Inhibitors and enablers of balanced scorecard implementation in South African companies

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2013-10-13

(Version February 2011)

ABSTRACT

Purpose: The purpose of this research report is to establish the inhibitors and enablers of the Balanced Scorecard (BSC) Implementation of companies in South Africa.

Problem: The Balanced Scorecard is a performance management framework and strategy implementation tool that has been vastly misunderstood by executives since its inception. This research describes the inhibitors and enablers of the balanced scorecard implementation of companies in South Africa in order to assist companies with their BSC implementations to make them more successful and to subsequently improve their misconceptions about the balanced scorecard.

Methodology Approach: A qualitative methodology with a thematic grounded theory approach has been used as the method for the data collection in this research and 7 medium to large size companies were interviewed.

Findings: A number of inhibitors and enablers were found during the interviews with these companies and the most important enablers were aligning targets and strategic initiatives, executive buy-in, a clear focus, effective communication and motivated employees as well as skills and BSC training and effective recruitment. The most severe inhibitors were found to be lack of strategic alignment and lack of transparency and communication, lack of an appropriate MIS infrastructure as well as ambiguity and relevance of data. Suggestions of topics for further research are also made.

DECLARATION

I, Anita Bettina Felbrich-Smit, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Anita Bettina Felbrich-Smit

Signed at …………………………………………………

On the …………………………….. Day of ………………………… 2013

DEDICATION

I dedicate this research report to my mother, Ursula Felbrich, who supported me emotionally and helped me with the transcriptions of the interviews as well as my late father Udo Felbrich, who supported me financially. Both of them never had the opportunity to attend a university themselves, although they would have made excellent students.

ACKNOWLEDGEMENTS

I herewith would like to thank my mother, Ursula Felbrich, and my husband Abri Smit, for assisting me in transcribing my research interviews and for the endless supply of tea and dinner and emotional support. I would also like to thank my supervisor, Douglas Taylor, for always being patient and never giving up on me.

I would like to acknowledge Bell Equipment, Bidvest Prestige Cleaning Services, Fire Control Systems, Nedbank Business Banking, First National Bank Credit Division, Spartan Technologies and the Passenger Rail Agency of South Africa for providing me with the opportunity to collect data for my research.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of the research is to determine the inhibitors and enablers of the implementation of the Balanced Scorecard (BSC), which is a strategy implementation and management tool and has been widely misunderstood by executives and senior managers in businesses. The intention is to gather data from companies that have fully or partially implemented the BSC or companies that are currently implementing the BSC and the inhibitors and enablers that they are experiencing and have experienced during this process. The research will also explore why companies have taken decisions not to implement the BSC, where those companies have considered implementing the BSC.

1.2 Context of the study

Organizations today are continuously looking at ways to improve their performance through opportunities of growth and increasing their profitability year on year. This is due to the pressures they face from company shareholders who want to see a decent return on investment as well as good dividend payouts. It is therefore important for a company to transform and innovate itself continuously by adapting to the changes in the environment in order to stay ahead and maintain a sustainable competitive advantage. However, it is very difficult achieving innovation that is sustainable within an organization in order to assist the organization through transformation in achieving its long term performance goals. Henry Chesbrough (2006) claims that, companies that do not innovate themselves die. (Chesbrough, 2006) The authors Prahalad and Krishnan (2008) state that transformation takes a lot of effort and that it will radically change the very nature of the firm and how it creates value. (Prahalad & Krishnan, 2008)

The BSC was designed by Robert Kaplan and David Norton in 1990 and is a tool that is not only used to implement an organization's strategy but also to measure its performance and enables the company to change the strategy if the performance is not at a certain standard, creating an environment for accurate and effective performance management. (Kaplan & Norton, 1996)

1.3 Problem statement

1.3.1 *Main problem*

The main problem is to determine the inhibitors and enablers of the BSC implementation of companies in South Africa, as many companies have failed implementing the BSC successfully as the tool has been misunderstood by many executives and senior managers.

1.3.2 *Sub-problems*

The first sub-problem is to identify the inhibitors and enablers of translating the organizational strategy into operational objectives using the BSC framework.

The second sub-problem is to determine the inhibitors and enablers of using the BSC as a strategic framework for action in the BSC implementation process.

1.4 Significance of the study

Companies globally are struggling to implement organizational strategy successfully especially when changes to the strategy have to be made and implemented. The theory of innovation is still very young and not yet fully developed and although humanity knows enough to develop the practice of innovation this is still only in outline form. (Drucker, 1985) This research provides further insight into the BSC as an innovation initiative of companies in South Africa and contributes to the knowledge of the practice of innovation specific to BSC activity. It confirms the inhibitors or enablers found in the literature by showing similar traits of South African companies compared with those companies researched overseas and it shows a difference in behaviour in some instances.

The study provides guidance to organizations that wish to use the BSC as a tool to implement strategy and measure performance in order to maintain a sustainable competitive advantage as well as to provide growth and increasing value to shareholders. It also provides South African companies with insight into the inhibitors and enablers of the BSC implementation and therefore not only assists them in a speedier decision making process for the BSC but also provides them with more knowledge in order to manage risk better during the BSC implementation. This should ultimately result in organizations achieving the implementation of BSC strategic objectives faster and subsequently reduce BSC implementation failure rates in South Africa.

1.5 Delimitations of the study

All companies considered in the research were interviewed in Gauteng; however, most of these companies have branches all over South Africa which widens the scope of this convenience sample. Furthermore, a sector or industry specific research would have increased the external validity of this research however, the companies that were approached were unfortunately not willing to participate in the study.

The following is included in the scope of this research:

- The development of the BSC objectives and implementation are the two processes that this research focuses on.
- Establishing the inhibitors and enablers of the development of the BSC objectives and implementation processes of companies in South Africa that have implemented the BSC.
- Establishing either positive or negative perceptions that leaders of companies researched, have of the BSC.

The following is excluded in the scope of this research:

- Measuring the actual performance of the selected companies in South Africa before, during and after BSC implementation in order to prove the BSC implementation successful. However, where companies have this data readily available it is used to corroborate the findings of enablers that lead to a successful BSC implementation.
- If the South African companies being researched, have subsidiaries overseas where the BSC is being or has been implemented, then these have been excluded from the research.

1.6 Definition of terms

BSC	The Balanced Scorecard
CSF's	Critical Success Factors
Enabler	An aspect/phenomenon that promotes and assists the successful implementation of a performance management system like the BSC.
EA	Enterprise Architecture
Exco	Executive Committee
HR	Human Resources
Inhibitor	An aspect/phenomenon that has a negative effect on the successful implementation of a performance management system like the BSC.
KPI's	Key Performance Indicators
MIS	Management Information Systems
NHS	British National Health Service
PMS	Performance Management System
PRASA	The Passenger Rail Agency of South Africa

1.7 Assumptions

- This research only focuses on the BSC as a strategy measurement and implementation tool although other tools also exist and can be used for this purpose. Furthermore, these tools have not been compared with the BSC in this research.

- All four perspectives of the BCS, namely the financial, customer, internal business process and learning and growth perspectives, have been considered to determine the extent and accuracy of the strategy implementation. If a company, that was researched, has given one of the BSC perspectives a different name then this will also be taken into consideration. Where companies have chosen to implement more than the recommended four perspectives due to the operational specialization, given the nature of the business, the research has also included this.

- Only the people that were directly involved and lead the BSC implementation in the companies researched and that were involved from the decision making process through several cycles of the BSC implementation, have been interviewed. This means that these people would have the most knowledge of the entire BSC implementation process at the companies in question and are able to clearly articulate the answers to the questions of the research. Some of these people are still involved in the ongoing maintenance of the BSC within the organization.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

The purpose of this literature review is to define and describe issues that are related to the problem and sub-problems outlined in section 1 of this document. Different sources have been used to illustrate each problem as clearly as possible.

Prahalad and Krishnan (2008) contend that nowadays the environment is always changing economically and ecologically and companies need to realize the urgency and inevitability of transformation for the survival of the business. Having the ability to change corporate strategy and implement these strategic objectives at an operational level is crucial for a successful transformation. Managers at every level of an organization need to understand that in order to form strategy and execute it they must focus their knowledge and efforts on business processes, information technology and data analysis. In order to win a competitive advantage, companies must create a consumer experience and develop a whole new mindset to understand their global supply, logistics and communications networks, which are the competitive battlefields of the twenty first century business environment. (Prahalad & Krishnan, 2008)

Prahalad and Krishnan (2008) further contend that another critical principle of value creation is flexibility, where the focus is on continuously balancing the load and the nature of the task with appropriate resources in order to maximize the consumer experience without compromising quality or increasing costs. Scalability is another key principle of value creation and where selective outsourcing of work to others has become a necessity for building scale in a short time period. The core elements of business processes, analytics and technical architecture create a framework that enables companies to enhance their innovative capacity and build their next source of competitive advantage. (Prahalad & Krishnan, 2008)

Kaplan and Norton (2001) state that the Balanced Scorecard (BSC) provides the recipe that enables the ingredients already existing in an organization combined for long term value creation. While measurement is reporting on the past it creates focus for the future because the measures chosen by executives communicate to the organization what is important and corporate executives can now measure the value created for current and future customers with the BSC. Measurement should be integrated into a management system in order to take full advantage of the power of the BSC as it clearly reveals drivers of superior, long-term value and competitive performance, while retaining an interest in financial performance. (Kaplan & Norton, 2001)

The Balanced Scorecard Institute (1998-2013) explains that the Balanced Scorecard (BSC) is a strategic planning and management system used extensively in various categories of businesses like manufacturing, government and non-profit organizations, etc. worldwide, to align the business' operational activities with the company's vision and strategy. It is therefore a tool used to implement performance measures across the business and continuously measure performance objectives. The framework originated from Drs. Robert Kaplan and David Norton (Harvard Business School) and it combines non-financial with financial measures in order to give executives a more 'balanced' view of the organization's performance and therefore the term "Balanced Scorecard" was coined in the early 1990's. (Kaplan & Norton, 1996; Balanced Scorecard Institute, 1998-2013)

The following topics will be reviewed from the literature in order to determine the inhibitors and enablers of the BSC implementation within organizations:

1. The need for performance measurement and management

2. The relationship between the BSC and performance management

3. The four perspectives of the BSC

4. To determine how strategy is translated into operational terms using the BSC framework

    a. Inhibitors

    b. Enablers

5. To determine how the BSC is used as a strategic framework for action, i.e. the BSC implementation process

    a. Inhibitors

    b. Enablers

2.2. The need for performance measurement and management

During the last 10 years the need for an effective and efficient performance management system (PMS) has increased. (De Waal & Counet, 2009) Hanafizadeh and Osouli (2011) contend that organizations that lack appropriate performance management will undoubtedly fail. Companies that follow traditional performance management methods will be ranked at the bottom of the performance measurement scale and will lose their competitive advantage together with any long term sustainability. They will be outranked by far by organizations that have seen the need to improve and implement appropriate PMS'. (Hanafizadeh & Osouli, 2011)

An organization needs to strategically transform itself in order to survive in the long term. Sull (2003) states that a company has strategic ability, when the elements of strategic thinking, strategic planning, and strategic content and strategic process are combined and they are the basic requirements for any strategy to succeed. Sull (2003) also says that strategic thinking is about considering the past, present and future situation of the company and conceptually applying strategy models and frameworks to the organization and its environment in order to better strategically transform it. It is therefore imperative that companies have the ability to measure past and present performance accurately and on all levels, i.e. corporate and operational, in order to anticipate the future situation of the company and implement strategic changes accordingly. This process would ensure sustainable profitability and growth and therefore explains the need for accurate performance measurement and management. (Sull, 2003)

In the last thirty years many global companies have failed due to lack of organizational transformation. (Sull, 2003) Stockport (2000) says that strategic crises and transformation are a recurring part of business life and that organizations go through a life cycle of development and change for better or for worse. According to Stockport (2000) an organizational life cycle is typically S-shaped where an organization grows up to point A and withers at point B as depicted in the diagram in Figure 1. A is the last point where it is possible for an organization to transform itself strategically before its starts to die. After point A strategic transformation will be more of a reactive than a proactive process upon which an organization will be forced to change, however, people will typically be more resistant to change making the entire process even more difficult. (Stockport, 2000)

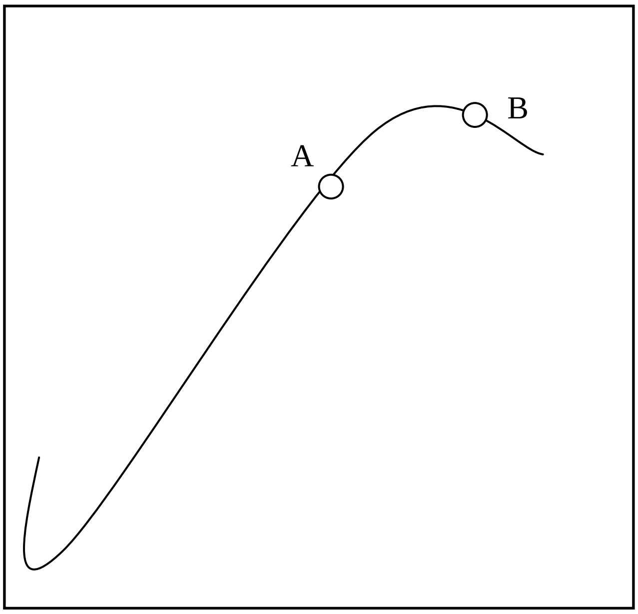

Figure 1: The S-curve showing a life Cycle of an Organization (Stockport, 2000)

Stockport further contends that strategic planning is about how the organization should be transformed in order to adopt the new strategy. A company can either adopt a large strategic transformation or small, incremental strategic change depending on the context it is faced with at that stage and the extent of the strategic drift over time. It is therefore important for a company to define the content of the strategic transformation before the change process starts. He talks about transforming commitments and selecting the right anchor being actions that reform an organization's success formula and sustain profitability and growth. He further contends that there are two factors that are particularly important in deciding whether a transforming commitment or an alternative is more appropriate. Firstly, he says that you should ask yourself whether a shift in the environment would threaten your company's core business or not; and secondly, whether your company has a good alternative to the status quo or not, which is depicted in the diagram in Figure 2. (Stockport, 2000)

Company has a good Alternative	Focus on Core Business	Select Transforming Commitments
Company lacks a good alternative	**Build Alternatives**	**Milk Core Business**
	Environmental change does not threaten core business	**Environmental change threatens core business**

Figure 2: Transforming Commitments (Stockport, 2000)

If the shift in the environment does not threaten your core business, but you do not have any alternatives to fall back upon when the environment becomes a threat, then your company should build alternatives. If your company does not perceive its environment to be a threat and you have some good alternatives to fall back upon then you should focus on your core business. If your company has some good alternatives but that environment is perceived to be a threat, then transforming commitments must be selected in order to transform the organization. If your company perceives the environment as a threat and has no good alternatives then you should milk your core business and possibly divest. (Stockport, 2000)

The Office of Government and Commerce (OGC) in the UK, which is an independent office, established to assist the UK government in achieving the best value from its spending, believe that in order to cope with the pressures and optimize opportunities of improving organizational performance, there is a need to understand how to define and measure as part of a corporate strategy that is translated into relevant, successful and cost-effective operations. (Commerce, 2009)

2.3. The relationship between the BSC and performance management

The BSC retains traditional financial measures and complements these with their drivers of future performance, which are the objectives and measures derived from a company’s vision and strategy. These objectives and measures provide a framework for the BSC from four perspectives, namely financial, customer, internal business process as well as learning and growth. The BSC complements the financial measures of past performance with measures of the drivers of future performance. (Kaplan & Norton, 2001)

Therefore, the BSC is a strategy tool that is one of the few management tools to provide a good overall view of organizational performance and that has been proven to improve organizational results. (De Waal & Counet, 2009) However, the Balanced Scorecard Institute (1998-2013) contends that the BSC framework has evolved from a simple performance measurement to a strategic planning and strategy implementation tool that assists company executives in executing strategies, provides boundaries of control for that strategy, but at the same time is not stifling or prescriptive. (Balanced Scorecard Institute, 1998-2013; Lawrie & Cobbold, 2004)

The question therefore arises, why companies need a “balanced” set of performance measures? The authors Kaplan & Norton (2001) further go on to say that although all organizations have financial and non-financial measures, many companies use their non-financial measures for local improvements at their front-line and customer facing operations; whereas the aggregate financial measures are used by senior managers to measure the results of the operations performed by lower and mid-level employees. However, these managers fail to see that the financial measures do not adequately summarize these results and also only use these financial and non-financial performance measures for tactical feedback and control of short-term operations. The BSC emphasizes the need for the financial and non-financial measures to be part of the information system for employees at all levels of the organization, where front-line staff must understand the financial consequences of their decisions and actions and senior executives must understand the drivers of long-term financial success. The objectives of the BSC are derived from a top-down process driven by the mission and strategy of the business unit and it should therefore translate a business unit’s mission and strategy into tangible objectives and measures. These measures represent a balance between the external measures for shareholders and customers, and the internal measures of business processes, innovation, and learning and growth. The measures are balanced between the outcome measures, which are the results from past efforts, and the measures that drive future performance. Furthermore, the BSC is balanced between the objective, easily quantifiable outcome measures and the subjective, somewhat judgmental, performance drivers of the outcome measures. The processes that are most critical for achieving breakthrough performance for customers and shareholders are highlighted by the BSC. (Kaplan & Norton, 1996; Kaplan & Norton, 2001)

Innovative companies use the BSC as a strategic management system in order to manage their strategy over the long term. These companies use the measurement focus of the BSC to accomplish the following critical management processes: (Kaplan & Norton, 1996)

1. Clarify and translate the vision and strategy
2. Communicate and link the strategic objectives and measures
3. Plan, set targets and align strategic initiatives
4. Enhance strategic feedback and learning (Kaplan & Norton, 1996)

The BSC can be considered as a strategic framework for action as summarised in the following diagram:

Figure 3: The Balanced Scorecard as a Strategic Framework for Action (Source: Kaplan & Norton, 1996:11)

2.4. Translating strategy into operational terms using the BSC

Neely and Bourne (2000) state that the reasons why 70 percent of performance management systems (PMS) fail, is due to poor design as well as the difficulty of implementation. (Neely & Bourne, 2000)

2.4.1 *Inhibitors*

a. ***No causal model development***

In his research with Malaysian companies Othman (2006) discovered that the absence of a causal model of a company's strategy created difficulties in developing the non-financial measures, an action plan of the strategy as well as the process of cascading the scorecard to all levels of the organization. The absence of a causal model may also lead organizations to develop performance measures that are unrelated to the strategic objectives of the organization and therefore data collected from performance feedback will become irrelevant and meaningless. (De Waal & Counet, 2009; Othman, 2006) These performance measures will fail to integrate the operational objectives and individual activities in a coherent and synergistic manner. (Othman, 2006)

Neely and Bourne (2000) go on to say that too often managers make fundamental mistakes when deciding what to measure and why, which may have a detrimental effect on a PMS. (Neely & Bourne, 2000) A report compiled by Davis and Albright (2004) states that 77 percent of BSC adopters in the USA fail to develop a causal model of their strategy. (Davis & Albright, 2004)

b. ***Bias caused by excluding internal and external factors***

Othman (2008) criticises the strategy map approach, which positions the strategy map as the basis in charting the BSC. He argues that organizations are social systems that do not operate like mechanical systems and that the cause-effect relationships in social systems are usually more complex to the point of being ambiguous. The strategy map that is derived can be a snap shot of the company's strategy at a particular point in time, not necessarily one of a future state of the strategic vision. There is therefore a risk that once the strategy map has been formulated, the development of the scorecard becomes an activity of developing a linear set of performance measures, unaware of the possibility of temporal changes in the future. Thus, the BSC should assist strategy implementation and not be a substitute for company strategy. (Othman, 2008)

Othman (2008) also criticizes the BSC for being static and ignoring the external environment. Although the BSC should assist an organization with strategy implementation the strategy mapping process may have a tendency to create measures that are out of touch with reality as the set targets may not take into consideration the external changes that can affect strategy. (Othman, 2008)

Voelpel et al (2006) criticise the BSC for its limitation in its ability to account for systemic linkages and influences from the external environment due to the fact that the BSC is mainly focused on the internal environment of the company. The BSC widely ignores the need of an interlinked company in an innovation economy, embedded into a network of suppliers, unions, alliance partners and local communities. (Voelpel, et al., 2006)

c. *Bias towards existing performance management system*

Radnor and Lovell (2003) found in their research with the British National Health Service (NHS) that a bias or prejudice towards existing PMS' may inhibit BSC usage. Companies that have an existing system may just want to improve it and could also be satisfied with its current delivery. Thus, these organizations may be reluctant towards new systems like the BSC due to an existing high level of ownership within the organization. Companies might also want to do a market assessment of new PMS' and use more than one PMS per se, which will potentially inhibit the sole use of the BSC. (Radnor & Lovell, 2003)

d. *Lack of strategic alignment*

Decoene and Bruggeman (2006) found in surveying a Belgian plastics manufacturing company that the number of tons of rework and scrap had increased substantially over a period of a year although the company had implemented the BSC. However, they further found that the corporate strategy had not been aligned with the manufacturing strategy and because there was no cascading process, the business objectives had not been translated into operational objectives and therefore there was no improvement in the company's performance, but rather a decrease in quality and an increase in operational costs. (Decoene & Bruggeman, 2006; De Waal & Counet, 2009)

A cause for misalignment is a lack of consensus and understanding and is related to the culture of an organization and to the functional history, where strong functional silos have existed operationally and therefore there is little shared understanding of overall business objectives and a lack of integration of different functional units. (Kaplan & Norton, 1996)

Johanson et al (2006) found that if the top down approach is implemented without the participation of employees to contribute to the new model then this may serve as an insurmountable barrier to a successful BSC implementation. (Johanson, et al., 2006)

2.4.2 *Enablers*

a. ***Designing a successful strategy map***

Designing a successful strategy should be treated as a step by step process according to Kaplan and Norton (2001). Organizations need to start the PMS process by designing a success map: a cause and effect diagram that explains the organization’s strategy and the manager’s understanding of the business operationally. (Atkinson, 2006; Kaplan & Norton, 2001; Assiri, et al., 2006; Radnor & Lovell, 2003)

Othman (2006) found in his research with Malaysian companies that companies that developed a causal model of their strategy benefited from a successful BSC implementation. (Othman, 2006)

According to Neely and Bourne (2000) a strategy map is the key to designing a good measurement system. The success map explicitly lays out operational levers for managers to pull as well as the impact that pulling these levers will have on business performance. Once the success map has been defined it becomes possible for the management team to identify the performance measures. This process of deciding what to measure, forces the management team to clarify their terminology and improve communication in order to precisely define the organization’s strategy. Organizations that fail to understand the necessity of a success map end up brainstorming what needs to be measured and creating a performance framework from that. This usually results in no more than merely re-packaging the existing performance measures while implementing the BSC. Often the organizations will introduce scorecards that do not reflect the organization’s strategy and that do not help the people in the organization understand the operational priorities. Once the scorecards have been introduced to staff members they cannot see any rationale or logic for the performance measures and as a result question the validity of the measures. This does not only lead to the performance system failing but can also impact company performance negatively. (Neely & Bourne, 2000)

b. *Translating the company vision into strategic objectives*

The process of building a BSC clarifies the strategic objectives of an organization and identifies the critical drivers of those strategic objectives Figure 3: The Balanced Scorecard as a Strategic Framework for Action (Source: Kaplan & Norton, 1996:11). Therefore the BSC process starts with the senior executive management team working together to translate the company vision into specific strategic objectives, for example to set financial goals, the executive team must consider whether to emphasize revenue and market growth, profitability or cash flow generation. For the customer perspective it is imperative to decide which market segments the company will compete in, with which products, etc. The most important aspect here is that all executives need to have the same understanding and be clear on the definitions used to formulate the operational measures for the scorecard. (Chavan, 2009; De Waal & Counet, 2009)

c. *Achieving executive buy-in*

Assiri et al (2006), Chavan (2009) and Radnor and Lovell (2003) found in each of their researches that no project can be successful without executive support and commitment. It is therefore imperative that executives assign the necessary priority to the BSC implementation in order to gain internal commitment. Senior managers must also assume responsibility by allocating adequate time and resources to the BSC project and be involved at every step of the project to show their commitment and to lead by example. Assigning strategic priority will also ensure that the BSC project receives the necessary focus throughout the organization. However, this must be followed with appropriate communication in order to achieve the necessary internal commitment at all operational levels. This buy-in assists in translating the company vision into specific strategic goals and also to allocate resources to the project. (Assiri, et al., 2006; Chavan, 2009; Radnor & Lovell, 2003)

d. *Aligning targets and operational objectives*

Kettunen and Kantola also found in their study at Turku Polytechnique that it was important that the strategic planning and the BSC with all its necessary elements permeated through all levels of the organization, i.e. from the individual employees to the degree programmes to the administrative units and from there right to the institutional level to ensure its successful implementation. (Kettunen & Kantola, 2005; Radnor & Lovell, 2003; De Waal & Counet, 2009)

De Waal (2003) states in his study that a PMS should assist in maintaining control in the organization and therefore the alignment between the manager's responsibilities and the PMS is very important in order to achieve this control. He found that factors that assist in achieving this alignment are when managers can influence the Key Performance Indicators (KPI's) assigned to them and the KPI sets are aligned with their areas of responsibility. Managers have a good understanding of the meaning of KPI's when their frames of reference contain similar KPI's. (De Waal, 2003) Assiri et al (2006) and Chavan (2009) agree that establishing the relevant importance of KPI's before the BSC implementation and assigning the relative weighting in order to achieve the correct "balance" with the supporting actions and objectives is a key success factor for the BSC implementation. (Assiri, et al., 2006; Chavan, 2009)

This management process (Figure 3: The Balanced Scorecard as a Strategic Framework for Action (Source: Kaplan & Norton, 1996:11)) attempts to establish targets for the scorecard measures, three to five years out, with the goal of transforming the company. It enables an organization to (Kaplan & Norton, 1996):

- Quantify the long term objectives that need to be achieved (Chavan, 2009; Radnor & Lovell, 2003)
- Identify mechanisms and provide resources in order to achieve those objectives (Chavan, 2009)
- Establish short-term milestones for the financial and non-financial measures (Kaplan & Norton, The Balanced Scorecard, 1996) relevant to people's everyday work. (Radnor & Lovell, 2003; Assiri, et al., 2006)
- Radnor and Lovell (2003) add to this by incorporating good elements of the existing PMS in order to minimize data demands. (Radnor & Lovell, 2003)

These targets are usually financially driven, e.g. doubling the stock price or increasing sales by 150% in the next five years, etc. In order to achieve such ambitious financial targets, managers must identify stretch targets for the customer, internal business processes and learning and growth objectives, which will come from different sources such as meeting or exceeding customer expectations. (Kaplan & Norton, 2001) Radnor and Lovell contend that it is necessary to link the strategic objectives to the annual budgets. (Radnor & Lovell, 2003)

This understanding is enhanced when managers have insight into the relationship with business processes and CSF's and KPI's. The BSC measure must be directly linked to strategic goals and employees must be able to explain the operational and strategic importance of every measure. The BSC must accurately reflect the process and objectives it attempts to evaluate as well as the buy-in from employees. (Assiri, et al., 2006) De Waal (2003) further concluded that it is also important for managers to be involved in the analyses and to use the CSF's and KPI's on the BSC for managing their employees. (De Waal, 2003)

Assiri et al (2006) identified certain factors that support a successful BSC implementation but that are not as critical as the dominant and main factors that they found, but support the latter. The organization must finalize and review the performance measures before implementing the BSC. The correct performance measures must be selected for the desired performance and customers should also be involved in establishing objectives and measures for the customer perspective. The organization's performance measures must have been refined according to BSC reporting results and current performance results compared with past results. An understandable causal relationship is reflected between performance effort and performance result in BSC organizational measures. (Assiri, et al., 2006)

To increase motivation for higher levels of organizational performance, corporate and operational objectives must be strategically aligned. In order to facilitate a strategic alignment process, manufacturing executives and middle-managers must be actively involved in a BSC design and implementation process. (Decoene & Bruggeman, 2006) Johanson et al (2006) agrees with this statement and says that the best route to productivity and increased profitability is by focusing on goal congruence and collaboration between different hierarchical levels within the organization and also clarifying strategic goals. (Johanson, et al., 2006)

Kaplan and Norton (2006) contend that the cascading approach of communicating the strategy to employees should be customized to the organization due to the geographical set up and different cultures. Therefore where required a dual approach of top down, where the strategy is dictated to employees and bottom up, where employees can provide input and feedback, can be used if required. (Kaplan & Norton, 2006)

Chavan (2009) found in her case study with Big W in Australia, a discount department store of Woolworths, that the first task before implementing the BSC was to identify core competencies and subordinate competencies linked to each of these, required for each store manager in consultation with managers and senior staff. Each core competency was linked to one or more of Big W's values in its mission statement. This formed the basis on which existing store managers were appraised, i.e. the scorecard. (Chavan, 2009)

e. *Identify the BSC perspectives*

As mentioned above, the BSC framework consists of four perspectives, namely financial, customer, internal business process, and learning and growth. The performance objectives and measures are derived from an organizations vision and strategy and view the organization's performance from these four perspectives. However, an organization is not limited to the four perspectives and where necessary, i.e. depending on industry circumstances and a business unit's operational strategy, more perspectives can be added to the framework. (Kaplan & Norton, 1996)

Kaplan and Norton (2006) also comment in their response from the criticism of the BSC from Voelpel et al on their experience in implementing the BSC with hundreds of enterprises around the world that none of these companies found the four perspective framework to have been forced upon them, but rather found it to be robust and flexible for describing and communicating their newly devised corporate strategy. (Kaplan & Norton, 2006)

Assiri et al (2006) have identified 27 critical success factors which are expected to influence the BSC implementation. According to their research the highest ranked dominant factor of implementing the BSC successfully is identifying the BSC perspectives. The choice of the perspectives must be adjusted to what is necessary to execute strategy and create a competitive advantage for the organization. (Assiri, et al., 2006) In Chavan's (2009) case study of Big W the framework allowed the definition of competencies, which "live" the values derived from Big W's mission without necessarily defining any perspectives per se. (Chavan, 2009)

