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Factors affecting the implementation of a Balanced Scorecard in a South African financial organisation

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2018

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Factors affecting the implementation of a Balanced Scorecard in a South African financial organisation

Banjo Olanrewaju Isimeme

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, September 2016

ABSTRACT

The research carried out in this paper sought to identify the factors that promote or hinder the implementation of the Balanced Scorecard within the South African financial industry.

The literature review explained the role of the Balanced Scorecard in mapping out and implementing corporate strategies via identification, monitoring and measurement of quantitative and non-quantitative factors that enhance corporate performance, and thereafter, described ten factors that promote and ten factors that hinder the successful implementation of the Balanced Scorecard within companies.

The researcher conducted 12 structured interviews of stakeholders of the Balanced Scorecard in a South African financial organisation for the purpose of extrapolating evidence used in reaching conclusions contained in this report. A quantitative analysis of the responses and findings from these interviews was performed and the themes discovered provided the researcher with better knowledge of the factors that promote or hinder the successful implementation of the Balanced Scorecard.

The research findings indicate that obtaining effective top management commitment, agile organisational culture, identification of BSC objectives, effective communication style of management and linking BSC scores with the reward system are the five most critical factors that can impact the effectiveness or otherwise of the Balanced Scorecard to achieve its purpose within financial organisations. Further findings are explained in the research.

The outcome of this research therefore provides ample evidence to company directors, managers and other stakeholders of factors that require their focused efforts to stimulate the successful implementation of the Balanced Scorecard. It equally indicates other factors that hinder the Balanced Scorecard from fulfilling its promises of strategy formulation and alignment, as a means of improving overall corporate performance of South African financial institutions.

DECLARATION

I, Banjo Olanrewaju Isimeme, 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 at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Banjo Olanrewaju Isimeme

Signed at …….....

On the …….. day of …… 2016

DEDICATION

This research is dedicated to my Dad; Dr. Adetayo Banjo.

Dad, no single day goes by without me wishing you avoided the accident that led to your death on that fateful day, January 3, 2016. It is perhaps the most painful experience my mum, siblings and I might have to swallow for the rest of our lives. I am thankful for the life you lived because you lived it for us. I stay devastated and sorry that I could not give it back to you because you left too early.

I hoped to give you the best that the world would allow, exactly as you had given me and my siblings. When you left, there was nothing left for me, but knowing now that you will never come back, I promise to make you proud and I hope that this is the beginning of my road to success as you had wished for me.

I could go on and on, but I will not. The pain is unquantifiable and indescribable. However, I promise you that your name will live on through me, my kids, their kids and so on. The dedication and efforts you put into bringing me this far will not be in vain. Continue to rest in the blossom of our Lord, my dad and most trusted friend.

I miss you Dad.

ACKNOWLEDGEMENT

This research would not have been possible without the Grace of God almighty; thank you for all your trust and hope in me even when I did not deserve it. You are always the reason for everything and I am fully appreciative of the strength and ability to run this tough race. Thank you, Jesus.

I can never give enough gratitude to my parents, Dr. and Mrs Adetayo Banjo, for their selflessness in my life. I am obtaining an MBA degree just because I am your son and I am certain I could never have had better parents; I pray I give you mum more than double to make up for the departure of your husband. Thank you for trusting me even when I did not trust or believe in myself.

To my three siblings, Mayowa, Oyinkan and Laolu; thank you for standing by me every time; especially when I step out of line. You are all blessings to me.

I thank my supervisor, Conrad Viedge. I have never regretted working with you. You were kind, respectful and always smiling. You took me under your wing and I grew in confidence every time I spoke with you. Thank you for the opportunity to learn leadership and servitude under you.

To everyone at the Wits Business School; especially all my colleagues, you will always be a special part of my life. It is a shame that life happens and we will soon be separated; but like I always say, I carry you guys in my heart, everywhere I go, you go with me. I will miss you guys for your friendship and companionship.

Hurray, we did it guys!

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to explore the factors that promote or hinder the implementation of the Balanced Scorecard using the Kaplan and Norton (1992) approach.

1.2 Context of the study

One of the biggest problems faced by organisations is how to implement strategy and Kaplan and Norton's Balanced Scorecard gives managers broad guidelines and procedures that can express a company's vision and strategy into a logical and consistent set of performance measures (Kaplan and Norton, 1996).

Alexander (1985) contends that strategy implementation is falsely construed by top management of companies as a simple process that represents long range planning and this continues to culminate in overwhelming difficulties in actualising set strategies. Formulation and implementation of strategies continue to be an enigma for managers and a 2013 Economist Intelligence study claims a staggering 61% of companies find it difficult to articulate strategy planning and implementation (Economist Intelligence Unit, 2013). Strategy implementation is a management process that emanates from the desire of companies to actualise their goals and objectives, it is thus a continuum that entails identification of critical success factors, recognition of problem areas and development of an action plan(s), monitoring and revising of the action plan(s) (Godfrey, 1989).

An action plan is a key component during strategy formulation and it should be understood by top managers that their action plan(s) could be revisited, restructured and reviewed (Godfrey, 1989). This is because, as companies set out to execute their plans, they encounter problems that they did not envisage during the planning process which frustrates the successful implementation of the exact action initially desired (Godfrey, 1989). Successful strategy implementation thus requires that there is the existence of a robust and thorough structure that would ensure that behaviours and activities are aligned in such a way that ensures the actualisation of the strategy(ies) (Atkinson, 2006).

This structure must include competent communication and control systems as well as performance management systems that management can use to measure and monitor the progress or derailment of their plans towards meeting their strategies (Atkinson, 2006). The Balanced Scorecard model posited by Kaplan and Norton (1990) fits all the above mentioned criteria (Mooraj, Oyon, and Hostettler, 1999). The Balanced Scorecard impacts on a company's management control system by appreciating its formal and informal elements and helps to provide a detailed apparatus that management can use to achieve its strategies (Atkinson, 2006).

Companies initially focused solely on financial numbers and systems of performance measurements to appraise their performance prior to the development and introduction of the Balanced Scorecard. This financial system of measurement was however inadequate as business practices became more developed, globalised and sophisticated; it became obvious that for a company to survive, it needed to focus on other aspects of its operations and processes that were not previously quantifiable nor measured (Kaplan and Norton, 1996).

Thus, financial measurement systems in themselves are insufficient for the purposes of aligning a company's goals and actions through cutthroat business climates comprising increasing competition, change in customer demand patterns, technological developments and an ever improving globalised and skilled labour force. This system of measurement was lacking in quality and quantity of information needed by managers to make decisions regarding activities that may create value for the organisation in the long term and it became difficult to implement strategies by companies towards their long term value creation and short term wealth maximisation objectives (Kaplan and Norton, 1996).

It therefore became apparent that a "set of numbers, not words" are necessary for measuring and aligning a company's strategy with its actions, objectives and goals. Kaplan and Norton in 1992 introduced the Balanced Scorecard in a bid to encourage managers to inculcate the discipline of identifying, managing and measuring all intangible and seemingly abstract assets that added value to their organisation into their management processes (Kaplan, 2010). Their idea was premised on one of business's most favoured quotations that, *"If you cannot measure it, you cannot improve it*" (Kaplan, 2010, p. 3).

Over the years, this phrase has been simply interpreted as *"What gets measured gets managed"* (Bino, Sofi, Jan-Erik, and Fan Yang, 2006 p. 505-507). It is now a widely used and accepted phrase in the business world used to focus management's efforts on all value creating variables and activities of an organisation and to ensure development of metrics to monitor and improve their efficiencies (Bino et al., 2006, p. 506).

This new performance measurement framework is broken down into four segments to enable managers to monitor and properly manage the overall impact of both financial and non-financial aspects of their business activities. This was welcomed by critics of the existing accounting systems of measurement, which focused solely on financial measures and increased dysfunctional behavior of short-termism by managers (Hanne, 1999). Short-termism relates to problems caused by myopic decisions leading to the neglect of longer-term business objectives. The four perspectives of the Balanced scorecard are the financial, customer, internal business process and learning and growth perspectives (Kaplan, 2010, p. 4).

The aim was to shift the managerial decision making mindset to longer-term organisational growth and behaviours by capturing performances that may create value to all stakeholders. By measuring these factors, it was posited that employees will be better appraised and the organisation may be able to efficiently allocate their resources to significantly improve the overall productivity of the business, thus eventually meeting their financial goals. Kaplan further argued that if managers focused on improving the three factors of customer, internal business process and learning and growth perspectives, a company should attain its financial targets. Thus, the Balanced Scorecard maintained the financial metrics as the fundamental measure and result of company success. The other metrics were introduced to supplement the financial metrics and not to dislodge them as less important (Kaplan, 2010, p. 4).

In 1996, Kaplan and Norton improved on the original article published in 1992, via the introduction of a Strategy Map, which characterises a cause-and-effect relationship, explaining that the Balanced Scorecard represents a feed-forward control system for performance measurement. This article discussed the outcome measures and the performance drivers of outcomes, which are namely the "Critical Success Factors" and the "Key Performance Indicators" respectively (Zahirul, 2014). Thus the Strategy Map

seeks to connect the existing gap of intangible assets and critical processes to the value creation concept with the consumer and financial end product (Kaplan, 2010).

Despite the noble intentions of the authors of the Balanced Scorecard, it had its own share of detractors and Michael Jensen; a leading financial economics scholar in 2001 discarded the theory. He stated that it was ambiguous and provided managers with no real specific direction to make informed or calculated decisions (Kaplan, 2010, p. 12). These criticisms did not deter the efforts of Kaplan and Norton who emphasized that managers should be rewarded by a more robust management system that captured both financial and non-financial metrics that equally contributed to the wellbeing of the business.

The Balanced Scorecard has evolved since its introduction in 1992 as a simple intended performance measurement system to a more comprehensive integrated management system for strategy execution, critically linking business operations with strategy implementation by companies. The framework advocates that a company should first decide on its strategy before drawing up a structure. It is after the company's structure has been drawn up that a company can successfully identify its stakeholders and invariably decide on its critical success factors and key performances indicators to indicate the of cause-and-effect relationships discussed earlier (Kaplan, 2010).

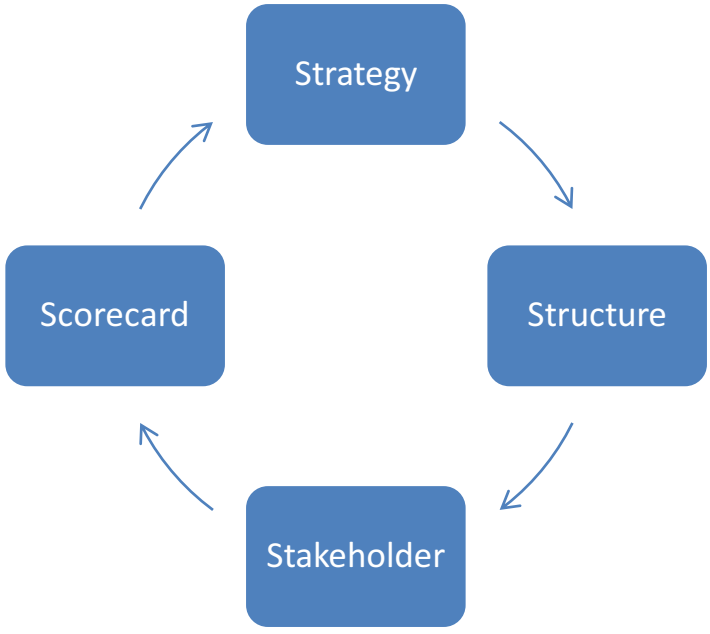


Figure 1: Alignment process: Strategy and Balanced Scorecard

The Balanced Scorecard, when efficiently implemented, thus seeks to align business strategies within a workable structure of identified company's operations while retaining the initial purpose of measuring the performance of these operations, thus making strategy a continual organisational process (Kaplan, 2010). This system is a continuous process, which has now been developed and modified over the years, as illustrated in figure 1 above.

Despite its popularity and adoption by various companies worldwide over the last decade, there have been complaints of ambiguity about the implementation and subsequent effectiveness of the Balanced Scorecard. Many firms and their employees view the Balanced Scorecard as another performance measurement exercise and the proposed benefits of its implementation towards meeting an organisation's strategies, measuring and managing performance as well as improving operational activities are not met (Antonsen, 2014).

This research therefore examines the reasons why the Balanced Scorecard is not well understood and invariably, poorly implemented by managers. The study is carried out in a financial organisation in South Africa and focus is on the factors that may promote or hinder the successful implementation of the Balanced Scorecard.

1.3 Problem statement

1.3.1 Main problem

The main research problem is to identify the factors that promote or hinder the implementation of a Balanced Scorecard in a South African financial organisation.

1.3.2 Research question

What are the factors that promote or hinder the successful implementation of the Balanced Scorecard in a South Africa financial organisation?

1.4 Significance of the study

The study may improve the way in which companies align strategies towards achieving organisational goals, objectives and activities through the ideal implementation of the Balanced Scorecard. The study therefore identifies those factors that may affect the successful implementation of the Balanced Scorecard.

Porter and Lee (2015) simply defined strategy as:

> *"The process by which organizations go about making the choices necessary to distinguish itself in meeting its customers' need" (Porter and Lee, 2015, p. 1681).*

There are alarming claims that managers are not able to execute their strategies and a statistic mentioned in Fortune magazine (1982) claims that only one out of ten strategies are successfully implemented. Most recently, a 2013 Economist Intelligence study claims a staggering 61% of companies find it difficult to articulate strategy planning and implementation (Economist Intelligence Unit, 2013). While these claims are rebuffed by some authors, it is undeniable that strategy implementation remains an enigma for management.

Strategy sets the path and direction a company will chart towards the attainment of its goals in the long term. It is also essential that when strategies are drafted, they are implemented properly to avoid corporate failure of misalignment which reduces speed of action and creates an inability to respond to internal or industry trends efficiently (Jimmy, 2013).

The business world is constantly and rapidly changing and the need for companies to be able to align their strategies and operations is increasingly evident. The Balanced Scorecard is an appropriate tool for continuous strategy integration within the overall context of a management framework for modelling its activities with its strategies (Smith, 2007).

The study may thus provide guidance to managers of companies in South Africa on ways of aligning their company's strategies with their operations by proper implementation of the Balanced Scorecard model best suited to their specific organisations. It may also help at improving strategy implementation by reducing the knowledge gap of aligning

company's operations with its strategy via the implementation of the Balanced Scorecard.

1.5 Delimitations of the study

The following delimitations are discussed below:

- In terms of strategy, the study did not review the process by which strategy is set within the organisation.

- This research focused on the existing strategy within the organisation and the researcher did not make a judgement as to whether or not the strategy is effective.

1.6 Definition of terms

Table 1: Definition of Terms

BSC	A Balanced Scorecard is described as a performance management framework used to implement a company's strategies by aligning its business activities to the vision and strategy of the organisation, identifying and improving internal organisational activities, external communications and monitoring their results. It is thus a feed-forward control system for performance measurement in order to assist in implementing strategies and objectives (Kaplan and Norton, 1996).
CSFs	Critical Success Factors refers to business activities on which an organisation must focus and improve in order for them to achieve their mission and strategy and gain comparative advantage over their competitors (Kaplan and Norton, 1996).
KPIs	The Open University in the United kingdom in its paper, ***"Making sense of Strategy"*** explains that Key Performance Indicators are a set of measureable outcomes that an organisation employs to measure their performance as regards achieving its long (strategic) and short term (operational) goals and without fail, their mission and strategies (The Open University, Business School, 2014).
PMS	Performance Management Systems refers to the system by which managers measure the outcome of the activities of various employees, units, departments, divisions and the whole organisation in order to meet their objectivities and goals (Kaplan and Norton, 1996).
Strategy	Huffman (2001) defines strategy as a generic, long-term communication of how an organisation aspires to succeed within a competitive environment for a forseeable future.

Please note that subsequently, new terms may be added and defined in later chapters.

1.7 Assumptions

The following assumption was inferred in this research:

- The respondents discussed the factors promoting and hindering the implementation of the Balanced Scorecard openly and honestly.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

This literature review addresses and describes all matters that are pertinent to the main research problem. This includes strategy, strategy implementation and the reasons for poor strategy implementation within organisations. The Balanced Scorecard is discussed as a tool for formulating and implementing strategy. The researcher also answers the research question by proposing the factors that promote or hinder the implementation of the Balanced Scorecard.

2.2 Strategy

Over the years, companies and their managers have found it extremely difficult to align and adjust the pace of change within their environment to the company's activities. Companies have consistently sought to develop strategies in a bid to keep up with the pace of change and uncertainty that plagues organisations and to improve corporate performance (Porter, 1996). Porter (1996) describes strategy as a set of different and unique activities that a company engages in to outperform its competitors in the market place (Porter, 1996).

Porter and Lee (2015) further defined strategy as:

> *"The process by which organizations go about making the choices necessary to distinguish itself in meeting its customers' need" (Porter and Lee, 2015, p. 1681).*

2.2.1 The Balanced Scorecard: a tool for Strategy Implementation

Companies face challenges in their pursuit of strategy implementation despite long hours of detailed analysis and plans of how the future of the organisation is to be directed (Kaplan and Norton, 1996). A review of many managers and CEOs accept that effective strategy implementation is crucial for survival and growth, but even the best run organisations fail themselves because of their inability to implement their strategies (Economist Intelligence Unit, 2013). It is estimated that 61% of companies are unable to

translate their long term plans into operational activities while more than 90% eventually fail even after these strategies have been implemented (Atkinson, 2006).

Strategy implementation is about people behaving in a predetermined and appropriate manner towards the attainment of the company's goals (Giles, 1991). It is a management process that emanates from the desire of companies to actualise their goals and objectives, it is thus a continuum that entails identification of critical success factors, recognition of problem areas, the development of an action plan(s), monitoring and revising of these action plan(s) (Godfrey, 1989).

The Balanced Scorecard thus sets out certain parameters that will enable a company to align its strategies with its daily operations towards the fulfilment of its goals as a company. Successful brands in South Africa such as SABMiller, British American Tobacco (BAT) and Nedbank have all successfully adopted the BSC to solve and ensure effective strategy implementation, while other companies, such as Pick and Pay as well as African Bank have struggled.

