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Challenges of the Implementation of Balanced Score Card in Ethiopian Insurance Corporation

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DECLARATION

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

Name

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Addis Ababa University School of commerce

Addis Ababa, June 2018

**Addis Ababa University
School of Commerce**

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Ethiopian Insurance Corporation**

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ABSTRACT

Organizations compete in a very complex and challenging context that is as a result many factors from globalization, aggressive competitors and rapid change in technology among others. For organizations to gain and maintain a competitive edge they must be able to develop and execute strategic plans with precision. One of the major tools that help achieve this is the balanced score card. The balanced score card was developed in early 1990's by Kaplan and Norton and was designed to give companies the information needed to effectively manage their business strategy. It has additional perspectives other than the traditional financial perspective which include customer, internal business process and learning and growth. The implementation of the tool however, has been a challenge to many organizations. Hence the main purpose of this study was to determine challenges of the implementation of balanced score card in Ethiopian Insurance Corporation. The research approach used in this study was the mixed methodology, in which the qualitative as well as the quantitative research methods were used. In the qualitative research method interviews were conducted from the BSC project team members where as in the quantitative research questionnaire is used for the employees of the corporation. Some of the benefits of adopting the tool were that it enabled staff to focus on measurable targets, ability to focus on key objectives, assisted on putting emphasis on specific key measures, helps in monitoring of key performance. The Implementation of balanced score card has however had challenges which include but not limited to lack of clear understanding of the balanced score card, poor leadership involvement, lack of training to staff, poor IT support, lack of representativeness of the BSC project team, lack of involvement of the whole organization, poor planning and lack of proper communication and resistance of BSC. The findings of the study should be understood and valuated in light of limitation of the study. The study highlighted organizational practice recommendations to overcome challenges of implementation of the balanced score card.

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ACRONYMS

BSC: Balanced Score Card

EIC: Ethiopian Insurance Corporation

KPI: Key Performance Indicators

IT: Information Technology

CEO: Chief Executive Officer

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Performance management is a continuous process including identification, measurement, and development of performance in order to meet strategic goals of the organization. The approaches of performance management have changed hugely in these few last decades. Executives of organizations have moved from the traditional means of measuring results through financial reporting using an accounting model.

According to Kaplan and Norton (1996), the traditional models does not integrate the evaluation of a company's intangible and intellectual assets, such as high quality products and services, motivated and skilled employees and satisfied customers. These intangible assets are, if not highly, equally critical to the long term success of any Organization. The use of financial performance indicators is criticized because of its only focus is historical statistics and short term objectives rather than future long term objectives of the organization.

In 1992, on Harvard business review article, two Harvard professors Kaplan and Norton, introduced a tool called Balanced Score Card (BSC) that resolve the deficiency of the previous traditional performance management approaches. This tool allows better measurement of organization's capabilities to create long-term value by identifying the key drivers (Customer, Internal Process, learning and growth and Financial) of this value. And it also allows organizations to manage and measure the delivery of their strategy and enables them to clarify their vision and strategy and then translate them into action.

Regardless of these benefits that are promised by the balanced scorecard, empirical studies show that there are challenges of implementation. According to Pujas (2010) common challenges of implementation of BSC are limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support,

inadequate project team, not involving the whole organization, inadequate key performance indicators (KPIs) and lack of planning and communication.

Efficiency and stability of the public financial organizations play a critical role in successful implementation of the monetary and economic policies of a country. However, there is a need for restructuring of the public financial organizations to achieve rapid economic development. Recently, one of the public financial organizations of Ethiopia, the Ethiopian Insurance Corporation, has implemented different change management tools to achieve organizational excellence. Among these Business Process Re-engineering (BPR) and Balanced Scorecard (BSC) are the major ones.

As of April 2018, there are Seventeen Insurance companies from which Ethiopian Insurance Corporation is the only state owned one. The Corporation being one of the public financial companies it is supervised by the Public Financial Enterprise Agency. According to Federal Negarit Gazeta-No 31, the Agency is responsible of making the financial public enterprises become efficient, competitive and modern and to facilitate the development and implementation of change management tools on behalf of the Ethiopian Government.

Thus, this research is designed to evaluate overall implementation of the balanced scorecard system as a performance measurement, strategic management and communication system in Ethiopian Insurance Corporation and assess the challenges faced as compared to the standard literatures of the system.

1.2 Problem Statement

Similar to most good systems, the scorecard is conceptually simple. Kaplan and Norton identified four standard perspectives that cover the main strategic focus areas of a company. The idea is to use this model as a template for designing strategic objectives, measures, targets and initiatives within each of the four perspectives (Financial, Customer, internal process and learning and growth perspective)

According to Marr (2010) by effectively implementing the balanced scorecard an organization can acquire operational and strategic benefits. Among the operational benefits; the major one is tracking progress toward achieving organizational goals, measuring performance at various levels from various perspectives. Additionally, major strategic benefits are communicating strategy to everyone, and linking and aligning the organization around strategy.

On the other hand, practical studies show that there are challenges of implementation (Marr, 2010). Companies assume that once senior management made consensus about the Balanced Scorecard, strategic map and their indicators everyone will optimistically implement it and report the data. By assuming this they fail to appreciate the need for training and communication about the Balanced Scorecard initiative and its aims and objectives. Again, this is especially important since there are so many different interpretations of what a Balanced Scorecard is and what it is for. Researches show that the support of lower and middle level managers is critical for the success (Marr, 2010) of the implementation.

Although there are studies on the Balance Score Card in Ethiopia, there is clearly a big gap in the study of the Ethiopian insurance industry. The challenges of the implementation of Balance Score Card as a performance measurement tool in the Ethiopian insurance industry are yet to be studied. This study attempted if the aforementioned and other challenges are faced by the corporation and how they are conquered.

1.3 Research Questions

To thoroughly address the stated problem, the study raised the following research questions.

1. To what extent does the education and training about the system Influence the successful implementation of BSC in Ethiopian Insurance Corporation?

2. To what extent does the Automation of BSC Influence the successful implementation of BSC in Ethiopian Insurance Corporation?
3. To what extent does executive sponsorship Influence the successful implementation of BSC in Ethiopian Insurance Corporation?
4. To what extent does planning and communication the successful implementation of BSC in Ethiopian Insurance Corporation?

1.4 Research Objective

1.4.1 General objective

The overall aim of the study is to find out challenges faced during implementation of BSC in Ethiopian Insurance Corporation.

