4.1, 33.6% of respondents are belongs from Customer Service, 23.4% are from Network,15.9% are from Sourcing and Facility, 5.7% are from Information system, 3.9% are from Enterprise,3.3% are from Finance, 3.3 % from Human Resource, 3% from marketing and communication, 2.4% are from Residential Sales, 1.5% are from quality and process, 1.2 are from Internal Audit, 1.2% are from CEO office,0.9%

are from legal, 0.3% are from security and 0.3% of respondents from TEP Office. From this result the researcher conclude that the study consist of respondents from all division to ensure that accuracy of the finding.

4.2. Reliability Analysis

Reliability means many things to many people, but in most contexts, the notion of consistency emerges. A measure is reliable to the degree that it supplies consistent result. Reliability is concerned with estimate of the degree to which a measurement is free of random or unstable error. (Cooper and Emory, 1995). And there are three frequently used perspectives to measure reliability these are stability, equivalence and internal consistency.

Stability- A measure is said to be stable if you can secure consistency result with repeated measurements of the same person with the same instrument.

Equivalency- How much error may be introduced by different investigators or different sample of items being studied.

Internal Consistency- this approach to reliability uses only one administration of an instrument or test to assess consistency or homogeneity among the items. Moreover, reliable measuring instrument does contribute for validity. Finally, reliability of the questionnaire has been tested by using Cronbach Alpha. Therefore, as specified on table () below, the SPSS result shows that the questionnaire's reliability for each variables is0.806, 0.833, 0.655, 0.694, 0.903.0.772 and 0.743 Cronbach's Alpha. Coefficient alpha ranges in value from 0, meaning no consistency, to 1, meaning complete consistency. Therefore, one can say that very good reliability range from 0.80 and 0.95, good reliability range from 0.70 and 0.80, Fair reliability range from 0.60 and 0.70 and Poor reliability range from below 0.6.The result depicts in the below table the total Cronbach's Alpha test is 0.920. Hence, this result proved that the study has a very good reliability.

Table 4.2 Cronbach's Alpha coefficient

Variables	Cronbach's	No. of Items
Design Challenges	0.806	7
Process Challenges	0.833	7
Implementation Challenges	0.655	5
Customer perspective	0.694	6
Financial perspective	0.903	4
Internal process perspective	0.772	6
Learning and growth perspective	0.743	6
Total result of Cronbach's Alpha	**0.920**	**41**

Source: Own Survey

4.3. Analysis of the Variables

In order to assess the contribution and challenges of balanced scorecard implementation in Ethio telecom four variables in the contribution of BSc implementation namely customer perspective, financial perspective, internal process perspective and learning and growth perspective has been analyzed and on the other side three variables namely design challenges, process challenges and implementation challenges considered in the challenges of BSc implementation. In the below all the questions under the seven variables has been analyzed and interpreted accordingly. Finally, The respondents level of agreement represent by five point Likert scale i.e. Strongly Disagree(SD)=1, Disagree (D)=2A, Neutral(N)=3,Agree(A)=4 and Strongly Agree(SA)=5. And the researcher used N for Number and % For Percentage.

4.3.1. Design Challenges of BSC Implementation in Ethio telecom

Many studies have shown that organizations may run into different types of problems in the BSC Implementation process the problems that organizations face range from conceptual and technical issues to social and political issues. Conceptual issues are related to understanding and interpreting the concept, while technical issues may arise when developing a technical infrastructure to support the BSC. Social and political issues are also common, as the implementation of the BSC may trigger many types of behavioral responses from individuals and groups in the organization, e.g. resistance and a lack of participation ((Madsen & Stenheim,

2014). So that design challenge reveals that when the technical team design the BSc had better clearly put sufficient measure or KPI in each perspective as a result leading and lagging indicators will be balance similarly better that team must avoid to adopt too many indicators, in this case, the organization will lose focus and cannot find any linkage between indicators. In this regard, the respondents level of agreement with some basic questions about design challenges presented in the below table.

Table 4.3 Respondents Level of Agreement on Design Challenges

No	Statement		SD	D	N	A	SA	Mean Score
1	The Measure/KPI in each perspective are enough to measure company performance.	N(333)	14	55	11	239	14	3.55
		%(100)	4.2	16.5	3.3	71.8	4.2	
2	The targets given in Balanced Scorecard help Ethio Telecom meet its Goal.	N(333)	7	32	14	252	28	3.79
		%(100)	2.1	9.6	4.2	75.7	8.4	
3	The Target given in our division are achievable.	N(333)	26	172	14	100	21	2.76
		%(100)	7.8	51.4	4.2	30	6.3	
4	The identified measures /KPI's/ clearly measure my work	N(333)	19	182	13	109	10	2.73
		%(100)	5.7	54.7	3.9	32.7	3	
5	Each measures/KPI weighted based on their importance.	N(333)	11	76	24	210	12	3.41
		%(100)	3.3	22.8	7.2	63.1	3.6	
6	I accept the targets given to me under BSC.	N(333)	22	159	18	120	14	2.83
		%(100)	6.6	47.7	5.4	36	4.2	
7	The times given to each KPI or measures are enough to meet the target.	N(333)	83	134	17	91	8	2.42
		%(100)	24.9	40.2	5.1	27.3	2.4	