2.2.2 Strategic Mapping and the Implementation Process

The strategy implementation process is the structure put in place by managers to achieve their strategies (Kaplan and Norton, 1996). There are numerous models and approaches sold to various managers for strategy implementation after formulating their strategies but most managers do not succeed when they use these known techniques. It is fair to conclude that the problem lies with *making strategy work* rather than *strategy making itself* (Hrebiniak, 2006). For instance, successful strategy implementation could simply imply service excellence. This could be reflected in a bank teller who is aware of his/her responsibilities, how this affects the choice of customers, projects the bank's image positively, increases customer loyalty via exceptional service and problem resolution and eventually increases the organisation's bottom-line. While this might look easy on the eye or in thought, the process of operationalising the teller's activities and measuring them could be undefinable and burdensome for today's corporate managers.



Figure 2: The Strategy Implementation Process

Source; Kaplan and Norton (1996 p, 77), "Using the Balanced Scorecard as a Strategic Management System," *Harvard Business Review (January-February 1996)*

As explained, the above process seems easy and flawless, but the road to strategy implementation remains a tough one for managers and over time, managers seem to give up on executing their strategies. Invariably, many organisations cannot compete or distinguish themselves from competition and prove to be failures within the market place (Porter, 1996). Most companies do not fail because they are inefficient or lack bad managers, rather they fail simply because they were unable to implement their well thought out strategies effectively (Kaplan and Norton, 1996).

2.3 Obstacles to effective Strategy Implementation

There is significant literature on the failure of strategy implementation and as posited by Hrebiniak (2006), managers fail to implement strategy effectively because of the following factors:

- Managers understand strategy formulation (planning), not strategy implementation (execution); *refer to strategy map section*
- The length of time necessary for execution makes it harder for managers to focus, control and monitor the process
- The number of people involved in execution and the effort needed to link the strategies with their everyday activities can become burdensome for managers
- The misconception by top-level management that strategy implementation is for lower level cadre of staff

The Gartner Group Inc. a well-known research organisation, conducted a survey in conjunction with the Wharton Business School in 2003 to obtain a fair understanding of the threats that managers encounter as they make strategy implementation decisions (Hrebiniak, 2005). The survey was conducted with 1,000 individual managers with over 200 respondents and the results revealed additional obstacles which are ranked below in order of impact on failed strategies (Hrebiniak, 2005):

1. Failure to manage change adequately and completely
2. Poorly structured and ambiguous strategy
3. Inadequate model to guide implementation efforts
4. Communication, accountability and responsibility issues
5. Existing power structure

Kaplan and Norton's Balanced Scorecard gives managers broad guidelines and procedures that can express a company's vision and strategy into a logical and consistent set of performance measures (Kaplan and Norton, 1996). Thus, while Kaplan and Norton (1992) introduced the Balanced Scorecard as a management model for measuring neglected and unknown intangible assets that add value to the organisation, the tool has emerged as a critical component that can address the above-mentioned

deficiencies via the efficient communication and implementation of strategy (Kaplan, 2010).

2.4 The Balanced Scorecard

Kaplan and Norton (1992) initially proposed the Balanced Scorecard based on the outcome of an investigation on performance measurement in organisations with sufficient value creating intangible assets (Kaplan, 2010). Prior the introduction of the Balanced Scorecard, companies neglected the appraisal, monitoring and subsequent review of their intangible assets when measuring their performance. Companies concentrated solely on financial numbers and systems of performance measurements to appraise their performance. This financial system of measurement was however, inadequate as business practices became more developed, globalised and sophisticated and it became obvious that for a company to survive, it needed to focus on other aspects of its operations, especially its intangible assets and processes that were not previously quantifiable nor measured, which added value to its activities and performance (Kaplan and Norton, 1996).

This traditional financial measurement system is insufficient and limited for the purpose of aligning a company's goals and actions through cutthroat business climates comprising increasing competition, change in customer demand patterns, technological developments and an improving globalised and skilled labour force (Kaplan and Norton, 1996). This system of measurement displayed a lack in quality and quantity of information needed by managers to make decisions across the different functional areas prevalent in modern organisations. Most companies, in addition, sought cost reduction methods which focused on induced short-termism and condemned long-term thinking as organisations continued to grow (Butler, Letza, and Neale, 1997). "The Balanced Scorecard thus represents a combination of deliberately selected quantifiable metrics derived from an organisation's strategy which represents a tool for which leaders communicate to employees and external stakeholders about the outcomes and performance drivers by which the organisations will achieve its mission and strategic objectives", (Niven, 2006, p. 13).

The prominence of intangible assets such as capabilities, cultures, loyalties, which represented knowledge assets or intellectual capital became evident and most firms started to realise that the activities within these functional areas may create value to the organisation in the long term (Kaplan and Norton, 1996).

Today, intangible assets contribute to almost 75% of an organisation's value, an over 100% rise from its contribution in 1982 (Niven, 2006). This evolution had ramifications for the existing financial measurements and companies found it difficult to implement strategies towards their long term value creation and short term wealth maximisation objectives (Kaplan and Norton, 1996).

As it became apparent that a "set of numbers, not words" are necessary for measuring and aligning a company's strategy with its actions, objectives and goals, Kaplan and Norton, in 1992, introduced the Balanced Scorecard in a bid to encourage managers to inculcate the discipline of identifying, managing and measuring all intangible and seemingly abstract assets that added value to their organisation into their management processes (Kaplan, 2010). Their idea was premised on the quotation by renowned British scientist, William Thomson, Lord Kelvin in a May 3, 1883 lecture on "Electrical Units of Measurement" that:

> *"I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind.*
>
> *If you can-not measure it, you can-not improve it "(Kaplan, 2010, p. 3).*

Over the years, this phrase has been simply interpreted as *"What gets measured gets managed"* (Bino et al., 2006). Universally, it is now used in the business world to focus management's efforts on all value creating variables and activities of an organisation and ensures development of metrics to monitor and improve their efficiencies (Bino et al., 2006, p. 506). Measurement is critical in modern business society and the need to ascribe numbers to every value creating or reducing activity is crucial to development and growth as well as to inform managerial decision making processes (Catasús and Gröjer, 2006).

Upon the introduction of the Balanced Scorecard, it quickly achieved its aim of shifting managerial decision making to longer-term organisational growth and behaviours by capturing performances that may create value for all stakeholders. By measuring these factors, it was posited that employees will be better appraised and the organisation may

be able to efficiently allocate their resources to significantly improve the overall productivity of the business, thus eventually meeting their financial goals (Kaplan and Norton, 1996). Between 1992 and 1996, Kaplan and Norton noticed that organisations not only included the Balanced Scorecard in their performance measurement systems in addition to the existing financial measures; but also started communicating their strategies via the metrics selected on their Scorecards (Niven, 2006).

2.4.1 The Perspectives of the Balanced Scorecard

This evolutionary performance measurement framework is broken down into four segments to enable managers to monitor and properly manage the overall impact of both financial and non-financial aspects of their business activities. The measures are dramatically represented below before being explained:

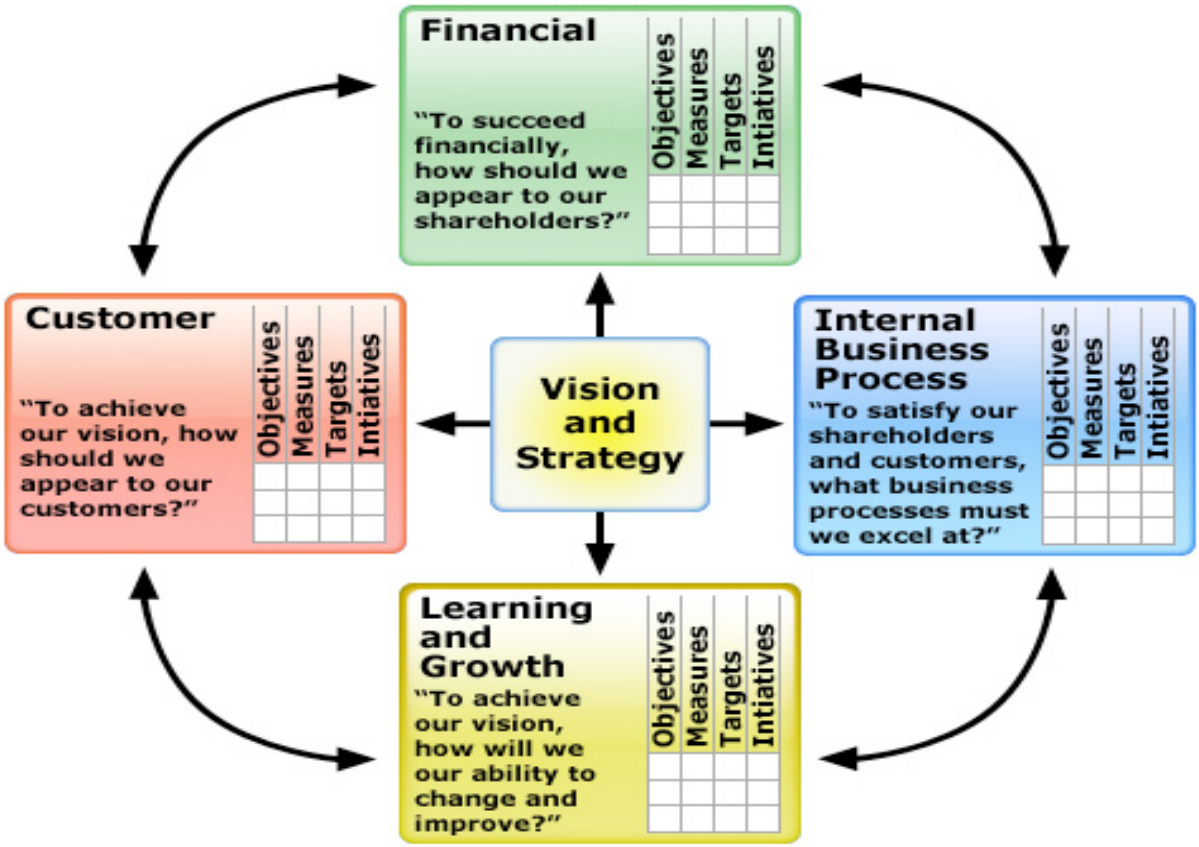


Figure 3: The Perspectives of the Balanced Scorecard

Source; Kaplan and Norton (1996, p 76), "Using the Balanced Scorecard as a Strategic Management System," *Harvard Business Review (January-February 1996)*

A. Learning and Growth Perspective: the objectives and measures identified by the company under this segment facilitate the attainment of the other three perspectives. The critical question is; “to achieve our vision, how do we sustain our ability to change and improve”? (Kaplan and Norton, 1996). Here parameters most important to remain on the cutting edge of innovation, competition, growth and survival are identified and pursued vigorously (Kaplan and Norton, 2005). The business environment is constantly changing and this implies that companies need to continue to make improvements to their existing product offerings and processes and also open up new markets. The ability of the company to develop new products and/or improve their business processes adds direct value to the company (Niven, 2006). This quadrant thus seeks improvements in skills and capabilities of staff and internal business processes and can be argued to have the most significant influence on the Balanced Scorecard (Kaplan and Norton, 2001).

B. Internal Business Processes: this segment of the Scorecard answers the question; “to satisfy our shareholders and customers, what business processes must we excel at?” (Kaplan and Norton, 1996). Here, managers are encouraged to focus their efforts on important units of operations that enable them to meet their customer’s expectations and thus satisfy their shareholders’ expectations (Kaplan and Norton, 2001). This perspective encourages companies to choose what processes and capabilities would drive their performance and ensure they attain market leadership. Factors such as cycle time, quality, employee skills and productivity are essential under this quadrant and they are derived from the enhancements in the learning and growth perspective of the Scorecard (Kaplan, 2010). In essence, the company, via the internal business processes, tends to substantiate and understand the processes necessary for the firm to deliver value to the customer and meet shareholders expectations (Figge, Hahn, Schaltegger, and Wagner, 2002).

C. Customer Perspective: the aim here is to command market leadership and as explained by Treacy and Wiersema (1997), it depictes that companies who purposely choose their customers, narrow their focus and their product offerings

will dominate the market (Treacy and Wiersema, 1997). The three disciplines advocated by Treacy and Wiersema (1997) are operational excellence, product leadership or customer intimacy. A company usually narrows its vision towards selecting one of the three and as such will end up answering the question; “to achieve our vision, how should we appear to our customers?” (Niven, 2006). Kaplan and Norton (1992) explain that companies are becoming ever more sensitive to their customers and thus there is a need to match quantifiable indices to their expectations (Kaplan and Norton, 2005). Objectives such as time, quality, performance and service are transformed and monitored via various key performance indices to measure the consumer’s perception of their company. Consumers have become more knowledgeable, intelligent and are not very dependent on any particular company or service offering, so the need to ensure dominance in this segment cannot be underestimated (Kaplan and Norton, 2005).

D. Financial Perspective: here the company is able to measure the effect of their activities on bottom-line results, i.e. shareholder wealth maximisation motives. The company is also able to identify how each of its strategies is contributing to profits and managers are able to review either their action plans or strategies to avoid corporate failure (Kaplan and Norton, 1996). If there is no reflection of the focus on improving employees skills, internal business process and focusing on customers and the financial figures, then the company’s strategy might have been worthless and the company will be able to address where there has been a drift or change strategy totally (Niven, 2006). The critical question is; “to succeed financially, how should we look to our shareholders?” (Kaplan and Norton, 1996). Metrics such as profits, return on investments, return on capital employed, share price movements and value are employed to ascertain achievements in this regard and it is extremely frustrating to improve all other perspectives of the Balanced Scorecard and fail at the financial perspective (Kaplan and Norton, 2005).

From the above, each perspective of the Balanced Scorecard is intertwined and each affects the other towards the attainment of the company’s main goal of profit and/or wealth maximisation. The ability for organisations to learn and grow their skills or capabilities in relation to the market will have a positive effect on their internal

business processes as lead time, quality, production and product development should equally improve. This will inspire market confidence in the organisation, should increase market share, customer satisfaction via quick delivery and response times. This should therefore equate to fewer complaints, enhanced customer loyalty, retention and referrals and improve the company's bottom line via satisfactory financial performances (Kaplan and Norton, 1996).

2.4.2 Evolution of the Balanced Scorecard

The Balanced Scorecard has evolved since its introduction in 1992 as a simple performance measurement system to a more comprehensive management integrated system for strategy execution, critically linking business operations with strategy implementation by companies. The framework today explains a continuous process relationship between organisation strategy, structure, stakeholders and the development of an appropriate Scorecard for strategy alignment and performance measurement as depicted in Figure 1 above (Kaplan, 2010).

The subsequent deployment and implementation of the Balanced Scorecard by thousands of firms worldwide changed the authors' notion behind the initial development of the Balanced Scorecard. From a pure measurement system, the early adopters of the Balanced Scorecard realised that measuring a parameter was not solely pertinent to success. There was a need to ensure that the goal or objective being quantified for measurement was going to deliver the company's mission and vision (Kaplan and Norton, 2005). Thus the question shifted from "how do we measure this strategy?" to "what must we do well in order to execute our strategy?" (Niven, 2006). While Kaplan and Norton were trying to sort out the problems inherent in traditional systems of financial measurement; i.e. how do we recognise financial indices of performance and also include the rising value of intangibles, companies and their managers quickly adopted the Scorecards in their strategy formulation, communication and execution processes (Kaplan, 2010).

In 1996, Kaplan and Norton improved on the original article published in 1992, via the introduction of a Strategy Map, which characterises a cause-and-effect relationship, explaining that the Balanced Scorecard represents a feed-forward control system for

performance measurement (Kaplan and Norton, 2000). The Balanced Scorecard thus transformed to a strategic management system for communicating strategy and monitoring progress via the Strategy Map (Niven, 2006). The Strategy Map is a visual framework for the attainment of the corporate objectives within the four perspectives of the Balanced Scorecard (Kaplan and Norton, 2000). The Strategy Map seeks to enhance communication and co-ordination between management and employees by focusing on the everyday activities within the firm (Kaplan and Norton, 2000).

The Strategy Map via its cause-and-effect links seeks to connect and convert the existing gap of intangible assets and critical processes to tangible results that depict value creation concepts with the customer and financial end product (Kaplan, 2010). By default, the Strategy Map sets out to solve the following management dilemmas:

1) Clarify and translate the vision and strategy
2) Communicate strategic objectives and link rewards to performance measures
3) Business planning in terms of setting targets, resource allocation and monitoring
4) Promote feedback and learning within management and therefore the organisation (Kaplan and Norton, 1996)

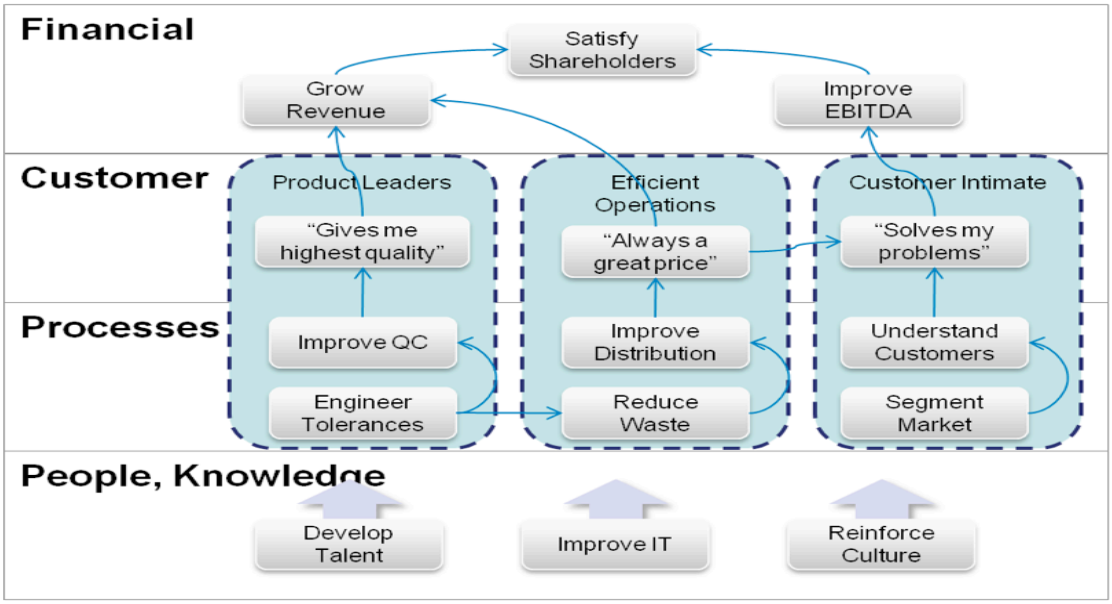


Figure 4: The Strategic Implementation Mapping

Source; Strategy Management Institute (2015), "What are Strategy Maps?"