1.4.2 Specific Objectives

Whereas the specific objectives of the study are:

- ⇒ Evaluating the challenges found by EIC in implementing the balanced scorecard as a strategic management tool;
- ⇒ Establishing how EIC is dealing with the challenges of implementing the balanced scorecard as a strategic management tool;
- ⇒ Presenting possible recommendations for the implementation challenges identified.

1.5 Significance of the Study

The study serves as an indicator for decision makers of EIC to identify the gap between the expected benefits of the balanced scorecard and the benefits that the corporation is actually receiving. It can also be used as source of reference material for decision makers of other financial institutions, which are planning to implement the BSC, about the challenges faced by the corporation while implementing the balanced scorecard; and suggest ways of tackling obstacles faced by the corporation on the way of implementing the system.

The study provides some insight about the importance of balanced score card and how it helps achieve success as a strategic management tool. It also helps managers of other financial Institutions discover the methods used in implementing BSC. And it will also serve as a source of reference material for future researchers on other related topics; and the results of this study can be used by academics to discuss issues of balanced scorecards and its implementation in Ethiopia.

1.6 Scope of the Study (Delimitation of the Study)

The scope of the study was limited to assessing the implementation gaps and challenges faced by Ethiopian Insurance Corporation. The scope of the study is limited to assessing the implementation gaps and challenges faced by Ethiopian Insurance Corporation. The study conducted a survey on employees and management of Ethiopian Insurance located at Head office and the Six Districts of the corporation. The study will assess the implementation status of the system until March 31, 2018.

1.7 Limitations of the Study

The study had a limitation of mainly time and also availability of relevant documents that clearly shows the overall implementation of the balanced scorecard system in Ethiopian Insurance Corporation.

1.8 Ethical Considerations

In conducting this study, the following ethical considerations had been taken into account by the researcher:

- ✓ Respondents were informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved.
- ✓ The confidentiality of information supplied and the anonymity of respondents is respected.

1.9 Organization of the Research Report

This study was organized with five chapters. The first chapter deals with introductory part consisting of the background of the study, statement of the problem, research questions, research objective , significance of the study, scope of the study and limitations of the study.

And chapter two presents: empirical and theoretical review of the literature related to the concept of balanced scorecard, its implementation and challenges faced and the conceptual frame work; Chapter three provides research design and methods employed in the analysis; Chapter four contains the data presentation, analysis and interpretation; and Chapter five presents the conclusion and recommendations. A reference of related literature that was referred while writing the paper and appendices are included after chapter five.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

According to Johnson, et al. (2005) Strategic plan implementation is an essential part of organizations to determine the direction and scope of an organization over the long term, which achieves benefit of changing environment through its configuration of resources and competences, with the aim of effective and efficient way of using resources that would ensure long term performance of the organization under a competitive and continually changing environment.

Even though planning and implementing the right strategy is a huge step to the right direction on the right truck, by itself in some situations is not good enough. Formulating the accurate performance measure to assess the progress is the next significant step. Companies have to move faster in order to remain competitive by measuring their progress through regular monitoring and review against the objectives set so that they can make quick decisions to get back on track if there are any adjustments has to be made (Kermally, 1997).

The two Harvard Professors, Robert S. Kaplan and David P, develop balanced score card because many organizations become aware of the one dimensional measure of performance (return on investment or increased profit). Too often, wrong strategic decisions were being made by executives in effort of increasing profit but in the expense of other organizational goals. Even though financial performance is still essential measure of success of organization, delivering profit growth or enhancing shareholder value alone is not sufficient. Therefore, BSC is created to supplement “*traditional financial measures with criteria that measured performance from three additional perspectives—those of customers, internal business processes, and learning and growth*” (Kaplan and Norton 1996).

The theory of the balanced scorecard recommended that financial performance is the natural outcome of balancing other important goals which interact to maintain a good overall organizational performance. If one of these goals is out of balance the performance of the whole organization will suffer. The balanced scorecard system also emphasizes articulation of strategic targets in support of goals. In addition, measurement systems are developed to provide data necessary to know when targets are being achieved or when performance is out of balance or being negatively affected. The Kaplan and Norton balanced scorecard looks at a company from four perspectives: **Financial:** How do we look to shareholders? **Internal business processes:** What must we excel at? **Innovation and learning:** Can we continue to improve and create value? **Customer:** How do customers see us? By viewing the company from all four perspectives, the balanced scorecard provides a more comprehensive understanding of current performance.

2.1.1 Criticisms of Use of the Financial performance Measures

Even though financial measures are still important, bringing profit expansion or enhancing shareholder value is still at the top of every executive's agenda, it is now widely recognized that delivering financial performance by itself is not sufficient. Even more importantly, it is now commonly acknowledged that the level of financial performance accomplished today is a function of decisions made 6–18 months or even longer.

The following are the criticisms of using only financial performance measures:

- **Lack of consistency with current business realities.** Today's organizational value-creating activities are not confined in the tangible, fixed assets of organization. Instead, value rests in the ideas of people in the organization, in customer and supplier relationships, in databases of key information, and in cultures capable of innovation and quality.

- **Lack of long-term thinking.** Many change programs by cutting cost that may have a very positive impact on the organization's short-term financial statements and these cost-reduction efforts often target the long-term value-creating activities of the firm, such as research and development, associate development, and customer relationship management. This focus on short-term gains at the expense of long-term value creation may lead to sub optimization of the organization's resources.
- **Lack of relevancy to many levels of the organization.** Financial reports by their very nature are tending to leave certain characteristics out. When we roll up financial statements throughout the organization that is exactly what we are doing: compiling information at a higher and higher level until it is almost unrecognizable and useless in the decision making of most managers and employees. Employees at all levels of the organization need performance data they can act on. This information must be imbued with relevance for their day-to-day activities.

2.1.2 The Meaning of Balanced Scorecard

Balanced Scorecard (BSC) is a strategic performance management system that helps managers to translate organization strategy into operational objectives and implement it. BSC framework looks at the strategy from four different perspectives i.e. financial, customer, internal business processes and learning and growth. Thus, it brings in the necessary clarity to strategy. Further, implementation of BSC ensures that strategy gets communicated to all the employees suitably to facilitate implementation by them. Measuring organizational performance through BSC reviews remain integral to BSC concept. Based on the learning from these reviews, strategy gets updated. Thus, the four important steps in BSC designing and implementation include

- 1) Translating vision into operational objectives,
- 2) Communicating the vision and linking it to the individual performance,

3) Planning and adjusting the strategy based on feedback and

4) Learning

The balanced scorecard (BSC) contains four major perspectives notably, financial performance, customer service, internal business processes, and the organization's capacity for learning and growth. These perspectives help managers to identify and track key performance indicators in the organization. The perspectives also help the managers to define the organization mission, vision, goals, and metrics in key areas such as financial, customer, learning.