Assiri et al (2006) and Radnor and Lovell (2003) go on to say that before the BSC is implemented each department must identify the key performance objectives critical to their functional area. (Assiri, et al., 2006) (Radnor & Lovell, 2003) Assiri et al (2006) further contend that between three to five measures must be defined for each perspective and between twenty to thirty measures for the entire BSC. This must be a well-balanced set of financial, non-financial, lagging and leading measures representing all parts of the organization. (Assiri, et al., 2006)

i. Financial Perspective

This perspective encourages business units to link the financial objectives to the organizational strategy. These financial objectives serve as a focus for the objectives and measures in all other scorecard perspectives. The financial objectives deal with themes like increasing revenues, improving cost and productivity, enhancing asset utilization and reducing risk and should provide linkages across all chosen perspectives. (Kaplan & Norton, 1996)

ii. Customer Perspective

This perspective deals with identifying the customer and market segments that the company has chosen to compete in. These segments represent the sources that will deliver the revenue component of the company’s financial objectives. The customer perspective assists companies in aligning their core customer outcome measures like satisfaction, loyalty, retention, acquisition and profitability to targeted customers and market segments. (Kaplan & Norton, 1996)

iii. Internal-Business-Process Perspective

This perspective deals with identifying the most critical processes for achieving customer and shareholder objectives (Kaplan & Norton, 1996), which is also one of the main success factors in implementing the BSC that was identified in the research performed by Assiri et al. (Assiri, et al., 2006) Kaplan and Norton (2001) recommend that organizations should define a complete internal-process value chain starting with current and future customer needs and developing new solutions for these needs through the entire operational process, which delivers existing products and services, to the after sales service for customers. (Kaplan & Norton, 2001)

iv. Learning and Growth Perspective

This perspective develops objectives and measures to drive organizational learning and growth, which provide the infrastructure to enable ambitious objectives in the other perspectives to be achieved. Kaplan and Norton (2001) reveal three principal categories for the learning and growth perspective, namely, employee capabilities, information system capabilities and motivation, empowerment and alignment. (Kaplan & Norton, 2001) The Big W in Australia integrated the BSC throughout its main HR processes, i.e. recruitment, training and succession planning, enabling employees to extend their expertise in other areas of the business. (Chavan, 2009)

f. *Adhering to the perspectives too rigidly*

Voelpel et al (2006) criticise the BSC to be a too rigid measurement tool as the four perspectives are the main categories according to which the performance indicators are defined and as a consequence has a tendency to force the identified performance objectives into one of these four perspectives. (Voelpel, et al., 2006) In a response to this criticism Kaplan and Norton (2006) state that their literature does warn organizations from following the BSC process too rigidly as this may stifle emergent strategies from arising. They go on to say that they have always advocated that the BSC should be used as an opportunity to learn and adjust their strategic goals according to changing economic conditions and knowledge in order to be responsive to new ideas that surface from within the organization. (Kaplan & Norton, 2006)

Furthermore, in their research with the NHS Radnor and Lovell (2003) found that any organizational structure cannot simply mirror the BSC framework and perspectives as the risk of missing an important goal or objective would increase and therefore it is important to draw up a strategy map first. (Radnor & Lovell, 2003)

Johanson et al (2006) contend that the BSC cannot be implemented in a one-size-fits-all approach as for example SME (small medium enterprise) environments are vastly different from corporate companies and therefore it is important to work from a strategy map when the project is started and planned. (Johanson, et al., 2006)

g. ***Project plans for the BSC development and implementation***

As it is a pre-requisite for any project, Assiri et al (2006) commend that a project plan must be compiled before the BSC implementation commences. This must include a plan for the BSC development in order to facilitate the attainment of shareholder objectives and targeted customer segments. Furthermore, a comprehensive implementation plan, divided into sub-projects for specific work streams with assigned responsibilities and project managers, must be drawn up. (Assiri, et al., 2006)

h. ***Benchmarking***

Assiri et al (2006) state, that benchmarking is another critical success factor in the BSC implementation, although their research found that it was not a dominant factor. Benchmarking must be made against the company’s primary industry competitors and information. Various forms of information sharing through industry forums with organizations in different sectors and industries will facilitate the identification of best practises for improvements and opportunities. (Assiri, et al., 2006) Benchmarking can also be used to incorporate best practise measures and to verify that proposed internal targets will not keep the business unit failing in strategic measures. (Kaplan & Norton, 1996)

i. ***Scenario Planning***

According to Othman (2008) the techniques of future mapping and scenario planning can be used to overcome some of the weaknesses of the BSC by linking the BSC with issues form the external environment and by enabling executives to think about the cause-effect relationship of a strategy bringing forward the temporal aspect of the strategy before developing a strategy map. (Othman, 2008)

Ratcliffe (2000) summarizes the purpose of scenario planning as follows:

1. To increase the understanding of various possible future events that may occur, i.e. how they emerge and their anticipated impact
2. Forces innovative thinking by executives by giving rise to fresh considerations
3. Generating scenarios provides a context for executives for current strategy
4. Assists managers in identifying contingencies and mitigating risks for circumstances that may arise (Ratcliffe, 2000)

Othman (2008) states that once the pathways to future scenarios have been identified, the insights need to be used as a basis for developing the organization's strategy map for the BSC. Furthermore, the external environment needs to be monitored for changes that may render any pathways invalid. (Othman, 2008)

In the book "Alignment", Kaplan and Norton (2006) have devoted an entire chapter to aligning external partners and mention that the BSC is an ideal alignment mechanism in achieving optimal supply-chain management as all the processes and systems along the supply-chain participants, i.e. raw materials provider, manufacturer, distributor and retailer, must be integrated and coordinated for optimal performance along the end-to-end supply-chain and therefore it becomes fully inter-organizational. (Kaplan & Norton, 2006)

Although the same basic processes from scenario planning are used in future mapping, the order is reversed. Executives define a future state, identify pathways that will lead it to that future state and then develop an action plan based on these pathways. When this is linked to the BSC, multiple strategy maps need to be developed for each of these pathways. (Othman, 2008)

2.5 BSC as a strategic framework for action

Neely and Bourne (2000) go on to say that even when an organization manages to identify the right set of performance measures, the performance measurement system (PMS) may fail due to difficulties experienced during the implementation phase. (Neely & Bourne, 2000) The following inhibitors, experienced during the implementation phase, have been identified from the literature reviewed:

2.5.1 *Inhibitors*

a. ***Resource intensity***

In their research in the British health sector, Radnor and Lovell (2003) discovered that companies were reluctant to implement the BSC due to the following resource constraints (Radnor & Lovell, 2003):

- The BSC would require a lot of effort to customize it to fit the organization. This would be necessary with any strategic transformation and therefore cannot just be restricted to the BSC implementation.
- The BSC would need extra resources to link it to the business plan and it would be an add-on to existing work as it would require the involvement of front-line staff.

- The parallel running of the system during the pilot would be a concern. However, this would be a risk with any new software implementation and therefore is not limited to the BSc implementation.
- The above mentioned constraints would all add to an increasing budget to pull off the BSC implementation. However, if the PMS needs to improve anyway then the BSC will not appear as an extra cost and there would be a business case. (Radnor & Lovell, 2003)

b. *Bad organizational politics*

Assiri et al (2006) contend that it is important to stimulate the right culture to achieve a successful BSC implementation by shifting the manager's efforts from a single-minded focus on financial and growth performance to a broader set of goals that also embrace non-financial performance. Employees need to be convinced of the improvement that BSC measures can have on their performance rather than to use the scorecard as a blame tool. (Assiri, et al., 2006; De Waal & Counet, 2009)

According to Neely and Bourne (2000) the political challenges associated with measurement relate to the fact that sometimes people in organizations feel threatened by measures due to the legacy of PMS's being used as a big stick, especially when there is a culture of blaming the scapegoat. This has a negative impact on performance as people focus mainly on delivering numbers rather than real performance. (Neely & Bourne, 2000)

c. *Lack of transparency and communication*

Another contributing factor of failure of BSC implementations is when the executive team do not share the scorecard with the rest of the organization. For the BSC to be effective it must be shared eventually with all employees in the organization as the goal is for everyone to understand the company's strategy and contribute to its implementation through knowledge sharing and learning.

Companies that do not disseminate the BSC throughout the organization also lose the potential for innovation, creativity and learning amongst employees. (Kaplan & Norton, 2001)

d. ***Lack of motivation***

The lack of strategic alignment at the Belgian plastics manufacturer in Decoene and Bruggeman's (2006) research subsequently lead to negatively impacting the managers' motivation to improve organizational performance. The employees had no knowledge of the expected corporate objectives and therefore they were not aware of the practical value of their individual abilities and tasks for the improvement of organizational improvement. This was exacerbated by the fact that bonus payments were linked to corporate performance objectives rather than to manufacturing performance objectives and therefore managers were evaluated on inappropriate performance objectives, which subsequently lead to a further decrease of the level of motivation. (Decoene & Bruggeman, 2006; De Waal & Counet, 2009)

Hanafizadeh and Osouli (2011) also discovered in their case study of Mahab Ghodss Consulting Engineering Company that evaluating performance is very subjective in that one line manager decides on the rewards and recognition, which is in conflict with organizational and individual promotion and therefore seen as bureaucratic and unfair influencing motivation negatively. (Hanafizadeh & Osouli, 2011)

e. ***Lack of commitment***

One of the most common causes in organizations for BSC implementation failures is a lack of commitment from senior management. The project should not just be seen as a quality control project for mere operational improvements and miss its potential to focus and transform the organizational processes and systems to strategy, which requires leadership from the top. (Kaplan & Norton, 2001; De Waal & Counet, 2009)

Kaplan and Norton (2001) also found that if too few individuals from the organization are involved it leads to BSC implementation failure. The commitment to both the strategy and its implementation requires that the executive management team is actively involved in formulating the scorecard objectives, measures and targets. For example, strategic review meetings that already have been scheduled should be used for the scorecard development especially if people complain that they already have too many meetings. In order to manage group sizes, meetings should be kept to a number at which active discussion can occur from all participants and achieving consensus is a realistic goal. Sub-groups can be formed to focus on a single perspective and the work can then be integrated at a larger meeting. (Kaplan & Norton, 2001; De Waal & Counet, 2009)

f. *Lack of appropriate MIS infrastructure*

Neely and Bourne (2000) and Radnor and Lovell (2003) also state that the lack of MIS infrastructure with appropriate IT and statistical resources in an organization is another reason why PMS' fail in implementation. This particularly refers to the data to calculate performance measures, which although it exists in one form or another, is spread throughout the entire organization and held in unrelated and unlinked databases in separate divisions. Sometimes, data is held by external parties, for example, when customer satisfaction surveys are executed by external research houses and the data formats are inconsistent. Furthermore, the ability to integrate these data into a single database in order to mine the data more efficiently does not exist in many organizations. (Radnor & Lovell, 2003; Neely & Bourne, 2000) According to Neely and Bourne (2000) automation and simplicity are important to make the performance measurement process more efficient and that having the right infrastructure in place to measure performance data is crucial to this. (Neely & Bourne, 2000; De Waal &

Counet, 2009) Kettunen and Kantola (2005) agree with this and add that defining business concepts and writing process documents with business rules, is crucial to the automation of data processing. (Kettunen & Kantola, 2005)

Kettunen and Kantola (2005) did a study on the Turku Polytechnique in Finland and found that at the start of the project of implementing the BSC the IT systems in place were not adequate in order to realize the full utilisation of the balanced scorecard. (Atkinson, 2006; Kettunen & Kantola, 2005) This could be attributed to the fact that the maintenance of the database, which contained the performance measures, was maintained manually. This was an arduous process as it meant that the data could not be transferred into the database directly and therefore was recorded manually. Furthermore, the use of combining data of performance measures from various systems was virtually impossible and therefore real-time MIS reporting was also not possible to see BSC measure results. (Kettunen & Kantola, 2005)

Hanafizadeh and Osouli (2011) found in their case study of Mahab Ghodss Consulting Engineering Company in Iran that in the company's recruitment process one of the identified drawbacks was the lack of an integrated recruitment system in the organizational information systems, which lead to the dissatisfaction of people involved and a mediocre standard of performance of the recruitment process. (Hanafizadeh & Osouli, 2011)

The task of integrating these data into a centralized database requires a lot of time and effort and therefore is prohibitive and may lead to a loss of focus when implementing PMS'. Developing this infrastructure costs time and money and senior executives need to realize that this is not a quick fix, but rather a long and slow process, which means that tenacity needs to prevail in the organization to see it to completion in order to reap the benefits. These include obtaining real-time information in order to make strategic decisions to change company strategy and operational performance measures to maintain a sustainable competitive advantage. However, when tenacity breaks down the priorities of the organization shift and attention is no longer devoted to establishing the needed infrastructure, which is why often the PMS implementations fail. (Neely & Bourne, 2000)

g. ***Ambiguity of data***

Neely and Bourne (2000) further contend that another contributing factor is ineffective measurement of PMS data and too often companies do not work with the actual measurement data although good infrastructures have been put in place and end up measuring the wrong things. Managers fail to analyse the performance data because they are not aware of the tools and techniques available to them within the organization and they do not have an improvement process that is linked to the performance data in order to assess whether scorecards are linked to the appropriate actions and whether improvements that can be seen are rapid enough. With information technology improving and expanding rapidly nowadays another factor of measuring ineffectively is that people want to measure everything and do not realize that this is often too much. It is therefore important to measure as little as possible but to extract maximum value by measuring the things that matter. (Neely & Bourne, 2000; De Waal & Counet, 2009)

Kettunen and Kantola (2005) further contend that another difficulty in applying the BSC at Turku Polytechnique could be attributed to the ambiguity of the content and definition of measures. Furthermore, the level of interpretability was too high and therefore the reliability of information was inadequate, which undermined the reliance on the BSC. (Kettunen & Kantola, 2005)

Hanafizadeh and Osouli (2011) further found that the company’s recruitment process was too subjective due to irrelevance between the contents of the exams for potential candidates and the actual interviews. They also found the performance measurement process to be flawed in that the performance evaluation forms only considered some criteria related to the organization’s performance and not the individual’s operational output, making the process unacceptable to most employees as the data would not be a true reflection of the actual individual and organizational performance. (Hanafizadeh & Osouli, 2011)

h. *Wanting to achieve first time perfection*

According to Kaplan and Norton (1996) another failure of BSC implementation is when the BSC implementation team wants to produce a perfect scorecard the first time around. Thus the team spends months refining the measures and data collection processes in order to have valid data for every measure on the scorecard. The scorecard should become a living document embedded into the management systems even if not all measures are available at first. (Kaplan & Norton, 1996)

i. *No Control to change performance measures*

What Decoene and Bruggeman (2006) also found is that managers experienced the performance measures as uncontrollable as they were not able to influence or change them to meet the operational objectives during feedback. They also found this when the average number of events in a period was low, for example a small business unit with a low average of sick leave days could suddenly drop below target due to one long instance of sick leave, even though employee satisfaction was under control for the stated period. (Decoene & Bruggeman, 2006) Othman (2008) goes on to say that although Kaplan and Norton recommend the scorecard to be updated regularly they are not explicit on the manner of how this should be accomplished. (Othman, 2008)

j. *Innovation becomes routine rather than creative*

Voelpel et al (2006) criticise the BSC for defining the innovation process as being too routine and less creative. The BSC focuses on traditional knowledge creation, learning and growth through internal Research and Development, but ignoring the external environment. It is important to improve the intellectual capital in an organization by promoting dynamic innovation and knowledge creation. Therefore learning and growth should not be limited to one perspective but should be integrated into all dimensions of the organization and BSC. (Voelpel, et al., 2006)

In their response to the criticism of the BSC from Voelpel et al, Kaplan and Norton (2006) state that the innovation processes can be amongst the most important for any organization to sustain a competitive advantage and therefore they identify high-level objectives for four innovation processes: 1) Identify opportunities for new products and services, 2) Manage research and development portfolio, 3) Design and develop new products and services, 4) bring the identified products and services to market. Kaplan and Norton further contend that all organizations should have at least one innovation objective on their strategy maps, thinking of it as a long wave of value creation. It should also not matter under which BSC perspective the innovation objectives fall as long as they are identified and measured. Some companies will list them under the Internal Business Process Objectives whereas others will list them under each perspective. (Kaplan & Norton, 2006)

Voelpel et al (2006) agree with Othman (2008) and say that the BSC becomes too static and cannot adjust easily to the challenges of a highly competitive and changing world. The BSC implementation leads to uniformity and goal orientation, which increases and maximises the focus on any BSC goal. However, this may limit any further initiatives that go beyond the set goals and targets and they will be innovation inhibitive. (Voelpel, et al., 2006; Othman, 2008)

2.5.2 *Enablers*

a. ***Appointing a BSC implementation team***

Assiri et al (2006) found that the third dominant factor in a successful BSC project implementation is the creation of a BSC team. This entails identifying the best people from the organization and organizing them into a team that has various skills and knowledge from different departments and functional areas. This team must be trained in BSC implementation and performance measurement and be visible to the people in the organization. This team must have regular meetings to discuss BSC issues and a detailed understanding of the functional areas in order to resolve any problems that arise. The team must have access to top management and the ability to comprehend strategic issues as well as clearly communicate any issues and processes across the organization. (Assiri, et al., 2006; De Waal & Counet, 2009)

Radnor and Lovel (2003) agree with this and say that a poorly resourced BSC team will increase staff stress levels and have the opposite effect on expected performance. They go on to say that hiring external consultants as BSC subject matter experts with prior BSC experience and knowledge will ensure that past experiences are incorporated and best practices are applied. (Radnor & Lovell, 2003)

b. ***Healthy organizational politics***

Assiri et al (2006) and Chavan (2009) contend that it is important to stimulate the right culture to achieve a successful BSC implementation by shifting the manager's efforts from a single-minded focus on financial and growth performance to a broader set of goals that also embrace non-financial performance. Employees need to be convinced of the improvement that BSC measures can have on their performance rather than to use the scorecard as a blame tool. (Assiri, et al., 2006; Chavan, 2009) Radnor and Lovell (2003) state the importance of encouraging a sustainable performance development culture, not only in establishing pre-conditions for a successful BSC implementation but also during the implementation process and thereafter. (Radnor & Lovell, 2003) Furthermore, Bourne et al (2002) found that having a paternalistic culture in the organization was beneficial to the BSC implementation as this improved the motivation of employees. (Bourne, et al., 2002)

c. ***Effective communication***

Kaplan and Norton recommend that the organization communicates its strategic objectives and measures throughout the organization via internal communication Figure 3: The Balanced Scorecard as a Strategic Framework for Action (Source: Kaplan & Norton, 1996:11) mechanisms like newsletters, Intranet, bulletin boards, (Kaplan & Norton, 1996) videos, town meetings, brochures and executive announcements (Assiri, et al., 2006). This serves the purpose of achieving a company-wide understanding of the organizations' long term goals as well as the strategy for achieving these goals and for individual employees to subsequently have formulated local actions that will contribute in achieving the business unit objectives. (Kaplan & Norton, 2001; Kaplan & Norton, 1996; Radnor & Lovell, 2003)

Assiri et al (2006) further contend that for a successful BSC implementation the BSC must be communicated to every level of the organization from top to bottom, providing commentary and written guidelines for employees on how the scorecard will be used and applied. Regular and frequent communications will ensure that employees will be well-informed about the BSC development continuously. This process must be assisted by strong inter-departmental communication, especially where operational processes stretch across different business functions. (Assiri, et al., 2006)

In his research Sledgianowski (2009) found that communication was the strongest predictor of knowing business and IT objectives, especially when these objectives are linked to performance appraisals, promoting a two-way informal and flexible communication style and using rich communication methods like face-to-face and the telephone when reaching agreement and making decisions. (Sledgianowski, 2009)

Atkinson (2006) contends that that the BSC can facilitate communication during strategy implementation and clarification of priorities as well as improve coordination across functions and operational boundaries. (Atkinson, 2006)

d. ***Motivated employees***

Another important factor resulting in a sustainable BSC is that measurements results should be used to drive decision making throughout the organization. The achievement of BSC targets should be rewarded, and at the same time failing to achieve these targets, performance must be improved upon and managed in a fair manner. Employees should be empowered to resolve problems and improve processes encouraging a culture of team work and problem solving. (Assiri, et al., 2006; Decoene & Bruggeman, 2006; Chavan, 2009) Chavan (2009) agrees with this and states that the outcomes of the BSC project for the Standards Bureau in Australia have been that employees can now take responsibility for their own performance whilst being linked to strategic values of the company and teams have now achieved the ownership of key result areas that have shown a significant performance improvement both on internal processes and external customer satisfaction. (Chavan, 2009)

A causal relationship exists between PMS design, management control and managerial and employee behaviour as well as performance. This is indicated by positive outcomes generated by better strategic alignment of employees and better motivation according to De Waal (2003). His study found that organizational culture plays an integral role in motivating employees when managers trust the information and are stimulated to improve their performance. (Assiri, et al., 2006; De Waal, 2003) He goes on to say that a PMS is regarded as successful if the managers use it on a regular, i.e. daily basis, especially if senior management lead by example and the managers clearly see the promoter of the PMS is using the BSC. (De Waal, 2003)

The BSC measures and results should also be linked to compensation and rewards in order to incentivise employees and keep them motivated. (Assiri, et al., 2006)

Hanafizadeh and Osouli (2011) experienced in their case study of Mahab Ghodss Consulting Engineering Company that if performance management is implemented with the best practice of control addition (see the diagram in Appendix C) through intellectual consultation, whereby managers consider the need for managing the individual's performance and the organization's achievements and therefore perceive the performance management process as a strategic one. When a PMS has a multi-faceted perspective, it becomes a valuable process for promoting individuals to the required quality level, satisfying many of their needs and subsequently results in motivated employees who are faithful to the organization's goals. (Hanafizadeh & Osouli, 2011)

e. ***Clear focus***

De Waal (2003) further found in his study that a clear focus of the PMS on internal management and control is paramount to a successful BSC implementation. Relevance of the PMS plays a key role in maintaining this focus as it assists managers in seeing a clear internal control purpose and also the stakeholders' interests that are important and relevant to the organization's successes are incorporated. (Assiri, et al., 2006; Bourne, et al., 2002; De Waal, 2003; De Waal & Counet, 2009)

f. ***Automated, integrated MIS reporting***

Assiri et al (2006) and Chavan (2009) found in their research that choosing adequate software for BSC implementation that achieves the individuals' and organizations operational and strategic goals as well as facilitates real-time MIS reporting with BSC measure results feedback to all employee levels is a main factor in implementing a successful BSC. It is important to integrate the automation of BSC software with the internet and e-mail in order to share analysis and results. The process of strategic goal deployment and performance improvement must be linked to the performance appraisal system. It also allows management to build performance criteria, assess competencies, to identify strengths and areas that need improvement. (Assiri, et al., 2006; Chavan, 2009)

What Assiri et al (2006) and Chavan (2009) further found was that the results of the BSC measures must be incorporated into the right reporting format and reported on regularly in order to use the feedback to adjust the strategic plan during the operating period. It is also important to bear in mind the right audience, e.g. executive management might prefer certain consolidated views, whereas an individual employee must be able to see their individual KPI's and progress. (Assiri, et al., 2006; Chavan, 2009) This reporting becomes critical when performance measure results are reviewed regularly as they should.

Schelp and Stutz (2007) defined a method whereby the BSC assisted in defining a framework in order to measure the benefits of enterprise architecture (EA) in an organization. EA governance allocates and coordinates the use of IT resources that are valuable to the organization's sustainable competitive advantage. The concept entailed matching the four BSC perspectives with the EA terminology, i.e. Customer Perspective became the Services perspective, Innovation and Learning became Assets and Internal Business Processes and Financial perspectives remained as is. They could then identify the following critical measurement categories for EA that were linked to the corporate strategy: (Schelp & Stutz, 2007)

1. Plan: Develop an EA strategy and metrics for EA service levels;
2. Manage: Define business goals for EA and determine how to achieve them;
3. Monitor: Analyse metrics with the developed framework;
4. Adjust: alter strategy, goals and metrics (Schelp & Stutz, 2007).

g. *Transparency through feedback*

The authors (Kaplan & Norton, 1996) consider the process of strategic feedback and learning Figure 3: The Balanced Scorecard as a Strategic Framework for Action (Source: Kaplan & Norton, 1996:11) to be the most innovative and most important of the entire BSC management process. This process provides organizational learning through transparency at an executive level, where managers can monitor and adjust the implementation of their strategy and if and where necessary make changes to the strategy itself. (Kaplan & Norton, 1996)

Chavan (2009) and Radnor and Lovell (2003) agree with this approach from their research respectively and state that the feedback process completes the loop of the BSC framework if the various strategic objectives within the various perspectives are reviewed, updated and where necessary replaced with the most current view of the strategic outcomes and the respective performance drivers for the upcoming periods. (Chavan, 2009; Radnor & Lovell, 2003)

According to Assiri et al (2006) it is essential to have strategic feedback systems in place in order to encourage learning and innovation by sharing best practise and knowledge through feedback on organizational functioning and performance. (Chavan, 2009; Assiri, et al., 2006) Kaplan and Norton (2001) contend that the BSC fills the void of a lack of a systematic process to implement and obtain feedback about strategy, because management processes built around a scorecard enable the organization to become aligned and focused on implementing the long term strategy. (Chavan, 2009; Kaplan & Norton, 2001)

In Chavan's (2009) case study of the Big W, the 360 degree assessment was introduced gradually as a method of feedback and learning and over time was incorporated into the regular performance review cycle with ownership of the results for both the manager and supervisor. (Chavan, 2009)

Assiri et al (2006) identified certain factors that support a successful BSC implementation but that are not as critical as the dominant and main factors that they found, but support the latter. Self-assessment must be performed frequently and self-assessment tools must be used to track and improve performance gaps in the implementation and effectiveness of business processes, IT systems and best practices. (Assiri, et al., 2006)

Furthermore, the BSC should be used as an evaluation tool not a controlling system, as it is about communication, informing and learning and although the multiplicity of features may be confusing, properly constructed scorecards contain a unity of purpose since all measures are directed towards achieving an integrated strategy. (Kaplan & Norton, 1996)

Neely and Bourne (2000) contend that it is important in the implementation process of a PMS to introduce it in such a way that the opportunity for it to be used as a big stick is eliminated. The people who are being measured should have the opportunity to review the measurement data before management has seen the performance reports, in order to decide what actions need to be taken, if any, to improve their performance. When the managers finally review the reports and meet with the individual to discuss it, they can merely ask about the suggested improvements on performance. By introducing this level of transparency it makes the performance process more collaborative and less coercive and people will feel less threatened and be more open to change. (Assiri, et al., 2006; Neely & Bourne, 2000)

Hanafizadeh and Osouli (2011) introduced the best practice of re-sequencing during the process re-engineering of the PMS of Mahab Ghodss Consulting Engineering Company. They found that it is beneficial to perform any assessments under the supervision and responsibility of the human resources department in a concentrated, periodical and continuous manner to establish a method of consistency to gain employee trust. (Hanafizadeh & Osouli, 2011)

De Waal (2003) also concluded in a study of behavioural factors that influence BSC and PMS implementations, that managers found the entire PMS experience less threatening when they have had previous positive experiences with performance management and also when they realize how important the critical success factors (CSF's), key performance indicators (KPI's) on the BSC are to their performance. His study further found that managers agreed on a starting time of the BSC measurement and also on changes in the CSF and KPI set. It was found that managers generally had a more positive attitude towards performance management when the results on the CSF's, KPI's on the BSC were openly communicated. (De Waal, 2003)

h. ***Training***

Another critical success factor for the BSC implementation that was discovered in the review of pertinent literature is that emphasis is placed on skills development and training in an organization. This training will entail training the BSC team and employees in performance measurement, BSC implementation and other technical skills. If top management has assigned the necessary priority to the BSC implementation will ensure allocation of adequate resources for training and education. Linking education and training to the long-term plans and strategy of the organization as well as the consistent development of knowledge and skills will ensure that the changing needs of the teams and individuals are met during the BSC implementation. (Assiri, et al., 2006; Chavan, 2009; Radnor & Lovell, 2003)

i. ***Recruitment: Matching people and jobs***

Lipe and Salterio (2000) discovered that cognitive limitations of managers may prevent organizations to reap the full benefits from a PMS and that cognitive differences between managers may lead to under-utilization or different use of the PMS. (Lipe & Salterio, 2000)

In her second case study for the Australian Bureau of Standards Chavan (2009) found that the first steps in developing position profiles was to identify criteria that define superior performance, as they found that this was the largest contributor to their operational order winners, namely quality. The framework that was established with these criteria enabled the Bureau of Standards to create future job profiles that were linked to their strategic plan and facilitated recruitment to those profiles either from inside the organization or externally. They found that the better the fit between the job requirements and employee competencies, the higher the performance and job satisfaction that was achieved. (Chavan, 2009)

Hanafizadeh and Osouli (2011) contend that in their case study of Mahab Ghodss Consulting Engineering Company a similar approach as above was adopted during the design of the new recruitment process. They applied the best practice of control addition where the quantity and quality of the company's required workforce was estimated and then individuals with potential qualifications for a specific job were identified and then selected according to the best capabilities for the desired job's specific criteria. They went further to apply another best practice called re-sequencing, whereby a human resource team was established in each organizational unit. These teams consisted of experts that were competent in the activities related to the recruitment of competent and qualified specialists in their own organizational unit. This ensures ensure obtaining the best available fit for the position. (Hanafizadeh & Osouli, 2011)

2.6. Propositions

From the literature reviewed it is clear that there are two phases to a BSC implementation, namely a planning phase and an implementation phase. Therefore, this document and the research questionnaire have divided the research topic into:

1. The translation of the organizational strategy into operational terms (BSC planning phase) and;
2. To use the BSC as a strategic framework, for action (BSC implementation phase).

2.6.1 *Translate strategy into operational objectives using the BSC*

From the literature that was reviewed relating to translating strategy into operational objectives using the BSC framework a number of inhibitors and enablers were found.

The inhibitors of translating the organizational strategy into operational objectives using the BSC framework are no causal model development of the strategy and an existing performance management system that could cause bias by staff resisting the BSC implementation. It was also found that ignoring the external environment as well as having a strategy map that could create bias by excluding internal and external factors, were another two factors inhibitive to translating the organizational strategy into operational objectives. Furthermore, it was found that having lack of strategic alignment was another inhibitor.

a. ***Proposition 1***

Inhibitors of strategy translation into operational objectives include:

1. No causal model development of the strategy;
2. Bias caused by excluding internal and external factors;
3. Bias towards existing Performance Management System;
4. Lack of strategic alignment;

The enablers of translating the organizational strategy into operational objectives using the BSC framework, according to the literature, were found to be designing a successful strategy map, clarifying vision into strategy and achieving executive buy-in on this. Setting targets and aligning strategic initiatives are also enablers. Identifying the BSC perspectives and drawing up project plans for the BSC development and implementation are further enablers of translating the strategy into operational objectives as are Benchmarking and Scenario Planning.

b. ***Proposition 2***

Enablers of strategy translation into operational objectives include:

1. Designing a successful strategy map;
2. Translating company vision into strategic objectives;
3. Achieving executive buy-in;
4. Aligning targets and aligning strategic initiatives;
5. Identifying the BSC perspectives and drawing up project plans for the BSC development and implementation
6. Benchmarking
7. Scenario planning.

2.6.2 *The BSC as a strategic framework for action*

From the literature that was reviewed relating to using the BSC as a strategic framework for action a number of inhibitors and enablers were found.

The inhibitors that were found when implementing the BSC are bad organizational politics. This was followed by a lack of appropriate MIS infrastructure as well as ambiguity of data when reports were not defined with the correct performance measurement data. Additional inhibitors are a lack of transparency and communication as well as wanting to achieve first time perfection in the first year of initiating the BSC. Furthermore, a lack of focus, commitment and motivation from employees were also found to be inhibitive when it came to implementing the BSC. Another inhibitor was found to be when companies had no control to change or adapt the performance measures during the year. When innovation becomes routine rather than creative it is also seen as an inhibitor to the implementation of the BSC.

a. ***Proposition 3***

Inhibitors of the BSC as a strategic framework for action include:

1. Resource intensity;
2. Bad organizational politics;
3. Lack of transparency and communication;
4. Lack of motivation;
5. Lack of commitment;
6. Lack of appropriate MIS Infrastructure;
7. Ambiguity of data;
8. Wanting to achieve first time perfection;
9. No control to change performance measures;
10. Innovation, learning and growth become routine and less creative.