As indicated in the result With regard to 'the measures/KPI in each perspective are enough to measure Company Performance' the respondents are positively replied with the mean value of 3.55, this implies that employees have not question on KPI that design in a company level. Accordingly with regard to 'the targets given in Balanced Scorecard help Ethio Telecom meet its Goal' the respondents similarly responded positively with a mean value of 3.79.moreover, with a mean value of 3.41the respondents positively replied on Each measures/KPI weighted based on their importance. As it is shown from the result of mean score, The Target given in our division are achievable is, 2.76. It indicates that in Ethio telecom some targets given to each division are not realistic. Likewise, respondents are negatively responded with the mean score of 2.73 with regard to the identified measures /KPI's/ clearly measure my work. The result implies that the employees aren't satisfied with the KPI to measure their works. In the same way, respondents are disagreed regarding, I accept the targets given to me under BSC and the time given to each KPI or measures are enough to meet the target with the mean score of (2.83) and (2.42) respectively. Thus, this result implies that the target and the time given to individual in some division is not adequate.

4.3.2. **Process Challenges of BSC Implementation in Ethio Telecom**

Process challenge is common causes of pitfall on the implementation of BSc. According to (Kaplan and Norton, 2001) Lack of senior management commitment, keeping the scorecard at the top, ineffective communication within an organization are the characteristics of process challenge. This means that not everyone in the organization understands the concept and thus may even oppose it. The Balanced Scorecard is not a one-time project: It is a continual process. It translates strategy to operational terms, aligns the organization to strategy, and makes strategy everyone's everyday job. All of these elements must be fully supported by senior management. In addition to this, not giving adequate training regarding BSc implementation is leads to failures. In this regard the below table summarized the respondents level of agreement on process challenge in Ethiotelecom. With regard to process challenge, as table 4.4 shows the below listed seven questions were raised to the respondents. Accordingly, for the item that seeks to know whether adequate training is delivered or not regarding cascading and BSc implementation, a minimum mean score of (2.47) is achieved. On the other hand, for the vertical

alignment of BSc with company strategy, a maximum mean score of (3.88) is achieved. Thus, from the above result, it can be deduced that the implementation of BSC in Ethio telecom, is adversely affected by the majority of the above factors. In order to briefly describe,

Table 4.4 Respondents Level of Agreement on Process Challenges

No	Statement		SD	D	N	A	SA	Mean Score
1	I took training and orientation about cascading adequately.	N(333)	80	139	7	93	14	2.47
		%(100)	24	41.7	2.1	27.9	4.2	
2	Balanced Scorecard aligned vertically to show the connectivity of Company Strategy at each level.	N(333)	3	21	21	256	32	3.88
		%(100)	0.9	6.3	6.3	76.9	9.6	
	I have taken adequate training on the implementation of BSC	N(333)	54	161	13	92	13	2.55
		%(100)	16.2	48.3	3.9	27.6	3.9	
4	I always get support from my supervisor (I was consulted by my supervisors) before finalization of my targets under BSC.	N(333)	19	177	15	111	11	2.75
		%(100)	5.7	53.2	4.5	33.3	3.3	
5	I consult my subordinates before finalization of their targets under BSC.	N(333)	12	163	54	96	8	2.77
		%(100)	3.6	48.9	16.2	28.8	2.4	
6	I have frequently meeting with managers or supervisors to discuss the progress towards the achievements of balanced scorecard.	N(333)	27	188	13	91	14	2.63
		%(100)	8.1	56.5	3.9	27.3	4.2	
7	There was effective two way communication on how to implement BSC.	N(333)	31	193	15	87	7	2.54
		%(100)	9.3	58	4.5	26.1	2.1	

4.3.3. Implementation Challenges of BSC in Ethio Telecom

The below table 4.5, depicts that respondent's level of agreement on questions raised with regards to implementation challenges. Thus as it is shows in the below table respondents are agreed on I am satisfied with balanced scorecard as performance evaluation system in Ethio Telecom and The performance evaluation of Ethio telecom after the implementation of BSC become very interesting with scoring a mean value of (3.65) and (3.55) respectively. This implies that as general respondents agreed that BSc is a useful tool to measure a performance. Whereas, respondents expressed their disagreement on Ethio Telecom has adequate IT support to implement BSC properly with a mean score (2.28). Likewise, respondents negatively replied on the template that require for the performance evaluation is easy to use with a mean score (2.44). This result shows that measuring the performance using existing template is difficult because of inadequate IT support. Finally, as we can see in the above table, employees are disagreed on the implementation of BSc makes the rewarding system (Bonus, annual increment) Very Attractive with a mean score (2.13).This result indicate that the rewarding system in Ethio telecom after the implementation of BSc is not attractive as expected as a consequence of aligned the company performance to each individual. This means each employees effort affect company performance as a whole.