Balanced Scorecard was explained by Kaplan and Norton (1996) as:

Balanced Scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy. The objectives and measures view organizational performance from four perspectives: financial, customer, internal business processes, and learning and growth. These four perspectives provide the framework for the balanced scorecard.

Kaplan and Norton further added that:

Corporate executives can now measure how their business units create value for current and future customers and how they must enhance internal capabilities and the investment in people, systems, and procedures necessary to improve future performance.

2.2 Empirical Review

An organization's measurement system strongly affects the behavior of people both inside and outside the organization. If companies are to survive and prosper in information age competition, they must use measurement and management systems derived from their strategies and capabilities. Unfortunately, according to Kaplan and Norton (1996) many Outputs and findings of previous Research organizations espouse strategies about

customer relationships, core competencies, and organizational capabilities while motivating and measuring performance only with financial measures.

Balanced Scorecard is not only an indicator of appraisal system, but also a strategic management system. The use of the Balanced Scorecard breaks the traditional single-use financial indicators method which measure performance. It adds the future drivers in the financial indicators, which is customer factors, internal business processes and employee learning and growth (Zhang and Li, 2009).

The Balanced Scorecard retains financial measurement as a critical summary of managerial and business performance, but it highlights a more general and integrated set of measurements that link current customer, internal process, employee, and system performance to long-term financial success.

The Balanced Scorecard, as the embodiment of business unit strategy, should be communicated upward in an organization to corporate headquarters, and the corporate board of directors. Conventional rhetoric declares that a principal responsibility of the board is to provide oversight of corporate and business unit strategy. In practice, however, corporate boards spend more time reviewing and analyzing quarterly financial results than engaging in detailed strategic reviews and analysis (Kaplan and Norton, 1996).

The BSC project requires an architect (member of the senior executives) who can frame and facilitate the process, and collect relevant background information for constructing the scorecard. But the scorecard should represent the collective wisdom and energies of the senior executive team of the business unit and it should also get the active sponsorship and participation of the senior executives.

The architects, in the experience of Kaplan and Norton (1996), have usually been senior staff managers of the organizations. They reported that they have seen people from a

broad range of backgrounds managing and facilitating the development process of a Balanced Scorecard in their firms:

2.2.1 Challenges of Implementing the Balanced Scorecard

Amsalu (2011) in his study to assess the challenges faced by state owned banks of Ethiopia that implemented the balanced scorecard system concluded that generally very little or no company has implemented the concept of balanced scorecard in the way the literature explains and the way it is implemented by companies in other countries. Though this was concluded from a sample of a small number, the study states that these companies have a good reputation in the country.

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

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

Similarly, according to Niven (2005) no initiative in an organization, regardless of its potential, has any chance of success without a sponsor in top management. The same applies with the Balanced Scorecard. Niven (2005) stresses the importance of top management for the success of the Balanced Scorecard initiative. He argues that if top management does not support the BSC initiative, and, more importantly, does not

appreciate its role in solving real-life problems, the BSC will show mediocre results and will probably fail.

In addition to this, if a company wants to implement the Balanced Scorecard properly and reap all the benefits this concept may bring, people should first learn about it. Niven (2006) noted that organizations, after deciding to implement the Balanced Scorecard, conceive that it can be done without much learning. According to him, due to its seeming simplicity, people in charge very often conclude that thorough education and training are not required. Such a conclusion will permanently harm the BSC initiative and lead to failure.

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

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

2.2.2 Strategic Management Office

In order to effectively implement the balanced Scorecard, Kaplan and Norton (2005) advise the establishment of an independent office at the highest hierarchy. According to them, strategy at many companies is almost completely disconnected from execution. Establishing a dedicated unit to orchestrate both will help bridge this gap. Accordingly,

the pioneers of the balanced scorecard system recommend the establishment of an office they named Office of Strategic Management to monitor and control the overall implementation of the system through the organization.

According to them, this might appear to be nothing more than a new name for the familiar strategic planning unit. But the two are quite different. The typical planning function facilitates the annual strategic planning process but takes little or no leadership role in seeing that the strategy gets executed. However, a unit with responsibility for the implementation of strategy becomes a convenient focal point for ideas that percolate up through the organization. Two key foundations stones must be in place before building and cascading a balanced scorecard. These are Senior Management Sponsorship and Project Management.

Apart from these, Kaplan and Norton (2005) noted that there are other three key processes necessary for successful strategy implementation: planning and budgeting, human resource alignment, and knowledge management. These processes are critical for effective strategy execution, and the OSM should play a consultative and integrative role with the respective functional departments.

2.3 Conceptual Framework

Ethiopian government has initiated implementation of BSC for the purpose of financial and non-financial goals; for alignment of strategic goals with objectives, targets, and metrics and also to cascade corporate strategy to all levels of the organization in all for-profit and not-for-profit public organizations. Consequently, all public financial institutions engaged themselves in the development and implementation of BSC. Currently, Ethiopian Insurance Corporation finalized developing the BSC as its performance measurement system.

It appears that the implementation process of BSC in the corporation seems full of challenges. From this study's preliminary observation: limited understanding of BSC, limited Executive sponsorship, lack of education and training of BSC, inadequate It

Support and the problem of viewing importance of BSC merely for compensation purpose are of the major shown challenges for the smooth implementation of the system.

1. Limited understanding of BSC:

According to Othman (2009), one reason why BSC initiatives fail is that many organizations do not understand what exactly the Balanced Scorecard is and what its implementation involves. The study tries to investigate whether the theoretical importance of the system is understood by the employees or not.