The enablers that were found when implementing the BSC were appointing a BSC implementation team, well executed communication and healthy organizational politics. It was also found that motivated employees, transparency through feedback and a clear focus were other enablers when implementing the BSC. Additional enablers that were found were automation of regular and appropriate MIS reporting with integrated technology and together with training for employees and effective recruitment to employ the right people into the right positions.

a. ***Proposition 4***

Enablers of using the BSC as a strategic framework for action include:

1. Appointing a BSC implementation team;
2. Healthy organizational politics;
3. Effective communication;
4. Motivated employees;
5. Clear focus;
6. Automated and integrated MIS reporting
7. Transparency through feedback;
8. Training;
9. Effective recruitment.

2.7 Conclusion of Literature Review

In summary, literature suggests that companies face several challenges before and during the implementation of the BSC. De Waal's study was based on the three stages of a PMS project, starting stage (the organization decides to implement a PMS/BSC), the development stage (CSF's and KPI's are developed for the BSC) and the use stage (the organization starts to use the PMS/BSC). His study concluded that although three stages need to be executed sequentially, there is no relationship between how well they have been executed and therefore no guarantee for a successful outcome. The use stage apparently contributes to most of the success of a PMS/BSC and can be explained by the fact that it is a continuous stage compared to the first two stages of a PMS implementation. As a consequence the important behavioural factors like transparency, motivation, alignment and clear focus need to be monitored continuously to ensure regular use of the BSC and a PMS. (De Waal, 2003)

Kettunen and Kantola (2005) concluded that a controlled IT architecture is needed to accommodate a data warehousing approach with a centralized database that integrates data derived from diverse data sources and thus facilitates data integrity and reliability as well as the re-use of data. This facilitates the continuous monitoring of performance measures by everyone in the organization with its operational trends and developments and thus enables the rapid response often needed by decision makers in an organization to assist in strategic planning and changing strategic objectives. (Kettunen & Kantola, 2005)

In summary, literature suggests that companies need to measure and manage performance accurately and efficiently in order to make the appropriate strategic decisions that will transform the organization. The BSC is a strategy implementation and performance measurement tool that will assist organizations to sustain a competitive advantage and good performance. It also follows that proper project management principles need to be adhered to manage BSC implementation risks such as resource allocation and parallel running systems and processes during the transformation process.

From the literature that was reviewed four propositions have been created with corresponding inhibitors and enablers to be tested in companies in South Africa.

CHAPTER 3: RESEARCH METHODOLOGY

This chapter explains the research approach and design with its advantages and disadvantages derived from the theory. It further describes the population and sampling method used and also provides a synopsis of the companies that were interviewed. It goes on to outline the research instrument and details the procedure for data collection. The method for the data analysis and interpretation are explained and the limitations are given context in relation to the study. The validity and reliability of the research are discussed subsequently.

3.1 Research methodology /paradigm

A qualitative research method will be adopted due to the nature and size of the sampling method. Rowley defines research design as the “logic that links data to be collected and the conclusions to be drawn to the initial questions of a study”. (Rowley, 2002)

A qualitative methodology has been selected for this research due to the limited amount of sample companies available for data collection in South Africa. More specifically, the grounded theory approach has been chosen as the preferred approach for this specific qualitative data analysis. Punch (1998) defines grounded theory as “…a research strategy whose purpose is to generate theory from data. ‘Grounded’ means that the theory will be generated on the basis of the data; the theory will therefore be grounded in data. ‘Theory’ means that the objective of collecting and analysing the research data is to generate theory. (Punch, K.F., 1998, p. 163)

3.2 Research Design

The essential idea in grounded theory is that theory will be developed inductively from data. (Punch 1998:163)" (Bell, 2005:18-19)

The advantages of this method are as follows:

- Due to the fact that the analysis takes place as the data is collected, the researcher does not have to wait until all the data has been collected to begin with the analysis stage. Dawson (2006) refers to this as thematic analysis and says that the themes emerging from the data collection are not always imposed by the researcher and therefore the collection and analysis can take place at the same time. (Dawson, 2006)

- The process is iterative where theoretical insights that emerge from the data collection are tested against other parts of the data. These theoretical insights are again tested against the data, and so on until a theoretical point of saturation is reached, where new data is not showing any new theoretical elements, but rather confirming what has already been found. (Bell, 2005) Therefore, this method will make the data researched very thorough.

- Personal interviews have the advantage of adaptability. A skilful interviewer can follow up ideas, probe questions and investigate motives and feelings, which a questionnaire on its own, will never be able to do. (Bell, 2005)

- The advantage of adaptability can also make the yield of data rich. (Bell, 2005)

- Dawson (2006) further contends that comparative analysis uses data from different people and compares and contrasts this to the literature and other data from interviews continuously until the researcher is satisfied that no new issues are arising. Usually thematic and comparative analysis are used concurrently in the same research to enhance the richness of data and therefore underlining the thoroughness and reliability. (Dawson, 2006)

The disadvantages are as follows:

- This is not a fast method of collecting data and therefore could take longer to complete. Furthermore, the individual interviews have taken between 1-2 hours per session and sometimes more than one respondent from a company needed to be interviewed due to certain questions that could only be answered by that person. Therefore, a smaller sample size of selected companies has been interviewed. (Please see table 1 in section 3.3.2 of this document)

- Conducting personal interviews is a highly subjective technique and therefore there is always the danger of bias. (Bell, 2005)

- Due to random sampling the industry representation might be disproportionate and therefore the results could be biased towards a specific industry or company size.

3.3 Population and sample

3.3.1 Population

The population is limited to companies that have implemented or are implementing the BSC partially or completely in South Africa.

3.3.2 Sample and sampling method

The sample size selected is 7 South African companies, due to the grounded theory approach that has been selected for this qualitative data analysis. Although one could say that this is a convenience sample due to the fact that all interviews took place in Gauteng, all of the companies except for one have branches across South Africa and therefore this should not hold as much weight.

Furthermore, personal interviews are not a fast method of collecting data and therefore could take longer to complete. Furthermore, the individual interviews have taken between 1-2 hours per session and sometimes more than one respondent from a company needed to be interviewed due to certain questions that could only be answered by that person. Therefore, a smaller sample size of selected companies has been interviewed due to the time constraint.

A formal e-mail (Appendix B: Interview e-Mail) was sent to each respondent together with the Research Proposal and the questionnaire in Appendix A. This was followed up by a personal telephone call and in most cases the respondents were keen to go ahead with the interviews.

The following table provides a profile of the respondents and the companies that have been interviewed:

Table 1: Respondents Interviewed

Company name	**Bell Equipment Ltd.**	**Prestige Cleaning Services T/as Bidvest Prestige Group**	**Nedbank Ltd. - Business Banking**	**Passenger Rail Agency of South Africa**	**First National Bank Ltd. - Credit Product House**	**Fire Control Systems**	**Spartan Technology Rentals (Pty) Ltd.**
Sector	Manufacturing Transport Equipment (M&HCV = Medium and Heavy Commercial Vehicle)	Contract Cleaning Services	Financial Services	Public Sector Transport	Financial Services	Fire Protection Services	Information Technology
Company Type: (Service, manufacturing, etc.)	Design, Manufacturing, Sales, and After Sales Market Support - competes with top global brands such as Caterpillar, Volvo an Komatsu	Cleaning Services: company services customers across 9 different sectors, commercial, educational, health care, hospitality, mining and banking.	Banking	Transport Services	Banking	Services to the Construction Industry - Entrepreneurial owner managed business	IT Services
Company age in years	60	43	20+	26	23	40	32
Number of Employees	3 500	33 000	2573	15 000	200	200	40
Turnover per year	5 Billion Rand	1,6 Billion Rand	4 Billion Rand	6 Billion Rand	undisclosed	320 Million Rand	undisclosed
Designation of respondent/s interviewed	The Group Strategy and Public Relations Director	Group Human Resources Manager	Head of Change Management of Business Banking	Senior Manager Business Performance	Human Resources Manager for Credit Product House	Chief Executive Officer and BSC Specialist Consultant	Human Resources Manager

3.4 The research instrument

The interview schedule in Appendix A has been used as the research instrument to interview the respondents of the companies listed in the table in section 3.3.2 of this document.

I have compiled the questions in relation to the propositions found in the literature in order to create the right focus for the analysis. These questions have been subsequently grouped into the following sections in order to establish a data hierarchy, which groups clusters of data logically and according to similar characteristics:

Question 1: Profile and background information

Question 2: BSC implementation decision

Question 3: BSC implementation planning: Translating the strategy into operational objectives

Question 4: BSC Implementation: Creating a framework for action

A formal e-mail (Appendix B) was sent to each respondent together with the Research Proposal and the questionnaire in Appendix A. This was followed up by a personal telephone call and in most cases the respondents were keen to go ahead with the interviews.

3.5 Procedure for data collection

The research was done by conducting personal semi-structured interviews with the 7 selected companies based on the interview schedule in Appendix A. In addition to the questions that needed to be answered on the interview schedule in Appendix A, observations were made and noted of the physical environment of the companies as well as observations of company culture. Follow up interviews were arranged where necessary in order to obtain a more complete set of data.

3.6 Data analysis and interpretation

The data analysis and interpretation was done in iterations which means that the analysis will took place as the data was collected. The findings and observations of an interview were examined and these findings were analysed before any other data was collected from interviews. With each interview there was more data collection and analysis until ‘theoretical saturation was reached’, which was the stage at which new data was not showing any new theoretical elements but rather confirming what had been found. (Bell, 2005) (Dawson, 2006)

3.7 Limitations of the study

A qualitative survey was done with 7 selected South African companies. Qualitative research attempts to solicit an in-depth opinion from participants and was therefore the most appropriate method for this research project. Furthermore, the objective of the research was to obtain the attitudes, behaviour and experiences of companies which have implemented or are implementing the BSC. Furthermore, fewer people took part in the research; however the contact with these people lasted longer due to the qualitative survey. (Dawson, 2006) The survey was done by conducting personal semi-structured interviews with the selected companies using the interview schedule in Appendix A.

3.8 Validity and reliability

According to Bell (2005) validity portrays whether an item or instrument measures or describes what it is supposed to describe. (Bell, 2005)

Sapsford and Jupp (1996) state that it is essential to establish whether data measures or characterizes what authors claim and that the interpretations do follow from them. They go on to mention that the conclusions that can be drawn as well as those that should not be drawn from a piece of research will be determined by the structure of the research proposal (Sapsford and Jupp 1996). Bell (2005) contends that data can be reliable but not necessarily valid, but if an item is unreliable, then it must also lack validity. (Bell, 2005)

3.8.1 External validity

The companies interviewed were not all from the same industry or the same size with regard to turnover and employees. This influenced external validity as some inhibitors and enablers of the BSC implementation were be different between, for example, the retail and manufacturing industries as well as between small and corporate companies.

Due to the nature of the grounded theory approach, which this research focuses on as well as the nature of thematic and comparative analysis used in this type of qualitative research, the sample size of respondents was smaller than with an empirical study. This also made it more difficult to find companies with similar profiles, which could skew the results.

3.8.2 Internal validity

Although semi-structured interviews were performed with an interview schedule there are a number of factors that reduced the internal validity of this research study. Firstly, the four perspectives of the BSC, namely Financial, Customer, Internal Business Process and Learning and Growth might not be the only perspectives that companies have chosen to implement the BSC. More perspectives would increase the complexity of the BSC framework. Secondly, certain companies would have finished implementing the BSC and other companies might still be in the beginning stages. Furthermore, some companies would have chosen to implement the entire BSC framework and others might have decided to implement the BSC framework partially.

3.8.3 Reliability

Grounded theory is an iterative process, which means that it is a cyclical process in which theoretical insights emerge from the data collected. These insights are then tested to determine how they can make sense of other parts of the data, which in turn produce their own theoretical insights, which are then again tested against the data and so on… (Bell, 2005) Therefore, this process will make the data collected and the conclusions derived from the analysis valid assuming that the data is also reliable.

"Reliability is the extent to which a test or procedure produces similar results, under constant conditions on all occasions." (Bell 2005:117)

Dawson (2006) further contends that comparative analysis uses data from different people and compares and contrasts this to the literature and other data from interviews continuously until the researcher is satisfied that no new issues are arising. Usually thematic and comparative analysis are used concurrently in the same research to enhance the richness of data and therefore underlining the thoroughness and reliability. (Dawson, 2006) This approach has been adopted in this research to ensure reliability.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The results from the interviews using the questionnaire in Appendix A were analysed and categorised in relation to the propositions found in the literature in order to create the right focus for the analysis. They are presented in this format below.

4.2 Demographic profile of respondents

The table of the profile information of the companies interviewed in section 3.3.2 has reference.

In total nine respondents were interviewed, four of which had HR backgrounds, two respondents had Strategy backgrounds, one Performance Manager, a Change Manager and a CEO of one of the companies, who both had consulting experience. All of these people have an average of 25 years of services and are all experienced managers in their respective fields.

4.2.1 *BSC decision*

The results from the interviews showed that the following were **internal factors** driving the decision of implementing the BSC:

The BSC promised to align operational targets with corporate strategy. The Head of Change Management at a large bank said "...you had two banking clusters reporting into a larger one. To ensure that we do the right thing we needed to make sure that the cascades of those principles came through, otherwise you find that one regional office is busy with their own focus and focusing on, for example, marketing and driving our value propositions and somebody else is focusing on client retention, whilst we are exposing ourselves to new markets. So we needed to create that operational alignment....You needed to create and implement a measurement tool that will help the team to make things happen instead of just focusing on their own work. That is when the BSC came to the table."

Companies were also hoping to apply more focus on implementation and efforts on corrective action to the targets where it was seen to be necessary. A Group Strategy Director commented, "I think like a lot of South African companies we were good at planning but not so well at implementing..."

There was a need for an objective way of assessing performance and also from an industrial relations perspective there was a need for a more accurately documented history of work performance in order to assist in the speedy resolution of labour disputes. "Another internal driver was from the industrial relations perspective because in many cases one would get to the CCMA and there would not be an accurate history of performance."

A further internal driver was to assess the development needs of an employee where performance fell short in order to enhance the performance before it came to a labour dispute. The Group Human Resources Manager of a services provider said, "We needed some kind of tool to assess where a person is competent in certain areas, but also to tell them where they are not, before it becomes an industrial relations issue, to make it a developmental issue and explain that these are the areas where the person is not performing optimally and to then focus on and coach them in those areas."

External factors that led to the BSC implementation decision were:

The companies wanted to keep abreast with best practice and therefore the need arose for compliance in order to achieve uniformity and conformity within the organization through standardization. The BSC champion from one of the large banks said that, "SASBO, the workers union for all banks, had to approve everything and the only type of BSC that the bank was able to use that was accepted by SASBO, was the Norton and Kaplan format... it had to use the four perspectives and be based on it."

One of the respondents also commented on external factors that lead to the BSC decision, "The need to grow market share and dominance, pressure from competitors, in order to gain credibility with investors."

4.3 Results pertaining to Proposition 1

The following results from the interviews were found for the inhibitors outlined in Proposition 1.

4.3.1 *No causal model development*

The research shows that most of the companies that were interviewed did not have a cause and effect model of the company strategy in place before embarking on the BSC implementation. However, all of these companies had an existing corporate strategy whether written up formally or documented rudimentarily. The CEO of one of the companies commented, "We started a vision and have a mission, why we exist, what are we trying to achieve as a business and then cascaded that into the final scorecard." "The Head of Strategy in a large bank said, "We have our broad strategy direction which has not changed fundamentally over the last eight years because it is long-term strategy with sort of universal drivers or outcomes of what we want to achieve. The specific management actions get formulated every year as part of the strategy process of the bank, to say in the next year given where we are in our journey and where we want to be and those management actions then are considered in the scorecard process. We then break that down plus we emphasize those management actions and identify let us say, retention; the big focus is here because we battle to bring in new clients due to a limited pool of new clients. Then that will go into a scorecard line in some form or other with the appropriate measures. We have gone through the discipline of mapping, cause and effect on a piece of paper intuitively, but not doing a strategy map or cause and effect model per se."

Some companies implemented the BSC first and only at a later stage was a strategy map compiled. A Group Strategy Director stated that "...we did the BSC first then later on we compiled a strategy map and used that to refine the BSC...which assisted us. I think the strategy map is a very useful way of understanding your business a lot better."

4.3.2 *Bias caused by excluding internal and external factors*

The respondents that had a well rounded strategy map in place found a balance between looking at internal and external factors when implementing the BSC and therefore there was no bias. The CEO of one of the services companies claimed, "Internal is good because it helps you with your processes and so on but if you just focus on the internal you do not know what your customer is thinking. We did both." One of the Group Strategy Directors said, "I think a strategy map looks at your existing business so there is a tendency towards more internal factors but there was no bias, we did not say well we have done a bad strategy map because there was too much focus on the internal."

The other companies that did not have a strategy map in place found that there was bias towards focusing on internal factors and ignoring the external environment. One BSC champion noted, "It was really a very internally focused type of BSC, very unit-bound. It was not looking at a role in the market place and that kind of thing."

4.3.3 *Bias towards Existing PMS*

Most companies had no formal PMS and no formal grading system for their positions in place before deciding to implement the BSC. With no formal PMS in place the selection criteria for the recognition were biased and subjective based on someone's personal opinion of another person's performance. One company had a recognition program with divisional and group achiever awards but the recognition criteria were also subjective and the Human Resources Manager explained, "At that stage we were looking at overseas travel prizes as an incentive and because of the magnitude of the prize we also needed to make sure that the performance assessment was objective." Furthermore, the assessment criteria were very unstructured and unsubstantiated with no real performance measures because they did not always link back to the strategic goals and operational objectives. Another company had an assessment process whose focus was limited to the financial indicators. This made the PMS very unreliable in all the organizations.

Furthermore, in most of the companies the performance measurement that was in place was very manual and therefore very cumbersome and inaccurate.

Some of the respondents said the performance assessments were done on an ad hoc basis and therefore not regularly enough in order to keep employees informed of where they stood. "So you know if somebody is not performing it is a reactive process rather than a proactive process. The advantage was that this was very simplistic and very quick and efficient and it did not take much management time."

For those that did it more formally and regularly said that "... the performance scorecard created an inconsistency that a staff member could not see the direct correlation between their role, its contribution and that of the larger business strategy for that year. It was based on the contract and your delivery to the contract, which made it very directed to doing just that piece of work. Sometimes you have to step outside of the boundaries of your specific work and aid the team and help the team. You have to help the team to evolve."

There was also an inconsistency in weightings allocated to the performance measures as one respondent put so eloquently and the Head of Change Management at a large bank said "...there was no way of creating a weighting consistency on the scorecard or on the contract so the one person may have had a 25% allocation on financials as part of their scorecard whereas the others are saying it is 15%. You need to create operational consistency around that because if you have an acquisitions drive and everybody else has a different weighting attached to the acquisitions drive, inherently it means different behaviour will come from that. And the other thing I mentioned to you is of course the silo mentality that reinforced that. You had a job profile that looked at sales, services and credit, but because there was no alignment between those three scorecards it meant that the business manager comes to the credit manager with a business deal saying, I think this is a good deal, the financials look sound, the business looks well, the client looks sound, he has been in the business for two years and he is within the target range; and the credit manager will look for reasons to decline the deal. You see, the one wants to grow and the other one is trying to protect the business."

4.3.4 *Lack of strategic alignment*

For those companies that did not have a strategy map initially, the owners dictated the targets, which were merely linked to financial objectives, and sales targets and no overall strategic alignment. The BSC champion for one of the companies alluded, "It was a case of driving straight for the financial objective like you would define a sales target, that you would have to sell this number of widgets per month, without looking at the behaviour that would enable the sales to be realized... it is like saying I am going to jump the high jump at 5m without looking at all stages that build your body strength and your height and everything else that you need, in order to achieve the height of the jump. It is no good just saying I am going to jump 5m and you keep on falling over, you have to look at the steps towards building that...Due to the fact that the refining and reviewing of the strategy came after the implementation of BSC technology, the BSC needed to be reviewed. During the initial cycle of implementation, too many objectives were used causing attenuation of attention to key business drivers. During the second year of implementation, this problem reversed with the BSC being reduced to essentially only financial targets in a BSC format with little to no focus on the other drivers and perspectives."

In other companies the targets and objectives were set by the CEO but the functional heads were still involved in defining their own measures. However, it was difficult to come to an agreement as the targets that were set, were unrealistic. The BSC champion of the small entrepreneurial company mentioned, "You cannot adjust the targets down because you think you cannot achieve them. Equally, if you set them at absurd levels, you are actually demotivating people; so one always has to look for a balance between the two extremes."

4.4 Results pertaining to Proposition 2

The following results from the interviews were found for the enablers outlined in Proposition 2.

4.4.1 *Designing a successful strategy map*

The CEO of a smaller service provider said that they did have a cause and effect model of their strategy and added, "We had someone who is a black belt on the Kaplan and Norton BSC process, who ran a strategy session to kick off the BSC implementation. We wanted to use the BSC as a tool to help us to run our business and link it to strategy and draw it around the management of that strategy." This was the only company that had a strategy map whilst all the other companies had a documented strategy in place, which was also found to be an enabler. Therefore designing a successful strategy map was not a BSC enabler.

4.4.2 *Translating the company vision into strategic objectives*

Some of the smaller companies had a vision and a mission statement consisting of values that they wanted to adhere to and used the BSC to translate that into operational objectives. The CEO of a smaller service provider said "We started a vision and had a mission of why we exist and what are we trying to achieve as a business and then cascaded that into the final scorecard." A Group Strategy Director mentioned, "... this is something that we did not do prior to the BSC, the BSC helped us do the translation from mission into certain measures."

This is also where the owners of the business devised the vision statement and values before informing the executive team of this vision and these values. The BSC champion of one of the smaller service providers said, "The strategy as the owner of the business and the CEO had set it was very much what they had decided it should be."

In the larger corporate companies a more formal approach was adopted where the vision was first defined by the executive leadership and then translated into strategic objectives. The BSC champion for one of the leading banks said, "Being such a large corporate, the very senior people at the top of each business unit obviously participated in group and divisional strategic meetings. They would come back and say, this is what we have to achieve and then we had to put the BSC in place relative to that." The Head of Strategy at another large bank said, "Translating our vision into strategy is something which is part of what happens at the bank annually. There is a strategy process driven by a group that starts with what the group wants to achieve and then cascades down into each of the businesses. Almost like what does each role and each business play within the bank's strategy and how does it align with what the group is trying to achieve and how does it respond to the specific markets and clients that we need the businesses to serve." The Head of Change Management at the same organization said, "We wanted to achieve our vision of becoming the leading Business Bank in SA and that had the strategic actions and the key focus points of an ascent to Mount Everest."The A.S.C.E.N.T." stood specifically for the recently defined focus areas. People, Clients, Market Share and Financials are the key drivers and behind that sits a choir."

Other companies first derived the organizational strategy before defining the company vision. The Senior Manager Business Performance from a public sector service provider noted that, "We first looked at what we wanted to achieve and the challenges that we had to overcome for our strategy and then we defined the vision that fitted those challenges."

For the respondents interviewed, part of translating the vision of becoming the leading company in a specific field was to ensure that competent people where employed and also to implement an objective assessment tool to measure the work performance. The BSC champion and Group Human Resources Manager said,"...Part of the vision is obviously to make us the leading contract cleaning company in South Africa. It is the largest and we wanted to make sure that there was quality together with the quantity, and to make us the best contract cleaning company in the sector, we had to have absolutely top world class people because I had also studied the sector overseas. So, the strategy had to be to make sure that you had competent people and that people know where they stand. So part of the strategy was also to implement a very objective assessment tool, i.e. the BSC."

4.4.3 *Achieving executive buy-in*

For most companies executive buy-in on the company vision and strategy was achieved successfully through workshops and break-away sessions that were held with the executive leadership of that company. In larger companies road shows and similar initiatives were used to communicate the company vision and strategy and to gain feedback and support from senior management. The Head of Change Management at a large bank said, "During the Cause and Effect

Road Show the concept called the "Set" was introduced. There was follow up through regional engagement sessions held by the divisional executives and the regional management community, where they took the teams through a conversation of what the "Set" was about. It was communicated to the larger leadership community in that year's leadership conference. So the approach by the Leadership was to make certain that the immediate team and senior leadership team understood what sat behind the Set and the importance of what the Set was." Another BSC consultant claimed, "When you get buy-in from the top we think it is easier to get other people in the organisation to follow suit."

The Head of Strategy from a large bank said, "Once we have the strategy defined and we all agree and that has been signed off, we then use various communication tools to reiterate, confirm and communicate any changes so that every staff member is aware of where we want to go. ... That would typically be road shows, e-mail communications or the CEO going around and seeing management teams once a month. ... So depending how big or small the change to the strategy is, we will find the right communication mechanism to explain to people what they need to know and how it is relevant to their jobs."

However, in the companies that did not achieve executive buy-in, the owners of that company did not involve their executives in compiling the vision and strategy initially or did not formulate a strategy map per se. Subsequently the translation of the strategic objectives of these companies to the BSC measures failed. The Group Strategy Director noted, "There was relatively good buy-in on the BSC initially, until we started missing some of the measures and then interest waned a little bit, the credibility of the measures were questioned, etc. The strategy map was accepted but never fully utilised or implemented to the extent that it could have been." The BSC champion of a smaller service provider said that, "The vision and strategy of the company were determined by the owner of the company at the time of implementation of the BSC. Part of the reason that buy-in was not achieved was because the goals that were set in all the management team’s opinions, were unrealistic. They were set at what management believed were impossible targets that you could not achieve, no matter what you did, so why bother? On your BSC, you were going to demonstrate that you are underachieving no matter how well you had actually achieved because of the targets that were set...Initiatives to explain and clarify the vision and to determine strategy were introduced in the second year after the implementation of the BSC technology. The BSC then had to be totally revised to align with the new strategy."

Only once the executives were involved in formulating the vision and strategy was executive buy-in achieved. The BSC champion of one of the smaller service providers said, "We got the guys to come into a room, broke them into three or four groups of people and then we started telling them what this business is about, what is the vision, what is driving us, where are we going and how are we going to get there. Then the groups came together, put their ideas on paper and then the consultant consolidated all of that, synthesized it into a common vision for the business. We therefore ended up with a vision, a mission, and a purpose and thereafter we said how we are going to achieve this, so we then started with a session saying this is our strategy." The Group Strategy Director of the manufacturing company stated, "We did the BSC first then later on we compiled a strategy map and used that to refine the BSC. ...we would end off every strategy session with this is our current BSC, this is how we are performing and then we would end off with, this is what our suggestions are for a revised BSC."

4.4.4 *Aligning targets and strategic initiatives*

The research shows that companies set short term (one year) and medium term (between three to five years) targets that were placed in the four or more BSC perspectives chosen specifically by the companies. One of the BSC champions contended, "The targets were set by the management team in workshops and their strategy sessions, looking at it and asking what do we need to measure in order to <u>identify the drivers</u> that would enable the achievement of those objectives and then looking at how we would measure them and what we would measure."

The Group Human Resources Manager of a leading service provider in cleaning services said, "We did set targets on the BSC per category. For example for the Client Relationship Perspective, a general manager running a region would have a regional target, where an operational manager running a number of contracts would have targets for those specific contracts. So each person in their particular job function would have targets. Those targets would be aligned with company objective; strategically the focus would be on contract retention. At the beginning of each financial year we re-evaluate the BSC to make sure that all the elements are still in the weightings and that the weightings are still in line with our strategic objectives."

In most of the companies each departmental or functional area was involved in creating their own performance objectives and measures within the boundaries of the corporate strategy and the identified BSC perspectives with the respective operational objectives. The Group Human Resources Manager of one of the companies said that, "Initially we had a large workshop where people gave input. We based the discussions around the four pillars of the BSC, namely Client Relationship, People, Finance, Policy & Procedure, which were set but in each of those, the department heads and other people had to decide what elements we were to incorporate in that. For example, a strategic objective would be Health & Safety Compliance in the Policies and Procedures perspective, where the objective was to ensure a reasonably safe working environment based on a standard of no injuries and this was then measured against a monthly safety statistic for each office/branch (Appendix E: BSC Scorecard Research Example)." The Head of Change Management of a large bank stated, "The process we follow is that every function in our case has a performance scorecard so a person is nominated by the Exco member for that function and that person has to collate and position the important drivers for that function during a round robin for that particular function's leaders and then at that point come to the table with suggested measures for those roles...By doing it this way you get the dedicated attention to detail and an analytical focus for the function. The longer term benefit is the staff participation and willingness to participate in the process of performance management because they see their contribution making a difference in the business. A difference in the way our leaders' engagement with staff, it is about the psychological content that sits behind the BSC - the visibility, trust and authenticity. But let's understand, every year change management is a piece of work that sits behind the BSC. Employees need to understand why we have introduced a new measure, what sits behind that measure; why have we shifted weightings and if we have taken a particular measure off the scorecard the reason for it. The biggest level of resistance was dealing with staff objections because of silo mentality. It was like running into a brick wall. My Business Manager (BM) came to me and said how do you expect me to grow market share at an 80% saturated portfolio? I would say holistically it has nothing to do with the measure, it has got to do with the targets, which are too high and which you set for this person's behaviour. If he has an 80% saturation in terms of market share setting an average of 3.2 products per client, how can you set him a target of x growth year on year? You cannot do that and you have got to accommodate for that. You have either got to move portfolios to a different BM and create capacity to acquire more customers. So, it is then a maturity issue when you blame the centre for doing things wrong. When you then have the opportunity to engage with them, it is helping them to see that it is not the hard core measure that is the issue. It is the way we engage with the measure and the way we set targets and all the processes leading to enabling staff."

For the leaders and senior management of the interviewed companies it was important that the employees could explain the strategic objectives in relation to the performance objectives and measurements. Although this became a logistical challenge in larger organizations and where the companies had branches country-wide. The CEO of one of the companies commented, "... anybody who tells you that the tea lady understands the corporate strategy, is lying to you. She understands her job, like now when she came in and asked if you wanted something to drink, her job is to give you an experience to make you feel valued because you are a customer of ours, you are a visitor and if she does not ask you, it means that she is denying you that experience. Our slogan in this business is that we treat every customer like a brother or a sister. So, the task is relevant to her performance, but if you are going to ask her should we list this business, she will not know what I am talking about and she does not have to because it is not applicable to her job description." A Head of Change Management at a leading bank said, "At a road show we cannot obviously go into every staff member's role but what we do is, we give the line manager a conversational pack which is a PowerPoint presentation with a note section at the bottom where we say this is where we want to go with this particular measure. At the bottom it says: for the business manager role it means the following; for the sales manager it means the following, for the Call Centre Agent it means the following, so we guide them. Does this consistently happen? I am not going to put my head on a block and say it does because we are dealing with in excess of 475 business leaders out there and 2573 employees. To monitor that all of them are having these conversations is very difficult and consequently we do not do that. So, we enable them as far as possible. I will be realistic and say roughly about 45 or 50% of our staff would be able to explain the operational importance linking it to the strategic goals. Because it is not just about the BSC that speaks to the strategy, it is about every leadership opportunity that you have to engage with the staff, you have to repeat the strategy and refer again to the key strategic thrusts for the year. The staff member sees these scorecards only four times a year, they see their leader every day."

The Group HR Manager of a leading cleaning services company commented, "One is going down to the level of blue collar workers, who understand it in a very elementary way, but they understand what client retention is and if they are a supervisor their job might be linked to the strategic objectives by contract. So, contract retention is critically important to them and if they lose a contract they are in danger of losing their job. So, they would probably be able to explain it in those terms rather than in strategic terms."