Kaplan and Norton and other proponents put up the following as promoters of the BSC:

2.4.3 The Promoters of the Balanced Scorecard

a) **Effective top management commitment:** the first and most important factor that ensures that the Balanced Scorecard is successfully implemented is ensuring executive support for the framework (Assiri, Zairi, and Eid, 2006). Like most successful or unsuccessful initiatives or products, it is common knowledge that no initiative can be successful without the support, commitment and engagement of the executive management of the company. Once managers and supervisors support and understand the concept, they will take responsibilities that will facilitate the actualisation of the Scorecard. It will be much easier to guide and direct the employees towards the reason and the benefits of the Scorecard as employees usually look up to their supervisors and managers for direction and are more inclined to act in accordance to what they leaders deem necessary to meet organisational goals (Assiri et al., 2006). Once again, there is absolutely no point proceeding with the BSC if decisions makers within the organisation are not committed to it (Niven, 2006).

b) **Strategy and Strategy Mapping:** a company without a strategy cannot commence the process of implementing a Balanced Scorecard, let alone thinking of successfully implementing one. While having a strategy is important, it is essential that the company has a distinct representation of what it focuses on and engages in to be successful in executing its strategy (Niven, 2006). The Strategy Map helps the managers to connect the stakeholders to the company's strategy via a map structure and fully grasp and understand what they will need to do to get there. The Strategy Map equally dictates what constitutes our four perspectives and helps us establish the cause and effect relationship with the perspectives (Kaplan and Norton, 1996). A company must also show commitment to its mission, vision and strategy in order to be able to identify its appropriate perspectives and action plans (Assiri et al., 2006).

c) **Identification of BSC objectives:** once a company has identified all the perspectives that fit the organisation's strategies and create harmony with the

tangible and intangible assets of a company, it will drive the implementation of the Balanced Scorecard and equally help focus employees efforts towards aligning their action plans accordingly (Assiri et al., 2006). The good thing about selecting the BSC perspectives is that it enforces a lot of critical thinking and arguments amongst senior management or executives as well as making choices from various options which create harmony and bring people together towards ensuring that the perspectives set are actually in line with the company strategy (Niven, 2006).

d) **Integration of Business and Information Technology Management with the BSC process:** the ability of a company to align its BSC with all other departments as well as the IT's business processes will fully increase the chances of making the framework's implementation a success (Van Der Zee and De Jong, 1999). It is almost impossible to separate IT from today's business operations, growth and development and this makes it extremely important for companies to assess and evaluate the capabilities of their IT structures to support the attainment of the perspectives on the Balanced Scorecard (Van Der Zee and De Jong, 1999). IT structures predominantly supported traditional financial measures and created a vacuum for new investment in systems that will incorporate all the other perspectives as well as measures to measure and monitor their performances. A survey done by Van and Jong (1999) of a National food supplier and a small European bank supports the notion that companies that are able to create an IT platform that will integrate the Balanced Scorecard are more successful in its implementation compared to others (Van Der Zee and De Jong, 1999).

e) Appropriate BSC team champions: a team is best defined as a group of people with collective intelligence (Zaccaro, Rittman, and Marks, 2002). There is a saying that "***two heads are better than one"*** and ***"None of us is as smart as all of us together"*** (Niven, 2006)**.** The ability to bring people together for a common goal, harness their creativity, skill sets and diversity as well as ensure goal congruence is a dominant factor that will enhance the successful implementation of the Balanced Scorecard (Assiri et al., 2006). This means a designated group of persons with diverse skills who can easily approach management and have

healthy discussions as regards the Scorecard. It is essential that team members have a good understanding of what is expected of them and how their functional areas affect the deliverables on the Balanced Scorecard (Assiri et al., 2006). For decades, teams have been used to solve complex problems and the Balanced Scorecard is most appropriate in a group situation because of the intricacies it bring with it and the need to make informed decisions that affect the way a company's strategy is best implemented (Niven, 2006). The BSC team is so crucial to the successful implementation of the Scorecard that Niven (2006) contends that it is a more reasonable and efficient idea to hire experts who will equally groom selected employees in addition to offering their experience in the implementation and review processes (Niven, 2006).

f) **Effective Communication style by management:** Kaplan explained in a 2003 interview that managers and executives in possession of information should not retain information in a quest to increase or influence their power in their organisations. The ability and willingness to share information within organisations is thus a conducive environment for the Balanced Scorecard to thrive (De Waal, 2003). The competence of executive management and managers to communicate the ideas, plans and strategies of the BSC without any form of distortion in the information being handled down from top to bottom and throughout the organisation is a key factor for ensuring effectiveness in its implementation (Niven, 2006). It is essential that communication is handled critically with the use of various media and is taken as a process to ensure clarity of purpose and message before being termed effective (Assiri et al., 2006). In essence, the frequency of the message and the purpose should be well managed.

Niven (2006) supports this notion and summarises the effectiveness of any communication using the five Ws; ***"What" (Purpose of message), "Who" (Audience), "When" (frequency), "Where" (delivery vehicle), and "Who" (communicator)*** should be taken into consideration (Niven, 2006). When this is attained, there are more chances that the people involved in the implementation and entire organisation will be better informed to make pertinent decisions. Recall that the Balanced Scorecard is supposed to champion group thinking and team activities and thus, effective communication will create an environment that

encourages knowledge sharing and participation which will equally aid strategy implementation and its success (Niven, 2006).

g) **Linking BSC scores with reward structure:** the BSC is more often than not an upgrade of how a company views its strategy implementation process and this invariable directly affects the indices that it will use to measure performance and success over time (Kaplan, 2010). The issue with this, is that the BSC must be constantly updated to reflect current daily business/market realities, because, while strategy is a long term vision to create competitive advantage and sustain business success over time, the market place is always changing and businesses need to align themselves to the changing environment and review the indices that are necessary to maintain the pace in the BSC (Niven, 2006). Different performance measurements indicate different reward patterns since harder jobs should mean more incentives to encourage employees to stay focused on the job. As a result, the changes in performance metrics need to be linked to the reward system with the aim to keep staff motivated or dedicated and assume responsibility to follow through on their job contracts.

   Stonich (1985) in explaining strategy, performance measurement and the reward system said;

   > *"To help implement long-term strategy, a performance measurement and rewards system must be in tune with the organization's structure and culture and must link performance measurement, rewards, and strategic priorities" (Stonich, 1985, p. 45).*

   The ability for the BSC to function efficiently once implemented will be more enhanced once the reward system can encourage managers and employees to behave in a way that is advantageous to the long term success of the company and the strategy, performance systems and the reward systems are intrinsically linked in such a way that they complement each other (Stonich, 1985).

h) **Agile organisational culture:** culture and value dictate how employees and other stakeholders react to the BSC. It is essential that the organisation is one that embraces innovation, diversity and change with minimal resistance and employees must be willing to learn and unlearn to advance their abilities (Anari

and Alvani, 2014). When executive management take advantage of their culture to stimulate a situation that deviates the manager's attention from short-term financial targets to long-term non-financial performances, which trickles down the company and promotes goal congruence, they are indirectly promoting the ability of the company to translate their strategy into action. Thus, there is a need to understand the culture and value system within an organisation and how to manipulate it towards achieving success when the Balanced Scorecard is implemented. Culture holds the ace to affect almost all aspects of an organisation's synergy and the ability to establish the right environment to stimulate change will promote the successful implementation of the Balanced Scorecard (Henri, 2006).

i) **Continuous Budgetary and Revenue Review Process:** for the BSC to be effectively implemented, there is a need to ensure that the budgetary process empowers the employees rather than controls them. This will encourage employees and middle managers to embrace it and support the framework (Niven, 2006). The **Beyond budgeting** model supports an ideal BSC implementation process in any organisation because it removes the stifling problem embedded in the traditional budgeting styles such as incremental or rolling budgeting systems and reinforces key strategies and tends to create an atmosphere of innovation and co-operation for the Balanced Scorecard to be effectively implemented (Niven, 2006).

j) **Regular review and reporting:** the results of the Balanced Scorecard must be reviewed and communicated at regular intervals to enable the employees and other managers to understand the perceived benefits from the BSC (Assiri et al., 2006). When the results are communicated regularly, the company is able to ensure clarity of purpose and also ensure that employees are well placed in positions that can add value and enhance effective implementation of the Scorecard. This process will also improve accountability of the process and reduce the chances of failure (Niven, 2006).

2.4.4 The Inhibitors of the Balanced Scorecard

Immediately it became evident that the Balanced Scorecard could be utilised as a comprehensive and important tool for policy communication and implementation, companies started to align their vision/mission and business plans with the metrics on the Scorecard, to ensure goal congruence as regards the behaviours and attitude of their employees towards fulfilling the organisation's main objectives/strategies (Butler et al., 1997). However, despite the apparent adoption and alignment of companies goals with their particular perspectives on their Scorecards, companies generally feel frustrated by the lack of attainment of company strategies and subsequently discard the Balanced Scorecard (Neely and Bourne, 2000).

A detailed discussion of factors that hinder the successful implementation of the BSC as contributed by various scholars to its debate is considered below:

a) **Perceived absence of effective top management commitment:** there is very little that can be achieved with regard to a set of goals/objectives in an organisation if the individuals running the organisation do not believe or buy into the idea behind the set of goals/objectives in the first place (Rompho, 2011). Like little children, employees cherish direction; they need to be encouraged and must feel a sense of accomplishment when they work towards meeting certain goals. However, if employees sense that their senior managers are not interested in the set of metrics and performances that are on the Balanced Scorecard or on the approach indicated by the Balanced Scorecard, they will not value the essence of concentrating efforts on meeting those objectives and gradually, they tend to focus their efforts and time on what is termed important by senior management (Bourne, Neely, Platts, and Mills, 2002). Company executives make decisions on how a company should be governed. They are equally involved in clarifying the company's strategies and try to garner commitment and support of their strategies from lower level management (Niven, 2006). If employees sense that their leaders display a nonchalant attitude towards the Balanced Scorecard, they automatically switch off from it and eventually the implementation dies a natural death (Niven, 2006).

b) **Communication issues:** it is commonly discussed that "communication represents a large part of management's efforts focused at attaining a shared vision in any organisation" (Farmer, Slater, and Wright, 1998). Unfortunately many top managers and companies are unable to communicate the strategy and the reason behind their strategy to their employees, but instead set up meetings upon meetings and bore the employees with unread news articles and company editorials on issues that can be better communicated via deeds rather than via words (Kotter, 1995). The Balanced Scorecard for most organisations represents real change in performance and strategy implementation activities and most managers bully their way through the communication dissemination process without capturing the hearts and minds of the people responsible for the activities outlined within the Scorecard (Niven, 2006). The Balanced Scorecard is deployed to enable a company to meet its strategies and objectives while also measuring performance of various metrics that are intended to indicate how much progress or drift a company is making towards meeting these objectives (Bourne et al., 2002). While the CEO is the chief communication officer within the company who lays down expected strides, challenges and expectations from employees, there is a tendency that the information cascaded downwards by middle managers to the floor workers is diluted and this in itself causes confusion within employees (Niven, 2006). The inability for managers to use communication as a tool for enhancing change and the reasons, benefits, activities and expectations to be fulfilled via the Balanced Scorecard is a major reason why it is not successfully implemented.

c) **Poorly defined strategy/alignment of strategy with vision and mission:** there is no way a Balanced Scorecard can be effectively implemented if the company cannot define its strategy, mission, values and the entire purpose for which it is in existence. The BSC represents a tool to implement strategy; what will be implemented if there is no strategy or if the managers or people supposed to implement the strategy cannot explain it and how it will aid the company to achieve its goals and objectives? (Niven, 2006). Most managers loosely confuse strategy with budgeting and the truth is while the former focuses mainly on short-term goals, the latter is meant to drive the company towards meeting its long-term

objectives. A Balanced Scorecard is a unified model that helps managers understand their mission, values, vision and strategy and breaks these down into objectives and goals; however truth be told that despite numerous numbers of hours, days, weeks and months spent in meetings, managers are unable to apprehend the company's strategy and how the BSC, via its action planning will implement it (Niven, 2006)(Kaplan and Norton, 1996). This lack of understanding cascades downwards within the organisation, and eventually the notion and idea behind the reason for the BSC is discarded as a myth and hope, or better still an inspiration with no substance.

d) **Inability to choose appropriate BSC metrics:** metrics are essential if a company is going to actualise its strategy. Metrics create a link between strategy and its implementation and the ability to select the right set of metrics on the Balanced Scorecard that will give us a clear understanding of how well an organisation is doing as regards meeting its objectives is a nightmare for many managers (Melnyk, Stewart, and Swink, 2004). There are two critical issues that arise with metric selection and measurement with regards the Balanced Scorecard.

Firstly, there is no one size fits all set of Balanced Scorecard perspectives for all companies and the complexity, coupled with the erratic change in the business environment makes it difficult for managers to be able to pinpoint specify indices of critical success factors or the underlining key performance indicators linked to each CSF. In the past, managers were comfortable with the traditional accounting measurement system that targeted the attainment of their financial targets. However the shift from strictly financial targets to the combination of financial and non-financial means of measurement proposed by the Balanced Scorecard creates a jungle of numerous performance measures which leaves managers and employees confused about what metrics to focus on (Hauser and Katz, 1998). The managers' dilemma is worsened by the fact that there is an inherent issue of determining which KPI will support the attainment of a certain CSF on the Scorecard.

It should also be recalled that the Balanced Scorecard is aimed at translating strategy into action via the recognition and appraisal of suitable CSFs as well as

KPIs that will help the company achieve its goals. These CSFs are critical to long term success but the uncomfortable and sad truth is that managers are always under extreme pressure to deliver short-term results, and will therefore adjudicate the use of metrics that will promote the measurement of performances that are linked to their personal gratification in the face of management now, instead of later (Banker, Chang, Janakiraman, and Konstans, 2004). This is also supported by the fact that managers and certain top executives, like regular employees, enjoy the luxury of leaving the organisation for bigger pay cheques or other incentives offered them by competition or move to a totally different division within the organisation and might be willing to trade off long term goals and visions for present profitability. Invariably, this creates a myopic problem towards the implementation of the Balanced Scorecard, thus running contrary to the real purpose of meeting the company's long term goals and vision (Hauser and Katz, 1998).

e) **Non-development of a causal model:** a causal model substantiates the cause and effect relationship that exists within the four perspectives that are contained in the Balanced Scorecard (Kaplan and Norton, 1996). When drawing up the BSC, it is essential that management have ideas or assumptions of how each perspective will affect the other and how this will lead to actualising the company's overall strategy (Othman, 2006). However, companies have struggled to implement the BSC consistently due to their lack of this crucial element in drawing up the BSC in the first place (Othman, 2006). A research based on seven interviews with two – tier managers of a Malaysian company; TrainCo, was carried to determine if the absence of a causal model of a strategy had any effect on the effectiveness of the implementation of the BSC (Othman, Domil, Senik, Abdullah, and Hamzah, 2006). Their findings were compared to similar research carried out on Finnish and Dutch companies and results indicated similarity in findings wherein companies that implemented the BSC without developing a casual model had particular issues when it came to defining the non-financial metrics necessary to quantify the attainment of their Scorecard (Othman, 2006). These companies also encountered resistance and an apparent lack of goal congruence, support and/or interest from their employees in putting the plan into action (Othman et al., 2006).

The focus on meeting financial targets and the rush to claim successful implementation of the Scorecard is a reason why managers fail to see the need to build this causal model. This loss of ingenuity gives us reason to conclude that the effective implementation of the Balanced Scorecard is again hampered by a lack of foresight into how each perspective supports the other (Davis and Albright, 2004).

f) **Failure to link BSC performance to the reward system:** it has remained inexplicably difficult to link performances based on the Scorecard to the reward system (Malmi, 2001). Prior the introduction and subsequent adoption of the BSC by various companies, managers and employees were rewarded, based on their ability to meet the financial targets set via the traditional accounting performance system. However, with the introduction of the Scorecard, there has been an increased responsibility placed on managers and their subordinates to deliver company's objectives and thus, there is a need to link these deliveries to their performances on the Scorecard (Kaplan and Norton, 1996). However, this has not been the case. While responsibilities, roles and performance measurements or targets have changed and in most cases, increased, managers and CEOs have refused to alter the reward system to align with the new demands on the job. Even eager adopters and proponents of the BSC have failed to link the performance on the BSC to their reward system (Lilian Chan, 2004). A research on the public authorities and municipal governments in North America, the USA and Canada, found that there was little desire to link their employees performance to their reward systems, and this impacted negatively on the effective implementation of the BSC as it was more difficult to keep employees focused and motivated towards attaining the new goals entrenched in the Scorecard (Lilian Chan, 2004). Accounting, Psychology and Human Resources scholars advocate the need to adopt performance schemes that are in line with a reward system that will motivate employees to pick up their work tools with a smile (Bonner and Sprinkle, 2002). It will continue to be understandably difficult to ask for more from your workforce if you are not willing to compensate further for their increased efforts (Kaplan and Norton, 1996).

g) **Organisational non-readiness for change:** most Balanced Scorecard initiatives fall short in implementation because of various factors that oppose a company's willingness to adapt to a change in the performance management system as well as the apparent intrusion and subsequent evolution of new drivers for company success within the new perspectives posited by the Balanced Scorecard (Chavan, 2009). An organisation must be willing and able to alter its existing performance measurement systems to accommodate the successful implementation of the Balanced Scorecard. This is however easier said than done because many managers are used to the traditional financial performance measurement system and might be not be willing to alter it even when the obvious benefits are staring them in the face (Kennerley and Neely, 2002). Performance measurement is closely linked to organisation culture and style and an alteration of it means an alteration of the organisational culture (Anari and Alvani, 2014). The process of changing an organisation's culture is one of the toughest and most time-consuming activities that managers can go through. Renowned Scholar and Fellow Professor of Management, Emeritus and Senior Lecturer at Sloan School of Management at Massachusetts Institute of Technology, Edgar Schein (2006) best defines organisational culture as;

"A pattern of shared basic assumptions that a group has learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems" (Schein, 1985, p. 4).