2. Limited Executive sponsorship

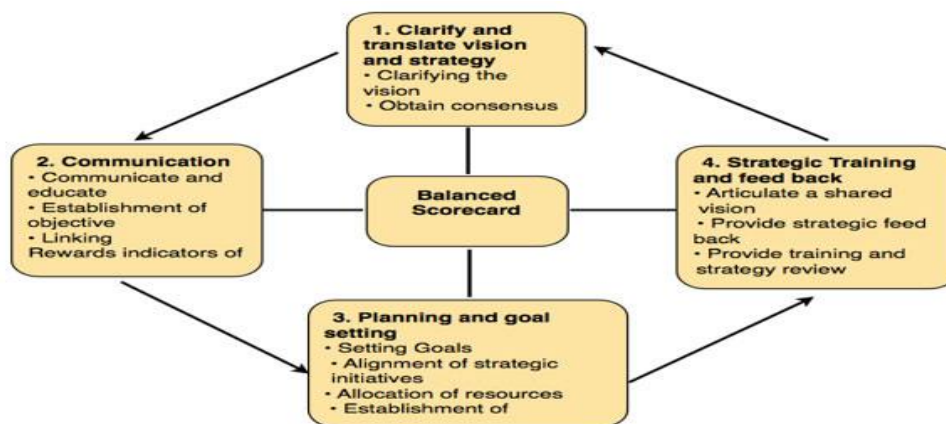
The study will also try to measure the challenge of support of the top management of the organization during the development and implementation of the system.

3. Lack of education and training of BSC

Like any project, the implementation of the balanced scorecard, requires the creation of adequate awareness which obviously requires conducting continuous training and education. This study will try to measure the status of this challenge in EIC.

4. Inadequate It Support

A smooth implementation of any system should be supported by an appropriate IT system. This study will analyze the challenge of proper IT system Support for the implementation of BSC in the organization.



Source: Kaplan et al. (1996)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the summary of the research methodology that is used in the study and the detail designs that will help to answer the research questions.

3.2 Description of the Study Area/Organization

This study tried to investigate and understand the challenges of the implementation of balanced score card in Ethiopian Insurance Corporation. EIC was established in 1976 by proclamation No. 68/1975. The corporation comes to existence by taking overall the assets and liabilities of the thirteen nationalized private insurance companies aiming to engage in all classes of Insurance business in Ethiopia and ensure the Insurance services reach the broad mass of Ethiopian People. The corporation has been operating the business for about nineteen years under protected monopolistic system as state owned-sole insurer.

3.3 Research Approach and Design

The study, trying to assess the challenges faced by Ethiopian Insurance Corporation in implementing the balanced scorecard as its performance management system, adopted descriptive research technique. In order to attain the most appropriate result, the mixed research approach is used. In the mixed approach, the qualitative as well as the quantitative research methods were used, in the qualitative research method interviews were conducted from the BSC project team members where as in the quantitative research questionnaire was used for the employees of the corporation.

Mixed approach of qualitative and quantitative research are used because employing mixed approach will help to converging findings from different data sources (interview and questionnaire). Qualitative research has limitations of its findings was not usually generalized due to small number of respondents, the findings were interpretive and

subjective. Similarly quantitative research has its own strength. Its main strengths have been that it generates precise, numerical data from large survey sizes.

3.4 Data Type and Source

3.4.1 Data Type

The interview questions are shaped from the theory gathered from books, articles, studies about the Balanced Scorecard and the possible reasons discovered through researches done for different organizations that implement BSC. The interview participants are people who were in charge of the BSC implementation project. The findings were derived from the answers collected in the interviews, from the respondents of the questionnaire and other data gained from different documents and discussions conducted with the company managers. The challenges faced by other companies in the implementation of the BSC found in the literature will be compared to the challenges faced by Ethiopian Insurance Corporation in implementing BSC.

Among other, various documents, proceedings, articles, internet (on-line) sources and books were reviewed in order to seek information about previous achievement, constraints and adopted strategies in BSC. Specifically, the respondents of the study were sampled from the total population which will be drawn from the corporation.

3.4.2 Data Source

The study uses both primary and secondary data gathered from lower level and middle level managers as well as non-management senior officers of the corporation and all reviewed published and unpublished literatures.

For primary data collection, the study used structured survey method and collected data by designing questionnaire with 5-point likert type closed-ended questions and semi-structured interview question has been prepared for the team members of BSC project and in EIC for overseeing the implementation of the balanced scorecard were interviewed for the overall process of the implementation. And for the secondary data collection, the literatures are used.

3.5 Target population and Sample

3.5.1 Target Population

The target population for the study includes employees working in the Ethiopian Insurance Corporation. The researcher believes that full information about the balanced scorecard and the possible challenges faced during the process of implementation can be gathered by targeting employees working in head office and Districts of the corporation.

3.5.2 Sample Size Determination

As the central limit theorem states, 30 of sample size is sufficiently large enough to represent a population but small enough to be practical. It is a large enough sample to be reasonably sure the results are in the right ballpark, Therefore the researcher decides to use sample size of 30.

4.5.3 Sampling Selection Procedure

According to Maxwell (1999), purposive or judgmental sampling is a non-probability sampling technique that uses judgment and deliberate effort to pick individuals who meet specific criteria of the study. This sampling technique is appropriate in situations when one needs to reach a targeted sample quickly, and where sampling for proportionality is not the main concern it is also relevant for conducting case study analysis to find important individuals and/or groups that are important for the study.

In this particular study non-probability sampling, specifically purposive sampling technique is used by purposely selecting individuals and groups that the researcher believed has better access to the development and implementation of the balanced scorecard system. This sampling method involves deliberate selection of particular units of the population for constituting a sample, which represents the population. This method is chosen because the researcher requires capturing knowledge rooted information in the subject matter, the implementation of BSC in EIC, in form of expertise. This type of purposive sampling is called expert sampling.

3.6 Data Collection Methods and Tools

The study mainly depended on primary data which is collected through survey method by using standard questionnaires that was arranged in standardized 5-point Likert scale as well as through interviewing the team members of BSC team, who have the relevant exposure in the development and implementation of the balanced scorecard system. The reason for using the Likert scale is that it will enable certain arithmetical operations to perform the data that collected from the respondents and it help to measure the magnitude of the differences among the individuals. The standard questionnaire will target the management and highly professional employees of the Corporation. In addition, secondary data such as relevant balanced scorecard documents were referred to.

3.7 Data Analysis and Presentation

The qualitative and quantitative data collected from both primary and secondary data through questionnaires and interview were categorized and presented in table using descriptive statistics (frequency, percentage and mean).

3.7.1 Data Analysis

The data collected from the interviewees were cleaned and checked for completeness and was analyzed using content analysis of written materials drawn from the personal expressions of participants. And the after collecting and sorting all relevant primary data, that has been found from respondents of the questionnaire, using the data collection tools, quantitative responses were sorted, coded, computed and analyzed using Microsoft excel.