In some companies the employees were not aware of how the strategic objectives impacted their specific roles due to lack of communication and transparency, which resulted in poor motivation and lack of commitment of staff and this is where the BSC implementation failed outright, "... at that time we did not tell employees the importance of the strategic goals and that was part of the communication that was lacking. What we have done subsequently, we have gone through every department at head office and it was beneficial for the departments to understand where they fit in with the total strategic goals. I think it is a continuous process you need to do as well because you have a turnaround in staff, you have people who are promoted, etc." Although these companies improved this process later they never took it down to an individual level and to the lowest level of employee and their BSC process still failed.

The companies that were interviewed found that alignment of KPI's to operational objectives in the BSC implementation was an evolutionary process that took between three to five years. One Group HR Manager said, "We have come a long way over the last seven to eight years, we have tweaked the scorecard (Appendix E: BSC Scorecard Research Example) and the rating is more accurate now. Initially we did not have guidelines to what the objectives were, so for each area in each of those four columns, we now say what are the objectives, what are the standards and what are the measurements. For example, each person would have a budget, achieving budget would have a certain weighting and if they do not achieve that budget they would get zero points out of five. Or wage percentage: there is a certain wage percentage which they cannot exceed. Wages, for example, are the single biggest cost factor in our business, tending towards 70%, so if somebody's out on their wage percentage they would get scored down on that. If they achieve the correct budgeted wage percentage, then they get full marks for that, because at the beginning of each financial year, there is a very detailed budgeting process and those targets are all established. So, the weighting has become more accurate in the areas that we have identified. We have adjusted it to perfect it and we feel now that we are pretty close to where we want it...Implementing the BSC was a five year process to get it to a point where we were comfortable that everybody in the organization was using it. We took this right down to blue collar worker level and also across eight different divisions operating across different sectors, across different functional areas admin, sales, finance, HR." A Head of Change Management commented, "It was an evolutionary process. You do not just implement a perfect BSC from the word go. It was a learning period, a learning process. We went to the extent of where we measure staff, we focused on the core contribution that they have to the business. The sales role will have a higher weighting on client and financial versus the credit role where you will have a higher weighting towards internal processes, because it is about making certain that you are granting access to your client based risk habitat."

Those companies that did not implement the BSC to the lowest level of the organisation did not achieve the relevant importance to any weightings that they had assigned to the KPI's if they had even assigned any, and found that this was inhibitive to implementing the BSC successfully in the entire organization. One Senior Manager commented, "We tried to achieve KPI alignment with the operational objectives, especially for the executives and to make sure that what their individual objectives were, was aligned to the corporate objectives. But that is how far it went or maybe one level down. We also did the relevant importance to the KPI's and corresponding weightings so they all had different weightings depending on their departments." Another Group Strategy Director said, "There was alignment definitely initially, but it then fell away. We did not necessarily use relevant importance and we never weighted individual factors, we always said well fine, we have got sixteen factors, we are achieving twelve out of sixteen. Some of the functional heads cascaded the BSC within their teams to sub-groups and things like that but others just kept it at a higher level and said, okay, this is what we are contributing to the group BSC. The BSC was never cascaded right down to artisan level."

a. ***Fine tuning and finalizing***

Most companies went through a formalized process of reviewing and finalizing the BSC before implementing it to ensure clarity of the targets linked to the strategic goals. The scorecards were compiled and agreed at a departmental level with input from the respective functional teams and then reviewed and signed off by the executives. All of the companies felt that this 'review' period assisted in the BSC implementation process. One Head of Change Management at a large bank commented, "Typically the functional representatives would come together and we would design the various scorecards. We will then propose those scorecards to the Exco. At that point, we would say that we are relatively comfortable that these scorecards are right. They would then comment and review that and if there are changes to be made, the changes would be made and we would send it back to them. They have the final sign-off in the process. Once they have agreed and all are okay with this as committee of the leaders of the business of this bank, no further reviews are allowed and no further changes are allowed because you are then going to get the most expensive and senior leadership community again to review changes and sign them off. You have to get your executives to sign off what the committee came up with before you introduce the BSC. This is absolutely critical." A BSC Consultant reported, "If you designed a new policy or for the BSC implementation, it would go to a committee who would read through it and discuss it and debate it and investigate it. It would be sent to the union to be scrutinised and to various managers who would say what they thought about it and the feedback would be considered and incorporated."

These companies in fact go through the same review process annually where the scorecard is updated in accordance with the changes in strategic direction and this further facilitates the ongoing BSC 'maintenance'. During this annual process of strategic review and updating the BSC companies that were interviewed compared present performance measurement results with past results and found that this assisted them in refining the BSC targets and measures. A Head of Strategy of the same bank reported, "The evolutionary process of the BSC tells me that we have continuously refined the scorecard because of an opportunity we had of every year looking at it and saying is it happening the way we want to, are we getting the results that we intended to get and if not, why not and we need to fix that. The big vision setting process we did in 2005, which set the direction for Business Banking. What we have done since then, we have tweaked it where maybe sales was a big focus at some stage or where we focused on specific industries at the time and we moved that and shifted that to align with the economic environment and other factors that influenced the strategic direction. So that is what we did once off but annually we check it, we say, what is still valid we do not throw it out and start afresh because the continuity in change management's journey is critical, so we do not want to switch fundamentally what we do but we continuously refine, tweak and align to what is relevant for the group as well. So if there have not been any major changes in the strategy, we will still have the road shows but we will make a big fuss about progress made and excellent results for example. If the results are poor and actually we need to tweak the strategy a lot, we re-emphasise the strategy a lot if we feel that people have lost sight of where we are going. The road shows will take place twice a year but the emphasis and nuance of what we are trying to do will be tweaked as much as is needed at that point in time." This is what happens at a macro level in this large bank, however, the Head of Change Management gave us a micro view, "Year on year we compare where our Business Bank was last year versus where we are right now, so this is looking at actual business achieved and in terms of designing the BSC. We were very careful because there could be significant operational issues that impacted in the business that you cannot foresee in year to year operations. Let me give you a practical example, today you have a business manager that is servicing a certain segment of the market. That business manager (BM) migrated five of his key clients to a different segment because that segment is being serviced more appropriately. For that BM that has lost the five key clients for the right reasons you cannot measure them year on year because if you have fewer clients you have to adjust the targets in terms of that."

A Group Strategy Director of a large manufacturing concern said, "The BSC implementation was more of an evolutionary process rather than a cataclysmic event and we reviewed the targets and measures every year during the annual strategy review, where we would drop some or combine some and bring in new ones as the situation of the company suggested. We always had a baseline.

This is where we were effectively last year, this is what our target is, this is where we are now and this is what our medium term target is where we would like to be in the next two or three years."

One BSC Consultant commented, "We only considered comparing results into the second year of the BSC implementation, so we would look at quarter upon quarter and there were cycles apparently that affected the business. For instance, they knew the last quarter with the Christmas holidays would impact delivery and the same with the first quarter. However, we would adjust the quarterly targets. Instead of taking the targets and splitting them over four quarters for the year, we were looking at putting more achievable targets within the busy quarters and lower ones in the other quarters because of the holiday season and it worked. So it was no good saying, well I achieved it for this quarter and now by the third quarter I am nearly there but you have not got enough actual working time to finish it. So we made more than three quarters of the targets needed to be achieved by the end of September, so that you had less of what you needed to achieve in October, November and December, which was a shorter quarter."

A CEO of a service provider noted, "We always compare the current BSC performance results with last year, we do the actual against variance, we do quarterly and end quarter periods, so we actually look two years back. So if we look at quarter one today, we can say what was quarter one last year, what was quarter one the previous year. We look at that and then we bring it back to the BSC and that helps us to see are we moving forwards or backwards. For customers and for all the perspectives. The one where we are struggling is learning and growth because one does not really know what is happening in that regard as the targets and measures were too loosely defined. We are getting better and I would rate us five out of ten in that regard. With the three other perspectives I think we are on track. It is a journey and maybe by the end of next year we will be better at this and then we will have to start the journey again. You know when you reach the top of the hill, you realise there is another hill on the other side. So you have to start the journey again. So, I do not foresee a situation where we can say that we know everything about the BSC, because it is about continuous improvement. We may know the mechanics maybe but what drives us and what helps us in business is always changing and that is the fun of doing business and the BSC helps us systematically in achieving the milestones on that journey."

b. ***Cascading vs. top down approach***

In some of the organizations the top down approach was used to communicate the vision and the BSC perspectives with the corresponding strategic goals to the employees due to an autocratic culture. This approach was used because the employees were not involved in defining the vision and strategy and subsequently these were dictated to the rest of the organization by the senior leadership of the business. The BSC champion of one of these companies noted, "Very autocratic, the way it is structured. There are policies and procedures for absolutely everything and you follow that procedure. So there is not that much room for being inventive or creative." Furthermore, the senior leadership felt that there was an immaturity of the workforce with regard to performance management. The CEO of one of the companies used the following metaphor to explain the Top down approach, "A simple example is: we know that if you do not wear a seatbelt and you are involved in a car accident it causes a lot of deaths; so we are not going to ask motorists whether they want to wear a seatbelt or not. We are going to tell them, we have done a lot of research and we know it is better for you to wear a seatbelt. But there are other things like tolling for example where you may need to ask the motorists for their input."

Some companies used a mix by starting top down and once the BSC perspectives with the strategic goals had been communicated to the entire staff complement, employees were asked to participate in the development of the scorecards. The Group Strategy Director of one of the manufacturing companies explained, "It was mainly top down to get the initiative rolling but when units came back who suggested changes, those were incorporated once they had been accepted by the management team."

Some of the organizations interviewed, used the cascading approach to communicate the BSC perspectives and the corresponding strategic objectives in order to make the building of the scorecards more interactive to achieve immediate buy-in and make the scorecards more applicable and accurate going forward. The Head of Change Management at one of the leading banks noted, "The Cascading approach gives a real reflection of the performance across the group, sets the parameters for a realistic view of performance measures of the teams, divisions and individuals." One of the Group Human Resources Managers said, "We have workshops with people to say, right, is this still working for you and we get people that we believe can make a considered kind of input into the process, people who work with it on a daily basis and we get their input and once we have considered all of that, we will put together the BSC for the new financial year." Another respondent said, "There is the important balancing factor, where often your strategic leaders will introduce a measure in a way that could be construed differently. When the concept scorecards go out we publish it to the business, they give their feedback. Where there is an area of confusion we have the opportunity to clarify. The business manager says, on your divisional executive scorecard you have got primary acquisitions as a strategic intent of growing market share. The business managers on the ground are saying, when we look at acquisitions we want to look at acquisitions at rand value but also at their quality. So it's not only a matter of going out there and finding money. It has to be equitable, sustainable, it has to be good money."

4.4.5 *Identifying the BSC perspectives*

The table on the following page summarizes the chosen BSC perspectives for each of the companies interviewed for this research. Some of the companies that did not have a strategy map or a strategy in place, copied the Kaplan and Norton Model exactly as can be seen in the diagram below. Other companies used the same model just because it was convenient and it made sense to them. For example one company used Process, Clients, Financial and People as the four BSC perspectives. Each measure for each target from a perspective was aligned to a strategic objective, for example, in the People Perspective of the afore mentioned, one of the targets was to create totally aligned, high performing client service teams effectively orchestrating and delivering differentiated client value propositions. This target was linked to the strategic goal of being the highest rated company to attract, develop, motivate and retain people and be regarded as the preferred employer.

While every company implemented the BSC with all the chosen perspectives, some waited to implement certain measures within a perspective because they might not be able to measure it appropriately, "You might for logistical reasons decide to leave certain measures of certain perspectives a little bit attenuated while you focus on the others because you have got measures readily available if you want the concept to be bought into and I think that actually made it a lot more successful."

None of the companies implemented one perspective first and subsequently the others. A Human Resources Manager said, "...All four perspectives at once. The whole reasoning was that in the past maybe there was too much emphasis on financial. If you focus on your people and your client retention etc., then automatically the profits should follow. That was the reasoning behind it. You cannot implement a BSC with only one perspective, by definition it is not balanced if you do not have all the pillars in place." A Performance Manager commented, "We implemented all four perspectives. I do not think you can just implement one perspective only, you need to implement all of them because they are aligned with one another and they support one another."

The scorecard in Appendix E: BSC Scorecard Research Example shows an example of one of the scorecards of an Executive PA (Personal Assistant) from one of the interviewed companies. It shows four five measures for each of the four perspectives and has twenty for the entire scorecard. For each measure there is an objective and a standard for benchmarking purposes.

Company	Balanced Scorecard Perspectives					
Company A	Financial& Business	Client & Relationship	People/ Learning & Growth	Management & Internal Process	Transformation	Team Dimension
Company B	Financial	Customer	HR	Technology	-	-
Company C	Finance	Client Relationship	People	Policy & Procedure	-	-
Company D	Financial	Customer	Learning & Growth	Internal Processes	-	-
Company E	Financial	Customer	People	Business Process	-	-
Company F	Financial	Customer	People	Business Process	-	-
Company G	Financial	Customer	People	Business Process	-	-

Table 2: A Summary of the BSC Perspectives from the companies interviewed

a. ***Adhering to the perspectives too rigidly***

Although most companies had four BSC perspectives similar to the Kaplan and Norton Model (see diagram Table 2: A Summary of the BSC Perspectives from the companies interviewed), they were not exactly the same and they had been carefully thought through and were based on the strategy that these companies had put in place. The Group Strategy Director said, "The four perspectives that we chose to implement were financial, customer, HR and technology. I think financial, because a lot of it was originally driven by the bean counters in the organisation, the customer because we are very customer-orientated, the people because we needed to focus more on the people aspects and technology because we are a very technology rich company. The technology perspective really embraced the learning and growth perspective that Kaplan and Norton referred to as their innovation perspective ...but probably more on a seat of the pants kind of approach than the classic textbook type of approach; so, very strong mentoring, very strong development of people, giving people opportunities and the freedom to experiment, etc."

b. *Project plans for the BSC implementation*

Not all the companies approached the BSC implementation as a formal project. This was also driven largely by the company size. The bigger organizations used a more formal project approach whereby the smaller entrepreneurial companies had an elected BSC champion to lead and guide the BSC implementation. External consultants that were employed as a BSC champion also had project plans for the BSC implementation. "It was a collaborative approach because we had to get buy-in from the operational people. So we said, those are the deadlines, those are the people who are going to be responsible for making sure that it works."

The Head of Change Management of a large bank said, "I can refer to the last four years: every year in November, when the group send us the BSC template, we start with the formal planning and engagement sessions. The first step is to engage with our Exco understanding where they want to go with the BSC for next year... So this year very similar I have proposed from my role an approach by the principles that sit behind the BSC and some time-lines, where we need to have the first draft measures out to review steps, not only with the functional liaise but also with the business executive and then the publication dates, the road shows, the change management; everything has got to come together. If we do not do a proper planning, it never happens."

Some companies also had unrealistic time lines and expectations of the BSC implementation. "I was told 3 years is too long and to shorten the time period. The project plan was simple: get the management buy in, then get the staff buy in, implement for management first and get it working for them, then cascade it to the rest of the employees and that this should not take more than a year.. The implementation was rushed because as with everything the executives wanted it yesterday... It takes 3 to 6 years to implement a successful BSC, because the insight and understanding of it is linked with strategy and how it can be your measure of the achievement of the strategy - it truly takes time to develop."

4.4.6 *Benchmarking*

Most companies did look externally for industry standards and industry data to use in the compilation of their strategy. However, this data was not always available and otherwise very limited and therefore benchmarking was not applied to their strategy. One of the Heads of Strategy outlined, "It is very hard to know what the other banks are doing because they do not report on the same level of detail. So we do not know if our growth numbers are rational or not or where we stand. I think especially in banking it is a complex business and each company, both locally and internationally, cut themselves differently in terms of segments to get targets or benchmarks in absolute numbers. It is almost impossible to do that. We can only compare ourselves to historic results and what we wish to achieve and then set stretched targets on that basis." The Group Strategy Director of one of the manufacturing companies contended, "We did not formally do any benchmarking but we did use publicly available strategy maps particularly those around manufacturing..." The Group Human Resources Manager from a cleaning services company said, "We did not use benchmarking against other companies because there was no other company in our sector that we could benchmark up against."

Some companies used industry best practice and standards as guidelines for implementing the BSC specifically and assisting them in defining and refining target objectives and target measures. The Head of Strategy of one of the leading business banks said, "I think in terms of the actual BSC line items I would ask, what measures other companies put on their scorecard. I think we have gone through various research houses to get insight into how could we use the BSC. We have studied all of that and taken into consideration, learning from my own space as well as I suppose, the best practice in BSC." One CEO mentioned, "This black belt from Kaplan and Norton has got benchmarks from different companies though he would have received that through his own training. He was using examples from the airline industry, from manufacturing and from FMCG. We needed that to convince the guys that the BSC works for banking, it works for fast food, it works for this and 80% of business is pretty much the same so we can borrow from those other businesses." The Senior Performance Manager from the transport industry commented, "What we do is we look for benchmarking in terms of measures. That we would do but not in terms of what other companies are doing in terms of their BSC... especially in the rail environment we would have injuries per million passengers transported or accidents per million kilometres."

For others there was no boundary between benchmarking for the BSC and strategy and one CEO claimed, "I do not separate the BSC from strategy....the BSC is a tool to manage the strategy."

4.4.7 *Scenario Planning*

Most companies did not do any form of scenario planning. For those few that did, it was done at a high level and they found that they actually had missed some scenarios from the planning down the line..." It did not always lead to us taking corrective action in time; there were some scenarios that we should have picked up earlier." Furthermore, these high level scenarios were never linked to the BSC or the perspectives.

"Yes, for a while we had scenario planning: If our business goes on this trajectory and it is this strategy, it could end up there. If it pursues this strategy it could end up on the other side, so now which one do we wish to pursue. If you look at the film the Matrix, the main character Neo, is offered a blue pill, which would allow him to remain in the fabricated reality of the Matrix in the blissful ignorance of illusion and the red pill, which would let him escape from the Matrix into the painful truth of the real world; you take the red pill and you go to this unknown world but it could transform you. Or you take the blue pill and stay the same with the same predictability. So we used the scenarios similarly, we can stay as we are and just grow incrementally and make sure that we will still be here in a hundred years unless someone is nibbling behind us of which we are not aware but the chances are we will still be here but we will never shake the world. We will just have a little business, a little house, a little car or you can say I am going to go to the unknown but there is no guarantee because I could lose even this little bit that I have or I could transform and make this thing into a bigger entity. So we ran those different scenarios. Obviously we ended up in the middle of the cloud because we did not want to take the red pill and find out."

4.5 Results pertaining to Proposition 3

The following results from the interviews were found for the inhibitors outlined in Proposition 3.

4.5.1 *Resource intensity*

The BSC implementation was done internally in most companies due to the focus on functional expertise and also financial constraints. Due to financial constraints some companies did not send their staff that was going to be part of the BSC implementation team on external training. This had a negative effective on achieving buy-in in those organizations and subsequently the BSC implementation was unsuccessful. One HR Manager commented, "The company did not want to spend capital on external training for the management team of 6 nor did the company want to incur the costs of a consultant with specialist BSC skills. The CEO said that he cannot send a whole team and take four days out of our production time. When I joined the company, they did not even want to close for Christmas. You had to work between Christmas and New Year. Tell me how much work you are going to do between Christmas and New Year if all your customers are on leave? Eventually, I got that changed not because I wanted to be nice and give everybody a holiday but because it was ludicrous to keep open then. You could actually make people take leave then and have them more productive during the year. I think the training beforehand is critical in the preparation. There are companies in South Africa doing very good three and four day BSC courses. If the management team had attended these courses, would have made the job so much easier and then there would have been complete buy-in. Of course, I gave them reading to do but nobody has the time because they are too busy chasing targets."

4.5.2 *Bad organizational politics*

Although in smaller family owned organisations the politics were driven by nepotism and favouritism initially, which clearly had a negative effect on company politics, the company size kept the politics in bounds and meant that they were not experienced as a true inhibitor of the BSC implementation. On the contrary the organizational politics improved over time as the BSC was implemented and became more cohesive. "...I think you have got to recognise that a family company has got four levels. They have got the management, the board, the family and the family dining room table. Whereas in a small company you have got one management and that is fine. There are those additional layers in a family-driven company and therefore they have different dynamics....We used the BSC to increase that cohesiveness of the organizational politics. "

The organizational politics were more negatively influenced by mergers and acquisitions that had just taken place within organizations as well as a poor economic climate. One of the Change Managers commented, "In 2007 the business was in a dire state from a staff engagement perspective, i.e. employees were not very confident. Job security was an issue, we saw frustrations coming through, and so staff attitude was really me, myself and I. There was no joint or collaborative approach to make things happen... Was it a tough time? Yes. Was it viewed as a big stick approach, I can assume it was. So the BSC was seen as a method "to catch us out"... you have to think about staff appreciating what they are gaining and what are they losing. Some roles were protected by performance contracts, but of course this was isolated to those particular roles. With the introduction of the performance scorecards and the cascading principle coming through, they were now going to be asked about and measured on things that they previously were not measured on. So they were on the one side saying that it is more balanced but on the other side being more exposed. And the transition there I suppose needed to get some attention...It is really important then to take the time, to have a conversation be it a video that we make, be it a road show that we attend to for our operational committees.... In 2007 when I started looking at it after the introduction in 2005 for those two years I could still see resistance coming through for the business, which tells me that the change management was not 100% effective in the way that it was introduced." Another Performance Manager commented, "At the time we were going through a transformation...It was two organisations that came together so it was a real issue to make sure that everybody starts working together to get out of the "them" and "us" environment."

The companies that applied a good and thorough change management process turned the culture around, but his is where the change manager and the BSC champion worked closely together. The Head of Change Management of a large bank had the following to say to this, "My primary role is change management but because I am so entrenched in the formalisation of the BSC performance scorecards, it fulfils the whole change process if you really want to create operational sustainability. Once you have been instilled that journey of this is the new way of doing it. Pool the new behaviours into the scorecard and make certain they are there, otherwise two years down the line staff will have reverted to the old way of doing things....I think over the last four or five years we have journeyed a long way with our teams. The biggest worry that I have if we introduce scorecards and I do not hear a word from our business that's telling me there is either 100% clarity and they love this. Or they have disengaged with you. Every year my phone rings off the hook, then it is really about how leaders are taking the accountability saying, I do not understand this particular measure. Tell me the story that sits behind this. And that is when I do road shows as follow up and then I do the engagement sessions again. I have a conversation with them, but I do not tell them a story or put up a slide show. It gives me the opportunity to explain to them why the measure was taken. I give them the opportunity to say what is really biting them on this particular scorecard and we will discuss it. We find this conversation hugely beneficial. We still have pockets of resistance where staff say we are getting sick and tired of this team measure; we want to do the individual thing. There is always one person out of ten who will resist things, no matter what you do."

Companies with a more intrinsic autocratic culture found that an unhealthy organizational culture became an inhibitor to the BSC implementation when trying to get buy-in and acceptance at the lower levels of employees in the organization. "...where we find resistance is to link this to individual performance...The individuals might see it as a punitive approach...and then they become threatened...but not at a departmental level and not at a group level... it is still an ongoing change management issue. How do we get people to be part of this process? And we have not come to an answer yet." In this case the Performance Manager, who implemented the BSC, was not part of the Change Management team or process to deal with the resistance to change during the merger of the two companies, "...I was not part of the change management process. I know a year or two after 2006 that I did a round with the change management people to explain to them how the BSC worked. We also made the lower levels of the company aware of how to use the BSC, why is it used etc." The BSC Champion from another company said, "The leader of the Company as an entrepreneur and owner of the company was autocratic about the strategy and targets at the time of implementation... a big stick approach because the company favoured the Jack Welsh principle of the bottom 10% of performers being dispensed with. No matter what you did it was never good enough. It became an unhappy company. It was a knock-on effect. The managers would become miserable and of course their staff would sense it.

4.5.3 *Lack of transparency and communication*

With all the companies interviewed, the Transparency of the BSC process in the organisation improved over time during the BSC implementation due to the communication that improved over time, however, this was greatly dependent on the level of employee of the organisation to which the scorecard was communicated. One Senior Performance Manager claimed, "There is sufficient transparency at the top level, which is more important in my opinion. Whether it is transparent enough for all levels of the organisation is questionable, because it is a big organisation, which makes it difficult ... even if we take it down to all the levels you are not going to give them all four perspectives in their performance indicators. We would maybe provide them with three or four common ones or specific to department. If you are doing maintenance you would look at the number of trains that are delayed because of the maintenance on your line. So, we would try to focus on being service oriented in their area."

Another company also did not communicate the vision, strategic objectives and operational goals to the lower levels of staff. They only published the most important goals in the monthly company newsletter, which meant that the communication was not a two-way approach, where employees could provide feedback to targets and measures. Furthermore, the company was also undergoing a transformation during the BSC implementation. The respondent commented on the poor transparency in the organisation, "I think there would be informal discussions on the performance but that would be the performance of the company and not the individuals... we were providing employees with a lot of information that was not previously available, but if you would ask a lot of the lower level people, they would say, well we were not being transparent, because they did not know if we were hiding anything and there was still suspicion that things were being sanitised before they were being released to them. We were transitioning from a theory-X, a hierarchical company to a theory-Y, one with more participation. It takes time for trust to be developed at that level."

4.5.4 *Lack of motivation*

Companies that were going through a transitional period and that had not applied appropriate change management methods, found their employees to be less motivated. These companies had a top-down communication approach as well as an autocratic culture; therefore the employees were only allowed minimal input about the performance objectives. The one HR Manager commented, "The staff and managers liked the idea of objective performance management. The way the targets were set and the level of targets had a detrimental effect on morale as managers felt that the targets were unilaterally decided and non-negotiable but especially they were felt to be unachievable. This did not assist the implementation process; on the contrary it probably hindered it because it was seen as another stick to beat us with." Another Performance Manager reported, "We aligned the KPI's with the operational objectives especially for the executives and I was part of that process to make sure that their individual objectives were aligned to the corporate objectives. On a senior management level this was applicable but nothing lower than that." The lack of transparency by not communicating the strategy to the lower levels of the organization and the top down approach had an influence on the buy-in of the employees and decreased motivation even further, "... we have a lot of resistance to change but not at a departmental level and not at a group level. There was a lot of resistance on the individual level. The individuals might see it as a big stick approach or as a punitive approach and then they become threatened. I think they were reasonably motivated to make the BSC implementation take place, however, this did not entirely assist the implementation process."

In another company there was an inconsistent approach to scoring by the managers, which affected the scorecard data and fed the top-down autocratic approach even more, "...the process was introduced that they were allowed to score themselves first before they discussed it with their manager, but when it went to the CEO it would all be downplayed and scored down. So, they were not empowered. The different managers with their individual styles were inconsistent in their way of scoring. There was one in particular who scored everybody as superstars and one that scored everybody as under-performers. So, that also skewed the bell curve badly." Although these companies have implemented the BSC, it has not been implemented to the lower levels of employees and they still have resistance to change from their staff and therefore the lack of motivation with all the afore-mentioned aspects contributing to this. This is therefore inhibitive to the implementation of the BSC

4.5.5 *Lack of commitment*

The interviews showed that those companies that had poor motivation from their staff, a lack of focus and poor communication also had limited commitment from their employees, "... because we have so many other things to do the commitment for the BSC was not necessarily there. Even at an executive level there was no full commitment to the performance scorecard. It was just something somebody had to do." A BSC Consultant said, "There was an immense fear in that company...There was a strong tendency to rate everyone as a sub-standard performer. This was very demotivating and became a cultural issue. The focus was lacking, the morale was down and that hindered the commitment as well." Another HR Manager commented, "Commitment was relatively good given the complexities and the challenges faced but certainly there was also room for improvement. That has to be a function of communication. People cannot have a vision in isolation in a large company. There has to be leadership to say right this is actually what we are trying to achieve. People need to be reminded constantly of what you are trying to achieve and you can only do that through effective communication."

For the companies that had a low staff morale at first and where the motivation improved over time, the commitment also increased. A Head of Change Management from a leading bank stated, "Commitment is a difficult one to do, but you can start off with an intention score of 60%, a reality score of 58% but with a commitment score of 15%. I suppose those were the typical stats I would quote when I initially got involved in the scorecards. It was actually an evolutionary process where with the increase of motivation and the improvement of the culture, the commitment also increased. Where are we today? I think there is a lot more dialogue and there is more clarity on what the scorecards set out to achieve. A lot more staff members are talking to me about scorecards where previously they got the line manager to chat to me about it. So what does that tell me about the level of commitment? The resistance that I am experiencing is not because of a lack of commitment but because in actual fact they seek commitment. The more they have clarity about what sits in the scorecard the more they want to commit to the scorecard. So they ask you a lot more questions, because they want to make it happen they want it to be successful. So that tells me that desire is a direct correlation to the commitment that they aspire to. They want to be in this movie."

In another company the commitment from employees was found to be higher when the scorecards were linked to incentives," It was much higher when it was linked to incentives. So it evolved in the same curve as the motivation. Then we got to a position where we could not afford to pay incentives any longer, so we dropped the incentive link, and then the interest waned again and when we would bring it back in, the interest would go up again."

4.5.6 *Lack of appropriate MIS infrastructure*

All of the companies interviewed had an IT infrastructure that was lacking initially and although the companies have improved their IT infrastructure and made it more integrated and automated, to this date none of them have a centralized database where all performance data is held and can be extracted for reporting purposes. "It was primarily Excel driven rather than a piece of software within the formal IT system because as we progressed subsequently onto SAP the IT, system we were using for our MRP, SAP did not have a particular BSC element to it. It was Legacy software." Another Senior Performance Manager commented, "...Not a formal MIS system. We had a lot of separate systems and you had to draw your MIS out of that. Subsequently we implemented SAP and we are still busy with the roll out of the SAP but at least all your financials come out of the same system and your HR also comes out of the same system. So, I do not think it is sufficient but at least it is there and you know where you can get the data."

Most companies had a manual reporting process initially when they started implementing the BSC and then they gradually moved onto an electronic MIS reporting system. One BSC Consultant commented, "The MIS infrastructure was lacking at first but improved in the second year of implementation...when the BSC was implemented, there was virtually no information available which was another huge frustration. Made it impossible to empirically measure and the manual records were all questionable."

Some of these companies are still improving their IT systems and are still not fully integrated to date and therefore some of the BSC measures are still manually reported on. One Human Resources Manager claimed, "It was sufficient at the time although we started it pretty much on a paper-based system but it has now evolved into electronics. Basically it is still a little bit of a hybrid at this stage in that not all our regional branches have access, for instance at Kattoo or Kuruman or somewhere; it might be a little bit of a challenge, although for the coming year 2013, we are going to be rolling out what we call our tablet project where people will have access to Tablets and i-Pads. In some Regions the whole scorecard system is electronic, scoring is done electronically but then ultimately all the scores are forwarded to my PA who then consolidates them to establish, inter alia, who the achievers of the company are going to be on an annual basis. But where it is still paper-based the general manager of each region would collate the scorecards and keep those on the files." Another Performance Manager explained, "... Now at the moment we do SAP reporting but we still have some people who extract information out of the system, put it on excel and report it. We do still have a lot of manual reporting." "...Their MIS structure is obviously very, very good but they were continually working on it and improving it... for the BSC it was manual though... When I had implemented the BSC technology it was not yet electronic not in any of the divisions but that is what they were working toward."