The adoption of the Balanced Scorecard thus requires significant changes to a company's culture and as the company grows, the perspectives within the Scorecard will need to change and evolve with it. This causes a heavy burden on managers in the form of weariness and inability to alter the climate, group norms, values, shared meanings as well as other variables, such as securing commitment and understanding from employees to prepare an organisation for change, thus frustrating the effective implementation of the Balanced Scorecard (Chavan, 2009; Anari and Alvani, 2014).

h) **Absence of sustainable Enterprise Resource Software/Technological Framework:** the Balanced Scorecard suffers from an inadequacy of an enterprise resource planning framework for the collection and analysis of data into information from the perspectives of the Scorecard even when there is a willingness to adopt it as a strategy tool (Neely and Bourne, 2000).

The Balanced Scorecard contains four perspectives, which are the financial perspective, the customer perspective, the internal business process perspective, and the learning and growth perspective. These perspectives have various KPIs which are monitored by different managers, such as the chief finance officer (financial), an outsourced agency (customer perspective), chief operations officer (Internal business processes) and human resources manager (learning and growth perspective). There is thus a distortion from a central source of how to track these variables and the time, effort, resources committed to building a suitable framework and monitoring this same framework leads to the breakdown and eventual collapse of the Balanced Scorecard, even after implementation (A. Neely and Bourne, 2000). This therefore buttresses the point that there is a need for a central management information system to support the implementation of the BSC, however this comes at a cost entailing heavy investment in IT systems which management usually view as a secondary goal with regards to other organisational goals and objectives (Kettunen and Kantola, 2005).

i) **Incompetent BSC Oversight team:** most organisations do not possess the requisite team champions to deliver on the Balanced Scorecard. Balanced Scorecards are usually implemented across various functional units or divisions in an organisation and this creates an issue for its success because the BSC thrives in a diverse and audacious environment where people can question its impact and find ways to reach a middle ground for its adoption (Niven, 2006). The problem is that organisations do not encourage employee participation during its development and secondly, managers across divisions employ their stereotype that will not question nor argue with any decision made by top management. In most cases where knowledge of the Scorecard is non-existent, managers falter about the BSC, emphasizing how much it will create a comparative advantage for the company and increase bottom line results without actually intimating them of

the implications involved in the BSC. In a hurry to commence the utilisation of the Scorecard, little or no attention is therefore given to a formal or expert form of training on the BSC, aside from little note scripts and tablets and there are no team champions to drive organisational efforts to attain the BSC objectives. This will eventually become glaring as the weeks pass by and problems of initial formulation of its objectives, lack of understanding and frustration will build up. Most confusing to the employees is how the BSC aligns with the corporate goal of the company and this equally is a recipe for eventual failure of the BSC (Kaplan and Norton, 2000).

j) **Managing the Balanced Scorecard as a one-time project:** another pitfall with the implementation of the Balanced Scorecard is the manager's view that it is a one-off strategy implementation tool and usually managers do not revisit nor review it in line with changes within and outside of the organisation (Rompho, 2011). Managers seek to achieve immediate success after its first time adoption and this makes them declare short term victories, thereby losing sight of the fact that the Balanced Scorecard is meant to achieve strategic goals and focus should be made on realising long term goals and objectives of the organisation (Kaplan and Norton, 1996). The Balanced Scorecard is a model that establishes a process for aligning organisational goals with the company mission and thus facilitates strategy implementation in terms of goals and objectives and the error of not reviewing or realigning the perspectives of the Scorecard to changes in the business environment contradicts its essence (Kaplan, 2010).

2.5 Criticism of the Balanced Scorecard

Despite the noble intentions of the authors of the Balanced Scorecard, it had its own share of detractors and Michael Jensen, a leading financial economics scholar discarded the theory in 2001. He stated that it was ambiguous and provided managers with no real specific direction to make informed or calculated decision (Kaplan, 2010 p. 12).

Other authors dismissed the findings and perspectives of the Balanced Scorecard as generic and an established norm, implying that it was not an entirely new concept as proposed and paraded by Kaplan and Norton. They also questioned the ability of the BSC to solve deficiencies such as the undue focus on monetary success, myopia and the initial aim of shifting management spotlight from financial to non-financial measurements and hence the intangible elements that impact firm performances (Johanson, Skoog, Backlund, and Almqvist, 2006). Another critical accusation against the Balanced Scorecard is that it is aimed at large corporations and is not ideally suited to Small and Medium Enterprises (SMES) because of the different types of management structure, control mechanism and work culture prevalent in both types of companies. This fault is also evidenced in public sector and not-for-profit organisations (Johanson, et al., 2006).

Hanne (1999) questioned the authenticity of the cause and effect relationship posited by the authors of the BSC stating that it had no time lag and the causal results of any of the perspectives could be influenced by other factors outside the influence of the perspectives itself. She argued that this left the Balanced Scorecard open ended and baseless since it could occur in different time periods that were exogenous to the firm.

Thus, it is argued that the BSC basically seeks to reduce complex work issues into simple terms by using knowledge of theory that is impracticable in various organisations and still fails to solve prevailing organisational issues that existed in traditional financial measures, such as the hostility between top management and employees and the widening gap between top management and employees. This criticism is equally shared by (Hoque, Nørreklit, Nørreklit, Mitchell, and Bjørnenak, 2012) who view the Scorecard as simply another communication style that is not new to the business world or practical in its terminology and ambiguity of assumptions.

The view of these pundits have not deterred the efforts of Kaplan and Norton who emphasised that managers should be rewarded by a more robust management system that captured both financial and non-financial metrics that contributed to the well-being of the business. They continue to advise that the BSC will need to be aligned to particular business structures and must be reviewed occasionally because it is affected by strategy which is ever changing in the complex business environment prevalent today (Kaplan and Norton, 2004).

Based on the literature research and research question, the researcher has tabulated the following as factors that promote and hinder the successful implementation of the BSC in no particular order:

Table 2: Factors that promote and hinder the BSC from literature review

	Factors that promote	**Factors that hinder**
1	Effective top management commitment	Perceived absence of effective top management commitment
2	Strategy and Strategy Mapping	Communication issues
3	Identification of BSC objectives	Poorly defined strategy/alignment of strategy with vision and mission
4	Integration of Business and Information Technology Management with the BSC process	Inability to choose appropriate BSC metrics
5	Appropriate BSC team champions	Non-development of a Causal model
6	Effective Communication style by management	Failure to link BSC performance to the reward system
7	Linking BSC scores with reward structure	Organisational non-readiness for change
8	Agile organisational culture	Absence of sustainable Enterprise Resource Software/Technological Framework
9	Continuous Budgetary and Revenue Review Process	Incompetent BSC Oversight team
10	Regular review and reporting	Managing the Balance scorecard as a one-time project

2.6 Conclusion of Literature Review

This literature lends itself to the role that the Balanced Scorecard plays as a management tool for measuring performance and its evolution to strategy implementation. The majority of the literature review is drawn from the work of the initial authors of the Balanced Scorecard, Kaplan and Norton, while other interested scholars in the field are also well researched and reviewed. The review offers readers the understanding of the issues that are involved in implementing strategy and immediately introduces the perspectives of the Scorecard as conceptualised ideas to break down strategy into measurable items for managements' review and monitoring. The researcher reviewed the transformation of the BSC and answered our research question. The review was concluded by an empirical analysis of the criticisms that surrounded the Balanced Scorecard.

The impact of the Balanced Scorecard on business management cannot be questioned nor overestimated, despite the number of grey areas that are left unanswered by its application. Findings indicate that companies are reaping benefits from adopting the approach for strategy implementation even though some have found it difficult to integrate it into their businesses (Hepworth, 1998). The successes are largely due to the recognition of the impact of non-tangible assets in valuing performance in today's corporate world. This has led to the introduction of another management framework called the **"Performance Prism"** which represents an upgrade on the BSC and importantly introduced a fifth perspective to measuring non-tangible items such as the ***Stakeholder contribution.*** It was the first management measurement and strategy implementation concept to look at what the stakeholder is contributing to the company and why the company should be concerned about meeting his or her wants (A. D. Neely, Adams, and Kennerley, 2002). The Performance prism is very similar to the Balanced Scorecard in all quadrants except for the addition of the ***"stakeholder contribution matrix"*** and this further illustrates the renewed focus of scholars and professionals in looking at intangibles as against weighing the contribution of only tangible assets to assessing contributions to companies' bottom line.

However, unlike the BSC, the business world is slowly adjusting to the Performance prism and Kaplan attributes the success of the BSC to the opportunity it presented

management of solving the difficulties that involve cascading vision and strategy from management to shop floor employees. Although there are few developments around the BSC, it is enshrined within management practices and companies should be interested in analysing the causal effect of each perspective and how each will help to improve the sole aim of the company, which is meeting its strategies and goals (De Waal, 2003).

In summary, the literature review provides us with the overarching research question,

2.6.1 What are the factors that promote or hinder the successful implementation of the Balanced Scorecard in a South African company?

CHAPTER 3. RESEARCH METHODOLOGY

The aim of this chapter is to describe the approach that was adopted to analyse the various propositions that have been identified as solutions to the research, which may equally answer the main research question discussed within the literature review thus far. The researcher gives a detailed description of the theory, how it applies to the research and/or otherwise, as well as the intended approach to overcome any shortcomings. The researcher concludes this chapter with the validity and reliability of the research.

3.1 Research Methodology/Paradigm

The methodology adopted is strictly a quantitative research approach due to the nature of the research question articulated and the fact that the research is an explanatory one. The research question refer to factors that build a causal relationship and the researcher's aim is to rank and quantify the factors based on the responses from the interviews to aid better interpretation of the results. A research paradigm can be described as the process by which we link concepts, ideas and propositions together to engineer a scientific solution to a particular problem area (Krauss, 2005).

In essence, a quantitative analysis of selected factors was identified as the most suitable approach to solve the dilemma faced by the nature of the research question especially as the researcher sought to enhance the ability of the data collected to be numerically analysed and represented. The quantitative analysis in this regard enables the researcher to measure responses and afterwards establish themes from the data collected (Creswell, 2013).

In order to generate appropriate results for proper analysis at the end of the interviews, the researcher will present respondents with a predetermined questionnaire and ask the respondents to rank the factors in order of importance from one to five. The researcher afterwards will compile the total results of each factor to be able to come up with a more detailed result sheet that answers the research question.

The researcher went on to analyse and therefore interpret the result sheet of the rankings of each factor based on his interview with the respondents and gave more construct to his findings.

The quantitative analysis is efficient for the purposes of this research as it enables the researcher to rank factors that have been designed and interpret them appropriately.

The quantitative analysis dates as far back as the late 16th century where mathematics, arithmetic and all forms of statistical methods were deployed to enhance and predict social norms and behavior and allows the researcher to ascribe numerical and statistical methods to figure out what certain data set means (Onwuegbuzie and Leech, 2005).

This approach significantly aids the researcher in breaking down large volumes of data into smaller, more manageable and workable forms and thus enables testing of these theoretical data by statistical methods to gain a better understanding of them (Creswell, 2013).

This approach thus seeks to promote a more condensed form of review from a broad event or experience and through it, gain an understanding of communications between people or groups (Elo and Kyngäs, 2008).

The Balanced Scorecard represents a cause and effect relationship between various stakeholders and equally, different factors that can promote or hinder the successful implementation of a company's strategy. The quantitative interpretation of the results substantiates this research by helping to study the nature of the responses from the interviews and other data collected by the researcher.

This makes the researcher communicate his findings in a straightforward and non-ambiguous approach and forms the basis for the generalisation of an array of analytical options which perfectly fit the broad nature of the factors with which the researcher will be working (Braun and Clarke, 2006).

3.2 Research Design

The aim of this research approach was to analyse and gather data based on structured interviews and to draw an understanding of the factors that promote and hinder the

successful implementation of the Balanced Scorecard in a financial organisation in South Africa. The responses from the interview were aggregated to get a final total result and the researcher organised his ideas in such a way that enabled him to produce a report based on detailed analysis of extracts as it related to the research question.

To fully understand the purpose for the selection of the quantitative analysis, a list of advantages and disadvantages as they pertain to the research topic is described below:

Advantages of the Quantitative Analysis methodology:

1. This quantitative nature of this research enables the researcher to substantiate his findings from his predetermined structured interview processes and apply it across financial organisations in South Africa (Kelle, 2006).
2. The nature of the analysis and interpretation will help the researcher arrive at unbiased conclusions and assess the relationships between the factors. This is paramount to obtaining real value from this research (Kelle, 2006).
3. This analysis is going to leverage heavily on personal interviews from practitioners, which lends itself to flexibility and the possibility of ensuring that there are many complex or interrelated situations or outcomes, especially unforeseen insights. The quantitative nature of ranking factors and explaining their relationships provides the researcher with a unique opportunity to provide context, validity and truth to the conclusions drawn as a result of the research and include these new discoveries in the field as he deems fit (Kelle, 2006).
4. This approach gives us control over factors that we would ordinarily not have control over and make a case for each of these factors as compared to generalisation that would have been characterised by not using the quantitative interpretation methodology (Muijs, 2010).
5. This methodology makes the analysis easy to understand by readers. Readers will be able to understand and easily appreciate the nature of the researcher's explanations and conclusions because numbers have been ascribed to each factor (Muijs, 2010).

The draw backs of this approach for this research are as follows:

1. There is possibility that a focus on using numbers as a form of reference might make the researcher lose sight of other tangible factors or qualifying assumptions that have pertinent role to play within the organisations as regards affecting the implementation of the Balanced Scorecard (Muijs, 2010).
2. The interpretation of the data might be too abstract or generic and might not be suitable to all forms of financial organisations and institutions which might have various other issues plaguing the Balanced scorecard within their respective domains (Muijs, 2010).

Despite these disadvantages above, this approach continues to gain attention from the research world since it was first deployed and has been successfully used in all spheres of human endeavour from engineering to humanities, business and sports (Kelle, 2006).

The challenge from the point of the researcher is to engage his audience in discussions that will yield thought provoking and well meaning, non-easy to find insights (Braun and Clarke, 2006). Leigh-Ann Monk (2012) used quantitative analysis to access gender role streotypes and women;s career profression in senior leadership and the information technolgy industry.

3.3 Population and sample

3.3.1 Population

The researcher collected his sample from the financial organisation's head office. The data was drawn, based on interviews with 12 personnel, including staff members within the human resources department while other line managers in various divisions/departments were also interviewed accordingly. There are over 250 employees within the financial organisation's head office with more than 15 senior managers, 35 assistant managers and more than 150 staff members. This population comprises the BSC consultants, departmental accountants, BSC implementers/team leaders and the financial organisation's executive team. Thus, the researcher retained the possibility that all proposed respondents were available to be interviewed within the head office.

3.3.2 Sample and sampling method

The researcher selected a sample based on stratified sampling method with the assistance of a human resource manager of the financial organisation. The human resources manager purposefully selected the individuals that would be interviewed, because of the nature of the questions and the need for appropriate responses to the questions being asked. The stratified sampling method is useful for quantitative research of this nature because it is best employed when the research involves a small size or group of individuals who are deemed to be a representative of the whole population (Trost, 1986).

Senior managers within the human resources department were selected and assistant managers and team members within the organisation's corporate finance team were equally identified and interviewed. The entirety of the remaining respondents were selected from other departments within the head office based on their accessibility and the recommendations of the human resources manager.

Below is a table of proposed respondents:

Table 3: Table of proposed respondents

Description of respondents	**Number to be sampled**
Balanced Scorecard Consultant	2
Balanced Scorecard Implementers	3
Department Accountant	2
Executive Managers	1
Senior Managers	2
Assistant Managers	2
Staff Members	3
Total	**15**

3.4 The research instrument

The research instrument was based on structured questions with the designated respondents with further aim of being able to obtain very descriptive responses from the respondents. At the end of each interview session, the researcher provided a predesigned questionnaire for the respondent to indicate the five most important factors that they considered are critical for promoting or hindering the effectiveness of the Balanced Scorecard based on the factors that had been identified from the literature review.

3.5 Procedure for data collection

The data to be collected were based on personal interviews with the respondents. No other persons beside the respondents and the researcher have access to the data. All responses were based on direct and follow up responses to the research instrument. All interviews commenced with the introduction of the researcher, the topic, and the reason behind the topic as well as the objectives of the interview. Each respondent was encouraged to shed light on the Balanced Scorecard within the organisation. Questions that guided the respondents were asked and the researcher aimed to gain deeper understanding of the workings of the BSC in the organisation. The list of factors based on the literature review were provided to each respondent to list in order of priority and opportunities were given on the questionnaire for respondents to include any factors that had not been covered in the researcher's literature review.

3.6 Data analysis and interpretation

The data was analysed and interpreted based on quantitative analysis methodology. All information for the analysis was obtained during the course of the interview. A recording was also taken of each interview with the consent of the respondent, that would be analysed to support hand written information collected.

3.7 Limitations of the study

The researcher has identified the following limitations based on the methodology and sampling technique:

1. The results from the respondents was collected from a sample size based on stratified sampling which implies that the interviews were conducted with a sample population that negates the most admirable characteristic of the random sampling method; the ability to eliminate any bias from the sample.
2. The generic belief that a single financial organisation is not sufficient and appropriate evidence to make a complete conclusion or opinion about the financial industry (Flyvbjerg, 2006).

3.8 Validity and Reliability

The aim of this research is to employ a quantitative approach in order for the researcher to obtain and provide adequate evidence that the results and outcomes of this study can be relied upon and trusted. Therefore, there is need to ensure firmness and precision in the way and manner that the research is to be conducted. This is where validity and reliability play a part in quantitative research (Ghauri and Gronhaug, 2010).