Table 4.5 Respondents Level of Agreement on Implementation Challenges

No	Statement		SD	D	N	A	SA	Mean Score
1	I am satisfied with balanced scorecard as performance evaluation system in Ethio Telecom.	N(333)	16	56	14	190	57	3.65
		%(100)	4.8	16.8	4.2	57.1	17.1	
2	Ethio Telecom has adequate IT support to implement BSC properly.	N(333)	67	182	16	60	8	2.28
		%(100)	20.1	54.7	4.8	8.0	2.4	
3	The template that require for the performance evaluation is easy to use.	N(333)	41	196	14	74	8	2.44
		%(100)	12.3	58.9	4.2	22.2	2.4	
4	The implementation of BSc makes The rewarding system (Bonus, annual increment) Very Attractive	N(333)	98	163	12	50	10	2.13
		%(100)	29.4	48.9	3.6	15	3	
5	The performance evaluations of Ethio telecom after the implementation of BSC become very interesting.	N(333)	21	47	20	219	26	
		%(100)	6.3	14.1	6	65.8	7.8	3.55
		%(100)						

Major Contribution of BSC Implementation on Customer, Financial, Internal Business Unit and Learning and Growth Perspectives

4.3.4. Customer Perspective

In Ethio telecom customers perspective measured by two objectives; these are increasing customers' satisfaction and increasing the number of customers. It evaluates customers'

satisfaction by two parameters, internal and external. In regard to this, the organization, conduct survey analysis both internally and externally twice in a year to examine its customers satisfaction. To know the respondents level of agreement on customer perspective parameters the under listed questions were asked to the respondents and analyzed and interpreted accordingly. Furthermore, According to Ethiotelecom internal report the number of customers and customer satisfaction index presented here under.

according to Niven (2011), the organization can increase its customer satisfaction in any of the following three ways: (i) operational excellence concentrates on reasonable price and quick response, (ii) there are turn around innovate drives by product leadership towards improving both products and services qualities of the organization, (iii) creating an enabling customer intimacy based on long-term relationship due to vivid understanding of customer needs. In relation to this, based on the above result in table 4.6 we assure that Ethio telecom try to sustain its customer satisfaction by putting customer satisfaction as one of a performance measurement criterion. This statement supported by the respondents responded that 304(91.3%) of them have agreed on In my Division customers' satisfaction used as a criterion to evaluate the performances after implementation of Balanced Scorecard. Only 21(6.3%) of respondents have disagreed and 8(2.4%) of them are responded as neutral. In the contrary, 182 (54.6%) of respondents have disagreed on Ethio Telecom has rewards the employees which have an important contribution to the increase of Customers' satisfaction, while 136(40.8%) found to be agreed and 15(4.5%) of them responded as neutral. Thus it indicates that most of respondents negatively replied. Similarly, 170(51%) of respondents have disagreed on the marketing Division of Ethio Telecom focuses its activities on customer relationships development whereas 141(42.3%) of them have agreed and the rest 22(6.6%) are responded as neutral. As we can see the result depicts regarding Internal and external customers' satisfaction increment most of respondents that is 227(68.2%) replied as disagreed, while 81(24.3%) of respondents have agreed and the other 25(7.5%) responded as neutral. In the same scenario, 231(69.4%) of respondents have disagreed on in my division internal or external Customer Complaints Solved in a very short period of time after the implementation of BSC, on the other hand 84(25.2%) of them agreed and 18(5.4%) found to be neutral. Finally, as we can see in the table 237(71.2%) of respondents have agreed, however 60(18%) of them have disagreed and the rest36 (10.8%) responded as neutral. Thus it indicates as the percentage of respondent who are agreed with the increment of customer is more than

those who are disagreed. Moreover, to make the above findings more clear we can see in the below from Ethio telecom record regarding the number of customers increment and customers satisfaction index.

Table 4.6 Respondents Level of Agreement on Customer Perspective

No	Statement		SD	D	N	A	SA	Mean Score
1	In my Division customers' satisfaction used as a criterion to Evaluate the performances after implementation of Balanced Scorecard	N(333)	3	18	8	221	83	4.09
		%(100)	0.9	5.4	2.4	66.4	24.9	
2	Ethio Telecom has rewards the employees which have an important contribution to the increase of Customers' satisfaction	N(333)	19	163	15	115	21	2.86
		%(100)	5.7	48.9	4.5	34.5	6.3	
3	The marketing Division of Ethio Telecom focuses its activities on customer relationships development.	N(333)	8	162	22	130	11	2.92
		%(100)	2.4	48.6	6.6	39	3.3	
4	I observed that my internal or external customers' satisfaction increased after the implementation of BSC.	N(333)	15	212	25	75	6	2.53
		%(100)	4.5	63.7	7.5	22.5	1.8	
5	In my division internal or external Customer Complaints Solved in a very short period of time after the implementation of BSC.	N(333)	19	212	18	76	8	2.53
		%(100)	5.7	63.7	5.4	22.8	2.4	
6	In my Opinion, The number of customers Increased after the implementation of BSc.	N(333)	8	52	36	211	26	**3.59**
		%(100)	2.4	15.6	10.8	63.4	7.8	

Table 4.7 Customers Satisfaction Index and Customer's Number

	2014/2015		2015/2016		2016/2017	
	Target	**Actual**	**Target**	**Actual**	**Target**	**Actual**
Customer base (count)	**40M**	**39.8 M**	**60M**	**47.5 M**	**-**	**-**
Customer Satisfaction Index	**8**	**7.6**	**9**	**8.14**	**8**	**7.64**

4.3.5. Financial Perspective

In Ethio telecom this perspective achieved through objectives of revenue growth, improve resource utilization and minimizing resource wastage. Regarding this the respondents level of agreement on the parameters presented under.