If these companies had an electronic and integrated MIS reporting system for the BSC, it would have made the BSC implementation more efficient. The Group Strategy Director explained, "If there was a good system supporting it, it would probably have helped a lot in making the MIS reporting more adequate."

4.5.7 *Ambiguity of data*

Some companies did not find the performance data to be ambiguous due to the way their scorecards had been designed and the targets and measurements had been linked to the scorecards, although some of them still had a manual reporting process. The Group Human Resources Manager of a leading cleaning service provider noted, "At this stage there is no ambiguity, because it is designed to be user-friendly and as simple as possible obviously with giving meaningful results but because of its design, we get unambiguous results at this stage." The Head of Change Management of a large bank said, "We were very careful not to put scores on the scorecards that we could not measure. There is a saying: what gets measured gets done. But if you do not have a source file to determine where you get your data from, we were quite hesitant to put this on the scorecard. So we had initially one or two measures where we did not have defined sources like a computer system, automatic reporting, whatever the case may be, but subsequent to that as part of the formalisation process for every year's scorecard, if you tell me that you will now introduce a measure into the business, tell me what the calculation methodology is, what are your proposed targets and what is the source that it is coming from. It is a requirement and if you do not have that, you do not even come to the committee with a proposed measure."

Other companies found the performance data to be ambiguous due to the manual collection and collation of data as well as the relevance of the measures that were being reported on. One BSC Consultant said, "The data was ambiguous and the relevance questionable because are we actually measuring what we should be measuring." A Senior Manager of Performance noted, "I am still struggling with ambiguity on the manual side especially with HR. Sometimes if people do not understand how to report these things or just keep a proper record of where the data comes from and because we get audited on this, people need to make sure that they have it correct. If I report a bursary the bursary must have been accepted, it is not just an offered bursary but an accepted bursary. Was the bursary completed by this year and if not, why not."

"There were areas where the data was ambiguous because you did not have rigorous systems supporting it."

In some of these companies aligning targets with strategic initiatives and operational objectives was an evolutionary process, where people learnt from their mistakes, i.e. the incorrect measures that were used for targets, etc. This also contributed to the ambiguity of data in the BSC MIS reporting because the results were showing something completely different to what was supposed to be measured. The HR Manager at one of the companies mentioned, "After the first quarter and in the second quarter we would look at the measures they put down and if they were being effective. In many instances I had to leave it and let them learn the hard way that what they were trying to measure was not working. For example if Joe Bloggs plays cricket in the cricket team, does that indicate that he is a good team player? No, it indicates he loves cricket. So, in many instances there would be measures put in place, which were not measuring what they were purported to be measuring. For instance, if you measure the receptionist and you say to her you have to answer all calls within three rings, you are measuring not her customer service but how dexterous she is. If you want to measure her customer service, you need a customer survey in order to get some sort of realistic measure as to what kind of service callers have found from our receptionist. You cannot say because she picks up the phone after three rings, she is a good receptionist. So, they had to see these measures that they had insisted were correct, were actually failing before I could get them to actually start considering something else."

Other companies found that there was no relevance to the measures, which caused the employees to misinterpret the measures. "...I do not think the data itself is ambiguous, it is how people interpret the data....For example, our customer satisfaction surveys. It is impossible for the agency that we utilise to phone each and every one of our clients. So what they do is, they look at a particular sales room role and they then out of the eighty clients, would phone five. They would then apply a score based on the client's feedback but then business will say, hold on a second, in choosing those five, three out of the five were people who we declined credit applications for, no wonder they gave us a poor staff satisfaction survey."

4.5.8 *Wanting to achieve first time perfection*

Most companies approached the BSC implementation incrementally and accepted that this would be an evolutionary process that would improve over time. "They bought into the concept with the idea of its being a three year evolutionary process." One HR Manager commented, "It was always stated right up front, this is a work in progress. This is how it looks now and this is how it will evolve." "...it was a case of let's learn by evolution, it wasn't a case of we are going to have the Rolls Royce from day one." One BSC Consultant commented, "They understood that it was an evolutionary process and were willing to accept that this might have to be changed and that might be a bit different." "The Head of Change Management of a large bank used an appropriate metaphor describe this, "There was an acknowledgment we called 'fixing the plane in flight', we actually had a term for it, meaning that it is better to get it 60% right instead of focusing on 100%. So, fixing the plane in flight, means try it, build it, and do not seek perfection."

There was one company that had the unrealistic goal of wanting to achieve first time perfection with the BSC implementation within one year and the senior management of that company found themselves very disappointed. The HR Manager commented, "Everything was done under immense pressure. It was rushed, so it was not effective." Most companies took between three to five years to implement the BSC to an extent where it was widely accepted and used in the organisation. Some large companies took up to seven or eight years, where smaller companies achieved it in three. Some organisations took longer because for example they had not cascaded the scorecard to the lowest level of staff.

4.5.9 *No control to change performance measures*

Many companies were not keen to allow any changes to the BSC within the financial year and they definitely did not allow any changes to the corporate strategy. Companies remained strict with this, to remain consistent with the measures in order to minimize the gap for debate when it came to performance appraisals. One HR Manager commented, "We do not do changes within a financial year because it is linked to incentives." A Senior Performance Manager reported, "At an individual level we allow changes up to December of each year, but at a corporate level we cannot change and if anything has to change on an individual level, for example if a target is cancelled due to an external factor then we can say for the rest of the year you will not be measured on this objective." One CEO commented, "If they could put forward a good rationale for why a particular target had been set inappropriately by the company, this would be considered." One Change Manager said, "I refuse to allow the business to change the scorecard, unless it is a significant shift. Let us assume we have acquired a subsidiary bank and now we have to think about integrating that. But then what we do is we keep it as close as possible to the formal review, so until June the review you treat it almost like a transfer. You sign off your targets for half-year, give them a formal evaluation, then you reset the target for the next six months and then you add the two together for the final performance scores. You add them together and divide by two. Or you do not include it in the scorecards, but include it in operational management actions and get that leadership community to tell you what they are going to be doing to land this change, but then only measure it the next year. If it is really a critical requirement we will consider it and we will only then include it if the senior leadership has discussed and signed it off with all the leaders of the operational committees. The staff member is almost impeding on the legal contract you have with the staff member in the sense that you have agreed basing the performance policy on something that you have measured for twelve months. Legally you can only change that if there is a significant (50%) operational requirement to do so."

Most companies preferred to keep changes to the annual strategy review, which incorporated the BSC. A Group Strategy Director said, "We tried to avoid moving the goal posts except during that annual strategy review when we reviewed the existing BSC and at the end of that come up with a revised BSC because if you do not do that, you fall into the trap of, I am not achieving so let me make the goal posts easier to achieve." One Head of Change Management commented, "It was decided not to change the measure or the performance targets half way through the year. If you have proper planning up front and you align your measurements for all the roles back to the strategy which has been signed off before you do the scorecard you would not have a problem." The Head of Strategy from a large bank contended, "We go back to our strategy every year and ask ourselves what do we want to emphasize this year, what do we want people to focus on and what are our imperatives and then based on that, we will shape the scorecard to drive those initiatives that we think need to be emphasized, and the stuff that we feel maybe is now part of business as usual or people understand and have maybe absorbed and is no longer important, we will take off. So we will take stock of the strategy every year and say what is important and then reshape our scorecard accordingly.”

4.5.10 *Innovation, learning and growth perspective becomes routine and less creative*

With the companies that had incorporated the so called Innovation, Learning and Growth Perspective by Kaplan and Norton into their entire BSC, they found that each Perspective had some focus on improving intellectual property and therefore did not find it too routine or that it ignored the external environment. One HR Manager noted, "I find that there is enough creativity coming in although there is always room for improvement but I am satisfied that it is not too narrow based at this stage. The objective of the Innovation, Learning and Growth Perspective was to tie in with that vision of remaining the leading cleaning contractor because we needed to ensure that we had the right people in the system and to do that we had to measure how they were performing and obviously if we do not have the right people in the right positions, we would be able to identify that and do formal psychometric assessments."

Not all the businesses had a specific Perspective called Innovation, Learning and Growth. Some companies called it Technology and others did not have a specific Perspective for it per se, but these companies did not exclude the external environment or find that there was less creativity. A Group Strategy Director noted, "We are very much customer driven in innovation so it is the customer needs and therefore we are trying to get the best customer solution and we use the innovation and technology to provide that best solution. The objective of our Innovation Perspective was primarily around making the most competitive truck available whereas most of our competitors have captive components that they are forced to include. We were able to mix and match. So, a lot of it was how we integrate the end solutions for the customers." A Senior Manager noted, "We do not specifically use an Innovation, Learning & Growth Perspective. We do have a focus in our Human Capital Development Perspective on learning and training, specifically training of staff with specific skills. "

However, these companies had a strategic vision, which became a common thread in each Perspective, "...They were talking about the Learning and Growth model. They were conscious of what other banks were doing. It was very important to them to be competitive and wanting to be the best bank and the best employer. So, all the development that happened was to be smarter and better at business." A CEO commented, "The employees were very aware of the external environment. They were actually pushed to get more involved in terms of external environment. We were just catching up with what the market was doing so we never really focused on goals initiatives, learning and growth. The objectives were managers supporting one another in terms of their strengths and weaknesses, they also did a lot of training at the technician level in order to be fully compliant and each manager had to develop some kind of learning plan for their staff, train yourself, train your people, make sure you attend courses that are provided by the industry that sort of thing. It was not like we were going to design a new way of kitting up a warehouse with fire sprinkler systems, which is what I would call innovation."

For some of the smaller companies that did not use an Innovation, Learning and Growth Perspective or even apply the principles in their organization it was found that there was no innovation and that the learning was internally focussed with no sufficient opportunities of growth for employees. "...it was routine and there were insufficient opportunities for personal growth of employees and the growth and learning tended to be internally focussed rather than external.... the nature of the company, its size, the pressures on it, made it very necessary to focus on day-to-day work target achievements as opposed to learning and growth initiatives, which would have the longer term roll-on effect of improving productivity."

4.6 Results pertaining to Proposition 4

The following results from the interviews were found for the enablers outlined in Proposition 4.

4.6.1 *Appointing a BSC implementation team*

Most of the companies that were interviewed created a BSC team with members from each of their functional areas in order to have an all comprising knowledge of the organization's operations and they had to continue with their normal day to day work alongside the BSC project. The teams were either bigger or smaller depending on the company size. These champions also had a direct communication link to the executive management team in each instance and ensured that the same message was communicated to the rest of the staff via the selected functional champion. The Head of Change Management in a leading bank said, "It is the MD or executive member that nominated the most knowledgeable individual in their team as the custodian or key performance scorecard contributor. Business acumen is critical, because your BSC speaks to multiple dimensions. Obviously the Head of Strategy is on the team to ensure that whatever we do is in direct sight to our Exco. I have the opportunity to engage directly with the Managing Executive through the Head of Strategy and at that point in time the important thing was that you cannot deploy scorecards from the centre. A staff member needs to hear the BSC message from their Line Manager and subsequently from their Line Manager and so on. I would not choose anybody from Finance on purpose. It is not a financial person that is driving the formalisation and publication of the BSC, it is somebody that can sit and look at business, look at finance, look at clients and understand the whole matrix, let us call it that, which needs to be focussed on. I have often found that inspirational and motivational leaders with a strong business acumen, who are good managers and great leaders and have some appreciation and understanding of Human Resources and people development. Operationally you find good staff and regional leadership that can do that for you." A Group Director of Strategy commented, "... certain people within management who were tasked with ensuring effective implementation... We went by who understood the organisation as a whole and understood the BSC... it was part of management's normal work." A Group HR Manager reported, "It was not a specially dedicated team. It was done within our normal appointed structures. A functional champion, who would primarily be the General Manager for a region of about twelve hundred people and who would take the responsibility for implementing the BSC in that specific region. It needed to be implemented and it was not an option, so it was within the normal operational duties... and that would be reported back on at weekly operational meetings. For management there would be a quarterly board meeting, a monthly exec meeting, a monthly managers' meeting and weekly operational managers' meetings."

The HR division was involved in the BSC implementation in most companies, especially when it came to linking KPI's to performance objectives and doing the performance assessments. A Head of Change Management in a large bank contended, "I keep HR involved because of the staff assessments and the staff satisfaction surveys. There are so many HR processes that are impacted that you have got to appreciate where they want to go, what is it they want to do, what they want to lead us to do differently as people managers. But they cannot give me an HR specific measure that goes into a line manager scorecard. If it is a functional discipline scorecard it is classified as a Category B scorecard, for example, our regional HR managers' scorecard needs to speak to an operational leadership scorecard but they have got to have measures in there that is defined to their discipline specifically." A Group HR Manager said, "I did overshadow the BSC implementation. I took a personal interest in the project." One BSC Consultant reported, "There was no HR department. So actually line management was compelled to take responsibility for it, which with hindsight makes me realize that that is the key factor for taking ownership. If you have got an HR department you can leave that to be responsible for it."

In some companies HR only got involved at a later stage and this is where the BSC was not communicated to the lower levels of the organization. One Group Strategy Director reported, "It was originally driven by Commercial and that was at a time when HR was more a role of personnel management, it was not Human Resources management, so it was more transactional rather than strategic, but then five years later given the importance of the people and changes, HR transformed into a more strategic thrust initiative and they took greater responsibility for it."

The BSC implementation was done internally in most companies due to the focus on functional expertise and also financial constraints. Although some companies decided to hire an external BSC Consultant or Project Manager to guide their internal teams and provide the right focus within the organization. One HR Manager commented, "We needed someone who understood performance management like myself, we needed someone technical with IT and project management skills, which involved an external and independent project manager and someone who understood business credit, which was one of the Credit Managers. The team consisted of the three of us working together with the CEO. In terms of the implementation it was effective because you were getting the combined skills, which you are not going to get if you have one person heading up the project." One BSC Consultant commented, "I was the external consultant to the internal management team, that consisted of cross functional champions and that was appointed to implement the BSC."

4.6.2 *Healthy organizational politics*

Some organizations had a paternalistic culture and the companies were well established with no mergers and acquisitions that happened before or during the BSC implementation. The nature of the services delivery of banking and cleaning services created an environment of compliance and conformance and therefore they found the politics to be healthy as the employees were used to this culture."...I think the organizational politics were healthy and everybody was relatively satisfied. In the bank you get the odd disgruntled person but I think bank employees are normally very compliant personalities and they were happy and they accepted that they just had to do it. In the bank everything has to go through lines of approval before they can do anything due to a strong compliance drive. They do not question, bankers do not question in the same way as you might get in other organisations. Everything is given, everything is already in place." One HR Manager said, "The political dimensions were sound. Obviously at the time it was implemented and even now a very strong business. It was not a case of implementing something because the company was in dire straits or critical. It was a case of saying, we have got good people in place, we want to develop, and we want to improve the company continuously as we go along."

4.6.3 *Effective communication*

The communication method in the companies that were interviewed was determined largely by the size of the organization. Larger companies used road shows to communicate the vision, strategic objectives and how this relates to the operational objectives in the BSC to their respective regions countrywide. These were done regularly on a quarterly basis and employees were given an opportunity to provide feedback and ask questions about the BSC and the objectives. Departmental heads and line managers would discuss role specific targets with individual employees on a one-on-one basis. This has become part of their annual performance management process and has proven to be effective and successful to the BSC implementation. The Head of Change Management of a large bank noted, "A communication strategy for the following year commencing in the first week in November is compiled and also a trigger for us. The communication strategy will focus on the whole performance management process, not so much the scorecard formalisation and development. It focuses on creating awareness and positioning for the bank and establishing what the key drivers are for that. This is incorporated in the CEO's road show and state of the nation address at the beginning of each year. We create the awareness from the moment we have Exco sign-off on the scorecards. Every year we try to do something different as part of the change management strategy to landing the scorecard. It is either a video or we have a question and answer session. We would publish particular pamphlets or run a presentation, etc. The key communication channel is our leaders. If staff ever want to hear how they are measured and the story that sits behind that, hear it from their line manager not from some guy sitting at head office that does not understand their current parameters."

The larger companies also used different communication channels for different purposes to avoid an over reliance on just one channel and they emphasize the importance of regular and frequent communication. The Head of Change Management at a large bank further contended, "We focused not on the over reliance on a particular communication channel and we used e-mails and publications on a computer screen. Stuff that comes through on a PC is creating awareness and repeating messages because the more staff members hear the same message over and over the believability factor increases. Where there is a more direct conversation to be held, we do either face-to-face or we engage with that particular custodian or we expect that person to be included in a presentation, road shows, business reviews meetings, etc. We try to use multiple channels as far as possible... You have got to keep the conversation going. It is challenging and you do not always have the time so those who are screaming the loudest are getting the most attention."

Smaller companies first had workshops with the senior executives and then had monthly meetings with senior management to communicate the vision, strategic objectives and how this relates to the operational objectives in the BSC to their employees. After which they used an official grapevine like a paper-based news letter or via the Intranet or e-mails to communicate the same to the employees. A Group Strategy Director stated, "We have got a thing called Bell Online which is an internal communication, we call it an official grapevine which we use to communicate quite a lot of the things. At times we would take a group of factors and explain why we were focusing on it, what the targets were, what the importance was of it and particularly those that impacted on the shop floor bonuses. We had a shop floor bonus, which was basically a pre-qualifier around attendance and then based on quality, on-time delivery, disabling injuries, etc." Another HR Manager commented, "... communication comes via monthly general managers' meetings where all the operational people, middle management, etc., get together at a meeting and they can give feedback on what is working or not. That then would feedback into our executive meetings and our board meetings to say, right, this is working or that is not working.... the benefit of the BSC is that it facilitates the communication process in itself." A CEO commented, "The Exco was educated every month what the BSC is about and how it would impact the business. Once we got that then they took that down to their respective depths and their people and they started weekly learning workshops with the employees about what is the BSC and what does it do. Part of the objective is to cascade it down to your team and that team to their team until it reaches the tea lady and the receptionist and we want them also to understand where we are going and why we are doing what we are doing until they finally master the BSC."

Companies that did not communicate or cascade the BSC down to the lower levels or communicate regularly enough, i.e. at least once a week on a departmental level, found that there was less buy-in from employees and more resistance to change, which was subsequently inhibitive to the implementation of the BSC. One Senior Performance Manager commented, "The communication of the updates every month goes to the executive committee ... it was very much only at the top levels and we only recently started to send it out to everybody. Two years after that we did take it down to another level where we had a change management process where we went through and said this is the BSC, these are the type of measures that we have and this is what we are measuring at the moment. ... It is an area where we can improve and have a more flexible approach or a two-way approach for employees to provide feedback and say why they think things are happening or that some of the data might not be correct." Another respondent noted, "When you are in trouble you tend to communicate more, when things are going well you perhaps drop your communication. When things were really tough we put a lot of effort in and we had those shop floor briefings in English and Zulu to try and harness the thoughts of everyone. I do not think you can ever over communicate, but you have to prioritize."

4.6.4 *Motivated employees*

The fact that the BSC implementation was lead by internal people had a positive effect on staff morale and companies found that staff were motivated by getting involved themselves and feeling empowered. The interviews further showed that if the staff morale was low initially, it improved over time and became an enabler to the BSC implementation because they felt more empowered, "... There was greater support from our staff as we increasingly used the BSC for incentives both for shop floor and middle management and senior management incentives, there was a lot more interest in the BSC, the results and what it could shape. The employees were empowered to take responsibility and in fact, if their area was falling down, they put pressure on their peers to make sure, that they will also get the bonuses that the other guys are getting." The Head of Change Management from a large bank said, "I think for Business Banking the BSC was conceived initially as a big stick because in 2005 the staff morale was low, but I think the journey overall was a good one. Getting staff satisfaction up meant getting the levers right by being more accurate, transparent and specific about the way you measure staff. It increased staff morale because they needed a sense of comfort that what I am doing is going to add value in the long term and I am also being recognised for it. For that you have to put this planning in place and reward and recognize them for that job."

A Group HR Manager stated, "It boosted their morale because they were involved in setting up the criteria, etc. in the weightings, that kind of thing. The overall effect is, I think that people are more positive or open towards performance when it is not a threat. For example, we have got thank you cards with little cartoon characters. So, a manager would write a thank you card saying during the budgeting process you have been fantastic, you worked extra hours, or thank you very much for coming up with this innovative idea, or whatever it might be. So they would come to that meeting and say I scored myself full marks in that area in innovation. Here is a handwritten thank you card that I received and specific evidence relating to that aspect. So it is not only areas of improvement but areas where people have done really well."

One BSC Consultant commented, "The company had come out of a period of some kind of instability and uncertainty because of the buy-out and there was resistance to change at first as employees were complaining about too much paper work and asking why we need this. The managers' morale improved and they were all quite positive and excited about what the changes would be because they were seeing a shift from the subjective and nepotistic application of performance measurement to something that was realistic, could drive achievement of goals and would be objective and fair and I actually think they saw the relevance to the company, never mind just to themselves as people." The research further shows that those companies where motivation improved used proper and appropriate change management to overcome resistance to change as one CEO noted, "The Kaplan and Norton black belt consultant that we were using had some change management techniques that we applied to get staff buy-in and to advise them that the future is not as bad as you think and the BSC will be for your own benefit."

Other companies had company initiatives going to increase motivation, "We have got various projects such as the Supporter Club where the aim is to make employees as loyal as possible and to get them into supporting the company and obviously our clients. People had already bought into the concept of loyal employees and people who feel being an integral part of the company, so this tool, which facilitated communication around the central aspects of their job certainly resonated with them."

4.6.5 *Clear focus*

In companies where the communication was clear and staff motivated, the focus was also sufficient to be an enabler to the BSC implementation. One BSC Consultant noted, "Everybody knew what they were trying to achieve, their bonuses depended on this. There was enough drive from the top to allocate this focus."

In other companies the focus improved when the culture improved over time and focus became an enabler of the BSC implementation, "The corporate culture changed. We were a very parochial fault-finding disciplinary culture and we evolved that to a participating but accountable culture. If you take a reflection point on 2012, where we are now, I think we are a hell of a lot further down the line than we were in 2005. It has become part of our DNA, when I talk performance scorecard people appreciate, this is not a stick, and this is about an enabler. A key strategic driver was focussing on making the former BSC part of our DNA. To make certain that the proper top down bottom up cascading principles apply and that everybody felt that they are part of the future that we are crafting and building and being a very customer-centric organisation it is about having that shared vision, shared understanding but also knowing that I am being measured on the achievement of that shared goal. You may not like what you see on the scorecard but eventually it is going to achieve our strategy, it is going to focus on clients adding value to them and shareholder value at the end of the day." Another HR Manager commented, "There was sufficient focus but not to the extent that I would have liked it, but there was sufficient to make sure that it worked. What really assisted was keeping it simple because it is very tempting to over complicate things. I think now that we have come to this level, I think I need to do more from a communications point of view. For example, building in our supporter club cartoons which have been a later innovation and using that to get the message across as to what the real value of the BSC is and what we can get out of it. I think it is a case of we have implemented it, it is running and seven years (2005-2012) down the track you have to ask the question, is the BSC something that is worth keeping? Do we get value out of it? Yes, we do. But I think there is still more value that we can extract out of it."

In other companies some employees had their own agenda of career advancement, which detracted from the focus, however, they managed to overcome this by working closely in teams, which harnessed the focus again. A BSC Consultant commented, "Some managers were only interested in what was in it for them and their nine to five jobs, whereas others were interested in career and career advancement so the approach to the BSC would therefore be very different from their own personal perspectives. So they were approaching it subjectively. Working in a team, helped to pull those that did not have the capacity to see it in the broader set, into a more focused initiative. Nothing was done individually, it was all done in a management team."

In some companies there were too many initiatives going on all at once and could be a contributing factor to a lack of focus and therefore an inhibitor to the BSC implementation. As one HR manager pointed out, "The focal point kept changing. There were too many initiatives being implemented simultaneously: revise the vision, revise the values, put in the BSC, look at the strategy, look at our place in the market, and develop staff initiatives. Everything all at once. Put a training programme in place. Get in touch with CITA and put apprenticeships in place. Please, the company was not really developed enough for that. But all these things had to happen at once, so it became very difficult to remain consistent to scorecards." The Head of Change Management commented, "There was not sufficient focus on it because there were so many other things and burning fires and crises that were getting attention. We were trying to introduce a world class model (the BSC framework) into an unhealthy business." Another Performance Manager reported, "Because of the nature of the public service, we always have a dual focus, where there is a trade-off between customer satisfaction and compliance. Furthermore, I think we might have too many objectives and some of them might be too political like BEE, employment equity and they can detract from your core focus." In these companies employee motivation was also lacking, which had an impact on the lack of focus.

For some organizations complacency was a root cause for losing focus on achieving the operational goals linked to the corporate strategy and therefore it was inhibitive to the BSC implementation. However, the operational goals and performance objectives had also not been communicated to the lower levels of employees, "Organizations go through cycles and when there were difficulties people focused a lot more than when things were going well. After the difficulties were sorted out there was some loss of focus."

4.6.6 *Automated integrated MIS reporting*

Most companies had a manual reporting Excel based process initially when they started implementing the BSC and then they gradually moved onto an electronic Internet based MIS reporting system. One Head of Change Management commented, "We have a system and part of the system development protocol is to have reporting modules attached to those systems. We asked what can we measure, what do we want to measure when we do not have the information; what was the easiest way of getting that information? So it was on financial reporting modules that we could pull that off of. We subsequently started the introduction of what is called the BI portal via the Intranet. The BI portal is one access point, irrespective of the role, that you can access and either input information or extract information off of. Now, the BI portal has a reporting module attached to that and that is quite a flexible solution and we use it primarily for all our financial and client matrix... It is all our analytical reports that we get in a soft copy version of Excel and then we just take that input and calculate the methodology for reporting consolidated purposes. We are getting to a stage where 80% of our scorecards are alternated in terms of the feedback data sources that we can tap off to get the scores from.... The measurements were available on a SharePoint site where every staff member had access to all performance scorecards in the business. If they wanted to see those of the leadership they could see them. But the actual results were contained within the financial team space because you do not want to send out the staff member's score to everybody. You want to make certain that you get access to your feedback in your ratings so the maintaining of confidentiality was important there. However, your leadership community could see all scorecards of the staff below them. And the operational committee could see all the regional committee's scorecards, because they managed them, collectively as individuals but also as teams." One Group Strategy Director commented, "They were on the intranet and mass communication was via Bell Online because a lot of employees did not have access to the internet." One Group HR Director said, "... now we have all our BSC's on the intranet. We say that is the standard and that is the BSC you have to use. We send it to each department head and they will need to set up their own workshops to make sure that they agree with those criteria and once we have finalized that, then the BSC goes on the intranet where it is available to everybody. By now basically each region or satellite office would have access to computers so at least the general manager would have access. Ultimately, they would see all the scorecards and make sure that all the scorecards are in line with the latest revised BSC."

Some smaller companies have achieved a fully integrated solution over three years from starting with a totally manual process. These companies did not find this to be an inhibitor as they wanted to focus on the BSC methodology first and get that right. One CEO noted, "We used paper based scorecards, purely because we were focusing on the philosophy of what is a BSC. We never used Excel and that sort of stuff. We only integrated it into Syspro, our Enterprise Resource Planning system, two and a half years down the line. We now include it in our board meetings and board reports. The whole monthly report is based on the BSC structure."

4.6.7 *Transparency through feedback*

All companies that were interviewed do regular performance appraisals between two to four times a year. Some companies first started with appraisal being done twice a year and then moved to appraisal being done quarterly due to the benefit that they derived from this. This improved review discussions between the individual employees and line managers and improved the performance development focus. The Head of Change Management of a large bank noted, "In 2010 we decided to make it four times a year, two are informal and two are formal. The whole reason behind that is that we wanted to increase the frequency of staff engagement between line manager and staff and to get away from the surprise factor. Every time you do a formal review you can say last time you did not do it right and this time you are doing great. If you do it more frequently you increase staff engagement and staff opportunities to improve and change."

Other companies moved the appraisals from quarterly to monthly for similar reasons, "... started it quarterly but moved it to monthly. To increase the focus and keep activity focused on the important things to achieve. You know that whole model of what is important and what is critical and what is not so important and what is urgent. Focusing your activities on the things that would drive the achievement of the objectives and not necessarily on the other aspects that might be nagging. The only reason we did not do it monthly at first was because we tried it and it was too difficult because there was a lack of MIS reporting and the newness of the technology was also inhibitive due to employees not being that au fait with the system. After two quarters they then started doing it monthly."

Some companies first had the appraisals done more regularly because they wanted the employees to get used to the BSC as one HR manager noted, "Initially it was done on a monthly basis to get people used to the BSC but eventually due to feedback we changed it to a quarterly basis."

In most companies the line managers engage in discussions with the direct reports when they have the performance appraisal. One HR Manager claimed, "The approach is generally for people to have an opportunity for the employee to state how they feel about their performance in each aspect and to bring evidence to substantiate what they say and then it is a two way discussion and the manager would then sit down and go through each aspect to say where the person can improve, what they can do to assist the person to improve, or whether the person has really achieved well." A CEO stated, "Performance appraisal ...first you complete it yourself and then I complete mine and then we come and sit and I ask you how you see your performance so far, what you think are the challenges, what is inhibiting you, etc. Then I will tell you what I think and then we compare the notes and sign the document."

Only one company provided feedback prior to the performance appraisal, where the employee and line manager have access to the performance data, which is automatically populated with financial figures that are linked to the employee's actual performance. They can both complete and review this prior to the discussion and therefore more transparency exists, "Every staff member is responsible for proper preparation before the performance review. A lot of scores are automated so we publish what we call a performance rating file, which contains a lot of financial and non-financial data. The staff members then have access to their scores through the real financial processes. They populate these scorecards and then prepare for the review. The line manager also has the opportunity to access that and then in the same way prepare for the conversation. Both parties come to a meeting with an understanding of what was achieved based on the original agreed targets and that is when the conversation begins. It supports the whole concept of transparency in that the staff member does not feel that the line manager has all the answers and I am fiddling around in the dark. Because we have automated a lot of our ratings, 80% of the staff members' scorecards are auto-populated onto a spreadsheet and they can access that."

Most of the respondents mentioned that although this is supposed to be a two way approach, they do not know whether it always happens. One HR Manager said, "Anecdotally...due to time constraints a manager might have sat down and done it unilaterally but that is not how it should be done. It should be a two way discussion." Another HR Manager reported, "Very top down, no two way approach... Although there was a lot of discussion, it was actually a lot of argument as to what they should be scored on and then their disgruntled view of their own BSC played out to their staff. If a manager is seen as useless, he is going to see his staff as useless and underachieved and therefore he is underachieved." This was the same company that had unrealistic targets set from the beginning by the CEO.

In some organizations the self-assessment was not done frequently, i.e. once a year and no informal one-on-ones were held either to provide staff with an update of their performance. Self-assessment tools were also not readily available and everything was Excel driven and paper based. One Group Strategy Director noted, "... the self-assessment tools were not readily available and the self-assessment was also not done frequently. Hence, the one on one feedback was inadequate. At the lower levels this resulted in poor adoption of the BSC." A BSC Consultant commented, "Self-assessments were not being done at all. It was more a case of once a year you look at your own BSC and look at what you have achieved and discuss this with your manager. It was very rudimentary."