The ability to evaluate and ascertain the level of rigor of a quantitative research adds substance to the quality of the research especially if it is to be incorporated and practiced in the real world. Thus in testing for this, the practitioner or researcher examined the true value of the research by reviewing its validity and reliability to establish the level of truthfulness, consistency, neutrality and the eventual applicability of the findings in a real world business context (Krefting, 1991).

3.8.1 External validity

By external validity, we refer to the degree or intensity to which the findings of a research can be applied to other environments or organisations or industries other than the environment, organisation or industry in which the research was conducted (Maddux & Johnson, 2012).

The stratified sampling approach used in selection of the respondents might make it unusual to generalise the results from the study in comparison to if random sampling approach was used in selecting the respondents.

However, the intentional choice of respondents and quantitative nature of the research may still prove the results useful to similar companies that are on the verge of implementing the Balanced Scorecard or that have issues with its present implementation.

3.8.2 Internal validity

Internal validity arises from the necessity or the capability to draw confident spontaneous conclusions from the findings of a research (Loewenstein, 1999). Thus, the aim is to ascertain how effectively the research has answered its main problem based on the data gathered from the questions.

3.8.3 Internal validity

Here, the researcher provides a premise by giving the reader can create a trail of judgements made during the course of the research involving the exact purpose of the research, the selection criteria of respondents, data collection and analysis processes, the research instruments as well as the result analysis (Thomas and Magilvy 2011).

The quantitative analysis approach lends itself to be developed by a wide range of players and practitioners. It is not subject to a single expert opinion. Thus, to improve the level of reliability of the approach and hence the result of this research, the researcher did employ the assistance of practitioners and researchers in the field to develop the questionnaire for the interview. The ability and possibility of using the ideas of various practitioners as well as scholars in the field will significantly help to blend multiple iterations into one single model for more reliability (Stach, Kurgan, Pedrycz, & Reformat, 2005).

CHAPTER 4. PRESENTATION AND ANALYSIS OF RESULTS

4.1 Introduction

The aim of this chapter is to present and analyse the outcomes of the research interviews conducted by the researcher. Structured interviews were conducted based on the research question that was identified within the literature review. The principal aim of the interviews was to identify the factors that promote or hinder the effective implementation of the Balanced Scorecard in a South African financial organisation. Therefore, the main factors and themes from these interviews are brought forward and analysed quantitatively. Other factors outside of the literature review but suggested by the respondents, as having an impact on the effective implementation of the Balanced Scorecard, are equally presented.

Respondents were asked to give a general overview of the effectiveness of the Balanced Scorecard in the organisation before being asked to identify factors that may promote or hinder its effectiveness. However, in order to gauge the importance attached to each factor, the researcher presented each respondent with a questionnaire to indicate the five essential factors that promote or hinder the effectiveness of the Balanced Scorecard based on the ten identified factors that promote and hinder the Balanced Scorecard contained in the literature review. Each factor was assigned a rating from five to one with five being the most important to one being the least important factor as contained in tables 6 and 7. Afterwards, the factors were arranged according to the number of total points scored allocated in tables 8 and 9 before subsequently discussing the results.

It is worth noting again that the research is a purely quantitative one by nature as the results from the interviews were ascribed figures to enhance the ability of the researcher to explain them for better understanding.

4.2 Demographic profile of respondents

The researcher conducted 12 interviews in total as against a initial plan of conducting 15 interviews. However, the interviews conducted are redolent of the intended sample population contained in the initial plan.

Two of the respondents are Balanced Scorecard consultants and two are senior managers within the financial organisation's human resource department. The interview with the executive management did not take place due to unforeseen circumstances. The researcher is however confident that the information obtained during the interviews with the senior managers contain sufficient information since they are part of the executive team of the financial organisation.

Three of the respondents were staff members within marketing and sales departments. The researcher interviewed two departmental heads responsible for implementing the Balanced Scorecard within the respective departments and concluded the interviews with two assistant managers of the financial organisation.

32 people were contacted to participate in the interview process but only the aforementioned gave their consent to be interviewed. Most outright declined while a few did not respond to the researcher's request. The 12 respondents were very helpful and positively disposed to the researcher.

The schedules of the interviews as well as respondents are contained in the table below:

Table 4: Schedule of Interviews

Respondent Number	Date	Respondent Designation	Respondent Acronym
1	Jan 14 2016	Senior Manager	SM 1
2	Jan 15 2016	Senior Manager	SM 2
3	Jan 16 2016	Staff Member	SFM 1
4	Jan 16 2016	Staff Member	SFM 2
5	Jan 25 2016	Consultant	CON 1
6	Jan 25 2016	Consultant	CON 2
7	Jan 28 2016	Implementer	IMP 1
8	Jan 31 2016	Implementer	IMP 2
9	Feb 2 2016	Staff Member	SMF 3
10	Feb 5 2016	Assistant Manager	AM 1
11	Feb 5 2016	Assistant Manager	AM 2
12	Mar 15 2016	Department Accountant	DA

The interviews took place at the Head office of the financial organisation with the exception of the interviews with three staff members whose interviews took place at Rosebank Mall, 50 Bath Avenue, Johannesburg, Gauteng.

The interviews were all recorded with the consent of the respondents and thereafter transcribed. However, the senior manager that arranged the interviews requested that neither the name of the financial organisation nor individual respondents would be mentioned in any form or manner throughout the research owing to the sensitive nature of the industry; stating clearly that the interviews were given in their personal capacities. Hence, the researcher has given only the designations of each respondent and labelled accordingly as contained in table 5.

4.3 Results of the factors that affect and promote the effectiveness of the Balanced Scorecard

Ten factors each were derived from the literature review as promoting and hindering the effectiveness of the Balanced Scorecard. Tables 6 and 7 show the ranking based on outcome of the conducted interviews respectively:

Table 5: Ranking of factors that promote the effectiveness of the Balanced Scorecard in a South African financial organisation

Factors that promote	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Effective top management commitment	4	5	4	2	4	2	4		5	4	4	3	41
Strategy and Strategy Mapping process	5		5		3	1		2	4	1			21
Identification of BSC objectives	2		2	5	2	5		4	3	3	3	2	31
Integration of Business and Information Technology Management with the BSC process							2		2				4
Appropriate BSC team champions													0
Effective Communication style by management	3	4		3			3	1		2	5	1	22
Linking BSC scores with reward structure			3		2	4	5	3	1			4	22
Agile organisational culture	1	3	1	1	5	3	1	5		5	2	5	32
Continuous Budgetary and Revenue Review Process		1											1
Regular review and reporting		2		4							1		7

Key: SM1 = Senior Manager 1, SM2 = Senior Manager 2, SFM 1 = Staff Member 1, SFM 2 = Staff Member 2, CON 1 = Consultant 1, CON 2 = Consultant 2, IMP 1= Implementer 1, IMP 2 = Implementer 2, SFM 3 = Staff Member 3, AM 1 = Assistant Manager 1, AM 2 = Assistant Manager 2 and DA = Department Accountant.

Table 6: Ranking of factors that hinder the effectiveness of the Balanced Scorecard in in a South African financial organisation

	Factors that hinder	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
1	Perceived absence of effective top management commitment	1	1	1	4	5	4	1	3	5	4	1	5	35
2	Communication issues	4	5		5	1			1	4	2	5	3	30
3	Poorly defined strategy/alignment of strategy with vision and mission			3		3	5		4	3				18
4	Inability to choose appropriate BSC metrics	3		5	3		1	3		2	3		1	21
5	Non-development of a Causal model							4	2	1				7
6	Failure to link BSC performance to the reward system	5	2	4	1		2	5			5	4	4	32
7	Organisational non-readiness for change	2	3		2	4					1	2	2	16
8	Absence of sustainable Enterprise Resource Software/Technological Framework					2		2						4
9	Incompetent BSC Oversight team													0
10	Managing the Balance scorecard as a one-time project		4	2			3		5			3		17

Key: SM1 = Senior Manager 1, SM2 = Senior Manager 2, SFM 1 = Staff Member 1, SFM 2 = Staff Member 2, CON 1 = Consultant 1, CON 2 = Consultant 2, IMP 1= Implementer 1, IMP 2 = Implementer 2, SFM 3 = Staff Member 3, AM 1 = Assistant Manager 1, AM 2 = Assistant Manager 2 and DA = Department Accountant.

Both tables are presented in ordered of ranking and scores below:

Table 7: Factors that promote the effectiveness of the Balanced Scorecard in a South African financial organisation

Rank	Factors that promote	Final Score
1	Effective top management commitment	41
2	Agile organisational culture	32
3	Identification of BSC objectives	31
4	Effective Communication style by management	22
5	Linking BSC scores with reward structure	22
6	Strategy and Strategy Mapping process	21
7	Regular review and reporting	7
8	Integration of Business and Information Technology Management with the BSC process	4
9	Continuous Budgetary and Revenue Review Process	1
10	Appropriate BSC team champions	0

* Please note that the rankings are collated based on rankings of the responses from the interviews and questionnaires filled.

Table 8: Factors that hinder the effectiveness of the Balanced Scorecard in a South African financial organisation

Rank	Factors that hinder	Final Score
1	Perceived absence of effective top management commitment	35
2	Failure to link BSC performance to the reward system	32
3	Communication issues	30
4	Inability to choose appropriate BSC metrics	21
5	Poorly defined strategy/alignment of strategy with vision and mission	18
6	Managing the Balanced Scorecard as a one-time project	17
7	Organisational non-readiness for change	16
8	Non-development of a Causal model	7
9	Absence of sustainable Enterprise Resource Software/Technological Framework	4
10	Incompetent BSC Oversight team	0

* Please note that the rankings are collated based on rankings of the responses from the interviews and questionnaires filled.

4.4 Analysis of the results connected to the factors that promote or hinder the effectiveness of the Balanced Scorecard in a South African financial organisation

To avoid repetition, similar factors have been fused and explained together below:

4.4.1 Effective Top Management Commitment

This factor was rated highest by respondents for having a positive contribution to the effectiveness of the Balanced Scorecard in the financial organisation with a total score of 41 points. Not surprisingly, it equally received similar responses for derailing the efficacy of the Balanced Scorecard with a 35 point score to be number one on that metric too. It was the most identified factor by respondents and received 11 out of 12 ratings from all respondents for its ability to promote the Balanced Scorecard and the only factor in the entire questionnaire that was mentioned and rated by every respondent; 12 out of 12, for hindering the successful implementation of the Balanced Scorecard. Almost every respondent acknowledged that it was close to impossible to successfully implement the BSC framework without effective top management commitment.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Effective Top Management Commitment	4	5	4	2	4	2	4		5	4	4	3	**41**
Factors that hinder	Perceived absence of effective top management commitment	1	1	1	4	5	4	1	3	5	4	1	5	**35**

Noticeably, the senior managers who both worked in the human resources department admitted that it was critically important to secure top management's commitment and involvement to ensure that every one within the organisation were on board with the idea. They scored it five and four points accordingly. In contrast however, it was consultants and staff members that acknowledged its relative impact on hindering the successful implementation of the Balanced Scorecard. The study conducted by Assiri et al., (2006) ranked this factor as the most important and vital factor to be in place if the Balanced Scorecard is ever going to achieve its overall objectives in any organisation. They emphasised that without top management support, it was not worth any company's efforts in trying to drive the Balanced Scorecard through the organisation.

In similar fashion, Rompho (2011) explained that implementing a framework that had little or no backing from the individuals charged with governance and management of the company was surely an effort in futility.

Personal communication from the first respondent (senior manager 1, January 14, 2016) stressed the importance of the factor with the following comment; “at the beginning of every year, the CEO of the organisation always has a meeting with the executive team to review the usefulness of the Balanced Scorecard and his Balanced Scorecard is the first to be generated every year before being cascaded downwards to the entire organisation” …….

This view was supported by many of the respondents. Consultant 1 stated that they were usually advised to collaborate with the human resources department to ensure that the metrics and the indices on which the Scorecard has been created were adequate and sufficient for the objective it has been assigned to and this information was usually supplied by the organisation’s top management to validate its reasonability. On a more superficial side, staff member 3 and implementer 1 noted that they always felt that the support for the Balanced Scorecard from top management was usually not sufficient and usually by the end of the first quarter, staff members were not really engaged in the objectives set out at the beginning of the year. Senior manager 2 (personal communication January 15, 2016) actually stated that “the reason behind this was attributed to the lack of knowledge of the metrics being measured against by some senior executives as well as junior staff members and at the end of the day, it becomes easily manipulated”.

These sentiments expressed above are similar to those that have been covered by (Bourne et al., 2002) and (Niven, 2006). Both authors stated categorically that securing effective top management’s support signals to the organisation that the Balanced Scorecard is a tool that can be used to operationalise strategies and converge support within the organisation. The consultants observed that members of staff felt that their reporting line managers did not sincerely care about the Balanced Scorecard and thus, they also ignored it in its entirety as the financial year went by.

4.4.2 Agile organisational Culture

This was the second most identified factor by respondents after “effective top management commitment” and received 10 out of 12 votes for driving effectiveness of the Balanced Scorecard in the South African financial organisation. It was a popular choice amongst the respondents and obtained 32 points in total to be ranked second.

The acceptable practice of how things are done in an organisation is important for how ideas are distilled within the organisation and how these ideas and processes are embraced by respective stakeholders within the company. These points were ranked highly by consultant 1, implementer 1, assistant manager 1 and department accountant; wherein all of them gave the maximum vote of five points to the factor.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Agile organisational culture	1	3	1	1	5	3	1	5		5	2	5	**32**
Factors that hinder	Organisational non-readiness for change	2	3		2	4					1	2	2	**16**

Consultant 1 was very aware of the idea of organisational culture for promoting the Balanced Scorecard that he advised that the researcher reviews the organisation culture of a company called “Zappos”. Zappos as a company adopts the Holacracy system where the traditional leaders are replaced by functional leaders of purpose and everyone is encouraged to challenge the status quo with new ideas and new ways of doing thingsWarrick, D. D., Milliman, J. F., and Ferguson, J. M. (2016). Consultant 1 stated that this kind of culture will accommodate the unending changes and nature of the variance that occur within the Balanced Scorecard.

Assistant manager 1 is of the opinion that the senior management of the financial organisation usually adopt a rigid position most times and are not very agile in aligning the organisation’s objectives or goals with the changes that are prevalent within its industry and the economy. She went further to explain that those charged with governance of the organisation only review these goals and metrics upon the crystallisation of an adverse event. Culture ties everything in an organisation together and it is the bedrock for an organisation to exert force and drive change. The Balanced Scorecard will thrive in an atmosphere or culture that embraces change (Henri, 2006).

Department accountant stated as follows; “I am amazed by the level of negligence that senior management pay to changes in the external environment and their insensitivity to the murmurings of the employees’ to adapt their metrics to this change, this has been happening for more than five years since I have been with this organisation” (personal communication March 15, 2016).

The insensitivity of an organisation to change is however not viewed by numerous respondents as having a big impact on hindering the effectiveness of the Balanced Scorecard. The factor gathered 16 points to be ranked seventh out of the ten factors that respondents were interviewed against as hindering the effectiveness of the Balanced Scorecard on the questionnaire.

Chavan (2009) posits that the Balanced Scorecard fails to meets its objectives because organisational stakeholders oppose it, especially when it tries to introduce new metrics and quadrants against which they are to be measured. A major reason for the insensitivity of the organisation to change is that managers feel that they are more likely to be measured against the financial aspect of the Balanced Scorecard quadrant and assume that the other quadrants do not have a significant or direct impact on their performance evaluations (Consultant 1; personal communication January 25, 2016). This view is equally shared by Kennerley and Neely (2002).

Changing an organisational culture is extremely difficult and drains a lot of resources and this is a major reason why organisations resist changes that the Balanced Scorecard tries to introduce (Schein, 1985). Senior manager 2 narrated a situation where she was trying to introduce a new measurement criterion for measuring customer satisfaction within her unit but her subordinates were very much resigned to opposing it from the onset. Eventually the idea was thrown out of the window because no one seemed to appreciate that she wanted to change a line of measuring their performances in the middle of the financial year (Senior Manager 2; personal interview January 15, 2016).

Overall, the factor was more inclined to promote the effectiveness of the Balanced Scorecard than hinder its effectiveness based on the interviews and transcripts collated. The burden created by the changes within and outside of the organisation and the need to reflect that the BSC has a direct impact on the culture within the organisation. Implementers and Managers admitted that the culture of the organisation made it difficult to consistently align the Balanced Scorecard to these changes.

4.4.3 Identification of BSC objectives

From the interviews, there arose a generally consensus of frustration at the metrics of the Balanced Scorecard within the financial organisation. This factor was very popular with many respondents but most especially with the consultants; who clearly stated that the measurements were either abstract or the same and turned out bogus at the end of the day.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Proper identification of BSC objectives	2		2	5	2	5		4	3	3	3	2	**31**
Factors that hinder	Inability to choose appropriate BSC metrics	3		5	3		1	3		2	3		1	**21**

This factor amassed a total of 31 votes making it the third most rated factor responsible for promoting the effectiveness of the Balanced Scorecard in the financial organisation. It was identified as critical by the two consultants that were interviewed and both middle level staff members (assistant managers) gave it an average score of three for enhancing the Balanced Scorecard among their teams. It was equally scored high by implementer 2.

Niven (2006) posited that this factor requires a lot of censorious and analytical brain storming sessions amongst senior management and their contemporaries and can therefore aid the formulation and identification of the appropriate metrics within each Balanced Scorecard quadrant.

Implementer 1 was very exact in his remark (Personal communication January 28, 2016) when he said stated categorically that “the nature of the financial organisation, where things are distilled downwards with minimal explanation to the lower cadre; I am usually aware of what top management seeks to achieve but surprised at the metrics that each criterion is benchmarked against ……. Internally, there are very few people that know what the purpose of the Balanced Scorecard is and why each metrics has been generated. I have to be honest that most employees do not understand how the metrics will help them to accomplish the goals of the team nor measure their performances and efforts; in a nutshell, the Balanced Scorecard is not welcomed by most employees”.

This point was buttressed by senior manager 1 when she stated that the metrics are sometimes too subjective, unquantifiable, and do not relate to the roles that are being performed by staff members.