Table 4.8 Respondents Level of Agreement on Financial Perspective

No	Statement		SD	D	N	A	SA	Mean Score
1	Ethio Telecom Uses its resource Cost effectively after the implementation of BSC.	N(333)	8	52	37	226	10	3.53
		%(100)	2.4	15.6	11.1	67.9	3	
2	In my opinion, The Implementation of BSC helps Ethio Telecom to Increase its revenue.	N(333)	10	31	24	146	22	3.72
		%(100)	3	9.3	7.2	73.9	6.6	
3	The Implementation Of BSC helps Ethio Telecom to reduce unnecessary resource wastage.	N(333)	7	32	28	243	23	3.73
		%(100)	2.1	9.6	8.4	73	6.9	
4	Resources and Company Working Time Utilization Improved after implementation of BSC.	N(333)	7	43	27	234	22	3.66

The above table 4.8 summarizes that the improvement of financial perspective under four parameters. As we can see in the result respondents replied positively regarding cost effective

utilization of resources, revenue increment, and reduction of resource wastage and Improvement Company working time with a mean score of 3.53, 3.72, 3.73 and 3.66 respectively. Thus it indicates that the implementation of BSC improve financial performance of ethio telecom. Furthermore, to support the above respondents reaction the below table clarify the increment of revenue and profit in terms of birr.

Table 4.9 Revenue Progress Before and After the Implementation of BSC

	2013/2014		2014/2015		2015/2016	
	Target	Actual	Target	Actual	Target	Actual
Revenue (Birr)	21B	17B	28B	21.5 B	38.4B	28 B
EBTDA (birr)	13B	13B	20B	14.5 B	23B	19.5 B

Source: Ethio Telecom Annual Report

The above table no.4.9 shows that three years data of financial perspective and it implies that the implementation of BSc help Ethio telecom to increase revenue by reducing wastage and by improving the culture of cost effective use of resources.

4.3.6. Internal Process Perspective

In internal process perspective Ethio telecom designed four objectives to achieve internal process perspective. Improve service delivery time, enhance marketing activity, increase service accessibility and improve network quality are the metrics that measure the internal process. According to (Gekonge, 2005) internal processes perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet the organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel.

Consequently, the below respondents level of agreement insures that whether Ethio telecom trying to focus (identify) on key activities to meet its customer expectation or not and to meet targeted financial performance

Table 4.10 Respondents Level of Agreement on Internal Process Perspective

No	Statement		SD	D	N	A	SA	Mean Score
1	Service Delivery time improved after implementation of BSC.	N(333)	7	43	11	240	32	**3.74**
		%(100)	2.1	12.9	3.3	72.1	9.6	
2	After the implementation of BSC, Ethio Telecom focus on key activities that makes the company world class operator.	N(333)	5	50	16	242	20	**3.67**
		%(100)	1.5	15	4.8	72.7	6	
3	I Believe that there is improvement in marketing activities after implementation of BSC.	N(333)	5	16	19	274	19	**3.86**
		%(100)	1.5	4.8	5.7	82.3	5.7	
4	In my opinion, the work method and process are improved after implementation of BSC in Ethio Telecom.	N(333)	6	30	7	272	18	**3.80**
		%(100)	1.8	9	2.1	81.7	5.4	
5	The implementation of BSC increases the accessibility of Ethio Telecom services.	N(333)	5	50	14	236	28	**3.70**
		%(100)	1.5	15	4.2	70.9	8.4	
6	The implementation of BSC helps Ethio Telecom to improve Network quality	N(333)	31	186	13	89	14	**2.61**
		%(100)	9.3	55.9	3.9	26.7	4.2	

The above table 4.10 describes the respondents' opinion on the internal business perspectives. The above result indicates that respondents replied positively on majority of parameters this denotes that there is improvement in internal process perspective after the implementation of BSC. More elaborately, respondents believed that there is improvement in service delivery time with a mean score of 3.74, similarly, they have agreed that After the implementation of BSC, Ethio Telecom focus on key activities that makes the company world class operator with a mean score of 3.67. Also they have believed that the implementation of BSc has a positive impact on improvement in marketing activities with a mean score of 3.86.Likewise, respondents have a positive opinion on the work method and process are improved after implementation of BSC in Ethio Telecom with a mean score of 3.8.In the same way, respondents have agreed on the increase of service accessibility with the mean score of 3.7. On the other hand, respondents reflect their disagreement on network quality improvement after BSc implementation with a

mean score of 2.61. This implies that respondents described network quality improvement is not observable after the implementation of BSC.

4.3.7. Learning and Growth Perspective

Table 4.11 Respondents Level of Agreement on Learning and Growth Perspective

No	Statement		SD	D	N	A	SA	Mean Score
1	There is adequate advanced technology in Ethio telecom to achieve company objectives.	N(333)	3	56	12	209	53	3.76
		%(100)	0.9	16.8	3.6	62.8	15.9	
2	The training program given for me is appropriate to enhance my performance in work	N(333)	14	52	11	218	38	3.64
		%(100)	4.2	15.6	3.3	65.5	11.4	
3	In my opinion, Ethio Telecom improves skill and knowledge's of employees by giving adequate training and workshops.	N(333)	23	210	17	75	8	2.5
		%(100)	6.9	63.1	5.1	22.5	2.4	
4	I feel I have been sufficiently well trained to deal effectively with our clients/customers.	N(333)	22	218	9	70	14	2.51
		%(100)	6.6	65.5	2.7	21	4.2	
5	The working environment is suitable to develop my job, knowledge and ability to advance my career.	N(333)	19	58	10	213	33	3.55
		%(100)	5.7	17.4	3	64	9.9	
6	The implementation of BSC enhances working culture of the company.	N(333)	9	27	9	202	86	3.99
		%(100)	2.7	8.1	2.7	60.7	25.8	