4.6.8 *Training*

Most companies that were interviewed have an ongoing training and development plan (some more formal than others) in place to train employees with specialized skills in order to maintain core competencies and sustain the company's long term strategic objectives. This contributes to employee commitment and motivation and therefore was an enabler in the BSC implementation. "...skills has always been a huge issue not only in the industry; the companies have had a skills facility for a long time; it has always been a critical area. Did we purposely say, well we are not going to be able to achieve these particular objectives if we do not spend more on skills development. It was probably not as scientific as that, it was a case of, hey, we need more skilled resources so let's put more resources into skills - very strong mentoring, very strong development of people, giving people opportunities and the freedom to experiment, etc. It was one of the enablers. Having skilled people who are able to service the equipment was fundamental." Another HR Manager commented, " We have approximately thirty fulltime training staff so I feel that we have added to those resources to make sure that we, from a formal perspective, are meeting our objectives in terms of our annual workplace skills plan and our annual training report but that is more for services CITA perspectives. An area for improvement and that has been identified by the BSC, is the coaching aspect. We have put our management through coaching courses, so that they can understand what the coaching process is, so that when people are required to coach they are there. In the BSC you identify if somebody needs coaching in a specific area, perhaps it might be health and safety etc. as a manager. The more senior managers need to understand what the concept of coaching is, in other words, coaching is asking the right kind of pertinent questions and directing people through the right kind of questioning process. It is not a telling process, people need to understand that. So, you need to get people to understand that aspect of the BSC correctly you need to first put them through a kind of self-awareness because before you can coach others, you need to first know your own kind of inter action styles." "...the bank trained a lot and that was very much in terms of what was needed for the people for the roles they were in, so personal desire to develop, like in most companies, has to be aligned to the business objectives." One Senior Manager contended, "We have specific skills in rail that we need that we have to train ourselves. So we make sure that we are providing bursaries to technical students and engineering students especially on the electrical side and civil side. When they start working they still have to do additional training before they can work on signalling or whatever. We specifically provide technical courses and programmes to train drivers and all the people in the operations like train operator control centres and we ensure that they do their training, because we get new rolling stock and signal systems."

Larger companies with more employees can invest more into an on-boarding programme for new recruits to ensure alignment to strategic objectives and operational goals from the word 'go'. "... Business Banking has got what we call an on-boarding programme; it is a month long. We start from the word go to senior leadership strategy and then breaks down to the operational and so on. The on-boarding programme means from Day 1 this is happening, on Day 2 this is happening, Day 5, a week after, a month after, six months after so the participant continuously has an opportunity to reflect on the journey when they join us that they are exposed to the right information at the right time through the right media. We have a dedicated team running with this programme. We got our line managers educated and skilled up to facilitate the on-boarding journey for the staff member."

4.6.9 *Effective recruitment*

With many companies interviewed the cognitive capacity of the employees was lacking at least on an academic level. However, these companies, still successfully managed to implement the BSC because they adopted certain methods to overcome the cognitive shortfall. For example, in the smaller companies there were employees that had a good understanding of the business, who uplifted the workers with weaker knowledge, which prolonged the BSC implementation but it still succeeded in the end. One BSC champion commented, "...there was not the insight because it was done very much on a team basis, the stronger ones who understood it were able to pull up the others. You would see the management team had to meet together, they had to work through the objectives, the perspectives, the measures, everything together for each of the managers for each of the divisions. There was a lot of debate so the weaker ones who did not understand were supported by their colleagues...there were more weaker ones quite honestly. They had different strengths. Some were academically very weak or knowledge based weak; others were very strong in their knowledge of the business but weak in terms of any management skills so they complemented one another and made up for each other's deficits."

In more autocratically driven companies the cognitive capacity of the managers did not seem to be a hindrance at all as the top down approach was used to communicate the strategy and the targets and objectives and the cognitive capacity seemed to be adequate. As one Human Resources Manager put it, "The cognitive capacity of the managers was fine for a project of this nature because we did not approach it on an academic basis and that is exactly why conceptually we had something in place to say this is what it will look like and feel and these are suggestions as to how it might best work. So cognitively I would say there were no deficiencies there, in that people did not understand the purpose, the objective of this project." Another Head of Strategy commented, "So there was more of a hands on implementation approach from senior management because we felt that it might otherwise lose focus if we had just handed it over to all our functional areas. We had two or three early adopters, there was myself and there was the person who started off doing business processing and ended up in IT. So it was really the two of us who were driving it, myself from a strategy perspective, himself from a business process and then from an IT perspective. And then obviously your line managers were focusing much more on their line activities."

Another aspect, which assisted in overcoming the cognitive shortfall was that the senior management encouraged and empowered the employees to choose their own targets and then if they found a month later that these targets were unrealistic then they would learn from their mistakes and apply corrective action. "...The CEO would encourage them to contribute and put forward their ideas and try and when they failed they would learn from it. He was not afraid to let them fail, to learn. So with the BSC the same thing happened, they put in ridiculous measures and then they would come back to the next month's meeting saying I do not get that data or it has dawned on me that it is not measuring what I am trying to measure. So they learned; it took far longer but it was very much more supportive of the BSC process. And I think they grew through it. It was living and learning the growth model without knowing that you did."

The cognitive capacity of the employees in some companies was a definite stumbling block for the BSC implementation, "The cognitive capacity of the managers was poor. Many of the management did not have real management experience. And no education, I mean they were matriculants that worked as sales people all their lives and then were made Sales Manager. That is not adequate so partly it was as though they were set up to fail…None were really strategic thinkers and battled with translating strategic concepts into business outcomes and actions." Another Senior Manager contended, "...The inhibitive part is the actual numbers and mathematics behind the measurements: the actual retrieving the data, how do I calculate the data, is it correct, does it make sense."

In the larger banks the cognitive capacity did not seem to be lacking and this facilitated the BSC implementation. "The cognitive capacity was good. All the ones I worked with were either bankers who had done all the banking exams and had been in the bank for years or people who had come in with degrees. Amazingly, the bank was employing a lot of engineers at the time in order to create the change. And this obviously facilitated the BSC implementation." Although in one bank there was a lot of resistance to change, "Cognitively they were still aware what the performance scorecard was about, it was the resistance to change that was the problem... the issues I had to resolve were because of silo mentality. Cognitively they were thinking about their own reality, their own world...you cannot define a particular financial measure to sell a number of products on the one side pushing into one behavioural direction and then on the credit side you are doing quite the opposite because the risk exposure needs to be managed. Then you are creating two forces who engage each other, the one guy is going to go out there to acquire clients and then your credit side is saying no, we are becoming risk averse."

Those companies that had a process in place to match the right people to the right jobs found that this assisted in the BSC implementation process due to the fact that the employees were more motivated in their jobs and subsequently to the BSC process. One Head of Change Management said, "The whole integrity behind operations in linking strategy and being successful in business is if we have the wrong person in the right job it is a recruitment issue. If you have the right person in the wrong job, it is about the profile potentially. Let us make it more specific. If you have the right profile that supports the business proposition and the value chain and you have got the wrong person in that role you are not going to deliver what you need to deliver. Then you focus on development of skills and training as well as coaching and mentorship to get that gap closed. If you have the right business process but the job profile does not holistically address all the key requirements and you have got a flimsy job description you are going to get a flimsy recruitment process and you are going to get staff fitting into a role that is based on the job requirements perfectly suited but does not add value to the business. So we do a business review every year on the job profiles, every year there is maybe a different profile if you do not want to re-invent the wheel every time, so this year our key focus is on the services roles. We relook at the service roles, how the world from a technology and a process point of view has evolved, does the job profile still speak to adhering to the core requirements and deliverables for this role. If it does not we go on to review and change it and we have a job evaluation committee that sits and reviews all the changes so you not only create new internal operational alignment but also that of industry standards because your review impacts the whole approach in terms of the recruitment, marketing, attracting people into your organisation, etc. It is a whole virtuous circle that comes together there." Another BSC Consultant commented, "I do not think it was done to maximise job satisfaction and to realise best practice. It was done purely to get the best productivity."

One Group HR Manager commented, "The objective of the Innovation, Learning and Growth Perspective was to tie in with a vision of remaining the leading cleaning contractor because we needed to ensure that we had the right people in the system and to do that we had to measure how they were performing and obviously if we do not have the right people in the right positions, we would be able to identify that and do formal psychometric assessments, for example, if they should not be in operations rather than in sales. We were also able to track from a succession planning point of view if we had enough people coming through the ranks achieving success at a high enough level to make sure that we had enough people to replace people who were leaving for example, and ultimately we also needed to make sure that we were rewarding people adequately and objectively that the people could not point fingers and say, right, we have got favourites for example and if we are spending all this money on a recognition programme that we are actually getting the right people coming through the ranks objectively. So it was succession planning, it was recognition reward and it was to make sure that we had the right people in place."

Not all the companies had this process in place initially and this evolved over time where the BSC in fact assisted the company in achieving this process, "The HR module was one of the first SAP modules that was implemented that allowed us to progress in that area in terms of the job profiling, the job satisfaction and best practice in terms of HR but it was not something that happened initially...It was part of the evolution of the company and I think the BSC evolved with the company in 8 to 12 years, and the BSC helped the evolution of the company."

Some large companies did not have the financial or human resources to match the right people to the right jobs, especially with a large volume of employees. However, the skills of the employees in these organizations are very technical and therefore the emphasis was logically more based on training. Therefore this was neither found to be an inhibitor nor an enabler for the BSC implementation, "... It has not impacted the BSC."

In certain organizations where people were not matched to the right jobs it had a direct impact on staff motivation and job satisfaction and therefore had an impact on the change management process, which in turn was inhibitive to the BSC implementation. In this instance though, the company culture was autocratic and employee buy-in to the BSC and aligning targets to operational objectives and strategic initiatives had also failed, "... To some extent but when people left and depending on company performance, there were many instances where people would be required to take on responsibilities less suited to their skills. There were a lot of inherited people and inherited job profiles that existed before the new strategic plan was implemented and managing change was an issue."

4.8 Summary of the results

The results for Proposition 1 can be summarized as follows: a lack of causal model development is not an inhibitor to the BSC implementation per se if companies substitute this with a well thought through and documented strategy. Furthermore, the fact that a strategy map could cause bias by excluding internal and external factors is also not true because all companies did in fact consider external and internal factors as input to their strategy and the BSC decision process without having a strategy map in place.

There was also no bias towards existing performance management systems (PMS') due to all the disadvantages of the existing PMS'. These disadvantages included:

- inconsistency in performance weightings
- irregular feedback sessions and
- negative implications on industrial relations.

It was also found that a lack of strategic alignment can have a negative impact on staff morale and subsequently decrease productivity. This is therefore also a BSC inhibitor.

The results for Proposition 2 can be summarized as follows: designing a successful strategy map was not found to be a BSC enabler per se because a well documented strategy assisted companies to achieve the same purpose. Most companies translated their vision into strategic objectives with the assistance of their senior management team, although one company that did not have a strategy in place found that the BSC assisted them in compiling one afterwards. The companies achieved executive buy-in through various methods depending on the company size:

- breakaway sessions,
- road shows or
- workshops with their senior management.

Aligning targets and strategic initiatives was done by identifying the drivers for achieving strategic objectives and then allocating targets and measures to those with the involvement of the various functional areas.

Companies selected the four BSC perspectives without adhering to them to rigidly and added to them if necessary and thus this became an enabler of the BSC. Not all companies had project plans and again the larger organisations had a more formal project approach, which facilitated the BSC implementation for each company size.

Benchmarking information was not readily available so many companies did not use it, however it had no effect on the BSC implementation.

The results for Proposition 3 can be summarized as follows: due to financial constraints companies did not send their BSC teams on BSC training, which was inhibitive to the adoption of the BSC. Bad organizational politics were kept in bounds through the size of smaller companies and the BSC was used to increase cohesion within the organization and therefore improve organizational politics.

Transparency improved in organizations as:

1) the communication improved to permeate all levels of the organization and

2) where proper change management processes were applied.

Staff morale was low in organizations where the scorecard was seen to be a big stick for punishment and where scoring and weightings were subjective.

In organizations where there were low levels of motivation the commitment was also low and this was inhibitive to the BSC. A lack of IT and MIS infrastructure resulted in an inaccurate and arduous task of capturing data manually which lead to poor and unreliable MIS reporting. This inhibited the BSC implementation. Proper relevance was also not assigned to certain measures resulting in ambiguous data.

There were not many companies that wanted to achieve first time perfection with the BSC implementation, i.e. within one year. They realized that this would fail because it is an evolutionary process, continuously improving. For the one company that did want to achieve first time perfection the time constraint was found to be inhibitive to the BSC implementation.

Companies also found it difficult to amend performance measures due to the strategic sign-off process that it involved; however there was room for minor adjustments. Therefore, this was still inhibitive to the BSC process.

Companies did not find the learning and growth perspective too routine and less creative because there was still sufficient focus on improving intellectual property (IP) and influencing factors from the external environment and therefore this did not prove to be a BSC inhibitor.

The results for Proposition 4 can be summarized as follows: The companies that were interviewed, appointed BSC teams with representatives from human resources, which created the necessary functional expertise to harness focus. Although some organizations had a paternalistic culture, organizational politics were healthy and true enablers of the BSC. Due to regular and effective communication to all levels of the organizations, there was greater transparency that increased staff morale and assisted in being enablers of the BSC. Automated integrated MIS reporting was limited, but for those companies that had access to real-time regular reporting via the Internet, it was found to be a true enabler of the BSC.

The transparency was further improved through feedback of performance during self-assessments before the appraisal and employees found the conversation to be a two-way approach. Effective training for BSC skills development contributes to employee commitment and motivation and subsequently to the BSC implementation. Effective recruitment ensures that the right people are hired for the right jobs and improved cognitive ability will ensure better BSC adoption.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter discusses and explains the results from the interviews described in chapter 4 of this document. The explanations have been aligned to each of the five propositions for consistency.

5.2 Demographic profile of respondents

All companies were interviewed in Gauteng (convenience sample); however, most companies interviewed have branches all over South Africa which widens the scope of the sample.

The iterative and cyclical process of collecting data ensured that the research could only stop once the researcher was satisfied that no new issues were arising from the interviews. The thematic and comparative methods for data analysis and interpretation used in this research helped ensure the external validity and reliability of the sample. Although the plan was to interview at least 10 companies, some companies that were approached and fell within the delimitations outlined in section 1.5, were not willing to participate in the research.

However, the reduction in sample size resulted in the demographics of the sample being broader, with the companies interviewed being from different sectors and providing different services/products to the market. The companies also all fall in the medium to large business band, which increases the validity due to their wide application of the Balanced Scorecard.

5.3 Discussion pertaining to Proposition 1

The following analyses are provided for each of the results for inhibitors of Proposition 1.

5.3.1 *No causal model development*

In the literature Othman (2006) showed that having no causal model of the company's strategy in place created difficulties in developing non financial measures for the BSC as well as cascading the scorecard to all levels of the organization. The literature further showed the absence of a causal model may lead organizations to develop performance measures that are unrelated to the strategic objectives and will therefore fail to integrate operational objectives in a coherent manner. (Othman, 2006; De Waal & Counet, 2009) The research on the other hand showed that companies that did not have a cause and effect model, but that had a formally or rudimentarily documented strategy in place, did not have any difficulty in creating non-financial measures or communicating it to all levels of the organization and therefore did not find this to be an inhibitor to translating strategy into operational terms. This refutes the literature, because in my opinion a company does not need a cause and effect model to develop a successful strategy and if the strategic objectives are clear and simple it should not be difficult to derive clear operational financial and non financial objectives from this. Furthermore, the BSC framework provides guidance to companies with the four perspectives it describes. Other companies that were interviewed had no causal model of their strategy in place, but prevented this from being an inhibitor in the first place by employing a Consultant, who was a certified BSC Kaplan and Norton black belt. He assisted the company to translate their vision into strategy and subsequently into operational objectives in order to kick off the BSC process. Furthermore, it is evident from the research that regular and effective communication is the main driver for cascading the scorecard to all levels of the organization, which also refutes the literature in this regard.

The research further demonstrated that companies that implemented the BSC before doing a strategy map, already had an existing documented strategy, but used the strategy map to refine the BSC subsequently and found that it did assist them to understand their business a lot better. This agreed to a certain degree with the literature in that the cause and effect model of a company's strategy map can be an enabler of business in general and can be used to refine the BSC objectives.

5.3.2 *Bias caused by excluding internal and external factors*

From the literature, Othman (2008) and Voelpel et al (2006) criticize the BSC strategy map approach for being static and ignoring the external environment and that the BSC should assist strategy implementation and not be a substitute for a company's strategy. (Othman, 2008; Voelpel, et al., 2006) The results from the interviews showed that most of the companies did not create a cause and effect model or strategy map before the BSC implementation because they had a formally documented or rudimentarily written down strategy instead, which means that no company used the BSC and its perspectives to substitute their company strategy and therefore this refutes this piece of literature. Although many of the companies implemented the BSC perspectives by the book (see diagram Table 2: A Summary of the BSC Perspectives from the companies interviewed), the companies used the BSC framework as a guidance for the implementation and the four perspectives happen to be broad enough to be applicable to the value chain of any business without being too prescriptive towards the company's strategy.

Furthermore, the results showed that most companies considered both internal and external factors when they were implementing the BSC and found no bias towards internal factors during the BSC implementation and therefore this also disagrees with the literature. In fact the results showed that companies that did not have a strategy map in place found that there was bias towards internal factors during the BSC implementation and that external factors were ignored. I think that this is due to the fact that these companies did not have a well formulated strategy or vision to begin with and therefore there was no strategic direction, which meant that each of the companies focused on the BSC perspectives to fulfil their strategy and therefore there was an automatic bias towards the internal factors, i.e. the four aforementioned perspectives.

Some companies also considered external factors such as growing market share and pressure from competitors as one of the key drivers when they were deciding to implement the BSC, which had no correlation with the strategy map and therefore further refutes the literature.

5.3.3 *Bias towards existing performance management systems*

The literature says that companies might be reluctant to implement the BSC because they are satisfied with existing Performance Management Systems (PMS) and would possibly just want to improve the current system. (Radnor & Lovell, 2003) From the research we can see that all the companies had good and logical reasons, contemplating internal and external factors, for deciding on the BSC implementation, which refutes this part of the literature. However, if interviews are done in future with companies who have not implemented the BSC, the research could show that the literature could be true.

However, what the research does show is that there were more disadvantages than advantages of existing PMS' making the employees not biased towards the existing PMS' and therefore this further disagrees with the literature. Disadvantages of the existing PMS' included, being too subjective with regard to setting up targets and measures and the selection criteria for recognition were very biased based on someone's personal opinion of another person's performance. The performance assessments were done irregularly and the assessment criteria were very unstructured and unsubstantiated because they did not always link back to the strategic goals and operational objectives and therefore the employees did not always know where they stood with their performance. Due to this the performance management of staff became a reactive rather than a proactive process, sometimes resulting in an industrial relations' dispute with legal consequences for the employee and the company, costing the company money and an employee their job.

The interviews further revealed that existing PMS' created an inconsistency where an employee could not see a correlation between their role and its contribution to that of the larger business, which created blinkers for many employees and prevented them from stepping out of the boundaries of their specific work in order to assist the team in achieving the bigger strategic picture. The PMS' also created operational inconsistencies, which impacted the allocations of weightings to certain performance measures across functional teams and resulted in skewed views of those performance measures as well as different behaviour from employees with regard to those performance measures because although you were comparing the same measure across different functional teams like for example acquisition, the result was that you were not comparing apples with apples more like cranberries with bananas.

To add to this the assessment process was manual as well as the subsequent MIS reporting, which contributed to the unreliability and inaccuracy of the performance results. Most companies were focusing purely on financial targets and this created a performance result and measurement imbalance in the organizations.

From the disadvantages of existing PMS's mentioned above we can see the research strongly disagrees with the literature.

5.3.4 *Lack of strategic alignment*

The literature suggests that misalignment between the corporate strategy and the operational objectives of a company can have an impact on a decrease in quality in terms of output and therefore increase operational costs as well as hinder the growth of profitability. The cause for this is usually a lack of cross functional consensus and shared understanding of employees due to no cascading of the strategy especially in companies with strong functional silos. (Decoene & Bruggeman, 2006; Kaplan & Norton, 1996) Furthermore, the literature states that if the Top down Approach is used without the full participation of staff then it is an insurmountable barrier to the BSC implementation and strategy implementation as a whole. (Johanson, et al., 2006)

The research from the interviews agrees with the literature and found that in the companies where there was lack of strategic alignment, the CEO's and Senior Management dictated the targets with little or no involvement from the rest of the employees resulting in targets that were unrealistic and unachievable, which had the effect of demotivating staff and resulted in a failed BSC implementation.

From the interviews it was further found that in some companies the focus was initially on one perspective only although four BSC perspectives had been selected and therefore there was a lack of strategic alignment between the corporate strategy and operational objectives of the company. This was however not the norm and limited to only a few companies.

We can summarize the discussion for Proposition 1 as follows:

Although the literature and research agree that a cause and effect map can be a true enabler of a business and therefore also to the BSC implementation. However, the research showed that by merely having a strategy in place without a cause and effect model, the strategic goals can still be linked to the operational objectives in a coherent manner and the BSC implementation will still be successful, and therefore this does not agree with the literature.

From the discussion we can see that inhibitors like lack of strategic alignment agree with the literature, because if there is no buy-in from the employees and a one sided view on a perspective, then strategic alignment will be non-existent.

Inhibitors like 'the strategy map could cause bias by excluding internal and external factors' and 'bias towards existing performance management systems' do not agree with the literature. This is because from the interviews it was found that companies considered internal and external factors when deciding to implement the BSC and the existing performance management systems had too many disadvantages.

Therefore, there is only one true inhibitor that stands out from the abovementioned inhibitors for the BSC implementation and that is lack of strategic alignment.

5.4 Discussion pertaining to Proposition 2

The following analyses are provided for each of the results for inhibitors of Proposition 2.

5.4.1 *Designing a successful strategy map*

From the literature we can see that designing a successful strategy map can be an enabler of the BSC implementation and can deepen a manager's understanding of the business operationally and its strategy. It further outlines that a success map enables the management team to identify targets and measures and link those to the operational objectives successfully. In fact without a success map an organization will fail to achieve the aforementioned and therefore see a decrease in performance as well as the performance system failing, because there is no link to the strategic goals or operational objectives and thus the scorecards reflect incongruous measures. (Atkinson, 2006; Assiri, et al., 2006; Kaplan & Norton, 1996; Othman, 2006; Neely & Bourne, 2000; Radnor & Lovell, 2003)

The interviews found agreement on this with one company that had employed a Kaplan and Norton BSC black belt, who assisted them in compiling a strategy map and they found that their BSC implementation was successful, but not only because of the strategy map, but because there are in fact several other factors that contribute to this, referred to in the rest of the document.

However, the interviews disagree with the literature and show that the other companies had a strategy in place, formally or rudimentarily documented, but no strategy map or cause and effect model and these companies still had a successful BSC implementation. I think this shows that as a company, as long as you have a strategy and link that to your operational objectives with appropriate targets and measures then you can have a successful BSC implementation provided you have buy-in and motivation from your staff. The words 'strategy map' are just a play on semantics and I think the implied purpose between the literature and the research is the same, i.e. to have a well documented strategy in place.

5.4.2 *Translating the vision into strategic objectives*

The literature prescribes that part of implementing the BSC is to translate the vision into strategic objectives and defining the BSC perspectives and that the executives of a company must not only be involved in this process but also agree on the goals and drivers for each of the perspectives and the operational goals linked to the strategic objectives. (Chavan, 2009; Kaplan & Norton, 1996)

From the interviews it is obvious that companies went through the process of translating their vision and mission into strategic goals and subsequently into operational objectives. The senior executives of the companies were involved in this process and subsequently this proved to be an enabler of the BSC implementation and therefore this agrees with the literature. In some companies one of the objectives was to implement an objectives assessment tool like the BSC, which shows a positive perception of the BSC. Most companies go through this process on an annual basis to review their strategy and refine and fine tune the BSC, which entrenches the process as an enabler.

There were some aspects which arose from the interviews and were not documented in the literature. Some companies did not have a vision and therefore defined their strategic objectives first by deciding what challenges to overcome before defining a vision and they found that this was not inhibitive to the BSC implementation. In this company the BSC black belt assisted them in compiling a strategy map and maybe that is why this did not have a negative effect.

In other companies the strategic goals were only defined with the assistance of the BSC perspectives and not upfront, which also did not have a negative effect. However, in this company the BSC was eventually never communicated and cascaded to artisan level, which means that it was never fully implemented and they subsequently never derived the full benefit of the BSC in their organisation.

5.4.3 *Achieving executive buy-in*

The literature comments that no project can be successful without the support from the executives and the necessary strategic priority in order to obtain the appropriate resources, commitment and focus from within the organization. Senior Managers must be involved at every step of the project and lead by example by showing their commitment. (Assiri, et al., 2006; Chavan, 2009; Radnor & Lovell, 2003)

The interviews showed that executive buy-in was achieved through workshops and break-away sessions like road shows that were held with the executive leadership of those companies. In larger companies the road shows were followed by sessions with regional and divisional executives who communicated the strategic goals and operational objectives. In smaller companies the sessions were more informal but none-the-less all the senior management and executives were involved and subsequently committed to the BSC implementation and executive buy-in became a true enabler and therefore the literature and research are synonymous in this regard.

However, there were companies that did not compile a strategy map or have a proper strategy and well defined targets and measures linked to operational objectives in place initially and this is where the executives and senior management was not involved, so buy-in was not achieved and the BSC implementation failed for those companies. The companies that managed to turn this around and subsequently achieved executive buy-in, had a successful BSC implementation. This underlines the fact that executive buy-in is a true enabler for the BSC implementation.

5.4.4 *Aligning targets and strategic Initiatives*

From the literature we can see that it is essential setting targets and corresponding measures that are aligned with the strategic goals and operational objectives and that the BSC with all its necessary elements is permeated through all levels of the organization to ensure its successful implementation, where cascading or a combination of cascading and the top down approach can be used. (Kaplan & Norton, 2006) Employees must be able to explain the operational and strategic importance of every measure and through this process achieve employee buy-in and subsequently achieve higher levels of organizational performance. Managers must be actively involved in the BSC design and implementation process by focussing on goal congruence and collaboration. (Kettunen & Kantola, 2005; Radnor & Lovell, 2003; De Waal, 2003; Assiri, et al., 2006; Decoene & Bruggeman, 2006; Johanson, et al., 2006) Establishing relevance of key performance indicators (KPI’s) and a relative weighting is important to measure the appropriate performance and achieve the correct ‘balance’. (Assiri, et al., 2006; Chavan, 2009)

From the interviews it can be seen that employees from different functional areas were involved in creating their own performance objectives and measures linked to the respective BSC perspectives and corporate strategy and therefore this agrees with the literature. The literature agrees with the research in that the employees were able to explain the importance of every measure to strategic goals with relevance to their respective job profiles, when they felt that they were adding value to the business. This became a challenge in larger organizations that employed more people, because although senior management employs tactics to communicate the strategy and operational goals to the employees companywide, through for example, road shows and PowerPoint packs to Line Managers for interdepartmental communication, it is logistically difficult to measure whether this communication happens and is as effective as it should be. The interviews further suggest that in some companies only 50% of the employees can explain the relevant importance of their jobs to the corporate strategy also because blue collar workers or artisans understand this in a very elementary way. In fact in some organizations the employees were not aware of how the strategic objectives impacted their specific roles due to lack of communication and transparency, which caused a low staff morale and lack of commitment, which ultimately caused the BSC implementation to fail. This further underlines and agrees with the literature in that if employees are able to explain the relevance of their job profiles to the strategic goals it achieves employee buy-in and therefore is an enabler for the BSC.

The interviews agree with the literature and show that in companies where the BSC was not communicated to the lower levels of the organization and made transparent to all employees, they did not achieve the relevant importance of the weightings that they had assigned to the KPI's and found that this was very inhibitive to the BSC implementation. Therefore employee buy-in is a true enabler of the BSC.

The literature goes on to say that many of the BSC Framework for Action attempts to establish targets and measures for the scorecard three to five years out and these are usually financially driven and must be linked to annual budgets. (Kaplan & Norton, 2001; Kaplan & Norton, 1996; Radnor & Lovell, 2003) The research agrees with this because the process of alignment of targets with strategic objectives was an evolutionary process that took between three to five years, where all employees in the organization had adopted and were using it, which typically had financial measures like contract retention or client acquisition for example.

Furthermore, the literature reveals that it is important to finalize and review measures as well as fine tune them before the BSC implementation and to compare past performance results with present. (Assiri, et al., 2006) The interviews were synonymous here with the literature and showed that the scorecards went through a review period, which assisted in the BSC implementation; where the targets and measures were compiled and agreed at a departmental level with input from the respective functional areas and then reviewed and signed off by the executives. The research further revealed that the companies have adopted this review process annually, which assists in the ongoing maintenance and continuous improvement of the BSC. They also compared past with present performance results and found that it further facilitated refining the BSC targets and measures.

The results show and agree with the literature that some companies with an autocratic culture used the top down approach to communicate their vision and corresponding strategic goals linked to the BSC perspectives with targets and measures to the employees. Senior Management felt that there was an immaturity of the workforce to performance management and therefore there was a need for stronger guidance and direction. This achieved the desired effect of buy-in from the staff. Other companies used a mix of both cascading and top down to do the same, where the executives first communicated the BSC perspectives and strategic goals to the entire organization and then employees were given the opportunity to participate in the development of the scorecards, which again agrees with the literature. It seems like this is the ideal approach because the foundation with the room layout of the house is laid with the strategic objectives and the 'builders' (employees) can now choose how to plaster the walls, etc., that is selects targets and measures. The employees feel empowered by this because they are involved in the decision making process and subsequently will be motivated. Some companies used the cascading approach to communicate the BSC perspectives with the corresponding objectives to employees in order to make the scorecard building process more interactive and gain buy-in sooner. It is dependent on the culture and size of the companies, which will largely determine the communication approach for the BSC perspectives and strategic goals.

5.4.5 *Identifying the BSC perspectives*

The literature contends that identifying the BSC measures is the most important enabler of the BSC implementation and there are four Kaplan and Norton (1996) BSC perspectives, namely Financial, Customer, Internal Business Process and Learning and Growth. The strategic goals are linked to the operational objectives and the performance objectives and measures are derived from this and view the organizational performance from these perspectives. A company is not limited to these perspectives and can add to these perspectives where necessary. (Kaplan & Norton, 1996; Assiri, et al., 2006) They further say that from their research around the world, that companies did not perceive the perspectives to be forced upon them. (Kaplan & Norton, 2006)

The research shows that many of the companies interviewed chose the Kaplan and Norton BSC perspectives because it was convenient and made sense to them, which agrees with the literature because the companies did not perceive the perspectives to be forced upon them.

Other companies that were interviewed chose either different or more perspectives depending on the strategic goal requirement, which further agrees with the literature. These companies also did not implement one BSC perspective first but rather all four perspectives at once in order to create the correct balance from the beginning.