3.7.2 Data Presentation

The data collected from interviews were summarized and tabulated as per the study theme being *Challenges of the Implementation of Balanced Scorecard in Ethiopia Insurance Corporation*. Appropriate statistical analysis such as frequencies and percentiles will be used for the data collected from questionnaire and will be presented using tables.

CHAPTER FOUR: PRESENTATION AND ANALYSIS OF DATA

This chapter has two sections and it tries to show the presentation, analysis and interpretation of data. The first section has the profile of respondents by sex, work experience and academic qualification while the second section deals with analysis and interpretation of data related to the topic under study that was collected through questionnaire and interview.

In order to obtain relevant data, the questionnaire is distributed to head office and all districts of the corporation. A total of 30 copies of questionnaire were distributed to the respondents out of which 27 of them are filled out and returned back, which is 90% response rate. In addition, interviews were conducted with two BSC Project team members to for more detailed information.

4.1 Profile of the Respondents

In order to increase the comprehensiveness and reliability of the data the respondents are selected from all sections of the corporation and all categories of sex and work experience.

As the table below shows, 66.67% and 33.33% of the respondents were male and female respectively. Concerning work experience of respondents the majority of respondents that is 74.07% had more than 5 years work experience, where as 25.93% had below 6 years. From the data, we can understand that the experiences of respondents were found to be adequate in order to provide enough information regarding BSC implementation in the corporation.

On the other hand, 44.44% of the respondents are senior officers, 37.04% principal officers, 11.11% team leaders and 7.41% of them are Directors. Regarding academic qualification of respondents almost half of them are first degree and the rest are second degree holders. Hence, it was thought that the information they provide would be rational due to their academic background.

Table 1: Profile of the Respondents

Item		Respondents' position in the corporation									
		Senior		Principal		Team leader		Director		Total	
		No.	%	No.	%	No.	%	No.	%	No	%
Sex	Male	7	58.33%	7	70%	3	100%	1	50%	18	66.67%
	Female	5	41.67%	3	30%	-	-	1	50%	9	33.33%
	Total	12		10		3		2		27	
Years of Experience	3_5	7	58.33%	-	-	-	-	0		7	25.93%
	5_10	5	41.67%	6	60%	-	-	0		11	40.74%
	10_20	-	-	4	40%	2	66.67%	0		6	22.22%
	Above 20	-	-	-	-	1	33.33%	2		3	11.11%
	Total	12		10		3		2		27	
Academic Qualification	Diploma	-	-	-	-	-	-	-	-	-	-
	BA/BSC	9	75%	4	40%	1	33.33%	-	-	14	51.85%
	MA/MSC	3	25%	6	60%	1	33.33%	2	100%	12	44.44%
	Others	-	-	-	-	1	33.33%	-	-	1	3.70%
	Total	12		10		3		2		27	

4.2. Analysis of the Variables

For the purpose of addressing the research problem, seven variables that refer to the common challenges of balanced scorecard implementation based on the study of Pujas (2010) which are limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation and lack of planning and communication are taken to design the questionnaire and analyze the response of employees of Ethiopian Insurance Corporation. These variables are believed to be the major success factors for effective implementation of the balanced scorecard system.

For each variable, three to five questions are designed for the better representation of the variable from different directions. Using Microsoft excel the raw Likert scale data have been summarized and analyzed by taking the average of the response results obtained under each variable to arrive at the average response towards the stated variable.

Consequently, to seek new insights and find out what really happened regarding the implementation of the balanced scorecard, the researcher conducted interview with two members of BSC project team who were in charge of the implementation of the system about the overall process they went through, the challenges they have faced and the current status of the score card.

In Ethiopian Insurance Corporation the office which is entitled to initiate the development and implementation of the balanced scorecard is known as the Marketing and Strategic management Directorate. The office is accountable to the DCEO of the Business Development & Risk Management. Thus far, the process is the one which is responsible to oversee and periodically monitor the implementation status of the system.

According to the Marketing and Strategic Management directorate Director of the Corporation, EIC has officially started developing and implementing the balanced scorecard on March 2012. For a year and a half time since then, the corporation had established devoted project team, composing members from every processes of the corporation, in order to assess the benefit of adopting the system to the context of the corporation and it has officially launched the implementation process since July 2013.

4.2.1 Clarity of the Concept of BSC

According to Othman (2009), very often organizations fail to understand what exactly the Balanced Scorecard is and what its implementation involves, regardless of whether they implement the BSC themselves or whether they hire a consultant from the outside. He goes on to say that the difficulty in implementing the BSC is that there is no consensus on what the BSC is all about.

In order to find out whether the concept of BSC is immersed in EIC, the selected sample respondents were asked to express their level of agreement with some basic questions about the concept of the balanced scorecard.

Table 2: Concept Clarity of BSC

Question		Neutral	Agree	Strongly Agree	Mean Score
BSC links short term operational performance with long term strategic objectives	Freq.	2	13	12	4.37
	%	7.4	48.1	44.4	
BSC creates ability to translate vision into operational strategy	Freq.	1	24	2	4.04
	%	3.7	88.9	7.4	
BSC rolls down vision from corporate to division, to individual employees	Freq.	2	20	5	4.11
	%	7.4	74.1	18.5	

Source: From data collected, May 2018

Thus, a minimum mean response of 4.04 and the maximum mean response of 4.37 was registered which represent significant level of agreement. This implies that the basic concept and awareness about the balanced scorecard has been encouragingly created in the corporation.

4.2.2 Executive Sponsorship

No project in an organization, regardless of its potential, has any chance of success without a sponsor in top management (Niven, 2006). The same applies with the Balanced Scorecard. Niven (2006) stresses the importance of top management for the success of the Balanced Scorecard. He argues that if top management does not support the BSC initiative, and, more importantly, does not appreciate its role in solving organizational problems, the BSC will show mediocre results and will probably fail.

The study tried to measure the level of availability of executive sponsorship in the corporation by designing the following five questions for the respondents.

Table 3: Executive Sponsorship

Question		Disagree	Neutral	Agree	Strongly Agree	Mean Score
Top Management of the Corporation took the initiative	Freq.	-	-	16	11	4.41
	%	-	-	59.3	40.7	
There was full support from the management	Freq.	-	1	10	16	4.56
	%	-	3.7	37	59.3	
BSC is one of the priorities of the Corporation	Freq.	-	-	20	7	4.26
	%	-	-	74.1	25.9	
Top management periodically monitors progress of BSC	Freq.	-	15	11	1	3.48
	%	-	55.6	40.7	3.7	
Top Management works closely with the champion/BSC Team	Freq.	6	12	8	1	3.15
	%	22.2	44.4	29.6	3.7	

Source: From data collected, May 2018

The respondents agreed to the questions presented to them with regard to Top management taking initiative to the implementation of BSC, top management's support to start the implementation and BSC initiative being one of the priorities of the top management with mean response of 4.41, 4.56 and 4.26 respectively.