The learning and growth perspective examines the ability of employees (skills, talents, knowledge and training), the quality of information systems (systems, databases and networks) and the effects of organizational alignment (culture, leadership, alignment and teamwork), in supporting the accomplishment of organizational objectives (Gekonge, 2005). Hence, Ethiotelecom designed objectives related with expanding modern technology implementation, increase human capacity; enhance company working culture, increasing employee's satisfaction and so on. In order to achieve these objectives there are measures designed by Ethio telecom to

attain learning and growth perspective. Thus, the above listed questions designed to know the respondents opinion on Ethio telecom success on this perspective.

The result in table 4.11 indicates that respondent's opinion on learning and growth perspective. Respondents were asked to rate their overall level of agreement on parameters of learning and growth. From the above result we understand that relatively larger proportion of the respondents replied positively on there is adequate advanced technology in Ethio telecom to achieve company objectives with a mean score of 3.76. It was also observed that a larger number of the respondents have agreed that the training program given for them is appropriate to enhance their performance in work with a mean score of 3.64. In the contrary, respondents have disagreed on Ethio Telecom improve skill and knowledge's of employees by giving adequate training and I feel I have been sufficiently well trained to deal effectively with our Clients/customers with a mean score of 2.5 and 2.51 respectively. Whereas, majority of respondents replied positively on the working environment is suitable to develop my job, knowledge and ability to advance my career and the implementation of BSC enhance working culture of the company with a mean score of 3.55 and 3.99 respectively. Thus as it is shown from the result of the mean scores, Ethio telecom have installed modern and sophisticated technology to achieve company objectives. The consequence of existing adequate technology reflected on working environment is suitable to develop job, knowledge and ability of the employee. The finding further shows that the implementation of BSC enhances working culture of the company. However, the result also reflected that Ethio telecom did not give adequate training to improve skill and knowledge's of employee.

4.4. Interview Analysis

In today's rapidly growing economy, organizations are constantly looking for means to improve their business processes and increase output to achieve their goals and objectives. There is eventually a certain need to monitor plans as well as achievements to avoid any kind of failures or deviations that may lead to more difficulties and complications. In the same scenario, the main reason to deploy BSC in Ethio telecom was according to MR. Solomon Abera, officer from quality and process division, Ethio telecom has been conducted OHI survey. Based on the result from the survey more than 60% of respondents has replied that there should be a mechanism to align organization strategy to each level so that based on the finding Ethio telecom has been

searching a way to align a corporate strategy to individual level as a result BSC was found that a best means to control the achievement of company strategy. Moreover, Ethio telecom wants to implement BSc to objectively measure company performance.

Besides, according to Mr. Solomon, Ethio telecom got a benefit from BSc implementation this proved by each and every employees starting doing their duties and responsibilities by plan and they have also targets. And also their performance evaluation conducted based on their level of achievement when compared to their target. Whereas, it has faced some problems while implementing BSC. The manual nature of its implementation makes difficult to control each individual's objective and measure. As a result Ethio telecom couldn't control whether they are doing their jobs based on plan or not. Similarly some KPI difficult to measure qualitatively because of this some KPI's evaluation is susceptible to subjectivity. In related to this, in most of the division selecting a measure under learning and growth is became very difficult. And also according to him the template that used to evaluate the performance of each individual and division is not easy because of its dual nature. It has both target and accomplishment feature. Mr. Solomon said that to solve the above listed problems Ethio telecom work to make the implementation of BSC systemize by investing over 10 Million birr however the shortage of foreign currency delay the systemize process of its implementation.

He also states that the training given to all officers and chief officers and some of supervisors regarding what BSc is and its implementation process whereas the commitment of management to support the employees on how to implement is very poor. Thus in order to eradicate this problem quality and process department being prepare supporting procedure to show the procedure of BSc implementation throughout the organization. Finally, he says that Ethio telecom at the corporate level do have enough measure in each perspective to evaluate the performance of each division but there is a problem when departments, sections, groups and individuals cascade the division level BSC as a result adequate measures may not be cascaded and therefore the organization' strategy may not translate into action at a full capacity.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of the major finding, conclusion of the study and recommendation based on the findings.

5.1. Summary of the Major Finding

➢ In regard to design challenge, majority of respondents don't have questions about the measure and targets designed in company level whereas, when we come to division and individual level majority of the respondents have disagreed on most of the questions. This is because of some targets given to each division and individual are not realistic and achievable within the given time and resources. And also the respondents replied that the identified measures /KPI's/ doesn't clearly measure their work. In the contrary, they have agreed on each measures/KPI weighted based on their importance.

➢ When we come to process challenge, Except one parameter that is Balanced Scorecard aligned vertically to show the connectivity of Company Strategy at each level scored mean value of (3.88) all others characteristics of this variable, represent a significant level of disagreement. They reflect that the designed balanced scorecard in the company level shows very clearly the connectivity of Company Strategy at each level. Whereas, the respondents negatively responded on adequately given trainings regarding BSc implementation and cascading. And also they reveal that the commitment of management and existing of effective two way communication on how to implement BSc is not satisfactory.