From the literature we can further see that between three to five measures must be defined for each perspective and between twenty to thirty measures for the entire BSC to achieve a well balanced set of measures. (Assiri, et al., 2006)

From the research we can further see that sometimes companies waited to implement certain measures if they could not measure them appropriately, which makes sense because they did not want to contribute to ambiguous data and this possibly having a negative effect on staff morale. Most of these companies had five or more measures defined for each perspective and between twenty and thirty measures for the BSC, which also agrees with the literature. Introducing any more measures to the BSC would dilute the measures and detract from the focus of the measures as well as the performance because employees would have too many measures to try and achieve.

The literature further states that the financial perspective focuses on financial measures like profitability or ROI (Return on investment), etc. whereas the customer perspective focuses on the client satisfaction and retention, etc. The business process perspective focuses on the delivery of products and services and therefore measures aspects like compliance. The learning and growth perspective focuses on employees and measures training, recruitment, empowerment and motivation, etc. (Kaplan & Norton, 1996)

The research agrees with the literature and shows that many companies used the learning and growth perspective across all perspectives and functions in order to derive maximum benefit for their employees. It also shows that companies used similar measures to those mentioned in the literature as can be seen on the scorecard depicted in Appendix E: BSC Scorecard Research

Example. Here we can see one measure for each objective together with a standard for benchmarking purposes to enhance the objectivity and this should also motivate employees to achieve the benchmark.

a. *Adhering to the perspectives too rigidly*

According to the literature the BSC is criticized to be a too rigid measurement tool in that the four perspectives force organizations to identify and allocate performance indicators to one of these four perspectives and further warns organizations from following the perspective too rigidly, as this may stifle emergent strategies from arising. (Kaplan & Norton, 2006; Voelpel, et al., 2006) The BSC perspectives should merely be a guideline to organizations in identifying their own perspectives. (Kaplan & Norton, 2006)

The diagram on page 80 (Table 2: A Summary of the BSC Perspectives from the companies interviewed) shows all the perspectives that all the companies that were interviewed had chosen and although most companies had chosen the same or similar perspectives they were definitely aligned with the respective company's strategy and therefore thought through. Each of the companies also provided examples of how the various performance targets were logically linked to operational objectives and the corresponding strategic goals as one respondent mentioned, "... financial, because a lot of it was originally driven by the bean counters in the organisation, the customer because we are very customer-orientated, the people because we needed to focus more on the people aspects and technology because we are a very technology rich company. The Technology perspective really embraced the learning and growth perspective that Kaplan and Norton referred to as their innovation perspective ...but probably more on a seat of the pants kind of approach than the classic textbook type of approach; so, very strong mentoring, very strong development of people, giving people opportunities and the freedom to experiment." None of the companies found that the perspectives that they chose stifled emerging strategies and therefore they did not adhere to the perspectives too rigidly, which means that the research does not refute the literature in this case.

However, it agrees with the literature in that companies can still adopt the four BSC perspectives as long as they adopt a unique strategy that can make room for new ideas.

The literature further suggests that company sizes are different and that therefore the one-size-fits-all approach cannot be implemented. A strategy map should therefore be drawn up first according to the company's strategy map in order to avoid missing any important goals or objectives. (Johanson, et al., 2006; Radnor & Lovell, 2003) Although all the interviewed companies had a formally or rudimentarily documented strategy in place before implementing the BSC, most of them did not have a strategy map and again this refutes the literature that says that the strategy map is a must. In fact the research shows that having a vision and strategy in place is sufficient to derive strategic goals and if this had been done thoroughly enough, then no goals or objectives should have been missed.

b. *Project plans for the BSC implementation*

The literature recommends that a project or implementation plan is compiled from the point of compiling the strategy to the actual time of assessment, before the BSC implementation in order to facilitate the implementation process and therefore be an enabler. (Assiri, et al., 2006)

The interviews showed that whether or not a company had a formal project plan depended largely on their organizational size. The larger organizations had very formal project plans and processes to assist in the implementation because they had to communicate and cascade the BSC to a wider footprint and a bigger audience. They also had to get buy-in and feedback from a much larger senior management team in order to review and finalize the BSC. So it makes sense they had more formal implementation processes to prevent the implementation from failing. The smaller companies also had project plans, just less formal due to the lesser tasks because of company size.

However, whether or not a project is a success depends on the ability of the project manager and of the correctness of the project plan. The interviews further showed that there was one company that had unrealistic timelines and wanted the BSC implementation completed in one year and the BSC implementation subsequently failed because everything was rushed. In this case there is a ripple effect, because if you do not link your operational objectives to your strategic goals and then define accurate and appropriate target and measures with the buy-in from your executive team, you will not achieve buy-in or commitment from the rest of the employees in the organization and you will not have time to refine your measures.

Therefore, the research agrees with the literature in that a good project plan is a BSC enabler. However, a good project plan should always be a best practice that should be used to manage any project for that matter not only BSC implementations, whether you are a big or small company, and therefore is not only an enabler for the BSC implementation but for any project that is implemented successfully.

5.4.6 *Benchmarking*

The literature shows that benchmarking against the company's primary industry competitors is a success factor for the BSC implementation, although not a dominant one. Benchmarking can also be used to incorporate best practise measures to verify and validate internal targets. (Assiri, et al., 2006; Kaplan & Norton, 1996)

The research from the interviews shows that most companies looked at incorporating externally available information from industry and competitor data into their strategy and operational objectives, however, this data was not always available and therefore they could not incorporate benchmarking per se. The data that could be found was used in defining operational objectives and also best practice methods not only from industry specific standards and guidelines but also for the BSC implementation were used in setting their targets and measures.

Therefore the research agrees with the literature, because the companies wanted to incorporate and did use whatever data they could find to compile operational objectives and corresponding targets and measures in order to adhere to industry standards and best practice, although benchmarking data was not readily available. Therefore this is an enabler of the BSC implementation.

5.4.7 *Scenario Planning*

The literature advises that Scenario Planning can assist with the compilation of the strategy map by overcoming issues from the external environment. Once the pathways to the future scenarios have been identified, the insights need to be used as a basis for developing the organization's strategy map or multiple strategy maps for different pathways. Scenario Planning can initiate innovative thinking by executives and provides them with a context for the current strategy and assists managers in identifying risks and contingencies. (Othman, 2008; Kaplan & Norton, 2006; Ratcliffe, 2000)

The interviews show that most companies did not use Scenario Planning as input into their strategy and for those that tried it, they missed some important pathways, which sneaked up on them further down the line, or chose the 'safer ' scenarios as a future state of their strategy. The fact is that the companies used this as an input into their strategies and again all companies did have strategies, not strategy maps, in place and were successful in their BSC implementation. So, the research agrees with the literature but shows at the same time that if scenario planning is not used that this will not have an effect on the BSC implementation if a well thought through strategy exists and therefore should not be regarded as a true enabler of the BSC, but rather of company strategy.

We can summarize the discussion for Proposition 2 as follows:

The literature and research differ slightly in that the literature specifies a strategy map to be a true enabler of the BSC whilst the research talks about a well documented strategy, which ultimately achieves the same goal.

The literature and the research are synonymous in that executive buy-in and translating the vision into strategic goals is a true enabler for the BSC implementation. Although some companies first defined their strategic goals before defining their vision they did not find this to be inhibitive.

The literature and research agree that it is important to finalize and review your BSC regularly by comparing present with past results.

The interviews agree with the literature in that it is important to permeate the company strategy to all levels of the organization and to use the cascading approach or a dual top down bottom up approach to select targets and assign measures. The approach will depend on the size, nature and maturity of the organization.

Furthermore, the research for the inhibitor 'adhering to the perspectives too rigidly' agrees with the literature because all the companies used the four Kaplan and Norton perspectives as a guideline and still applied them to their own strategic objectives without adhering to the perspectives too rigidly.

Both the research and the literature state that Benchmarking is an enabler of the BSC.

The research disagrees with the literature and shows that neither Scenario Planning nor Project Plans are specific enablers of the BSC, but rather general enablers of company strategy and project implementations respectively.

5.5 Discussion pertaining to Proposition 3

The following analyses are provided for each of the results for inhibitors of Proposition 3.

5.5.1 *Resource intensity*

From the literature we can see that Radnor and Lovell (2003) found that the effort to customize the BSC to fit the organization would be resource intense and take a lot of time from employees and therefore would be an inhibitor to the BSC implementation. (Radnor & Lovell, 2003) However, from the research we can see that although the BSC implementation does require effort and is resource intense, which agrees with the literature, it actually assists human resources to apply the BSC principles to their daily work activities and improves the clarity on operational objectives that are linked to KPI's, which in turn creates more focus and productivity and therefore is not an inhibitor to the BSC implementation.

The literature further suggests that the BSC is a drain on financial resources, but at the same time states that if the PMS needs to be improved in any case; there would be a business case, which ultimately would result in a positive ROI.

The research agrees with the literature here and shows that this can be an inhibitor for companies that are not willing to spend money on BSC training for the employees that are going to implement the BSC, or employing external consultants to assist in the BSC implementation with their knowledge and expertise. The companies that did not dedicate the time and human resources or spend any money on external consultants or BSC training did not achieve a successful BSC implementation. However, ROI data from each of the companies was not available.

5.5.2 *Bad organizational politics*

From the literature we can see that it is important to stimulate the right culture to achieve a successful BSC implementation, which can only occur if the employees have been involved in setting up targets and measures and feel empowered and do not perceive the BSC to be punitive approach but rather developmental and performance enhancing. (Assiri, et al., 2006; Neely & Bourne, 2000; De Waal & Counet, 2009)

From the interviews it surfaced that in some smaller companies the culture was dominated by nepotism and favouritism, which influenced organizational politics negatively, but did not impact the BSC implementation due to the size of the company. I think that a top down approach prevented this, as the strategy and operational goals were dictated to staff, but employees still had the freedom to provide input to the targets and measures and therefore did not feel quite as dictated to and therefore this did not impact their motivational levels to the extent that it hindered the BSC implementation. However, this approach will never work in a big organization because there the buy-in of the masses is required to achieve integral adoption throughout the organization and this empowerment in turn will drive motivation and commitment. Furthermore, some companies used the BSC to improve the culture in their organization by creating more transparency and improving cohesiveness.

Some of the larger organizations also experienced an unhealthy organizational culture and a huge resistance to change from employees initially due to mergers that had taken place between companies. Employees saw the BSC as a big stick to catch them out and job security was an issue. Employees felt exposed because they were now being measured on aspects, which they were not measured on previously, however gradually they realized the benefit of balanced approach coming through and the objectivity and fairness that went along with that. A good change management process assisted the gradual turnaround of culture from a bad one to one that was healthier.

In companies with an intrinsic autocratic culture and who did not apply any change management methods, the culture was bad and staff saw the BSC as a big stick approach and felt threatened. Buy-in at the lower levels of employees was not achieved because employees were not empowered to provide input to their own targets and measures, which resulted in a demotivated work team and therefore the BSC implementation failed.

The research agrees with the literature in that bad organizational politics can become a BSC inhibitor. However, with the correct change management methods and empowerment of employees this can be overcome even if there is an autocratic culture with a top down strategy approach, because people want to make a difference and feel empowered to do so. Therefore, even if employees can provide limited input and not have total democracy, staff morale can be maintained and employee commitment attained.

5.5.3 *Lack of transparency and communication*

The literature reveals that another contributor to a failed BSC implementation is if the senior management of an organization do not share the scorecard with the rest of the organization, because the goal is for every employee to understand the company's strategy and contribute to its implementation by achieving set targets and through knowledge sharing and learning, which in turn promotes innovation and creativity. (Kaplan & Norton, 2001)

The research agrees with this as the transparency in most organizations was lacking initially, which was inhibitive to the BSC implementation, however, the transparency improved over time in some companies as the scorecard was communicated to all levels of employees. Companies used different communication tools to communicate the BSC such as road shows, e-mails, newsletters, etc., depending on the audience and this assisted in the BSC implementation. There were, however, companies that chose not to communicate all the perspectives to the employees, as they believed that this was not necessary. In these companies the communication was also not a two-way approach and employee feedback to targets and measures was not considered. Therefore the BSC implementation failed in these companies because the employees did not buy into the concept. These companies also lost out on potential innovation and creativity from their employees, which might not impact them directly in the short term, because they are autocratic and due to the nature of the company many of the targets are set to industry standards due to the heavy machinery that they employees need to run. In the long term however, they might have a higher staff turnover, which will dilute skills and a lack of skills can lead to poor quality and an increase in accidents, which will all increase operational costs.

5.5.4 *Lack of motivation*

From the literature we can see that employees are de-motivated if there is lack of strategic alignment, where the performance bonuses are linked to corporate performance objectives instead of the operational performance objectives and therefore employees are evaluated on inappropriate performance measures. (Decoene & Bruggeman, 2006) If performance is evaluated subjectively and recognition is applied unfairly it further de-motivates staff, which ultimately impacts productivity and has a negative effect on performance. (Hanafizadeh & Osouli, 2011)

The research agrees with the literature on this because the interviews revealed that employees were de-motivated when they were less involved and empowered to make changes to the performance measures and targets, especially in organizations with an autocratic culture and where unrealistic targets were set that were unachievable. Staff morale also dwindled in organizations where strategic alignment was not achieved at lower levels due to lack of communication and follow through.

What is not mentioned in the literature and what is shown by the interviews is that staff motivation also decreased where scoring was inconsistent and therefore perceived to be unfair, especially where the self-assessment was down played and overruled by senior management.

Therefore if the motivation of staff decreases then productivity will decrease and the BSC implementation and any other initiative will either fail or not be as effective and take much longer to implement in those organizations. Ultimately this leads to an increase in operational costs.

5.5.5 *Lack of commitment*

From the literature we can see that a lack of commitment from senior management is one of the most common causes why BSC implementations fail because the senior managers see the BSC as a quality control project for operational improvements rather than a strategy implementation and performance management tool. The commitment required by senior management is both to the strategy and the alignment thereof to the operational targets and measures which can be achieved by attending regular departmental meetings. (Kaplan & Norton, 2001; De Waal & Counet, 2009)

The research revealed that companies that had low staff morale, a lack of focus and a lack of communication also had limited commitment from their employees. In some of these companies the BSC was not communicated to the lowest levels of employees and the implementation failed, which questions the commitment of the senior management if it was not taken seriously enough to be communicated to the lower levels of employees. In this regard the research agrees with the literature.

What was not in the literature but was found in the interviews was that in the companies where staff morale was low initially, it improved over time as motivation and transparency improved because employees felt empowered and involved in defining the scorecards, which clearly was enabling the BSC delivery.

What the research further found is that commitment was found to be higher when the scorecards were linked to incentives, which shows that the motivation of the incentive improved the commitment, which in turn enabled the BSC implementation.

5.5.6 *Lack of appropriate MIS infrastructure*

What can be seen from the literature is that when the performance data is not centralized in one database due to lack of IT infrastructure, organizations do not have the ability to integrate all the performance data into a single database for efficient data mining and MIS reporting, because this is very time consuming and inefficient and this could make the data more inaccurate due to manual intervention. (Neely & Bourne, 2000; Radnor & Lovell, 2003; Atkinson, 2006; De Waal & Counet, 2009) Real-time MIS reporting on the performance results would further facilitate strategic decision making and enable the organization to implement necessary changes to their strategy faster. (Kettunen & Kantola, 2005)

The literature further found that a lack of IT infrastructure and an integrated recruitment IT system impacted the recruitment process negatively in one of the companies, which made the recruitment process inefficient and sub standard and subsequently lead to the dissatisfaction of users (Hanafizadeh & Osouli, 2011) and this subsequently lead to poor productivity. Effective recruitment is mentioned as an enabler further in the document and therefore this would have a negative effect on the BSC implementation.

The literature states that organizations can lose momentum and focus during a BSC implementation when IT infrastructure is lacking and because this takes time and financial resources to implement, there is a risk of tenacity breaking down, which can cause a shift in priorities. (Neely & Bourne, 2000)

From the research we can see that all of the companies IT infrastructure was lacking initially because they did not have integrated real-time MIS reporting of the MIS performance measures. This infrastructure has become more integrated and has improved over time but to this date none of the companies have a centralized database where all the performance data is held and can be extracted for reporting purposes, not to mention real-time reporting. This is understandable though especially in large organizations where there are many legacy systems and upgrading them costs time and financial resources.

Most companies found the manual process that all of them had initially very cumbersome and inefficient and the data was not very reliable and this was being used during the BSC implementation. Many of them have now moved onto IT systems, but they are still using some Excel driven spreadsheets to document performance measures. If these companies had a real-time integrated MIS reporting system during the BSC implementation it would have enabled the process, however, the lack of MIS infrastructure inhibited the implementation because performance data was not reliable. If something is not as reliable then people usually do not trust it and this can lead to poor motivation and a lack of commitment by employees and subsequently a lack of focus, which probably contributed to the latter in some of these organizations.

The research agrees with the literature that a lack of IT infrastructure can inhibit the BSC implementation, because unreliable data and upgrading IT infrastructure with the opportunity cost of time and financial resources can lead to a loss of focus within the organization. Inadequate IT systems can make business processes inefficient. It further agrees with the literature in that appropriate and reliable MIS reporting linked to a single database can be a true business and BSC enabler.

5.5.7 *Ambiguity of data*

We can see from the literature that managers sometimes want to measure the wrong objectives and also measure everything rather than just focusing on the chosen criteria. This increases the level of interpretability and makes the information unreliable and therefore undermines the reliance of the BSC and poses as an inhibitor. (Neely & Bourne, 2000; Hanafizadeh & Osouli, 2011; Kettunen & Kantola, 2005; De Waal & Counet, 2009) Furthermore, they do not have an improvement process linked to the performance data to assess whether scorecards are linked to the appropriate actions and whether improvements can be seen rapid enough. (Neely & Bourne, 2000)

The interviews revealed that although some companies still had a manual MIS reporting process, their scorecards had been designed in such a way that the appropriate measures were linked to the correct targets and this prevented the data from being ambiguous. They generally found that this was because the scorecards were designed to be user friendly and simplistic and they were also careful not to put targets on the scorecards that were difficult to measure. This shows that when the correct measures are used and the data is unambiguous it becomes an enabler of the BSC and therefore inversely agrees with the literature.

In some companies the collation of data was an issue because it was an entirely manual process with no centralized repository, i.e. data base, and in other companies the relevance of data was questionable because employees were misinterpreting the measures. One of the respondents from the interviews used an appropriate analogy to describe the wrong criteria that were being measured: If Joe Bloggs plays cricket in the cricket team; does this automatically make him a good team player? No, but we can definitely insinuate that he loves playing cricket. This is an inhibitor to the BSC implementation and the literature and research are synonymous in this regard.

In some companies linking targets to appropriate measures was an evolutionary process and people learnt from their mistakes. This also caused the data to be ambiguous at first, but this improved as the scorecards improved. This further confirms the literature.

5.5.8 *Wanting to achieve first time perfection*

From the literature we can see that another inhibitor of the BSC implementation is that the BSC team or the executives want to achieve first time perfection with the implementation. This can cause too much time being spent on refining and fine tuning and the implementation being delayed excessively. In fact the literature says that the BSC should become a living document that should be updated as the measures become available or are changed. (Kaplan & Norton, 1996)

The interviews showed that most of the companies bought into the concept of it being a three year evolutionary process and that it meant 'fixing the plane in flight'. They also accepted that it was better getting 60% right rather than 100% half heartedly. Although there was one company that took the unrealistic approach of wanting to get it right the first time round and do the implementation within a year. They found themselves very disappointed and nevertheless the BSC implementation failed.

The interviews agree with the literature in that wanting to achieve first time perfection can be true inhibitor for the BSC implementation, but that fewer and fewer companies actually adopt this approach.

5.5.9 *No control to change performance measures*

The literature shows that managers find the performance measures uncontrollable because they cannot change them during the assessment feedback. (Decoene & Bruggeman, 2006) Othman in the literature, goes on to say that Kaplan and Norton are not explicit in how to update the BSC, although they say that it should be done regularly. (Othman, 2008)

The interviews agree with the literature because we can see that many companies are not keen to allow any changes to the corporate strategy within the financial year and they are strict with this because maintaining consistency on the scorecards is important due to incentives. In fact all the companies go through an annual strategy review, where scorecards are also refined and fine tuned, which further agrees with the literature because the scorecards are updated regularly, i.e. annually. Although managers cannot make changes to the scorecard during the year, this process protects employees and makes the process consistent and fair Fine tuning and refining the strategy and the BSC annually is important and an enabler of the BSC implementation.

From the interviews it was further found, which is not in the literature, that companies make exceptions and allow changes to the scorecard in extreme cases such as external factors or mergers and acquisitions. This is where a baseline of performance is drawn at a certain point and then this is added to the next appraisal and divided by two or it is totally excluded and just noted on the scorecard that it should not be measured until the next financial year. These are all important aspects that enable the performance management process to be objective and fair and therefore contribute positively to the enablement of the BSC.

5.5.10 *Innovation becomes routine and less creative*

The literature criticizes the BSC for being too routine and less creative because it ignores the external environment and further states that the innovation, learning and growth perspective should be integrated into all perspectives of the organization and not just limited to one. (Voelpel, et al., 2006) Furthermore, it states that the BSC becomes too static due to uniformity and goal orientation, which increases and maximizes the focus but is innovation inhibitive. (Othman, 2008; Voelpel, et al., 2006)

Kaplan and Norton (2006) defend this and say that they recommend 4 innovation processes that they can use on their strategy map and can be listed under one or all perspectives. These processes should facilitate innovation and therefore not make it less creative. (Kaplan & Norton, 2006)

From the research we can see that companies either incorporated the innovation, learning and growth perspective into their entire BSC or just had one perspective for that and possibly called it something else like Technology. These companies did not find that it was biased and therefore ignored the external environment or inhibited creativity instead it was entrenched in many organizations. The research agrees with the Kaplan and Norton literature but refutes the Voelpel et al literature and therefore the Innovation becomes too routine and less creative, is no longer considered to be an inhibitor based on the research.

The interviews showed that the companies that did not use or integrate the innovation, learning and growth perspective into the organization found that innovation was non-existent and that the external environment was ignored, which disagrees with the Voelpel et al and Othman literature and in fact insinuates that this can be true for any strategic scenario depending on the executive approach and open-mindedness to defining strategic goals.

We can summarize the discussion for Proposition 3 as follows:

The research agrees with the literature in that resource intensity can be an inhibitor for companies that are not willing to spend financial resources on BSC training for the employees that are going to implement the BSC, or employing external consultants to assist in the BSC implementation with their knowledge and expertise.

The research agrees with the literature in that bad organizational politics can become a BSC inhibitor. However, this can be overcome with the correct change management methods and empowerment of employees. The literature and the research agree that lack of transparency and communication can cause demotivation of staff and a lack of commitment and therefore can be a BSC inhibitor. Therefore if the motivation of staff decreases then productivity will decrease and the BSC implementation and any other initiative will either fail or not be as effective and take much longer to implement in those organizations. Ultimately this leads to an increase in operational costs. The research agrees with the literature that a lack of IT infrastructure and unreliable MIS reporting can inhibit the BSC implementation by causing ambiguity of data, which will make the measures unreliable. The interviews agree with the literature in that wanting to achieve first time perfection can be a true inhibitor for the BSC implementation. Fine tuning and refining the strategy and the BSC annually is important and an enabler of the BSC implementation and therefore no control over performance measures is not regarded as an inhibitor. The research agrees with the Kaplan and Norton literature but refutes the Voelpel et al literature and therefore the Innovation becomes too routine and less creative is no longer considered to be an inhibitor based on the research.

5.6 Discussion pertaining to Proposition 4

The following analyses are provided for each of the results for inhibitors of Proposition 4.

5.6.1 *Appointing a BSC implementation team*

From the literature Assiri et al (2006) suggest that an enabler for the BSC implementation is to create a dedicated BSC team, consisting of the best people in the organization with skills from various functional areas and who are trained or knowledgeable in the BSC. Furthermore, the team must have regular meetings to discuss any BSC issues and problems that may arise and have access to top management in order to escalate these issues and to comprehend strategic objectives. (Assiri, et al., 2006)

The research agrees with this because all of the companies that were interviewed appointed a team with functional expertise from the entire company, for the BSC implementation. The teams were either bigger or smaller depending on the company size. The teams had regular meetings to discuss any issues and problems and they had the means to escalate these to top management if the need arose and also had transparency of the organizational strategy. Although these teams were not dedicated, like the literature suggests they should, they still achieved a successful BSC implementation alongside their normal jobs even if this took a lot longer than with a solely dedicated team.

There is obviously a trade-off between dedicating human resources and time for the BSC implementation. If you throw more human resources at it, it will cost more in real terms, but if you use the human resources that you have, you do not have to spend more money up front, but it will take you longer to implement your operational objectives that are linked to your corporate strategy. For those companies that used the BSC as a tool to implement and manage their corporate strategy, this meant by default that they took longer to implement their corporate strategy and therefore they took longer to realize their strategic objectives, which were linked to financial goals of becoming for example more profitable or reducing costs and improving operational efficiencies. The companies that did not have the financial resources to spend on BSC training or external consultants, did not have a choice in this regard and needed to accept the extra time it took to implement the BSC using the normal operational resources at their disposal. However, for those companies that had the financial resources to spend on BSC training and employing external consultants, but did not, which subsequently lead to the BSC implementation failing (reference 4.5.1 Resource Intensity Inhibitor), the question begs, were they being penny wise pound foolish?

The literature further states that a poorly resourced BSC team will increase staff stress levels and have the opposite effect on expected performance. (Radnor & Lovell, 2003) The interviews show that doing the BSC with appropriately skilled resources and applying best practice had a positive effect on staff morale. Companies found that employees were more motivated when an objective and fair approach was used to define performance criteria and weightings and when employees could take part in this process as they felt more empowered. People therefore stopped seeing the performance management as punitive and therefore as less of a threat.

5.6.2 *Healthy organizational politics*

The literature comments on the importance of the right culture, which empowers staff for input into their performance measures rather than to use the score card as a punitive approach, to achieve a successful BSC implementation. (Assiri, et al., 2006; Chavan, 2009; Radnor & Lovell, 2003)

The research and literature (Bourne, et al., 2002) show that some companies had a paternalistic culture, where the employees were content and motivated. The employees were used to this culture and the nature of the business was more compliance driven and uniform in any case, which contributed to the paternalistic approach. This agrees with the literature and therefore healthy organizational politics and a paternalistic culture become true enablers of the BSC implementation.

It is therefore important to create a sustainable development culture. (Radnor & Lovell, 2003) The research agrees with this and states that the companies wanted to improve and develop the company culture continuously as they went along.

5.6.3 *Effective Communication*

From the literature it can be seen that effective communication across functions is crucial and the strongest predictor for the employees to gain a companywide understanding of the organization's strategic goals and operational objectives in order to provide input into the targets and measures applicable to the employees themselves. Various communication tools with a flexible two-way approach should be used for different audiences and different messages, such as newsletters, videos, meetings, face-to-face, e-mails, telephone, etc. The literature further suggests that the BSC facilitates effective communication and clarifies priorities. (Assiri, et al., 2006; Kaplan & Norton, 2001; Kaplan & Norton, 1996; Radnor & Lovell, 2003; Atkinson, 2006; Sledgianowski, 2009)

The research agrees with the literature because companies that were interviewed used different communication methods depending on company size, for example in larger corporate companies, road shows were used to communicate the company strategic goals and operational objectives and the flexible two-way approach was used to give employees the opportunity to provide feedback and ask questions about the BSC, whereas in smaller companies newsletters and workshops were used to communicate the same message. These companies found that these were effective communication methods for the intended audiences and therefore enablers of the BSC.

The research and literature are synonymous in that the BSC facilitates effective communication and that it is important to clarify priorities in the communication process to maximize the effectiveness.

The literature further suggests that effective communication must occur at every level in the organization regularly and frequently across different business functions to promote inter-departmental communication. (Assiri, et al., 2006) Here the research also agrees with the literature because companies used frequent and regular communication across all functions and levels of the organization to maximize effective communication. Senior managers had monthly meetings to discuss the objectives, goals and progress and obtain employee feedback and they in turn had meetings with their teams to cascade the BSC throughout the organization. Line managers had weekly meetings with their respective teams and frequent (between two to four times a year) one-on-ones with the individual employees to discuss performance. The companies that failed to communicate the BSC to all the levels of employees in the organization failed with their BSC implementation due to a lack of buy-in from employees. Therefore, effective communication is an enabler of the BSC.

5.6.4 *Motivated employees*

It shows from the literature that employees are motivated if they are empowered to resolve problems and improve processes encouraging team work and problem solving and taking responsibility for their own performance. Motivation increases even more if performance results are linked to incentives and employees trust the performance measures and data. (Assiri, et al., 2006; Chavan, 2009; Decoene & Bruggeman, 2006)

The literature further reveals that employees are also motivated by career advancement when a PMS has a multifaceted perspective like the BSC, becomes valuable for promoting individuals to the required quality level. (Hanafizadeh & Osouli, 2011) Therefore the literature implies that the BSC contributes to the motivation of employees and motivation in turn is an enabler of the BSC implementation.

From the interviews we can see that BSC projects that were lead by internal people had a positive effect on staff morale probably because the employees knew each other and trust was established already between them, which agrees with the literature.

The interviews further found that in companies where staff morale was low initially, the BSC process assisted in empowering employees, knowing that they will be recognized for the value that they add to the business, which increased motivational levels and agrees with the literature. The BSC further assisted in making the measurements and assessments more objective and fair, which had a positive effect on employee motivation, which further agrees with the literature.

The research further shows that in the companies, where staff morale had improved, proper change management techniques were implemented to overcome resistance to change, which increased trust and motivational levels and achieved buy-in at the end of the day. Some companies had initiatives like a Supporter Club to improve employee loyalty through incentives and involvement in company initiatives, which facilitated motivation and communication. Employees will be more loyal if they trust you and they feel looked after through financial incentives and the occasional pat on the back. Thus, motivation is also increased through proper change management and loyalty, which are not mentioned in the literature. It is thus evident from the literature and the interviews that motivated employees are enablers of the BSC implementation.

5.6.5 *Clear focus*

The literature mentions that a clear focus is essential for a successful BSC implementation by emphasizing the relevant critical success factors and internal control. (Assiri, et al., 2006; Bourne, et al., 2002; De Waal, 2003) The research agrees with this because the employees knew exactly what they had to achieve and therefore there was sufficient focus in the companies where the communication was clear and staff were motivated by incentives. It is evident from the research that clear communication and high staff morale contribute to a clear focus and this is not mentioned in the literature.

From the research we can see that selfish behaviour by employees detracted from the focus in the organization due to their own agenda of career advancement, which is again not mentioned in the literature. However, the lack of focus was turned around by working closely in teams, which harnessed a clear focus. The team work rubbed off onto those employees that were more self absorbed and assisted them in seeing the bigger picture.

The research further showed that in some companies the focus improved as the culture improved from being a punitive approach to being more democratic and paternalistic, which is not shown in the literature. This is understandable as employees become more reactive to criticism in an autocratic culture, which will dilute any focus. What contributed even further to a clear focus was simple and clear communication, which meant that they knew exactly what tasks they had to achieve and this naturally promotes a clear focus. Therefore, a clear focus became a BSC enabler and assisted in achieving performance objectives.

The interviews showed that in some companies there were too many initiatives being implemented simultaneously, which detracted from the focus of the BSC implementation not to the point where it necessarily failed, but it was definitely inhibitive, especially where the necessary prioritization was not given by senior management to set the course right. Therefore, the appropriate prioritization of initiatives further contributes to a clear focus and this is also not mentioned in the literature.