On the other hand, low mean scores of 3.40 and 3.15 was registered to the questions about the top management periodically monitoring the progress of implementation of the score card and the top management closely working with BSC team. This implies that the executives of the corporation even though initially supported the implementation of the balanced score card they are showing a tendency of overlooking their responsibility of monitoring the progress and closely working with the BSC champion.

4.2.3 Balanced Scorecard Education and Training

Niven (2007) noted that organizations carry out awareness sessions during the time the Scorecard is declared as a measurement system featuring financial and nonfinancial measures, but unfortunately little information is offered about the many subtleties and complexities of the model. Often the deceptive simplicity of the Scorecard makes organizations to believe thorough education and training is not required. Such a conclusion will permanently harm the BSC initiative and may lead to failure.

From the interviewees, the researcher has managed to learn that the corporation, after studying the system, has provided an intensive two weeks training to the members of the project team and has designed a corporate scorecard in balanced scorecard framework. Then the corporate scorecard has been presented to all processes of the corporation and then the Executive Management Team has discussed on all corporate objectives and takes each objective on which each process has an influence on.

According to the Director, each process has designed its own scorecard and has been monitoring its performance quarterly and annually since then. With regard to individual level scorecard, according to the leader of the strategic management team, the corporation has been faced with difficulties of obtaining key performance indicators that can objectively measure the individual performance but it has been cascading the corporate scorecard down to team level and measure their performance progress accordingly.

To measure the level of engagement of EIC in education and training, five questions were designed in the questionnaire distributed for the selected respondents..

Table 4: BSC Education and Training

Question		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
The Corporation provided me training about the meaning of BSC	Freq.	5	10	-	8	4	2.85
	%	18.5	37	-	29.6	14.8	
I have been informed about corporate objectives of EIC	Freq.	3	13	1	10	-	2.67
	%	11.1	48.1	3.7	37	-	
The Corporation informed all employees to clearly understand corporate level objectives	Freq.	2	8	4	13	-	3.04
	%	7.4	29.6	14.8	48.1	-	
I understood alignment of my unit's objectives with the corporate level objectives	Freq.	-	6	3	13	5	3.63
	%	-	22.2	11.1	48.1	18.5	
The Corporation provided me training to design my personal scorecard	Freq.	3	12	5	7	-	2.59
	%	11.1	44.4	18.5	25.9	-	

Source: From data collected, May 2018

The level of education and training with regard to BSC is insignificant, with a minimum mean score of 2.59 for a question presented to respondents whether EIC provided a training to design their own personal score card in alignment to their respective unit and maximum mean score of 3.63 is for the question presented to them about understanding the alignment of their work unit’s objectives with the corporate level objectives and the vision of the corporation. This implies that totally, the level of training and education conducted by the corporation is not to the level that can create sufficient knowledge about the balanced scorecard and did not guide employees of the corporation in how to design their own scorecard.

4.2.4 IT Support

Automating the Balanced Scorecard provides a number of benefits and maximizes its use as a measurement system, strategic management system, and communication tool. The

advanced analytics and decision support provided by even the simplest scorecard software allow organizations to perform complex evaluations of performance and critically examine the relationships among their performance measures. Automation also supports true organization-wide exploitation of the score card system (Niven, 2006).

From the interview the researcher manage to understand failure to get information on BSC and lack of effective information technology support have adversely affected and contributed for low level achievement of the objectives and the implementation process of BSC in Ethiopian Insurance corporation.

In order to assess the opinion of the respondents with regard to the level of automation of the balanced scorecard in the corporation, three standard questions were included in the questionnaire.

Table 5: BSC Automation

Question		Strongly Disagree	Disagree	Neutral	Agree	Mean Score
The Corporation's BSC is fully automated	Freq.	9	17	1	-	1.7
	%	33.3	63	3.7	-	
BSC is supported by IT in collecting, analyzing, reporting and distributing relevant data	Freq.	4	14	3	6	2.41
	%	14.8	51.9	11.1	22.2	
An appropriate IT system is designed to help employees to collect data and report	Freq.	-	5	12	10	3.19
	%	-	18.5	44.4	37	

Source: From data collected, May 2018

With regard to the questions presented to the respondents about the corporation's score card being fully automated, they significantly disagreed with mean score of 1.70. Regarding the question presented to them whether the corporation uses other IT system

that has been designed to help employees collect record and report their progress they slightly agreed to it with mean score of 3.19.

This implies that there is no any customized IT system being used in EIC in order to fully take hold of all the benefits that would be provided by the balanced scorecard system. However, there is other IT system that supports the employees in collecting, recording and reporting their periodic performance even though it did not give support for the non-financial perspectives.

4.2.5 Competent Project Team/Dedicated Process

According to Niven (2006), to create a Balanced Scorecard that works, that is capable of implementing the company strategy, linking individuals, creating new behavior and enhancing communication, a team of competent people is needed. He also added an effective project team that empowered by and has a direct access to the CEO contributes significantly to successful implementation of BSC.

Table 6: Effectiveness of Dedicated Project Team

Question		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
Establishing a devoted process ensures success of BSC implementation	Freq.	-	-	2	21	4	4.07
	%	-	-	7.4	77.8	14.8	
In EIC, there is specific person to oversee BSC implementation	Freq.	-	-	1	8	18	4.67
	%	-	-	3.7	29.6	66.7	
The process which is responsible to oversee BSC is effective	Freq.	1	8	7	11	-	3.04
	%	3.7	29.6	25.9	40.7	-	

Source: From data collected, May 2018

Ethiopian Insurance Corporation has an independent department to oversee the implementation of the balanced scorecard and the corporation's strategy. From the

responses, one can observe that there is awareness in the corporation that there is a specific department that is responsible for the implementation of the balanced score card and agreement in the usefulness of the establishment of this department for successful implementation of the score card.

On the other hand, the respondents have doubts on the effectiveness of the process/department that is established to oversee the implementation of the balanced scorecard system, depicting it with the mean score of 3.04. This implies that the establishment and functionality of the department is not to the level that is required for effective support of the BSC implementation.