➢ In the same scenario, in implementation challenge majority of respondent shows that they are comfortable with balanced scorecard as performance evaluation system in Ethio Telecom and majority of respondent also replied that the performance evaluation of Ethio telecom after the implementation of BSC become very interesting. The above finding ensures that the respondents are not a reluctant on the concept of BSC. However, majority of respondents

expressed their opinion on Ethio telecom doesn't have adequate IT support as a result the template that required the performance evaluation is became difficult to use. Based on open ended responses some individual even couldn't evaluate their performance by using existing template. They have also dissatisfied with the existing rewarding system and some individuals don't have plan also.

➢ In regard to customer perspective, even though majority of respondents agreed on customers satisfaction used as a criterion to evaluate the performance. Whereas, on the other parameters they have disagreed. This implies that Ethio telecom has not rewards the employees which have an important contribution to the increase of Customers' satisfaction likewise the marketing Division of Ethio Telecom doesn't focuses its activities on customer relationships development. And also internal and external Customer Complaints doesn't Solved in a very short period of time. As a result internal and external customers' satisfaction couldn't increase as expected after the implementation of BSC.

➢ In financial perspective majority of respondents agreed on all parameters. As a result, most of respondents have believed that the implementation of BSc improved cost effective utilization of resources, reduce resource wastage and also it improves financial performance of the organization.

➢ According to internal business process result shows that respondents have agreed almost all of parameters except network quality improvement. This indicates that majority of respondents believed that there is improvement in service delivery time, marketing activities, working method and increases the accessibility of Ethio Telecom services however they have disagreed on the implementation of BSC helps Ethio Telecom to improve Network quality

➢ Relating to learning and growth perspective the respondents believed that in Ethio telecom there is adequate advanced technology to achieve company objectives and the training program given for them is appropriate to enhance their performance. The

consequence of existing adequate technology reflected on working environment is suitable to develop job, knowledge and ability. Similarly, the implementation of BSC enhances working culture of the company. While, most of respondents negatively replied that Ethio Telecom improve skill and knowledge's of employees by giving adequate training and they have been sufficiently well trained to deal effectively with the customer.

Major Findings from Open Ended Questions

Contributions

- o Create accountability and transparency
- o Increase revenue at company level
- o Effective and effective working method
- o Works done based on plan
- o Avoid subjectivity in performance evaluation
- o Effective time utilization
- o Increase working culture of the company

Challenges

- o Set Unachievable individual target for the benefit of the company
- o Lack of training about BSC
- o Lack of proper follow of BSC implementation
- o The implementation of BSC has one way communication i.e. Top down
- o Poor commitment of higher level management
- o Cascaded to individual level is a big challenge

5.2. Conclusions

The main aim of this study was to asses' the contribution and challenges of BSc implementation in Ethio telecom. In regard to this, the specific objective of the study was to assess the challenges that the organization faces while implementing BSC, to investigate major contribution of balanced scorecard implementation on four perspectives, to assess the causes of the challenges that Ethio Telecom faces and to propose solutions for the identified challenges.

To achieve the first specific objective the researcher conducted analysis based on the response from respondents. Thus based on the study findings the researcher concluded that the deployed balanced score card at a corporate level is clearly designed. Whereas the cascaded target at division and individual level are not achievable as a result of limited time and resources. Sometimes the cascaded measure to individual level is not sufficient to measure their work. Even though the balanced score card designed to align the company strategy at each level or hierarchy there is a gap in effective two way communication on how to implement BSc at each level as a consequence of poor commitment of management. For the above challenges the researcher concluded that the main cause for these problems is inadequate training regarding BSc implementation and cascading.

Similarly, the researcher concluded that Ethio telecom doesn't have adequate IT support. As a result the template that required the performance evaluation is became difficult to use. Moreover the existing rewarding system is not attractive. This is because of individuals don't evaluate by his effort only rather each individual evaluate based on group effort as a result the bonus system directly tied to company performance not by individual performance only. The study also finds that some individuals don't have a plan as a result they perform their tasks without target. Finally they cascade annual BSc plan at the end of the year for the purpose of performance evaluation only.

Ethio telecom deployed BSc to retain customers who satisfied with a service and increasing in number. From the study findings the researcher observes that however the organization used

customer's satisfaction as a criterion to evaluate the performance of each individual the customer satisfaction couldn't increase as expected because of poor network quality. On the other hand the customers' number increases at increasing rate as a result of (its monopolistic behavior) the only provider of telecom service. External Customer Complaints also doesn't Solved in a very short period of time this is because of The marketing Division of Ethio Telecom doesn't focuses its activities on customer relationships development. The marketing division done its activity on the favor of the company not the customer and it focuses only on how to generate income. Likewise, the organization has not rewards the employees which have an important contribution to the increase of Customers' satisfaction.