Furthermore, the interviews revealed that complacency was a root cause for a loss of focus and they found this to be inhibitive to the BSC implementation, which is also not mentioned in the literature. In fact, the company gained focussed when they went through a crisis, but this shows a reactive rather than a proactive approach, which is not a portrait of good leadership.

5.6.6 *Automated integrated MIS reporting*

From the literature it can be seen that adequate software facilitates real-time management information system (MIS) reporting, which is important for performance management and the BSC implementation. Performance results need to be reported regularly for individual and consolidated views depending on the audience and this becomes critical for the performance review and feedback. Furthermore, this software must be integrated and automated to enable the performance process, incorporating measures and results and making them available via e-mail and via the Internet or Intranet. (Assiri, et al., 2006; Chavan, 2009)

From the interviews it can be seen that most companies had manual reporting based on an Excel spreadsheet for the performance measures and results at first. The companies have gradually moved to an integrated automated solution with MIS reporting that is frequently available on the Intranet or the ERP system and accessible to all employees. This improves the accuracy and speed of the performance data because it is no longer recaptured into several spreadsheets for example and therefore improves the reliability of the data, which underlines the objectivity of the BSC and therefore is an enabler and this agrees with the literature.

The literature further reveals that enterprise architecture (EA) is a framework that enables the operational processes through a set of IT services that mirror the strategic goals and operational objectives and can therefore be an enabler for the BSC perspectives during the BSC implementation. (Schelp & Stutz,

2007) From the research we can ascertain that many companies have implemented enterprise resource planning (ERP) solutions to assist in operational enablement and all sound and effective ERP solutions that are developed nowadays are based on enterprise architecture and therefore this also agrees with the literature.

5.6.7 *Transparency through feedback*

The literature shows that the innovation learning and growth perspective is the most important of the four perspectives because it provides organizational learning through transparency and feedback at an executive level where strategic goals can be adjusted accordingly. (Chavan, 2009; Kaplan & Norton, 1996; Radnor & Lovell, 2003; Assiri, et al., 2006)

The literature further recommends that the BSC should be used as an evaluation tool and that self-assessment must be performed frequently and as part of the performance appraisal. Self-assessment tools must be used to track performance in order to improve developmental areas. The BSC should not be used as a controlling system and employees should have the opportunity to review measures and results prior to the appraisal in order to take ownership for their personal development. By empowering staff and introducing this level of transparency, it makes the performance process more collaborative, which will eliminate the big stick approach, making people feel less threatened, more open to change with a more positive attitude towards performance management. (Assiri, et al., 2006; Kaplan & Norton, 1996; Neely & Bourne, 2000; De Waal, 2003)

From the literature we can also see that if the Human Resources Department is involved in performing the assessments then it introduces more objectivity to the process and establishes a consistency to gain employee trust. (Hanafizadeh & Osouli, 2011)

If the HR division is involved in providing supervision and responsibility during the assessments, it will also prevent any operational bias creeping in from any of the functional divisions.

The interviews agree with the literature in that all companies do regular performance appraisals between two to four times a year to improve the performance development focus and discuss and agree on critical success factors and key performance indicators. In some companies two are formal assessments and two are informal one-on-ones and some companies endeavoured to do appraisals more regularly, like monthly, but found that there was a lack of MIS reporting. In my opinion, monthly is too short because not enough time passes to be able to compare past results with present results and derive maximized value from the discussion.

The literature and the research agree that the performance appraisal should always be a two-way approach, but the managers from companies that were interviewed said that, they although they require an open and fair discussion between the employees, they do not know whether this always happens in reality. Therefore, this underlines the consistency in the process that should be applied and communicated frequently throughout the organization in order to harness transparency, which is a true enabler of the BSC and its sustainability.

The literature and interviews further agree that it is beneficial to provide feedback to employees prior to the assessment to improve transparency, but unfortunately only a few companies did this in the research. Many of the smaller companies do not have the MIS infrastructure to support readily available measurement data, which would make the feedback process prior to the assessment more cumbersome and complex because this would have to be on Excel based spreadsheets. Furthermore, these employees of these companies do not all have access to the Internet or Intranet or even have PC's and therefore the feedback prior to the assessment would have to be manual, which would be totally unrealistic and costly over vast geographical distances. However, all of the companies from the interviews required the Line Manager and subordinate to complete the assessment prior to the appraisal in order to discuss it when they met, which further agrees with the literature.

5.6.8 *Training*

The literature states that consistent skills development and training for the BSC as well as for functional skills specific to the organization is an important factor for the BSC implementation, as this will be an enabler for the long-term strategy of the organization and therefore is a BSC enabler as well.

The interviews agree with the literature because the companies that were interviewed had ongoing training and development plans to maintain core competencies and sustain strategic objectives, which they found was an enabler of the BSC implementation. However, not all of the companies sent their staff for BSC training, but rather incorporated this into the communication and feedback processes, mentioned earlier in the document. This is understandable because there is always a direct cost factor involved for training as well as the decrease in productivity when the staff member is away from his day-to-day duties on training. However, in my opinion giving all employees specific BSC training at the beginning of the BSC implementation process should speed up the adoption within the organization.

5.6.9 *Effective Recruitment*

From the literature we can see that cognitive limitations of managers can lead to a different use of the PMS and can decrease the benefits that companies stand to gain from a performance management system (PMS) like the BSC. (Lipe & Salterio, 2000)

The research revealed that the cognitive capacity was lacking academically in some companies, but these companies overcame this through teamwork, where the more knowledgeable workers uplifted and pulled up the weaker ones and this subsequently assisted in the BSC implementation although it might have taken a bit longer and therefore this disagrees with the literature, because this can be overcome.

What was further found in the research was that in companies with a more autocratic culture and where a Top down approach was used to communicate the strategic goals and operational objectives, the lower cognitive capacity of managers did not seem to be a stumbling block to the BSC implementation, because the communication was more prescriptive and people were more obedient. The cognitive capacity was also adequate enough to understand the strategic drivers and operational objectives as long as they were told what to do. Therefore, this contradicts the literature again and implies that low cognitive capacity can be overcome. The literature adds to this by stating that companies would let their employees chose their own targets and then if they turned out to be unrealistic, let the employees learn from their mistakes and improved the targets and the relevance of the measures over time.

Where the research agrees with the literature is that some companies did find the cognitive capacity of their managers to be an inhibitor of the BSC due to lack of strategic thinking and translating this into operational objectives or due to a lack of mathematical ability to calculate measures.

The research further agrees with the literature because the cognitive capacity of employees was good in larger organizations, which assisted the BSC implementation. However, a silo mentality drove resistance to change because employees were looking at their own reality with blinkers and therefore failed to recognize the bigger picture, but this was not necessarily due to a lack of cognitive capacity, but due to the aforementioned silo mentality and therefore this does not apply to the literature here.

The literature further found that the better the fit between the employees' competencies and the job profiles, the higher the performance and subsequent job satisfaction that was achieved. It is important to have a recruitment process with superior performance criteria in place that links these job profiles to the company's strategy and then facilitates recruitment to those profiles with suitable candidates. Furthermore, the literature found that it is important for each organizational unit to have its own HR team with experts and qualified specialists to ensure obtaining the best available fit. (Chavan, 2009; Hanafizadeh & Osouli, 2011)

The research agrees with the literature and found that those companies that had a recruitment process in place, for matching the right people to the right jobs that this assisted in the BSC implementation. Employees were also more motivated and there was greater job satisfaction, which in turn ensures ongoing productivity and initiative. The research further shows that the Innovation, Learning and Growth perspective was used to realize the strategic goal of employing the right people in the right jobs in certain companies. One company had a recruitment process linked to this strategic goal whereby potential candidates had to undergo psychometric assessments before being employed and they also had a succession planning process to retain good staff, which is not stated in the literature.

From the interviews it was found that some companies did not have a recruitment process in place to match the right people to the right jobs, but they found that the BSC assisted them in formulating a process in order to achieve this during the BSC implementation, which is referenced in the literature that describes the Business Process Perspective of the BSC and how this assists in mapping internal business processes and therefore underlines that specific literature.

From the research we can further see that some companies did not have a process to match the right people to the right jobs, but also did not find this to be inhibitive, because they have a large workforce with employees with very technical skills due to the nature of the business. Therefore the focus in these companies was more on training, rather than matching the right person to the right job. The companies found this neither enabling nor inhibitive to the BSC implementation, which is not stated in the literature.

The research further shows that where companies did not have a recruitment process in place whereby the right people were matched to the right job profiles, the job satisfaction and staff morale was low and this had an impact on the change management process and therefore was inhibitive to the BSC implementation. Therefore this further agrees with the literature that effective recruitment is a true enabler of the BSC implementation.

In these organizations there was also an autocratic culture, which contributed to this and subsequently buy-in was also not achieved and the BSC implementation failed outright, which shows that if all of the above go wrong during the BSC implementation then you obtain a ripple effect and the BSC implementation will fail.

We can summarize the discussion for Proposition 4 as follows:

The literature and research agree that a dedicated BSC team, consisting of the best people in the organization with skills from various functional areas and who are trained or knowledgeable in the BSC is an enabler of the BSC implementation. The research and literature also agree that healthy organizational politics and effective communication are true enablers of the BSC implementation. Clear communication, motivated staff, team work, prioritization of initiatives and avoiding complacency all contribute to a clear focus, which in turn enables the BSC implementation. Automated integrated MIS reporting can be reliable and improve objectivity for those companies that had access to real-time regular reporting via the Internet; it was found to be a true enabler of the BSC. The transparency was further improved through feedback of performance during self-assessments before the appraisal and employees found the conversation to be a two-way approach and the literature and the research also agreed on this. The literature and research further agree that proper skills training, also for the BSC, and effective recruitment of putting the right people into the right jobs are true enablers of the BSC implementation.

5.7 Conclusion

The following were found from the literature to be inhibitors for the BSC implementation in translating the strategic goals into operational objectives, as summarised in Proposition 1:

- No causal model development;
- Bias caused by excluding internal and external factors;
- Bias towards existing performance management system;
- Lack of strategic alignment

However, the research revealed that there is only one true inhibitor for Proposition 1 that agrees with the literature and that stands out from the abovementioned inhibitors for the BSC implementation and that is lack of strategic alignment.

Again, according to the literature, the following were found to be enablers for the BSC implementation in the strategic framework for action and were summarised in Proposition 2:

- Designing a successful strategy map;
- Translating the vision into strategic objectives;
- Achieving executive buy-in;
- Aligning targets and strategic initiatives;
- Identifying the BSC perspectives;
- Benchmarking;
- Scenario Planning;

The research revealed that the following are only true enablers of the BSC, where it found common ground with the literature:

- Having a documented strategy or a strategy map in place;
- Translating the vision into strategic objectives;

- Achieving executive buy-in;
- Aligning targets and strategic initiatives;
- Identifying the BSC perspectives
- Benchmarking;

The literature further showed that the following were found to be inhibitors for the BSC implementation in the strategic framework for action, as summarised in Proposition 3:

- Resource intensity;
- Bad organizational politics;
- Lack of transparency and communication;
- Lack of motivation;
- Lack of commitment;
- Lack of appropriate MIS Infrastructure;
- Ambiguity of data;
- Wanting to achieve first time perfection;
- No control to change performance measures;
- Innovation, learning and growth become routine and less creative.

The research revealed that the following are only true <u>inhibitors</u> of the BSC, where it found common ground with the literature:

- Lack of financial resources;
- Bad organizational politics;
- Lack of transparency and communication;
- Lack of motivation;
- Lack of commitment;
- Lack of appropriate MIS Infrastructure;
- Ambiguity of data;
- Wanting to achieve first time perfection.

Furthermore, the literature portrayed that the following were found to be enablers for the BSC implementation in the strategic framework for action, as summarised in Proposition 4:

- BSC implementation team;
- Healthy organizational politics;
- Effective communication;
- Motivated employees;
- Clear focus;
- Automated integrated MIS reporting
- Transparency through feedback
- Training
- Effective Recruitment

The research agreed with the literature on all of the above and therefore the following are enablers of the BSC implementation:

- BSC implementation team;
- Healthy organizational politics;
- Effective communication;
- Motivated employees;
- Clear focus;
- Automated integrated MIS reporting
- Transparency through feedback
- Training
- Effective Recruitment

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter will summarize the conclusions of the study and provide recommendations and guidelines for companies that wish to implement the Balanced Scorecard successfully. This chapter will conclude by providing recommendations for further research on this subject.

6.2 Conclusions of the study

The research only agreed with the literature on one inhibitor for Proposition 1 and that is lack of strategic alignment.

From the research we can see that the following are only true enablers of the BSC for Proposition 2, where it found common ground with the literature:

- Designing a successful strategy map;
- Translating the vision into strategic objectives;
- Achieving executive buy-in;
- Aligning targets and strategic initiatives;
- Identifying the BSC perspectives
- Benchmarking;

The research disagrees with the literature and shows that neither Scenario Planning nor Project Plans are specific enablers of the BSC, but rather general enablers of company strategy and project implementations respectively.

The literature and results agreed on the following inhibitors of the BSC implementation for Proposition 3:

- Lack of financial resources;
- Bad organizational politics;
- Lack of transparency and communication;
- Lack of motivation;
- Lack of commitment;
- Lack of appropriate MIS Infrastructure;
- Ambiguity of data;
- Wanting to achieve first time perfection.

The literature and research agree that fine tuning and refining the BSC annually with the strategy is an important enabler of the BSC and therefore no control over performance measures is eliminated.

The literature and research further agreed on the following enablers for Proposition 4:

- BSC implementation team;
- Healthy organizational politics;
- Effective communication;
- Motivated employees;
- Clear focus;
- Automated integrated MIS reporting
- Transparency through feedback
- Training
- Effective Recruitment

6.3 Recommendations

The following are recommendations for companies that wish to implement the Balanced Scorecard in their organizations and will prove to be successful if they are applied correctly.

It is wise to use benchmarking and standards where possible to define the targets and measures on the scorecard, because not only will you have a baseline of objective assessment criteria, but also be adhering to best practice, which will ensure ongoing quality.

Entrench cascading or a top down bottom up approach, depending on the organizational culture and size of the company, for alignment of the strategic goals within the organization. This is of crucial importance to achieve buy-in and motivation from your work force, without this your BSC implementation is bound to fail. Here it must be emphasized that the strategic alignment must occur on all level of employees, even blue collar workers and cleaning staff. It is easy for senior management to forget about one of its biggest assets.

Providing employees with specific BSC training at the beginning of the BSC implementation process should speed up the adoption within the organization. Firstly, this would only have to be for one day and therefore the impact on productivity would not be severe. Secondly, having a neutral external person provide the training will assist in objectivity and focus. Thirdly, success stories of other BSC implementations should be incorporated to further underline objectivity due to a different perspective and to motivate employees. This would certainly be financial resources and productivity well spent and sacrificed because there should be a return on investment if the BSC is implemented successfully.

6.4 Suggestions for further research

From the limitations of this research described in this report future research could focus on industry specific companies. Furthermore, an empirical research could be done with a questionnaire that is sent out to the employees of the organization, which could emphasize the qualitative research and reveal other possible inhibitors and enablers of the BSC.

The BSC implementation failed in companies because the employees did not buy into the concept. These companies also lost out on potential innovation and creativity from their employees, which might not impact them directly in the short term, because they are autocratic and due to the nature of the company many of the targets are set to industry standards due to the heavy machinery that they employees need to run. In the long term however, they might have a higher staff turnover, which will dilute skills and a lack of skills can lead to poor quality and an increase in accidents, which will all increase operational costs. The question for further research begs: Is there a higher staff turnover and subsequently a dilution of skills and accidents in companies that have an autocratic culture and no employee buy-in to the BSC?

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7 APPENDIX A: INTERVIEW SCHEDULE

1.	**Company Information:**		
1.1.	**Company name**		
1.2.	**Sector**		
1.3.	**Company Type: (Service, manufacturing, etc.)**		
1.4.	**Company age**		
1.5.	**Company Background**		
1.6.	**Company Size:**	**People**	**Turnover per year**
2.	**BSC implementation decision:**		
2.1	**When did you decide on implementing the BSC?**		
2.2	**What business factors internal and external lead you to making this decision?**		
2.3	**Did you have another/different kind of PMS in place at the time, if so which one? What were the advantages and disadvantages you were experiencing?**		
3.	**BSC Implementation Planning: How is organizational strategy translated into operational objectives using the BSC framework?**		
3.1	**Did you compile a cause-effect model, i.e. strategy map of your strategy?**		
3.2	**Did you translate the company vision into strategic objectives? What was the process that you followed?**		
3.3	**Did you achieve executive buy-in on the company vision and strategy map, if so**		

	how?
3.4	Did you set targets and align strategic initiatives if so, how?
3.5	Was each department/functional area involved in creating their own performance objectives and measures?
3.6	Did you do Cascading or did you use the top down approach and why?
3.7	Did you use benchmarking, if so explain and if you can, provide an example?
3.8	Did you do scenario planning, if so explain and if you can, provide an example?
3.9	Did you find that your strategy map caused bias by not including internal and external factors?
3.10	What were the organizational perspectives that you chose to implement and what were the reason for this?
3.11	What was the first perspective that you decided to implement and what were the reasons for this?
3.12	Did you draw up project plans for the BSC development and implementation and did you find that they assisted you in the planning and implementation process?
4.	**BSC Implementation as a framework for action: How is the BSC used as a strategic framework for action?**
4.1	How did you find the organizational politics at the time of the implementation? Were they healthy or bad, i.e. used as a big stick approach?
4.2	How was the cognitive capacity of your managers?
4.3	4.3.1 Was your MIS infrastructure sufficient or lacking, explain? 4.3.2 What IT systems and MIS reporting tools did you implement to assist the facilitation of the BSC implementation? 4.3.3 Was your MIS reporting adequate and appropriately designed for the

	organization and the individual employee? **4.3.4 Was the technology integrated and automated? 4.3.5 Did you find the data ambiguous, explain?**
4.4	**4.4.1 Did you use the innovation, learning and growth perspective? If so did you find being too routine and less creative and ignoring the external environment? Explain your experience with the innovation, learning and growth perspective.** **4.4.2 What were the high-level objectives for your company's innovation process?**
4.5	**Were the KPI's aligned appropriately to the operational objectives to achieve a unity of purpose and was there relevant importance to the KPI's and their corresponding weightings?**
4.6	**Was there sufficient priority given to skills development and training, ensuring an adequate allocation of resources and linking the education to the long term strategic objectives?**
4.7	**Were the appropriate people matched to the right job profiles, which were linked to the strategic plan in order to ensure maximized job satisfaction and best practise?**
4.8	**4.8.1 Explain your communication process throughout the organization. What levels, what style, e.g. flexible, two-way approach, etc.?** **4.8.2 Was there regular and effective communication or did the process fall short of this, explain?**
4.9	**Was there sufficient transparency or was this lacking, explain?**
4.10	**4.10.1 Did you appoint a team specifically or how did you decide to go about the implementation?** **4.10.2 What were the selection criteria for the team?** **4.10.3 Did you get assistance from an external consulting firm or did you do it completely internally or both? If so what were the deciding factors that lead you to making this decision?** **4.10.4 What was the effect of this on the implementation and staff morale?** **4.10.5 Did the HR department overshadow this process/team? Explain how.**

4.11	**Explain the motivation of the team and the employees at the time of implementation. Did this assist in the implementation process? Were they empowered to take responsibility for their own improvement?**
4.12	**Did you use a similar performance process for your assessment and assimilating scores as listed in Appendix C?**
4.13	**Was there sufficient focus within the organization or was this lacking, explain? Director Did this have an effect on obtaining appropriate infrastructure?**
4.14	**Was the goal to achieve first time perfection with the implementation**
4.15	**How did you find the team/employee commitment?**
4.16	**How frequently were the performance appraisals done and what was the purpose for this?**
4.17	**What was the approach to providing feedback to employees?**
4.18	**Did you have the ability to change or influence your operational objectives during the feedback or did you not have the control to change the performance measures?**
4.19	**Supporting success factors:** **4.19.1 Where the performance measures and results available on the internet and via e-mail or did you use another method?** **4.19.2 Was a self-assessment done frequently and was self assessment tools readily available - explain?** **4.19.3 Were the BSC measures reviewed and finalized before implementing the BSC and if so, how- explain?** **4.19.4 Were the performance measures refined and fine tuned?** **4.19.5 Were the BSC measures linked o the strategic goals and were the employees able to explain the operational and strategic importance of every measure as part of finalizing the BSC implementation plan?** **4.19.6 Were the current BSC performance results compared with past results and if so, how - explain?**

8 APPENDIX B: INTERVIEW E-MAIL

Good day Mr. / Ms. Bloggs

I was referred to you by ….. I am currently doing my MBA at Wits University on the inhibitors and enablers of Balanced Scorecard implementation of companies in South Africa and would like to schedule an interview with you as I believe that you have done the implementation for <Company A>. I have attached my research proposal and questionnaire for your perusal and for background on my research.

I would probably need 2 hours of your time. Furthermore, if you feel that it would also be appropriate to interview other people that were involved then I would welcome that. Please note that for quality assurance Wits requires me to record the interview, but your name will remain confidential.

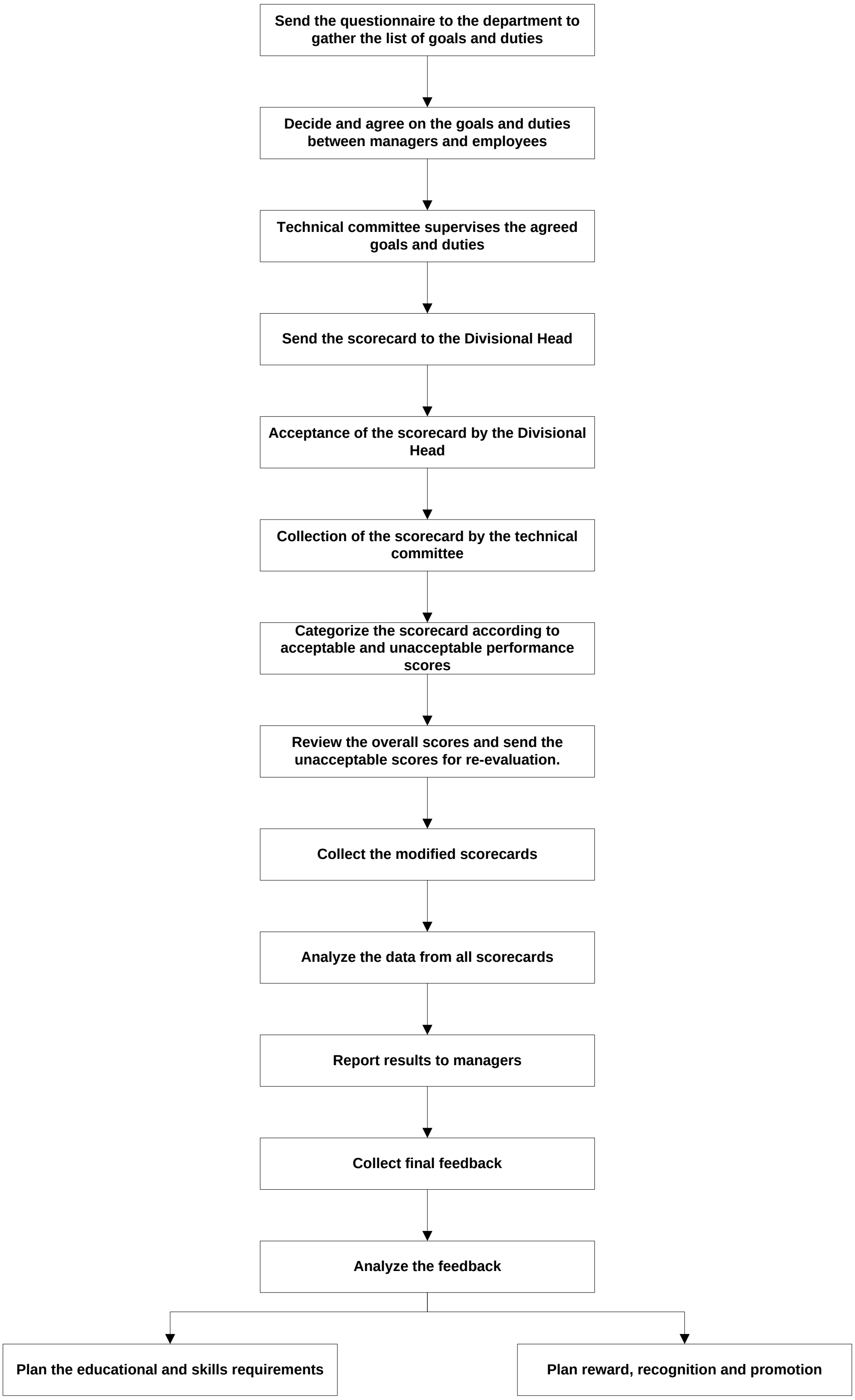
Your assistance in this matter will be greatly appreciated.

Should you have any questions please contact me.

Thank you and kind regards

Anita Felbrich-Smit

9 APPENDIX C: PERFORMANCE MANAGEMENT PROCESS (HANAFIZADEH & OSOULI, 2011)



10 APPENDIX D: CONSISTENCY MATRIX

Research problem: The purpose of the research is to assess the inhibitors and enablers of the Balanced Scorecard implementation of companies in South Africa.					
Sub-problem	**Propositions**	**Source of theory**	**Source of data**	**Type of data**	**Analysis**
Sub-problem 1: The inhibitors and enablers of the BSC implementation within organizations in South Africa.	**Research Question 1:** How is organizational strategy translated into operational objectives using the BSC framework? Proposition 1: Inhibitors & Proposition 2: Enablers	• (Kaplan & Norton, 1996) • (Sull, 2003) • (Assiri, et al., 2006) • (Atkinson, 2006) • (Bourne, et al., 2002) • (Chavan, 2009) • (Davis & Albright, 2004) • (Decoene & Bruggeman, 2006) • (Hanafizadeh & Osouli, 2011) • (Johanson, et al., 2006) • (Kaplan & Norton, 2001) • (Ratcliffe, 2000) • (Kaplan & Norton, 2006) • (Kettunen & Kantola, 2005) • (Lipe & Salterio, 2000) • (Neely & Bourne, 2000) • (Othman 2006) and (Othman 2008) • (Radnor & Lovell, 2003) • (De Waal & Counet, 2009)	• Personal interview with the questionnaire in Appendix A • Personal observations	Qualitative	• Grounded Theory Approach

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Research problem: The purpose of the research is to assess the inhibitors and enablers of the Balanced Scorecard implementation of companies in South Africa.					
Sub-problem	**Propositions**	**Source of theory**	**Source of data**	**Type of data**	**Analysis**
<u>Sub-problem 1:</u> The inhibitors and enablers of the BSC implementation within organizations in South Africa.	**Research Question 1:** How is the BSC implemented and used as a strategic framework for action? Proposition 3: Inhibitors & Proposition 4: Enablers	• (Assiri, et al., 2006) • (Atkinson, 2006) • (Decoene & Bruggeman, 2006) • (Chavan, 2009) • (Hanafizadeh & Osouli, 2011) • (Johanson, et al., 2006) • (Lipe & Salterio, 2000) • (Kaplan & Norton, 2001) • (Kaplan & Norton 2006) • (Kettunen & Kantola, 2005) • (Neely & Bourne, 2000) • (Bourne, et al., 2002) • (Radnor & Lovell, 2003) • (Schelp & Stutz, 2007) • (Sledgianowski, 2009) • (De Waal, 2003) • (Assiri, et al., 2006) • (De Waal & Counet, 2009)	• Personal interview with the questionnaire in Appendix A • Personal observations	Qualitative	• Grounded Theory Approach

11 APPENDIX E: BSC SCORECARD RESEARCH EXAMPLE

CLIENT RELATIONSHIP	PEOPLE	FINANCE	POLICY & PROCEDURE
COMMUNICATION & CONTACT O = Distribution of all emails, memos, correspondence to internal / external clients S = Daily / as required / ongoing - accurate and professional correspondence M = By absence of errors, within reasonable time-frame and positive interaction	**TEAM WORK** O = To be a Prestige Supporter and ecourage team to do same. S = Create and maintain a pleasant working environment amongst colleagues, willingness to assist team / other Dept's M = Absence of complaints from internal / external clients.	** **Asset Register** O = To ensure accurate schedule of assets for relevant Dept is maintained S = Schedules updated quarterly as per distribution by the Finance Dept. M = Against physical assets.	**ISO 9001** O = Maintenance and implementation of the ISO 9001 Quality System within relevant Dept. / Division S = To deliver a professional standard and level accordance with quality policy. M = QIR
OFFICE ADMIN O = To attend to relevant tasks timeously with accuracy and effeciancy. S = Daily / as required / ongoing M = By absence of errors, within reasonable time-frame and positive interaction	**PERSONAL DEVELOPMENT** O = Employee to take ownership of their own self-development. S = Identify personal development needs related to job function or attend internal training courses to develop knowledge & skills M = Training course records. If Ext Training requested - then within budgetory restraints.	** **PRICE Increase Admin** O = To assist DMD and Division with preparation and consolidation of national price increase schedules S = Timeous and accurate consolidation of documentation M = Comprehensive list of contracts with corresponding price increase.	**DEADLINES** O = To ensure that all relevant deadlines are adhered to S = Daily / as required / ongoing M =As per relevant deadlines.
FEEDBACK O = To ensure timeous and efficient response as required to internal / internal clients S = Daily / as required / ongoing M = Prompt response and accurate details.	**INTERNAL COMMUNICATION** O = To maintain effective communication within Dept / Division S = Daily / as required / ongoing M = Relaying of all material information in a concise, relevant and accurate manner.	**AXAPTA** O = To generate purchase orders for processing and payment of relevant invoices S = Timeous and accurate submission of relevant documents for payment M - Reasonable time period for submission of documents for payment.	**ADHERENCE TO COMPANY POLICIES & PROC.** O = To be familiar with relevant Company policies and procedures. S = Relevant Company policies and procedures M = As per Company Policies and Procedures.
TIME MANAGEMENT O = to ensure efficient and productive time management and completion of daily duties. S = optimisation of working hours to maintain productivity M = timeous completion of scheduled tasks as required and feedback	**OFFICE SUPPORT** O = To provide assistance to staff in Dept. / Company with MS Office software, Axapta system, Flowcentrics and other relevant policies. S = Daily / as required / ongoing - weekly register. M = As per written record.	**PETTY CASH** O = To ensure safekeeping of Dept's petty cash, record of all transactions, claims reimbursement, process on Axapta and submit for payment. S = Maintain correct float at all times, process claims as required. M = Accuracy of records and petty cash schedule	**HEALTH & SAFETY COMPLIANCE** O = To ensure a reasonably safe working environment (own office). S = No occupational injuries M = Monthly safety statistics for own office.
Bonus points (maximum of 5 points): *** Written commendation and other objectively varifiable evidence of quality of work delivered.** **** or other criteria to be motivated to direct Manager / Director**	**Bonus points (maximum of 5 points):** *** Exceptional quality of work in each of the "People" criteria** **** or other criteria to be motivated to direct Manager / Director**	**Bonus points (maximum of 5 points):** *** Assistance with duties over and above the standard, "Finance" criteria, exceptional quality of work submitted.** **** or other criteria to be motivated to direct Manager / Director**	**Bonus points (maxium of 5 points):** *** Excellent quality of work performance.** **** or other criteria to be motivated to direct Manager / Director**