4.2.6 Organizational Level Participation

The members of the project team should not be the only people involved in the implementation of Balanced Scorecard. The Scorecard is a tool which improves communication within an organization. Consequently it should cover the organization as a whole. According to Davis (1996), involving employees at all levels in the development of measures of BSC is crucial for success of the process of implementation of the score card. This will inspire ownership and commitment to achieve their targets.

Regarding of measuring the level of organizational participation in EIC, three questions were raised to the respondents.

Table 7: BSC Participation

Question		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Score
All employees were involved in the implementation	Freq.	1	16	2	8	-	2.63
	%	3.7	59.3	7.4	29.6	-	
BSC implementation was participatory	Freq.	4	17	5	1	-	2.11
	%	14.8	63	18.5	3.7	-	
Information on BSC is provided timely	Freq.	-	7	5	13	2	3.37
	%	-	25.9	18.5	48.1	7.4	

Source: From data collected, May 2018

According to their response, the respondents significantly disagreed to the idea that all employees of EIC were involved in the implementation process of the balanced scorecard, with mean score of 2.63. Similarly, they have disagreed to the idea of the score cards being prepared with the participation of the concerned parties (their respective supervisors), with mean score of 2.11. And with regard to the timely provision of information about the balanced scorecard, the respondents have loosely agreed with the mean score of 3.37.

4.2.8 Planning and Communication

Niven (2006) stresses that the development of the Balanced Scorecard requires a precise development plan to guide the selected team during the BSC journey. Without a formal plan showing the implementation path in advance there is the risk of confusion. The BSC plan should, as Niven believes, reveal to everyone in the organization what is planned to be achieved, with whom, why, how, and how long will it take.

From the companies, Kaplan and Norton studied, it is managed to be recognized that effective balanced scorecard execution requires an effective planning and communication. With regard to the level of planning and communication practices

undertaken to implement the balanced scorecard, four questions were included in the questionnaire distributed to the respondents.

Table 8: Planning and Communication of BSC Team

Question		Disagree	Neutral	Agree	Strongly Agree	Mean Score
The Corporation's Strategy map is clear and understandable	Freq.	9	14	2	2	2.89
	%	33.3	51.9	7.4	7.4	
I understand the benefits of implementing BSC	Freq.	-	-	13	14	4.52
	%	-	-	48.1	51.9	
BSC is relevant performance management tool for EIC	Freq.	-	-	12	15	4.58
	%	-	-	44.4	55.6	
It is the right time for EIC to implement BSC	Freq.	-	-	9	19	4.62
	%	-	-	33.3	66.7	

Source: From data collected, May 2018

Regarding the understanding the benefit of implementing the balanced scorecard, the timing being right for implementing BSC in EIC and betterment of the system as compared with the previous performance measurement system, their response shows that they agreed about the questions, with mean scores of 4.52 , 4.67 and 4.56 respectively. On the other hand, they disagreed with the idea of the strategic map of the corporation being clear, depicting it with mean score of 2.89.

According to the Director, the major challenges faced by the corporation in evaluating individual performance are inability to introduce relevant IT system, difficulty of finding relevant KPIs lack of active organizational level participation, lack of relevant benchmarking to individual level.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, the findings presented in the previous chapter are critically systematically summarized; relevant conclusions are drawn from the findings and recommendation proposed in order to overcome the challenges faced in the process of implementing BSC.

5.1. Summary of Major Findings

The major intention of this study was to assess the overall implementation process and challenges faced while implementing the balanced scorecard system as a performance measurement, strategic management and communication system in the Ethiopian Insurance Corporation and the study also tries to evaluate the implementation process compared to the standard literatures of the system.

Standardized questionnaires with 26 questions organized in seven themes/challenges in five-point likert scale were distributed for a sample of 30 respondents who are believed to have working knowledge of the balanced scorecard system. Sampling is made by adopting purposive non probability sampling. From the total distributed questionnaire, it was managed to collect 27 of them, i.e. 90% response rate.

Hence, the analysis was conducted by taking each theme which are supposedly be a common challenge for BSC implementation. Each common challenge/theme has three to five questions that are purposefully designed to measure the status of the corporation with respect to the specific challenge and related analysis was made. Additionally, two members of the BSC project team were interviewed by designing semi-structured interview questions. The data were analyzed with the aid of Microsoft Excel. Based on the discussion of the data, the following summaries of findings are drawn:

- With regard to creating concept clarity, establishing competent project team/dedicated process, and planning and communication of the overall implementation process, the study has shown that the respondents have agreed to

the questions presented to evaluate the degree that EIC has been practicing with regard to the stated success factors.

- Basically, successful implementation of BSC requires adequate participation of management body in the development and implementation process. Concerning this, the findings showed that the participation of executives and process owners in the design process was good, where as there is a tendency of neglecting of monitoring of the progress of the implementation process.
- Majority of the respondents confirmed that the effort made to equip employees of the corporation with sufficient knowledge about the concept and the meaning of BSC is not to the level that allows them to design their own score card with alignment to their team score card.
- Automation was considered among the preconditions needed in the BSC implementation process. In this regard, the result of study indicated that the corporation did not start the BSC automation process at all but it is using another information technology system to collect record, report and evaluate the financial perspective of the score card.
- Concerning the level of the implementation of BSC, the study indicated that BSC was fully implemented at corporate level and at process level. However, in individual level, it was at early stage and it had also some challenges in cascading process of measurements and activities. As supported by the interview and questionnaires results indicated, the major challenge in evaluating individual performance found to be lack of support in information technology. As per the study findings, lack of organizational participation on BSC and lack of effective information technology support have adversely affected and contributed for low level achievement of the objectives and the Implementation process of BSC.

- The finding of the study revealed that among problems that are related to BSC implementation, lack of education and training, the unavailability of IT support and lack of organizational level participation were the major ones.

5.2 Conclusions

The study focused on finding out challenges faced during implementation of BSC in Ethiopian Insurance Corporation. Accordingly, it is possible to drive a general conclusion that concerning how the balanced scorecard is being implemented in the corporation, all the common challenges/key success factors of BSC implementation has been observed though at different level.

Though the corporation has been implementing the system nearly in a similar manner as compared to the standard way of literature there are some critical success factors that should be worked on to further reap the full benefit of the system. These are enhancing BSC education and training, automating the Balanced Scorecard, sustainably ensuring the organizational level participation to further instill the BSC concept and sustain its improved implementation.