On the contrary, the inability to choose appropriate metrics was ranked as fourth most important factor that could hinder the Balanced Scorecard with a total of twenty points. It was given maximum votes by staff member 1 who is quoted as saying (personal communication January 16, 2016); “choosing appropriate metrics is very difficult because what normally happens is that there is a strategy that is melted down during the beginning of the year but things change and the organisation basically have to reach their targets and the strategy most times are too high level and not clear……. for instance, let’s say I work in digital department and we want to get new clients to use our channels or we want to get more money from our front channels; that’s well and fine as a high level objective but what you see is that by the middle of the year, things happen that affect business plans and the executives tell us that we have to fix one or two things, so metrics shift and the initial ones no longer matter anymore because we cannot do the two things at the same time and the Balanced Scorecard does not matter anymore”…

The sentiments are thus that the financial institution is not immune to the rate of change affecting businesses and its industries and as these changes occur during the course of the year, the objectives of the management and those charged with governance in the organisation changes and therefore the metrics would have changed. By the evaluation period, the Balanced Scorecard becomes meaningless. The rate of change in the financial sector is too quick and the Balanced Scorecard becomes a tool that lacks the ability to match up to this changes, eventually becoming redundant because it is measuring performances and strategies that are no longer relevant to business continuity.

This situation is well supported by the argument made by Melnyky et al., (2002) who termed it a nightmare for managers. They stressed that the the change in the business environment is too volatile and this makes it almost impossble for managers to rely on a set of indices or metrics to measure the critical success factors within their business. Hauser and Katz (1998) also state clearly that the band wagon effect created by the Balanced Scorecard to measure everything initially ignored has created a possibility of having a thousand objectives and metrics and aligning them with the organisation’s main objectives become impossible.

Therefore, the overall bias from the interviews are that the Balanced Scorecard is weighted against too many varying and changing objectives usually caused by factors outside the control of the financial organisation that make the Balanced Scorecard redundant, more difficult to use and a vindictive reference when it is eventually used for performance measurement at the end of the financial year.

4.4.4 Linking BSC scores with reward structure

This factor created the most emotional reaction from every respondent that ticked it and discussed the reward system in line with the Balanced Scorecard in the financial organisation. The factor was jointly ranked fourth for promoting the effectiveness of the Balanced Scorecard in the organisation with a total point score of 22.

However, where the factor was prominent was in hindering the effectiveness of the Balanced Scorecard. The factor received the maximum of five votes from three respondents and a high of four points from three respondents. It garnered a total of 32 points from a total of 9 out of the 12 respondents to have an average of 3.6 points. This made it the second most important factor for hindering the effective implementation of the Balanced Scorecard.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Linking BSC scores with reward structure			3		2	4	5	3	1			4	**22**
Factors that hinder	Failure to link BSC performance to the reward system	5	2	4	1		2	5			5	4	4	**32**

The most interesting aspect of the reaction on this factor came from employees of the financial organisation that all of them, apart from staff member 3, indicated that the fact that the Balanced Scorecard was elusive in the reward system in the organisation, thus discouraged staff members from trying to achieve the goals under it. Every single respondent ticked the box beside the reward system thus identifying its impact on promoting or hindering the effectiveness of the Balanced Scorecard.

Extracts from the personal communication on February 5, 2016 with the Assistant manager 2 best explains the plight of the entire respondents to this factor….; “the Balanced Scorecard is not linked to the reward system within the organisation.

To be honest with you, the reward system is very subjective. So what happens is that it is based on how good your business unit does. So for instance if you are in sales department and reach 110% of your target, the bonus pool allocated to that sales department is bigger; but it is a top down process ……so if you are the leader of that sales unit, you receive that bonus pool and it is collectively decided among your trusted managers how it is being shared. So they do not take into cognisance the performances or contributions of each staff within the department to the successes of the department during that time period based on the merits contained in their Balanced Scorecard but give out bonuses based on how well you get along with them socially…so if you are a good performer and but not liked by your reporting line manager, you might not even get a bonus. The Balanced Scorecard is essentially to allocate you a rating and it is not reflected on bonuses or other benefits that employees receive generally".

Niven (2006) explains that the nature of an individual's job description and the efforts he or she has put in place to meet those duties assigned to him should be reflected in the Balanced Scorecard because employees are paid to do a good job and the reward system is the simplest most tangible process by which their contribution to meeting organisational strategies are easily appreciated.

Stonich (1985) also believes that there must be a harmony of the performance measurement of the Balanced Scorecard and the reward system or employees will not be motivated nor encouraged to push themselves to meeting the objectives set out in the Balanced Scorecard.

The difficulty in linking the Balanced Scorecard with the reward system is actually captured during the interview with the Implementer 1 who explained that the non-financial targets were incomprehensible and puzzling to many managers and employees who clearly understood figures of financial targets but were less interested in familiarising themselves with the other non-financial measurement metrics. The thinking amongst them, according to him, was that meeting financial targets was enough to get them a raise or a bonus and that the non-financial metrics were just embedded in the Balanced Scorecard quadrants as a PR show.

The outcome of the responses also gives an indication that the change in roles, responsibilities and targets is not emulated by a change in their reward system so the idea that the Balanced Scorecard is effectively managed or applied to measuring their performances becomes deceptive.

4.4.5 Effective Communication style by management

The factor amassed the same total number of points as did the fourth placed factor but the researcher only decided to make it the fifth factor because the inhibitor garnered fewer total points as the inhibitor on the fourth factor with 32 and 30 points respectively.

Seven of the respondents recognised the fact that the factor was critical in gaining support for the framework. It garnered an average of 2.75 votes based on the total of 22 points shared among the eight respondents.

Senior manager 2 was very critical of the manner in which the Balanced Scorecard was being cascaded down within the financial organisation and from her personal communication on January 15, 2016, she stated that the members of staff within the organisation viewed it as a punitive tool and there was a great level of mistrust about the Balanced Scorecard because the top executives did not reach out to lower level staff members on the framework and managers of various departments also did not view it as their responsibility to explain the reasoning behind the various quadrants that staff members were being assessed against. She gave it a high vote of four points for promoting the effectiveness of the Balance Scorecard in the organisation.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Effective Communication style by management	3	4		3			3	1		2	5	1	**22**
Factors that hinder	Communication issues	4	5		5	1			1	4	2	5	3	**30**

Staff member 2 also took the position that the Balanced Scorecard was a “give and comply” document with no real intent to solicit for inputs from various staff members. He argued that there would be a significant rise in confidence of staff members as they would drive organisational efforts towards meeting the Scorecard’s objectives if management took the time to distil and explain appropriately the reasons why employees were rated against a particular set of indices.

De Waal (2003) specifically noted that the capacity and readiness to share information is essential for the Balanced Scorecard to succed in any organisation. Niven (2006) went a bit further when he explained that the ability to share information was linked with the level of intelligence and consistency via which the information is spread from the top to the bottom of any organisation.

On the flip side of the coin, “communication issues” was given a total score points of 30 and rated as the third most significant inhibitor for achieving the goals of the Balanced Scorecard in the organisation. Four of the respondents, namely, the senior manager 1, senior manager 2, staff member 2, staff member 3 and assistant manager 2 gave it high scores of four, five, five, four and five respectively. All but three of the respondents noted that management communication style was poor and the average score was 3.3 from nine respondents.

Senior manager 1 views were similar to the points expressed by her colleague, senior manager 2. She stated that the view from the top of the organisation is that there are some standard metrics that must be in all the Balanced Scorecard and this is irrespective of the department or job description a staff member has been assigned to. She explained further that the intensity or nature of a job was not reflected in designing the Balanced Scorecard for the organisation. The budgets and targets are just filtered down into most of the Balanced Scorecard across the financial organisation and explanations are not given to team members. For instance, why is the treasury department being asked to share the burden of staff members in the transactions group via the metrics in their Balanced Scorecards?

Communication issues, according to staff member 2 and the department head, include the manager’s inability to explain the manner in which their department’s Balanced Scorecard will aid the team members in achieving their personal and professional goals and a lack of a feedback mechanisms to obtain inputs from concerned staff members about their views and performances. He posited that the company’s top executive members were actually cut off from the rest of the organisation and rarely, if ever, had any form of direct communication with the rest of the organisation. Hence the responsibilities were left with the middle managers who were too busy trying to meet short term targets and did not care so much for their team members’ understanding of their Balanced Scorecards.

It is obvious that the communication approach from the management of the financial organisation is a hierarchal, top down approach for disseminating information and little or no input is obtained nor requested from the floor workers who are the very individuals that would carry out the activities that would actualise the fulfilment of the Balanced Scorecard objectives.

This argument is reinforced by Niven (2006) who explains that managers and those charged with governance always fail to appreciate the significance of communication as a tool to foster change and build trust and goal congruence in their various organisations.

4.4.6 Strategy and Strategy Mapping process

This is the sixth ranked factor for promoting the effectiveness of the Balanced Scorecard as identified by respondents. This factor was given a maximum of five votes by two of the respondents and a high of four votes by a single respondent which gave it a total of 21 points and an average of 3 points.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Strategy and strategy mapping process	5		5		3	1		2	4	1			**21**
Factors that hinder	Poorly defined strategy/alignment of strategy with vision and mission			3		3	5		4	3				**18**

The comparism and closeness to the points total garnered by the fourth, fifth and sixth factors play to the fact that the process by which a company sets its strategies has a direct impact on the outcome of the implementation of the Balanced Scorecard.

Senior manager 1 explained critically how the strategy of the financial organisation is intertwined with its Balanced Scorecard. She stated that “the Balanced Scorecard is initiated through the strategy that is decided on for the organisation on annual basis by the clever minds of the organisation above and they translate that into focus areas that need to appear on the Balanced Scorecard” ……. (Senior manger 1; personal communication January 14, 2016). Insights into her interview determined that the organisation’s strategies for the year are usually predetermined before the attempt is made to align them with a workable structure of the Balanced Scorecard.

This position resonates well with the argument put forward by Kaplan (2010) when he explained that a company should ensure that it has a blueprint of its game plan for the year before deciding which factors are essential for achieving its strategies. The financial organisation has a Strategy Mapping framework that enables it understand its various stakeholders, their wants and seeks to fulfil the wants of the selected stakeholders whose views are critical to achieving its strategies for that financial year (Staff member 1; personal communication January 16, 2016).

This factor also came out as fifth position for inhibiting the Balanced Scorecard within the financial organisation, as respondents felt that their management sometimes were not accurate in the selection of the appropriate strategies for the organisation and more often than not, changed strategies too often so that the idea of a Balanced Scorecard became an omen for the staff members. This is the view point of consultant 2 where she gave a maximum of five votes to the inappropriate formulation of strategies for derailing the Balanced Scorecard within the financial organisation.

Staff member 1 said the Balanced Scorecard always needed to evolve in the organisation because the strategies formed were always too high level and in hindsight, managers noticed that the strategies and the Balanced Scorecard were no longer aligned. He concluded that the Balanced Scorecard was suited to matured businesses who had a simple strategy, such as maintaining market share (Staff member 1; personal interview on January 16, 2016). He gave an example of a rival launching a product and the need for his organisation to react to the product launch. However, the issue that arises from this action is that the metrics of the Balanced Scorecard should change as the game plan has suddenly changed, but this is never considered by management.

Implementer 2 stated clearly in the interview that “I see a big gap in strategy alignment and strategy formulation because what the executives think is happening in the businesses is not what is happening really…..” she gave an instant where her department tried to advise the management that a customer acquisition drive strategy was purely based on volumes by attracting as much market share as possible, but her department was wary of the negative impact it could have on customer service delivery.

The department was equally particularly concerned about the eventual impact on their average revenue figures as it could dwindle because the people being targeted actually spend less and the cost of servicing them is almost the same as the cost of serving high net worth individuals.

The executive management team did not share the same sentiments and were determined to drive volumes because competitors were driving volumes at that particular time period. So immediately, the strategies for most of the marketing and product development teams changed within the twinkle of an eye (Implementer 2; personal interview on January 31, 2016).

The above is similar to a point postulated by Niven (2006) where he stated that most managers confuse budgeting with strategy and short-termism and the greed to secure end of year bonuses make managers treat the Balanced Scorecard as a budgeting tool instead of a strategy tool.

4.4.7 Regular Review and reporting

This factor gained a low total of seven points and it was the first among the factors that promote the effectiveness of the Balanced Scorecard that ended up with a single digit total. A total of three respondents appreciated its role in fostering the effectiveness of the Balanced Scorecard within the organisation.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Regular review and reporting		2		4							1		7
Factors that hinder	Managing the Balance scorecard as a one-time project		4	2			3		5			3		17

The top down process within the financial organisation by which targets on the Balanced Scorecard are pushed down meant that there was really no regular review of the outcomes on each individual's Scorecard.

According to the respondents, many of them felt that the Balanced Scorecard was initialled as a one-time project that managers wanted to get done and over with and were not interested in reviewing its merits against the realities of the internal and external

environments in which they operate in. The factor was ranked sixth with a total of seventeen points for hindering the successful implementation of the Balanced Scorecard.

The senior manager 2 said in her personal interview on January 15, 2016 that “managers did not understand the difference between strategies and goals and as such could not align targets accordingly to the Balanced Scorecard “. Personal interview with the Assistant manager 2 on February 5, 2016 is contained below; ‘the performance conversation theory says that the Balanced Scorecard should not bring out anything new, there should be a continuous conversation with the managers but it is done in the financial organisation as a tick box exercise; just to formalise a lot of stuff and what normally happens is that we are too busy trying to meet targets that we actually forget to obtain feedback from the staff members”.

It is thus conclusive that managers approach the Balanced Scorecard only at the end of the year and do not attempt to adjust it realistically with developments that go on throughout the year. Kaplan and Norton (1996) as well as Rompho (2011) shared these views.

4.4.8 Integration of Business and IT Management with the BSC process

This was not a popular factor among respondents with two respondents implying that it positively affects the implementation of the Balanced Scorecard and two respondents with the argument that the inadequacy of an IT system could hamper the implementation of the Balanced Scorecard in the organisation. The factor thus received a low points total of four each for promoting and hindering the effectiveness of the Balanced Scorecard.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Integration of Business and Information Technology Management with the BSC process							2		2				4
Factors that hinder	Absence of sustainable Enterprise Resource Software/Technological Framework					2		2						4

What is notable however, from the feedback from the interviews is that the respondents that related with the issue of resources and technology are people involved with the implementation or consulting to the financial organisation about the Balanced Scorecard.

This demographic profiling implies that the other set of respondents comprising employees are not very much inclined to the impact that IT and Enterprise resource software have on the Balanced Scorecard. This is however not a negative thing in itself.

Consultant I (personal interview on January 25, 2016) stressed that while he will not put all the blames on IT alone; he is of the opinion that the employees of the financial organisation do not understand or have minimal clue of the purpose of the Balanced Scorecard or how it helps in performance measurement or execution of strategy alignment. He believes that employees do not understand why the Balanced Scorecard is being implemented aside for measuring them against their performances.

The researcher is thus inclined to posit that technology is not an issue in the financial organisation and all departments are well integrated into their business processes with the Balanced Scorecard. The issue is therefore a lack of foresight about the Balanced Scorecard from the respondents.

4.4.9 Appropriate BSC team champions

This factor was not allocated any point either for promoting or hindering the effectiveness of the Balanced Scorecard in the financial organisation. It was rarely mentioned at all throughout the interviews by respondents except when the interviewer asked a question on it. The factor therefore emerged the least considered factor at 12 out of 12 for promoting and hindering the effectiveness of the Balanced Scorecard as depicted below.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Appropriate BSC team champions													0
Factors that hinder	Incompetent BSC Oversight team													0

Majority of the respondents when asked dismissed the idea but rather ascribed the inability to implement the Balanced Scorecard to the failure of management to involve them in designing the framework. Evidence from their reaction was that of despair at engaging management to have them involved in the process, hence no respondent accepted the role of BSC team champions in effecting the Scorecard in the organisation.

The researcher therefore puts forward the argument that employees and consultants do not share the blame for the failure of the Balanced Scorecard to meet organisation objectives of performance management or strategy execution/alignment. All blame should start and end from the process from which the strategy is being formulated, and from where the metrics of the Balanced Scorecard are being complied. That onus rests with the executive management and those charged with governance at organisations.

Despite the outcome of this interview, the researcher agrees with Niven (2006) that the ability to make use of competent hands in designing the Balanced Scorecard goes a long way in enhancing or hindering its effectiveness when he stated that *"None of us is as smart as all of us together".*

Therefore, while minimal information was derived from the interview as regarding the effect a BSC champion team might have on the effectiveness of the Balanced Scorecard based on the ratings as shown above, it is instructive to note that the combination of skills and drive by individuals in various teams may help solve complex and difficult problems that might arise while trying to implement the Balanced Scorecard.

4.4.10 Non-development of a Causal Model

This is the first and only standalone factor that was used to access hindrances to the effectiveness of the Balanced Scorecard based on the interview and questionnaire filed by respondents. The factor generated a total of seven points for hindering the successful implementation of the Balanced Scorecard in the financial organisation.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that hinder	Non-development of a Causal model							4	2	1				7

It was the eighth ranked factor amongst ten factors for hindering the effectiveness of the Balanced Scorecard. Implementer 1 was very concerned about the fact that the organisation did not really understand the idea behind developing a causal model and only admitted to appreciating the causal model for the Balanced Scorecard based on independent study he had done on it for personal career development purposes.

Implementer 1; during the personal interview on January 28, 2016 stated that …… "executives do not understand what the causal model means and do not use it to formulate the strategy nor the Balanced Scorecard based on my experience in the organisation. The cause and effect relationship developed in the model should help them identify most especially the non-quantitative aspects of measurements but what happens is that a bogus figure or non-aligned key performance indicator is used against a criteria and left ambiguous or open to independent interpretation of managers".

From the ongoing, the inability to match strategies and targets to appropriate measurement systems is a reason why the development of the causal model is necessary and a critical reason for the failure to effectively implement the Balanced Scorecard.

4.4.11 Continuous Budgetary Review process

This is the last factor based on the interview questionnaire and the factors identified in the literature review. It is equally the only standalone factor described for promoting the effectiveness of the Balanced Scorecard in organisations. Only senior manager 2 agreed that it is amongst the top factors that promote the effectiveness of the Balanced Scorecard by ascribing the lowest vote of one to the factor.