In the same scenario, the main aim of the company to deploy BSC in financial perspective is to increase revenue, improve cost effective resource utilization and reduce resource wastage. Base on the finding the researcher concluded that the implementation of BSc can improve financial performance of the company and cost effective utilization of resources and reduce resource wastage. Because of that the implementation of BSc helps employee of the company to do their jobs with a plan and to focus on main and value adding activities this leads to avoid unnecessary repetition and operational rework as a consequence cost effective resource utilization and reduce resource wastage became a culture of a company. And also there is a continuous follow up of budget in each level after implementation of BSC and the work unit didn't use its budget effectively with in the fiscal year will be penalize. It means under and above utilization of budget will penalize.

In addition to this, majority of benefits that Ethio telecom got from implementation of BSC belongs to internal business process. The changed working method improves service delivery time and also the marketing activities enhanced. Besides, the organization focus on key activities that makes the company world class operator in association to this the accessibility of Ethio Telecom services increased nevertheless the implementation of BSc couldn't help Ethio telecom to improve network quality. The main cause for this problem is the marketing division focuses its activities on growth of sales rather than the service quality. In regard to learning and growth, the implementation of BSC enhances working culture of the company. This statement proved that each individual done his or her job based on the given target and the existing of adequate advanced technology leads the working environment suitable to develop job, knowledge and

ability of employees. On the other hand, the implementation of BSc didn't help Ethio telecom to build employees capacity by giving adequate training.

5.3. Recommendations

✓ When the organization cascaded the targets to division and individual level should consider the availability of resources with a considerable time and the availability of customers to achieve the corporate strategy and at the same time the target should be revised quarterly to check its feasibility.

✓ When the organization constructs too few measures in each perspective of the individual, it fails to obtain a balance between leading and lagging indicators or non-financial and financial indicators. Thus, it should obtain a balance between leading and lagging indicators by including the indicators that reflect strategy and are most critical.

✓ To be effective, the Balanced Scorecard, including strategy and action to support implementation, must eventually be shared with every member of the organization. If there is no deployment system that breaks corporate level goals down to the sub process level where actual improvement activities reside, significant process improvements throughout the organization fail to generate bottom line results. Hence, Ethio telecom should strength the commitment of management by giving adequate training on how to implement BSC and how to cascade the high level BSC to individual level and high level management should work together to build and support the implementation of Balanced Scorecard. Besides the training, Ethio telecom should prepare supporting procedure on how to implement BSC and distribute throughout the organization.

✓ Ethio telecom should make the implementation of BSC systemize as a result each and every individual has a plan based on corporate strategy.

✓ The quality and process division should strength the IT support that exist in the organization by assigning one person for each division to make the evaluation system easy and to get reliable performance information report in each quarter.

- ✓ Due to the fact that, the existing challenges hinder the successful implementation of BSC and the poor IT support makes difficult getting reliable performance Information. Linking the corporate performance to the rewarding system create dissatisfied employees. Hence, Ethio telecom should reward employees based on the individual effort only until it gets sustainable Balanced Scorecard.

- ✓ Based on the principles of scorecard, metrics should be measured objectively rather than subjectively. Thus Ethio telecom should try to identify KPI that have quantitative nature to evaluate the performance objectively and to avoid subjectivity.

- ✓ Even though, Ethio telecom wishes to increase customer's satisfaction it doesn't work on it. In order to get satisfied customer Ethio telecom should focus on its activities on customer relationships development by rewards the employees which have an important contribution to the increase of Customers' satisfaction as a result it can solve customers' complaint and also Ethio telecom should improve poor network quality to increase customers' satisfaction.

- ✓ Ethio telecom should give adequate training by designing advanced training program to build the skill and knowledge of employee's to create competent works.

- ✓ Quality and process division should treat BSC as a continuous process and strict follow up system should be established.

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APPENDIX – I

INDRA GHANDI NATIONAL OPEN UNIVERSITY

Currently I am conducting a research entitled **'PRACTIC AND CHALLENGES OF BALANCED SCORECARD IMPLEMENTATION IN ETHIO TELECOM'**

The purpose of the study is to fulfill a thesis requirement for the Master of Arts in Public Administration. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential.

Finally, I would like to thank you very much for your cooperation and spending your valuable time for my request.

☐ <u>Note:</u> Please put a ''√'' mark with the option that reflects your response with the given statement.

Part I Demographic information of respondents

1. Respondents Profile

1. Sex

Male ☐   Female ☐

2. Age

Below 20 ☐   20-30 ☐   )0   41-5 ☐   Abo ☐   ☐

3. Educational Level

Certificate ☐

Diploma ☐

Degree ☐

Masters ☐

Above Masters ☐

4. What is your current position (Level) in the organization?

A ☐   B ☐   C ☐   D ☐   E ☐   F ☐

5. Years of service on the current job---------------------------

6. Years of service in the organization---------------------------

Below 22- ☐   5 ☐   11-20 ☐ above 30 ☐   ☐   ☐

7. Your division--

Part II Challenges of BSC Implementation

✓ Please indicate how much you agree or disagree with each of the following statements by ticking (√)that best represents your opinion and''1'' means that you strongly disagree, ''2'' disagree, ''3''neutral, ''4'' agree, and ''5'' strongly agree.

No.	Design Challenges	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree(4)	Strongly Agree(5)
1	The measures/KPI in each perspective are enough to measure Company Performance.					
2	The targets given in Balanced Scorecard help Ethio Telecom meet its Goal.					
3	The Target given in ourdivision are achievable.					
4	The identified measures /KPI's/ clearly measure my work					
5	Each measures/KPI weighted based on their importance.					
6	I accept the targets given to me under BSC.					
7	The times given to each KPI or measures are enough to meet the target.					