Conversely, there is encouraging level of understanding of the benefits of BSC in the corporation. And the establishment of an independent office to oversee the implementation of the system has been undertaken and there is good level of BSC planning and its communication process.

Generally, it seems safe to conclude that though EIC has been implementing the balanced scorecard system in a way that the literature advises, the stated challenges identified in the study has made the corporation not to reap the full benefit the balanced scorecard system.

5.3 Recommendations

To exploit the benefits of implementing the balanced scorecard as a performance management, strategic management and communication tool, the study proposes the following recommendations to be considered by Ethiopian Insurance Corporation:

- ⇒ The Corporation should ensure sustained effort to improve understanding of employees by continuously giving training about the meaning, benefit and the techniques of the balanced scorecard system from the balanced perspective of its nature as a strategic management system, performance measurement and strategy communication.
- ⇒ Executives of the corporation should ensure they are fully committed and have a clear understanding of the tool should work closely with the responsible process/BSC champion to implement the system and periodically monitor the progress of the implementation.
- ⇒ The undeveloped IT slowed the implementation of the initiative and caused many frustrations for the system. Therefore, the Corporation should use an IT system that supports efficient data collection and reporting systems that cater for non financial perspectives to facilitate and exploit the full benefits of the balanced scorecard.
- ⇒ The process that is established to oversee the overall implementation of the balanced scorecard system should boost its follow up systems by periodically monitoring implementation gaps and subsequently filling them by organizing awareness creation activities to all stakeholders.
- ⇒ Similar to any other newly introduced system in an organization; to be effectively implemented BSC should involve organizational level participation in its development and implementation.

5.4 Suggestion for Further Study

This study has viewed challenges of implementing the balanced score card at Ethiopian Insurance corporation. The same study should be carried out in other sectors of the economy if the results obtained will be similar. Further studies should include the lower employees as part of the primary source of data determine whether same result will be obtained.

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APPENDICES

APPENDIX 1- Questionnaire

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF PROJECT MANAGEMENT

Questionnaire that will be filled by Employees of the Ethiopian Insurance Corporations

Dear Sir/Madam,

I am conducting a research on *“Challenges of the Implementation of Balanced Scorecard in Ethiopia Insurance Corporation”*. This research is conducted in partial fulfillment of the requirement for the Degree of Masters of Project management. The study is intended to assess the challenges faced by EIC in implementing the balanced scorecard as its performance measurement, strategic management and communication tool.

The information will be used exclusively for academic purposes and your response will be treated with strict confidentiality and anonymity.

To indicate your response, please put a mark in the appropriate Box and I thank you in advance for taking your time to complete the questionnaire.

With Best Regards,

Ruhama Lemma

Part I: Respondent's Profile

1. Sex:

a. Male b. Female

2. Work Experience :

a. 1-5 years b. 6-10 years

d. 11-20 years d. above 20 years

3. Department _____

4. Position at the corporation _____

5. Educational Background

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

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

Part II

Please indicate how much you agree or disagree with each of the following statements by putting a mark to a box that best represents your opinion. “SD” indicates “Strongly Disagree”, “D” indicates “Disagree”, “N” indicates “Neutral”, “A” indicates “Agree”, and “SA” indicates “Strongly Agree”.

No.	Question	SD	D	N	A	SA
1.	Concept of the Balanced Scorecard (BSC)					
1.1	BSC links short-term operational performance with long-term strategic objectives					
1.2	BSC creates the ability for management to translate a generic vision into a strategy that can build consensus and commitment throughout the corporation.					
1.3	Balanced scorecard rolls down the corporation’s vision from corporate level to down to individual employees.					
2.	Executive sponsorship					
2.1	The top management of the EIC took the initiative to implement the balanced scorecard.					
2.2	There was full support from the top management of the corporation when it was decided to start the BSC implementation					
2.3	The BSC initiative was one of the priorities of the corporation when it was implemented.					
2.4	The top management of the corporation periodically monitors the progress of the balanced scorecard implementation					
2.5	The top management works closely with the BSC team or the responsible process to implement the system.					
3.	Education and training					
3.1	EIC has provided me a training that equipped me with a sufficient knowledge about the concept and meaning of the balanced scorecard.					
3.2	I have been informed and understood the meaning of the corporate objective in each perspectives of the corporation’s corporate scorecard.					
3.3	EIC has informed all employees to clearly understand the corporate level objectives of the Corporation.					

	3.4	I have understood the alignment of my work unit's objectives with the corporate level objectives and EIC's vision.					
	3.5	EIC has provided me a training to design my own personal scorecard in alignment to the process/team/branch scorecard.					
4.	IT Support						
	4.1	The corporation's balanced scorecard system is fully automated.					
	4.2	The balanced scorecard is supported by IT in collecting, analyzing, reporting and distributing relevant data.					
	4.3	An appropriate IT system has been designed to help employees collect record and report their periodic performance.					
5.	Competent Project team/Dedicated Process						
	5.1	Establishing a specific process/department to exclusively monitor the implementation of the balanced scorecard ensures the success of the implementation.					
	5.2	In EIC there is a specific person (BSC champion) or department who is responsible to implement BSC.					
	5.3	The process that is responsible to oversee BSC implementation is handling its duties effectively.					
6.	Organization Level participation						
	6.1	All employees of the corporation have been involved in the implementation of BSC.					
	6.2	Balanced scorecards of the corporation at all levels were prepared with participation of all concerned parties.					
	6.3	Information about the Corporation's balanced scorecard implementation status is being provided timely.					
7.	Planning and Communication						
	7.1	The strategy map of the corporation is clear and understandable					
	7.2	I understand the benefits of implementing the balanced scorecard as a performance measurement strategic management and communication system of the corporation.					
	7.3	The BSC is a relevant performance management tool for the EIC					
	7.4	It is the right time for EIC to implement the balanced scorecard as its performance and strategic management					

APPENDIX 2- Interview Guide

I am a student at Addis Ababa University School of commerce. I am conducting a study on the factors Challenges of the Implementation of Balanced Scorecard in Ethiopian Insurance Corporation. This interview guide is prepared purposely to assist in collecting data at EIC for academic purpose only. Any information given shall be treated with strict confidentiality.

1. When did EIC start implementing the balanced scorecard?
2. Can you elaborate the major activities accomplished to properly put into practice the balanced scorecard?
3. In your judgment, do you think the corporation has implemented the BSC successfully?
4. What are the main challenges that you face while implementing the balanced scorecard?