	Respondents	SM 1	SM 2	SFM 1	SFM 2	CON 1	CON 2	IMP 1	IMP 2	SMF 3	AM 1	AM 2	DA	Final Score
Factors that promote	Continuous Budgetary and Revenue Review Process		1											1

She said, "The managers have to review the budget in terms with the reality of the situation in the economy and sector. However, I have seen that this does not happen. Take for instance in South Africa, we have a slow growing economy; the management of the company still expects us to perform better than our best results for the quarter of last year. It is very painful when this position is taken and I am of the opinion that if the budgeting system is more realistic, then the factor can enhance the effectiveness of the Balanced Scorecard.

This is similar to the" point raised by Niven (2006), where he suggested that the beyond budgeting approach should be used to bolster key strategies as the year rolls by and this should be reflected on the Balanced Scorecard.

4.4.12 Conclusion

Based on the responses from the interview questionnaires collated and transcribed; the tables below list the top five factors that promote and hinder the Balanced Scorecard.

Table 9: Top five factors that promote the effectiveness of the Balanced Scorecard in a South African financial organisation

Rank	Factors that promote
1	Effective top management commitment
2	Agile organisational culture
3	Identification of BSC objectives
4	Effective Communication style by management
5	Linking BSC scores with reward structure

Table 10: Top five factors that hinder the effectiveness of the Balanced Scorecard in A South African financial organisation

Rank	Factors that hinder
1	Perceived absence of effective top management commitment
2	Failure to link BSC performance to the reward system
3	Communication issues
4	Inability to choose appropriate BSC metrics
5	Poorly defined strategy/alignment of strategy with vision and mission

4.4.13 Other factors and Information derived from Respondent Interviews

The researcher requested that the respondents provide other factors outside of the factors contained in the questionnaire that they completed which, in their opinion, may promote or hinder the implementation of the Balanced Scorecard in the organisation. Below is a brief discussion about the factors that were suggested by some of the respondents;

- Inclusiveness in the development of the Balanced Scorecard

The Balanced Scorecard is usually designed without evaluating the opinions of the bottom level of staff. Majority of the time, the Balanced Scorecard is just handed down from top to bottom and no one in the organisation is sensitive to the yearnings or concerns of the people that are actually involved in carrying out the detailed activities towards meeting the Balanced Scorecard objectives (Consultant 1; personal interview on January 25, 2016). This view is clearly amplified by senior manager 2 during the personal interview on January 15, 2016 when she said….it is cascaded downwards……and it is then filtered down to different heads of business units in clusters until it gets to all the levels of staff within the organisation".

Not once during the conversation did any respondents imply that the perspectives of the lower level of staff are being considered in the formulation of the Balanced Scorecard. This automatically creates a discord between management and employees instead of creating goal congruence.

- Linking employee and or subordinate satisfaction to the Balanced Scorecard

When departments meet their targets, the assumption is that managers have been able to utilise their staff strength to attain their targets and objectives for the year within the organisation. But critically, no one knows or attempts to find out how efficiently the staff members were utilised. Was there any form of favouritism or were staff members abused? The Balanced Scorecard is too performance related and driven to meet objectives. There is no avenue that managers are assessed unless staff members complain to any one in hierarchy or the human resources department, which is rarely the case.... (Senior manager 1; personal interview on January 14, 2016).

- Leadership and management influences on the Balanced Scorecard effectiveness

Sometimes when a manager is a real manager with minimal leadership qualities, the Balanced Scorecard is just a tick box exercise for them to complete that will be submitted to the human resources department. But leaders can deploy the Balanced Scorecard as an opportunity to guide the staff within the organisation towards reaching the objectives of the organisation…. unfortunately, the Balanced Scorecard in the organisation relies too much on managerial mind-set and discretion…they are usually not concerned about your growth once they have obtained a good score for themselves…. (Staff member 1; personal interview on January 16, 2016). The ability to lead successfully, especially from the heart with special concern for the wellbeing and growth of the employees, has a major impact on the effectiveness of Balanced Scorecard. The assumption within the organisation is that achieving results equates to good leadership.

- Balanced Scorecard is standardised within the organisation

The Balanced Scorecard is a template and instead of managers trying to critically reason about what they are trying to achieve with it, they just send it out and give people targets with a tight deadline to meet the targets. We have tried to standardise it within the business units across the organisation but regrettably, that proposal has never been considered. Business units actually go back to the human resources department to try to modify it but it has never been approved despite the fact that it is a fight that has been ongoing since I have joined the organisation……. (Senior manager 2; personal interview on January 15, 2016).

4.5 Conclusion to Results and Discussions

The researcher set out to ask the research question below;

What are the factors that promote or hinder the successful implementation of the Balanced Scorecard in a South African financial organisation?

The answer to this question collated from the interview is summarised in the table below;

Table 11: Factors that promote the effectiveness of the Balanced Scorecard in a South African financial organisation

Rank	Factors that promote
1	Effective top management commitment
2	Agile organisational culture
3	Identification of BSC objectives
4	Effective Communication style by management
5	Linking BSC scores with reward structure
6	Strategy and Strategy Mapping process
7	Regular review and reporting
8	Integration of Business and Information Technology Management with the BSC process
9	Continuous Budgetary and Revenue Review Process
10	Appropriate BSC team champions

Table 12: Factors that hinder the effectiveness of the Balanced Scorecard in a South African financial organisation

Rank	Factors that hinder
1	Perceived absence of effective top management commitment
2	Failure to link BSC performance to the reward system
3	Communication issues
4	Inability to choose appropriate BSC metrics
5	Poorly defined strategy/alignment of strategy with vision and mission
6	Managing the Balanced Scorecard as a one-time project
7	Organisational non-readiness for change
8	Non-development of a Causal model
9	Absence of sustainable Enterprise Resource Software/Technological Framework
10	Incompetent BSC Oversight team

CHAPTER 5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this research was to explore the factors that promote or hinder the implementation of the Balanced Scorecard using the Kaplan and Norton (1992) approach. The research question thus sought to establish the most important factors that can promote or hinder the implementation of the Balanced Scorecard in a South African financial organisation.

A total of 12 interviews were conducted and respondents were asked to select the five most important factors that promote or hinder the successful implementation of the Balanced Scorecard in their organisation out of a possible ten factors that were presented to each of them on a questionnaire and rank each in the order of influence with five being the most important factor and one the least important factor out of the ranked five factors.

The extracts, transcripts and rankings by each respondent gotten from the interviews were used to analyse and arrive at the dominant factors that were responsible for promoting or hindering the successful implementation of the Balanced Scorecard in a financial institution in South Africa. The results of the important factors established from the interviews have been presented in tables 12 and 13 above.

5.2 Conclusion of the Research

12 structured interviews were conducted by the researcher, and interviewees ranged from senior managers to other staff members and the Balanced Scorecard consultants within a South African financial organisation. The aim was to obtain their insights as regards factors that promote or hinder the implementation of the Balanced Scorecard in the organisation.

A Quantitative Analysis was conducted afterwards to obtain sufficient and appropriate evidence and information upon which the researcher has formed an opinion and established a ranking for the factors that promote or hinder the successful implementation of the Balanced Scorecard in a South African financial organisation.

The table showing the rankings have been presented as tables 12 and 13 in concluding the presentation and analysis of results section.

5.3 Recommendations

The recommendations that flow from this research include:

- Proper utilisation of the Balanced Scorecard: the researcher suggests that organisations that decide to adopt the Balanced Scorecard should ensure that it is the vehicle that is used to drive the organisational strategies, objectives and activities operationally. This will increase goal congruence and enhance effective participation by all stakeholders within the organisation.
- Linking BSC scores with reward structure: it is critical that the Balanced Scorecard is linked to the reward system within all organisations. This will give a sense of entitlement and responsibility to achieve the goals that have been set out on the Balanced Scorecard. Employees and management must have a clear understanding of how the Balanced Scorecard affects their salaries and bonuses and efforts must be made to align the BSC metrics to their individual responsibilities so that it is not seen as a punitive measure, but rather as achievable goals towards earning their desired bonuses.
- Understanding the purpose of the Balance Scorecard: The Balanced Scorecard is a buzzword thrown about with minimal understanding from various quarters of the corporate world. The researcher thus recommends that formal training and in-house regular exercises or workshops are promoted within organisations to enhance the understanding of the Balanced Scorecard.
- Greater use of Strategy Maps: strategy maps guide management and help them understand the activities that they need to engage in to fulfil the expectations of various stakeholders within and outside the organisation. This useful tool enables clear focus and understanding of the goal of an organisation and will significantly influence the formulation of the organisation's Balanced Scorecard.
- Gain an understanding of the cause-and-effect relationship: to fully grasp the benefits of the Balanced Scorecard when chosen to be implemented in an organisation, management and directors of the organisation have to understand or prospectively imagine the results of the implementation of the Balanced Scorecard. This can best be illustrated by the cause and effect relationship. It is therefore equally recommended that the understanding of the causal model be incorporated when designing the Balanced Scorecard within organisations.

5.4 Suggestions for further Research

Based on the interview sessions and outcome from the research, the researcher is of the opinion that the Balanced Scorecard is still in its infancy in terms of knowledge gap and deployment procedures in South African financial institutions. The researcher therefore suggests the following for prospective researchers in the field:

- Similar study among multiple financial organisations: the researcher focused his efforts on a single financial organisation to obtain data and draw up information upon which he has based his conclusions. Future researchers in the field should seek to expand their research to increase sample size to various financial organisations including banks, insurance houses, actuarial firms, etc. and their employees.

  Every organisation seeks to establish an appropriate framework that will help them align strategies and objectives into actionable plans and improve corporate performances and measurements and the Balanced Scorecard can help them in that dilemma. Therefore, the increase in sample size across more financial organisations will give future researchers more knowledge for proffering solutions to the effective implementation of the Balanced Scorecard across South African financial organisations.
- Role of top management in successful implementation of the Balanced Scorecard: the role of senior management was critically addressed by every respondent interviewed for the purpose of this research and represented the most important issue for promoting and hindering the successful implementation of the Balanced Scorecard in the financial organisation based on the responses from the interview. The researcher posits that further studies should be done to assess the exact role and impact of executive management's participation in ensuring the successful implementation of the Balanced Scorecard in their respective organisations.
- Comparing implementation benefits among organisations that link the BSC to reward systems: future researchers should seek to find out if there are direct or indirect, quantifiable or non-quantifiable benefits of linking the Balanced Scorecard to the reward system. This can be done by comparing the results and outcomes between various organisations that link the BSC to their reward system and other organisations that do not link the BSC to their reward system.

- Effectiveness of the strategy formulation: finally, further research should be conducted on how strategy is being formed in an organisation in line with the scope of the Balanced Scorecard to establish the relationship between effective strategy formulation and the successful implementation of the Balanced Scorecard. This research focused on existing strategies in a South African organisation and no judgement was made as to whether or not the strategy is effective. One of the aims of the Balanced Scorecard is to enable a company to achieve its strategies; therefore, it will be instructive for researchers to conduct an analysis on how the Balanced Scorecard has contributed to the attainment of the set strategies by the company in future research.

5.5 In concluding

The literature review and research findings indicate that the Balanced Scorecard has great potential in operational strategies, measuring corporate performance and enhancing corporate successes. However, the inability of organisations to implement the Balanced Scorecard successfully undermines their efforts and their endeavour is wasted eventually.

This study has highlighted the factors that may promote and hinder the successful implementation of the Balanced Scorecard in a South African financial organisation and presents an opportunity for financial organisations to leverage on this knowledge and create an atmosphere where everyone in the organisation is driven towards accomplishing the goals set out without fear of failure.

The researcher is confident that the findings in this research will offer management and those charged with governance and administration of organisations an appropriate structure to enhance strategy alignment, improve performance measurement and overall, gravitate towards building long lasting and successful corporations.

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APPENDICES

APPENDIX A

Research Interview Request

Good day Mr / Mrs,

I am currently finalizing MBA requirements as a full time student at the Wits Graduate School of Business and my research is on the ***"Factors affecting the implementation of a Balance Scorecard in a South African financial organisation".*** I would like to have an interview with your good self considering the fact that you work with a company that has implemented the Balance Scorecard. The questionnaire for the intended interview is attached for your review.

The purpose of this study is to investigate the factors that may promote or hinder the implementation of the Balance Scorecard within your organisation. The study may improve the way in which companies align strategies towards achieving organisational goals, objectives and activities through the ideal implementation of the Balanced Scorecard. Ultimately, the knowledge gap between aligning strategy with operations may be reduced via the successfully Balance Scorecard implementation.

This interview will take between 30 to 45 minutes and you have my highest assurances of anonymity, as your name will not be referenced anyway in the report. Your availability in this regard is highly appreciated.

Please feel free to contact me via any of the below if you have any enquiries.

Thank you for your anticipated cooperation.

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APPENDIX B

Research Questionnaire

Section A

What are the factors that promote the implementation of BSC in your organisation?

What are the factors that hinder the implementation of BSC in your organisation?

Section B

Please use a tick (√) next to your answer to rank the following factors in order of importance;

Description of scale; 1 – not important, 2 – Least important, 3 – Neutral, 4 – Important, 5 – Most important

I. Factors that promote

		1	2	3	4	5	Remarks
1	Effective top management commitment						
2	Strategy and Strategy Mapping process						
3	Identification of BSC objectives						
4	Integration of Business and Information Technology Management with the BSC process						
5	Appropriate BSC team champions						
6	Effective Communication style by management						
7	Linking BSC scores with reward structure						

8	Agile organisational culture						
9	Continuous Budgetary and Revenue Review Process						
10	Regular review and reporting						
	Others (please specify)						

II. Factors that hinder

		1	2	3	4	5	Remarks
1	Perceived absence of effective top management commitment						
2	Communication issues						
3	Poorly defined strategy/alignment of strategy with vision and mission						
4	Inability to choose appropriate BSC metrics						
5	Non-development of a causal model						
6	Failure to link BSC performance to the reward system						
7	Organisational non-readiness for change						
8	Absence of sustainable Enterprise Resource Software/Technological Framework						
9	Incompetent BSC Oversight team						
10	Managing the Balance scorecard as a one-time project						
	Others (please specify)						

Section C: Background Information

Please use a tick (√) next to your answer.

1. What is your gender?

1.	Female
2.	Male

2. Respondent's years of experience?

1	2	3	4
Less than 2 years	2– 5 years	6– 10 years	More than 10 years

3. Number of direct reports

1	2	3	4
Less than 10	10-19	20-30	31 and above

4. Respondent's Employment classification:

1.	BSC Consultant
2.	BSC Implementer
3.	Accountant

4.	Executive managers
5.	Senior managers
6.	Assistant managers
7.	Staff members

Guiding Questions

1. What factors promotes the successful implementation of the BSC
Do you think that the company's hierarchy supports the BSC?
How do you draw up the company's strategies and is there a model that shows a causal link between strategy and implementation?
How aligned are the metrics and BSC objectives aligned to your department's strategies?
Do you have a separate IT system for your department's BSC and do you feel it is sufficient to meet the requirements of your own department?
How knowledgeable and competent do you think your team is in working along the BSC objectives and perspectives?
Is there a direct link of the BSC with your subordinate’s reward system and can you please explain if yes and if No, why?
How did your subordinates embrace the BSC when it was introduced?
How often do you review your department's goals/strategies and how do you adjust the BSC objectives in line with your reviews?

2. What factors hinders the successful implementation of the BSC
Did you obtain top management commitment before rolling out the BSC and do they fully understand and support the framework?
What is the communication pattern within your department and how do you ensure that your direct reports understand the information given to them?
Is there an established feedback process?
Who chooses the metrics of the BSC and are they linked to any reward system?
Do you think your team understands the requirements of the BSC and how it translates to achieving the company's goals?
How have other managers within the company embraced the BSC and do they rely on it to implement their department's strategies?
Is the company flexible enough to respond to change within their business environment and are these changes related to the BSC immediately or treated as separate events?
What there a process of employee engagement when introducing the BSC? Was there a need to employ more people or where your employees trained considering the fact that the BSC might be linked to your company's/department's strategy?
How efficient is the company's IT system adequate for the implementation of the BSC?

Please note that the researcher will ask the two main questions in bold above while subsequent leading questions will be asked based on the respondents' responses. The above questions are however not exhaustive.

The interview will end with the questions relating to the background information of the respondent in terms of the number of direct reports, length of service with the financial organisation and a thank-you speech for granting the interview.