No.	Process Challenges	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	I took training and orientation about cascading adequately.					
2	Balanced Scorecard aligned vertically to show the connectivity of Company Strategy at each level.					
3	I have taken adequate training on the implementation of BSC.					
4	I always get support from my supervisor (I was consulted by my supervisors) before finalization of my targets under BSC.					
5	I consult my subordinates before finalization of their targets under BSC.					
6	I have frequently meeting with managers or supervisors to discuss the progress towards the achievements of balanced scorecard.					
7	There was effective two way communication on how to implement BSC.					

No.	Implementation Challenges	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	I am satisfied with balanced scorecard as performance evaluation system in Ethio Telecom.					
2	Ethio Telecom has adequate IT support to implement BSC properly.					
3	The template that require for the performance evaluation is easy to use.					
4	The implementation of BSc makes The rewarding system (Bonus, annual increment) Very Attractive					
5	The performance evaluations of Ethio telecom after the implementation of BSC become very interesting.					

If you have faced any challenges when you implement BSC please list down in brief
……
……
What do you recommend to overcome the challenges? Please describe in
brief…………………………………………………………………………………………

Part III the Contribution of Balanced Score Card on Four perspective

No	CUSTOMERS' PERSPECTIVE	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	In my Division customers' satisfaction used as a criterion to Evaluate the performances after implementation of Balanced Scorecard.					
2	Ethio Telecom has rewards the employees which have an important contribution to the increase of Customers' satisfaction.					
3	The marketing Division of Ethio Telecom focuses its activities on customer relationships development.					
4	I observed that my internal or external customers' satisfaction increased after the implementation of BSC.					
5	In my division internal or external Customer Complaints Solved in a very short period of time after the implementation of BSC.					
6	In my Opinion, The number of customers Increased after the implementation of BSc.					

No	Financial Perspective	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	Ethio Telecom Uses its resource Cost effectively after the implementation of BSC.					
2	In my opinion, The Implementation of BSC helps Ethio Telecom to Increase its revenue.					
3	The Implementation Of BSC helps Ethio Telecom to reduce unnecessary resource wastage.					
4	Resources and Company Working Time Utilization Improved after implementation of BSC.					

No.	Internal Process Perspective	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	Service Delivery time improved after implementation of BSC.					
2	After the implementation of BSC, Ethio Telecom focus on key activities that makes the company world class operator.					
3	I Believe that there is improvement in marketing activities after implementation of BSC.					
4	In my opinion, the work method and process are improved after implementation of BSC in Ethio Telecom.					
5	The implementation of BSC increases the accessibility of Ethio Telecom					

No.	services.					
6	The implementation of BSC helps Ethio Telecom to improve Network quality.					

No.	Learning and Growth	Strongly Disagree(1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree(5)
1	There is adequate advanced technology in Ethio telecom to achieve company objectives.					
2	The training program given for me is appropriate to enhance my performance in work.					
3	In my opinion, Ethio Telecom improves skill and knowledge's of employees by giving adequate training and workshops.					
4	I feel I have been sufficiently well-trained to deal effectively with our Clients/customers.					
5	The working environment is suitable to develop my job, knowledge and ability to advance my career.					
6	The implementation of BSC enhances working culture of the company.					

If you believed that Ethio Telecom is advantageous from the implementation of BSC, Please list the three biggest benefits that your Division would gain from implementing the Balanced Scorecard

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……………………………………

APPENDIX – II

Interview Questions for Quality & Process Division Higher Level Management

1. What was the main reason for the implementation of balanced scorecard in Ethio telecom?

2. Did the Balanced Scorecard help in improving performance Of the Organization?

3. Is enough training provided about balanced scorecard implementation and do employee has appropriate awareness about BSC?

4. What challenges or difficulties Ethio Telecom encounter during the implementation of BSC?

5. What challenges or difficulties Ethio Telecom encounter during the evaluation of the performance?

6. How do you see the commitment of higher level management to support their subordinates in the implementation of BSC?

7. Is Balanced Scorecards at all levels have sufficient measures of objectives?

APPENDIX – III

Ethio Telecom Strategic Map

Pic 4.1：Overall Organizational Strategic Roadmap

Strategic Roadmap	Accessible and Efficient Services delivery	Human Resources Development	Organizational Safety and Security	Organizational Implementation Capacity	Organization Finical Capacity
Strategic Outcome	Number of Customers Stratify by the Services	Efficient and Equipped Human Power	Secured organizational capacity	Empowered organization Implementation Capacity	Strong Finical Capacity

Costumer View

Increase Number of Customer

Increase Customer Satisfaction

Finical Perspective

Increase Sells Volume

Avoid unnecessary costs

Improved Utilization of Resources

Internal Administrative Perspective

Improved Marketing

Increased Accessibility

Improve& seeped up customer services

Improve Customer Services Delivery

Enhance Strategic Partnership

Improved Tecom Safety &

Improve organizational Safety development

Learning & Development Perspective

Improved Technological Usage &

Improved orgisational procedures &

Increase Research, Innovative

Enhance the Human Resources & Satisfaction

Empower the Leadership Capacity

Strengthen Employee Capacity

Enhance Organization Cultural