APPENDIX C

Consistency matrix

Main problem	Literature Review	Research question	Source of data	Type of data	Analysis
Identification of the factors that promote or hinder the implementation of the Balanced Scorecard in a South African financial organisation.	• Kaplan and Norton, 1996 • Porter, 1996 • Kaplan and Norton, 2000 • Neely and Bourne, 2000 • Kaplan and Norton, 2001 • Kaplan and Norton, 2004 • Hrebiniak, 2005 • Kaplan and Norton, 2005 • Assiri et al, 2006 • Atkinson, 2006 • Bino et al, 2006 • Hrebiniak, 2006 • Johanson, et al., 2006 • Niven, 2006 • Othman, 2006 • Kaplan, 2010 • Rompho, 2011 • Antonsen, 2014	What are the factors that promote or hinder the successful implementation of the Balanced Scorecard in a South Africa financial organisation?	Personal interviews and information gathered from the questionnaire in the appendix as well as personal observations	Quantitative	Factor Ranking and Interpretation/Analysis

APPENDIX D

Example of a Balance Scorecard at a South African financial organisation

NEDBANK GROUP | Human Resources Manager | Scorecard

	Strategic Focus Area	Strategic Initiatives		Measures	Weighting	Threshold Target	Target	Stretch Target	Actual Result Achieved	Score	Comments
	FINANCIAL AND BUSINESS				10%					-	
1	**Manage for Value**	Contribution to the Business unit HR Cost containment	1.1	Recruitment costs(Agency fees, assessment, Intergrity checks) EE Forum, Headcount Management	10%	<100% compliance to line expense budget, rules and requirements	100% compliance to line expense budget, rules and requirements	100% compliance to line expense budget, rules and requirements with evidence of innovative recommendations implementation of management of line costs	0.00	-	Discuss with Lerato the formula used
	CLIENT AND RELATIONSHIP				35%					-	
2	**Client Driven**	**Manage fuctional teams &business partners(line clients) have complete trust and confidence in the HR Team, Peers inn other functions. Alignment of HR functions to client business needs**	2.1	**360 ° feedback from clients, Client Service Survey and HR Team feedback.**		< 3.4 rating lack of developed, strong , trusting relations with manager, peers & business partners (line clients) to achieve value added results	3.5 - 4.0 rating - 1. Built sound professional relationships - understood and consistently met client's needs. 2. Developed trusting / professional internal relationships to smooth the flow of work.	> 4 rating - 1. Leveraged high credibility relationships with all stakeholders to achieve breakthrough business objectives. 2. Skill and knowledge sought after by colleague's clients etc.	0.00	-	
			2.1.3	Delivery of Transactional HR services (Remuneration, Performance Management, Employee Relations, Recruitment, etc.)	10%						
			2.1.4	Deliver on Organisational Development interventions(Talent Management, Coaching, Insights Discovery, Change Management)	3%						
			2.1.5	Involvement in and contribution to BU specific projects and deliverables	1%						
			2.1.6	Consolidate and Monitor Span of Control- accurate MI and reporting tools in place	2%						
		Human Resources -Collaboration and Team work. - Build an effective HR team and customer satisfaction on HR services- HR Processes, systems and Standards.	2.2	**360 ° HR Managers Feedback- HRM Colleagues Feedback**- Delivery of HR Special Projects & HR Processes - Remuneration, Recognition, Performance Management, Talent Management, Employee Relations, Recruitment, Learning & Development, Empower People Within Frameworks, Vacancy Management, Functional Analysis, Divisional Succession Planning	19%	< 3 rating - All HR Projects and timelines are not met	3.5 rating - Delivered projects, cost effectively, on time and within risk parameters within the respective function / business unit	> 4 rating - All HR projects requirements and timelines are met including dedicated involvement in a specific business approved project.	0.00	-	
	MANAGEMENT AND INTERNAL PROCESSES				25%					-	
3	**Risk as an Enabler**	Create an acceptable Risk Environment	3.1	HR Compliance. People, Operational and Strategic Rieks- Satisfactorily followed. Reporting and corrective measures in place to address areas of non compliance and risks	5%	< 3 rating - Risk related losses are evident, escalated, identified, unresolved	3.5 rating - Complied with risk standards, monitored and corrective action taken Risk related losses are evident, escalated, identified, unresolved	> 4 rating - Policy, process and standards gatekeeper for the team HRM proactively identifies, manages, reports and mitigates	0.00	-	
	Enhance Productivity and Execution	HR Capability and Excellence . Reporting of HR Function . End to end business optimisation (rationalise, simplify, consolidate)	3.2	Deliver quality and accurate MI for business (articulate and interpret data correctly. Effective Context analysis whereby the business unit environment is analysed, that is the market in which a business operates its internal and external environment and using the results as an important aspect of business planning.	10%	< 3 rating - Poor decision making and no problem resolution practices in place	3.5 rating - Identified and resolved work obstacles and problems effectively and had contingency options to deliver	> 4 rating - Decisions made at a level that positively influence the Business Strategy	0.00	-	
	Collaboration	Effective collaboration with other HR departments/businesses.	3.3	HR Synergies/Collaboration between Retail & other Business Clusters within Nedbank. Monthly update and feedback report. Evidence of efforts made to collaborate. Implement a Culture of Matrix Management principles. Feedback will be project specific	10%	< 3 rating - No evidence of Synergies or efforts made to collaborate	3.5 rating - Evidence of HR Synergies and efforts made to collaborate	> 4 rating - Excellent and meaningful HR Synergies and strong culture of collaboration	0.00	-	
	TRANSFORMATION				18%					-	
4	**Transformation**	Embed transformation in the way we do business. -Leverage resultant business opportunities -Achieve Cascaded EE Targets	4.1	Employment Equity - Business Unit: - Achievement of Targets: - SM-2% / MM-3% / JM-2% - African overall - 1% - Communication and affirmative action measures - 2%	10%	< 3 rating 90% achievement against agreed targets - failed to deliver according to plan	3.5 rating 100% achievement against agreed targets - delivered according to plan Supported team efforts to achieve transformation goals and established a	> 4 rating 110% achievement against agreed targets - delivered according to plan Team benchmark i.t.o. support and promotion of Nedbank transformational	0.00	-	
		Contribute to Business Unit &function to be positioned as the most transformed Bank.	4.2	BEE Procurement. Contributing factor on the DTI scorecard. Evidence on spend with BEE accredited suppliers/providers (Recruitment agencies and L & D service provides). Finance review.	2%	< 3 rating (90% achievement against target)	3.5 rating (100% achievement against target)	> 4 rating (110% achievement against target)	0.00	-	
			4.6	Diversity workshops (Botho Pele) : Roll-out against target- evidence of employee attendance- 100% attended	3%						
			4.7	Coaching for Growth - rollout against scheduled attendance for year 2012 -Evidence of all Managers attendance	3%						
	ORGANISATIONAL LEARNING AND LEADERSHIP				12%					-	
5	**Unique and Innovative Culture**	Great Place To Work	5.1	Culture and Employee Surveys:		Staff surveys: Survey mean is below 80%	Staff surveys: Survey mean is maintained at 80%	Staff surveys: Survey mean is above 80% Sought out by Cluster		-	
			5.1.1	Barrett Entropy Score	2%		'- Developed a function wide differentiated culture - improved year on year	Management as a benchmark for establishing a transformation			
			5.1.2	Barrett Value Matches (current vs. desired)	1%						
			5.1.3	Nedbank Staff Survey (NSS)	2%				0.00		
		Embed Change	5.2	Implement Change Management Program and Communication. -Execute plan from NSS and Barrett Survey Feedback.	2%	< 3 rating (90% staff communicated to)	3.5 rating (95% staff communicated to)	> 4 rating (100% staff communicated to)	0.00	-	1. Staff communicated to 2. Plan in place with committed action plans 3. Action plans implemented
		Talent and Career Management	5.3	Talent Management: - Talent Plan in place for business optimising the movement of talent across the bank, improving EE profile of talent pool- Evidence of Talent Mobility	5%	< 3 rating - 90%- (Talent Grid in place, Team Leader - Manco Plotted on the grid)	3.5 rating- 100% - (Grid used to inform BEP nominations, Executive Development and succession plans)	>4 - 110%- rating (Robust succession process)	0.00	-	**1)**Talent Grid is in place and plot and monitor movement in grid 1 and 2. **2)** Grid is used for input into succession planning .Talent grid to informs BEP nominations, Executive Developmentement program nominations. **3)** Staff movement is done Retail wide using Talent
					100%					**Rating**	
							High level modifier relating to Values and Executive Head HR			-	Performance Score Modifier (-0.5 0.5) Final Performance Score

MANAGERIAL PERFORMANCE REVIEW

Name	XXX	**Employee number**	XXX
Cluster	Retail	**Position / Job title**	xxx
Branch number	XXX	**Business Unit**	xxx
Manager's name	XXX	**MDP Passage**	NA
Half-year performance rating		**Annual performance rating**	3.6
Staff member's signature		**Staff member's signature**	
Date		**Date**	
Manager's signature		**Manager's signature**	
Date		**Date**	

AREAS OF ACHIEVEMENT / OVER-ACHIEVEMENT DURING THE REVIEW PERIOD	
Half-year performance review	**Annual performance review**
I. PARADIGM INNOVATION:changing the way innovation is perceived in a and creating an innovation culture. **1. BRAINWAVE- 2014 end of year goal was to get two ideas approved.This was completed** ▪ Ran the platform efficiently and was a prominent streamowner for CE. Also managed to get 2 ideas approved. ▪ Mobile printing idea. It was investigated, vendor engagement done and a CVP and BC signed ff. It is in the E-notes road map for 2016. ▪ Lottery winning ticket enhancement taken forward and will be done as a TRS in 2015. **II. PRODUCT INNOVATION:Developing and driving new products or value added services on our digital channels - 2014 End of Year goals was faster turns around times.** 1. Impulse Save- Canned due system issues and low priority in the funding space. ▪ Drove the concept and handed over to Funding. Client journey and channel dynamics completed. ▪ Canned due to instability of the DS system and low priority. 2. Traffic Fines- being delivered on EBPP in 2015 ▪ Assisted with corporate business case. They used my methodology and numbers to get signoff. 3. Public transport digital top ups- dependant on winning the tender. Decision likely to be made in 2016. ▪ Got concept onto Digital roadmap after completing the CVP and business case, engaging with card and public enterprise in corporate. ▪ Delivery dependant on winning the tender. 4. Digital branch- rolled up into Digital servicing workstream	

being run by xxx.Ongoing project.
    - Assisted Claire Howarth with the Digital services programme. They used my Business case and the team feasibility study as a basis for their work.
    - Assisted xxx with UX and business case considerations.
5. Mobile printing- Rolled up into E-notes roadmap starting in 2016.
    - Did a feasibility with multiple stakeholder as well vendor engagement with HP and Xerox to understand the concept.
    - Completed a CVP and signed off the business case with finance.
    - Made recommendations for UX and client journey as well as channel considerations which were taken on-board.
    - Concept rolled up into E-notes strategic roadmap for 2016 and onwards.
6. Car and home Augmented reality POC- put on hold due to low priority
    - Conceptualised the client journey and UX experience finalised the client journey.
    - Engaged with Lightstone, Qualcomm and other vendors to get quotes and timelines etc.
    - Finalised the business case.
7. Twitter banking- Rexco approval for pilot and pre-execution budget. Currently underway
    - Completed feasibility, CVP and BC.
    - Product manager driving project delivery, vendor engagement and NPAP process.
8. Shack insurance- Feasibility study done and currently underway.
    - Did extensive desktop research on market and industry dynamics.
    - Completed extensive feasibility study with minimal help from MCI and segment. Good assistance from insurance arm.

III. **PROCESS INNOVATION:** developing new ways of delivery, systems or value adds to achieve strategic goals more efficiently.

1. Share of wallet analysis- conceptualised and pioneered idea. Dave has approved the idea and backed it, idea put on hold as segment has pulled the budget due to priority. • Engaged with BIS and segment. • Laid down conceptual framework. • Handed over to xxxxx due to Twitter Banking being high priority. IV. **POSITION INNOVATION**- driving new ways that a product or service is perceived or contextualised to achieve competitive advantage. 1. Send i-Mali process overview- looked at the Send i-Mali process stacked up against the competitors processes.	

AREAS OF UNDER-ACHIEVEMENT / CONCERNS DURING THE REVIEW PERIOD	
Half-year performance review	**Annual performance review**

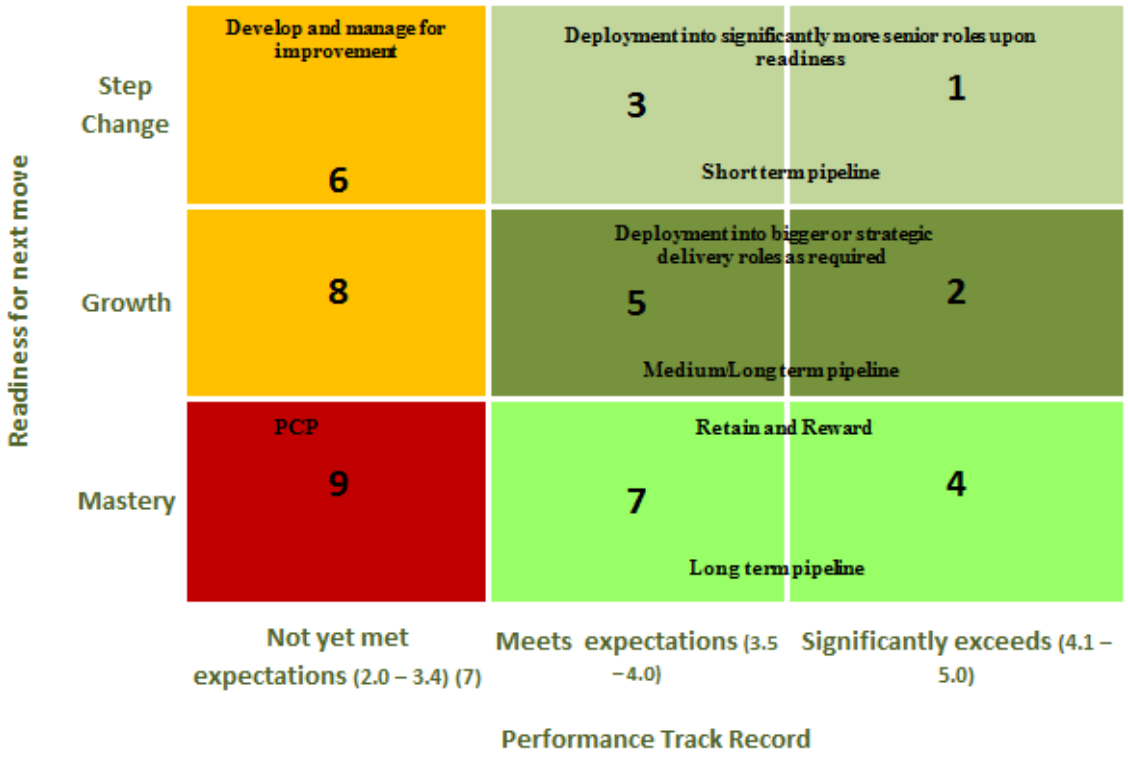
• Channel involvement
  • Lack of feedback on Brainwave ideas
  • Lack of clarity on channel roadmap and prioritisation methodology.
	• Manco dynamics
	  • No decisive decision on concepts.
	  • Expecting Detailed design knowledge of CVPs.
	• Channel involvement
	  • Internal competition between the innovation team and channel managers.
	  • Lack of clarity on channel roadmap
	• Representation of foreign nationals in the workforce and at senior management level.
	  • 1% of the workforce are foreign nationals
	  • Only 20 are senior managers, 137 middle management.
	• Salary
	  • At the bottom of the earning range

SUMMARY OF 360º FEEDBACK (if relevant)	
Half-year performance review	**Annual performance review**
Not applicable	
Y AREAS OF FOCUS DURING THE NEXT 6 MONTHS	
Half-year performance review	**Annual performance review**
• Go no go decisions on current CVP's and POCs and driving them to project phase. • Brainwave enhancements, finding and driving quality ideas. • Turn around times for CVPs.	• Turnaround times for CVPs.
PERFORMANCE and POTENTIAL	

Indicate current position (*) and potential future position (#)

Manager of Self	Manager of Others	Manager of Managers	Manager of Function	Manager of a Business	Manager of a Group of Businesses	Enterprise Manager
*	#					

Indicate current Grid Position



EXECUTIVE PROFILE					
Leadership Dimensions					
Strategic Orientation	**Perspective**	**Relating**	**Leading**	**Execution**	**Learning**
Is the individual able to analyse complex information, understand the bigger picture and patterns in information to identify trends and make decisions to identify future opportunities? (e.g. interested in what's happening in the wider environment, politics, market changes and understand the implications for the business)	**Is the individual able to handle ambiguity and comfortable with seeing things from different perspectives. (E.g. do they often come up with new and novel ways of looking at things, can they handle conceptual and ambiguous information where the answer may not always be clear or black and white)**	**Does the individual possess strong interpersonal skills and ability to relate to different types of people?**	**Do they show an interest in leading and developing others? Are they able to align others behind a course of action or an agenda?**	**Are they consistent in being driven focused and resourceful in meeting challenges? Do they possess a desire to raise standards and get results?**	**Does this person have a drive and curiosity to learn and develop? Do they demonstrate the ability to learn from experiences positively and make changes?**

Rating Scale

- **Significant Development Required** **1**
- **Development Required**
- **Demonstrates Potential** **2**
- **Demonstrates Strength** **3**
- **Demonstrates Key Strength** **4**
5

Leadership Dimensions	Rating	Half Year Performance Review	Rating	Annual Performance Review
Strategic Direction	3.5		3.5	
Perspective	3		3	
Relating	3		3	
Leading	3		3	
Execution	3		3	
Learning	4		4	

Skills	
Pricing. MS Excel MS PowerPoint MS Visio	Business case formulation Pricing MS Excel MS PowerPoint MS Visio Business analysis and system analysis Requirements gathering Market and business research Client value proposition development Retail consumer acumen

Career aspirations / Retention motivation / mobility – provincial or international		
Future Roles and division/cluster	Senior Innovation Manager Strategy Africa role	Strategy Africa role
Retention Drivers	Salary step change after demonstrating value. Bursary	Salary increase on ER1.
Mobility- Provincial preference and/or international	Willing to relocate	Willing to relocate

Strengths and Potential de-railers	
Strengths Well rounded generalist skill set. Good problem solving skills. Tenacity. **Derailers** Conflict resolution.	**Strengths** Well rounded generalist skill set. Good problem solving skills. Tenacity. **Derailers** Too analytical.

DEVELOPMENT AREAS and AGREED DEVELOPMENT PLAN – CURRENT ROLE	
Half-year performance review	**Annual performance review**
MBA • Passed all subjects in my first and second semester year-Economics, Organisational Behaviour and HR, Accounting. • Did work placed assignment on improving system and HR policies to prevent fraud on unauthorised overdrafts meant to cover employees who are changing jobs and hence banks and need to cover their debit orders. • Doing Corporate Finance, Marketing, Leading in a Complex Environment and Social responsibility for the rest of the year.	**MBA** • Passed all subjects for my first year. • Did work placed assignment on creative problem solving. Used as part of Single portal ideation.

DEVELOPMENT AREAS and AGREED DEVELOPMENT PLAN – FUTURE ROLE	
Half-year performance review	**Annual performance review**
MBA –NTD • Passed all subjects in my first and second semester year-Economics, Organisational Behaviour and HR, Accounting. • Did work placed assignment on improving system and HR policies to prevent fraud on unauthorised overdrafts meant to cover employees who are changing jobs and hence banks and need to cover their debit orders.	• TBC
MANAGER'S COMMENTS	
Half-year performance review	**Annual performance review**

STAFF MEMBER'S COMMENTS	
Half-year performance review	**Annual performance review**
• Looking forward to the rest of the year.	

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