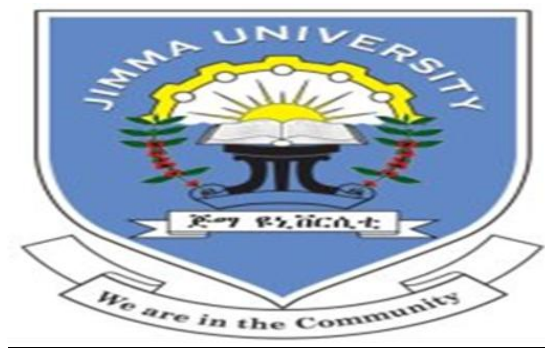**THE EFFECTS OF THE IMPLEMENTATION OF BALANCED SCORECARD ON EMPLOYEE PERFORMANCE APPRAISAL PRACTICES: THE CASE OF ETHIO TELECOMJIMMA DISTRICT**

A RESEARCH PAPER SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF JIMMA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF PUBLIC MANAGEMENT (MPM).

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MPM PROGRAM

BY: WORKNEH ADDIS

JUNE, 2020

JIMMA, ETHIOPIA

THE EFFECTS OF THE IMPLEMENTATION OF BALANCED SCORECARD ON EMPLOYEE PERFORMANCE APPRAISAL PRACTICES: THE CASE OF ETHIO TELECOM JIMMA DISTRICT

BY: WORKNEH ADDIS

ADVISOR GIRMAW ASSEMIE (PHD)

MR. KEDIR ABRAHIM

A RESEARCH PAPER SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF JIMMA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF PUBLIC MANAGEMENT (MPM).

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MPM PROGRAM

JUNE, 2020

JIMMA, ETHIOPIA

DECLARATION

This is to certify that the research paper entitles "The Effects of the Implementation of Balanced Scorecard on Employee Performance Appraisal Practices: The Case of Ethio Telecom Jimma District", has been carried out by me under the guidance and supervision of main advisorGirmawAssemie (PhD) and co-advisor Mr.KedirAbrahim.

The research paper is original and has not been submitted for the award of any University or institutions for a similar or any other degree award.

Researcher's Name   SignatureDate

Workneh Addis   _____   _____

Main Advisor Name

GirmawAssemie (PhD) _____   _____

Co-advisor Name

Mrs.KedirAbrahim_____   _____

Internal Examiner   *Date*   *Signature*

Hagos Brhane 9/17/2020

_

External Examiner   *Date*   *Signature*

_____ _____ _____

TABLE OF CONTENTS

LISTS OF TABLES

ACKNOWLEDGMENTS

LIST OF ABBREVIATIONS

BSC   Balanced Score Card

EPA   Employee Performance Appraisal

HRM   Human Resource Management

VAS   Value Added Services

ETS   Ethiopian Telecommunications Services

ETA   Ethiopian Telecommunications Authority

ETC   Ethiopian Telecommunications Corporation

IBTE   Imperial Board of Telecommunications of Ethiopia

SPSS   Statistical Package for Social Science

RBV   Resource Based View

ABSTRACT

The aim of this study is to examine and evaluate the effects of the Balanced Scorecard implementation on employee performance appraisal practices inthe Case of Ethio Telecom Jimma District. The study was both descriptive and explanatory research design. Accordingly, in descriptive method the study was focused on the determination of the frequency with which an event occurs and how variables are related in a particular context. Accordingly, in explanatory approach the study was concerned with determining the impact and cause and effect relationships among variables. The target population of the study was total employees existing in Ethio Telecom Jimma District, those are 528.The sample size of the respondent's was 228employees. Sampling techniques of the study was probability sampling specifically simple random sampling. The method of data collection was through survey method and the tools are questioners, interview and document analysis. The study used SPSS software package in the entire analysis part. Secondary sources of data was collected from employee performance appraisal documents, plans, reports, and other related literatures. The study confirms that BSC implementation has a positive effect on the practices of performance appraisal. Specifically, the link between organizational objectives and individual goals was considered to have stronger relationship on performance appraisal. In the qualitative analyses, majority of the respondents (Managers) said that the link between organizational objectives and individual goals is the main contribution that the BSC implementation has brought on the overall practices of performance appraisal. The researcher recommended that the organization should give adequate training on how to cascade and implement corporate BSC, to make the template easy the organization should assign at least one focal person for each division, the organization should try to identify the metrics that measured qualitatively and to get the greatest contribution of BSC the organization should systemize its deployment.

Keywords: Balanced Scorecard (BSC), Employee Performance Appraisal Practices, Ethio Telecom

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The purpose of measuring performance is not only to know how a business is performing but also to enable it to perform better. The ultimate aim of implementing a performance measurement system is to improve the performance of an organization so that it may better serve its customers, employees, owners, and other stakeholders (Johnson, 1981). Performance measurement generates data that will inform the users where the business is, how it is doing, and where it is going. A performance measurement system enables an enterprise to plan, measure and control its performance according to a pre-defined strategy (Okwo and Marire, 2012). The Balanced Scorecard (BSC) is a system used strategically in business, industry, government and non-profit organizations worldwide to align business activities to the vision and strategy of organizations. It is meant to improve internal and external communications and monitor organizations' performance against strategic goals. The BSC tool has its origin from the works of Kaplan and Norton (Kaplan & Norton, 1992). The authors recognized that in the realm of knowledge-based competition, the ability of organizations to develop, nurture, and mobilize their intangible assets were critical for success (Kaplan & Norton, 2001).

One of the benefits of Balanced Scorecard is to align individual objectives to that of organizational objectives, which provides a platform for effective performance management. The Balanced Scorecard allows supervisors and managers to objectively analyze the employee's performance and contribution to the organization. It prevents the problems associated with subjective evaluation by providing concrete metrics that can be applied equally to every employee (IBID).

Grubb (2007) says performance appraisal is a procedure to evaluate how individual personnel are performing and how they can improve their performance and contribute to overall organizational performance. Performance appraisal is the systematic evaluation of employees according to their job and potential development. There are a variety of methods for evaluating of employees' performance. Obviously, no method can claim that it has an integrated approach in performance

appraisal; however, one of the most important methods for the appraisal of employees' performance is the Balanced Scorecard (BSC) (Mohammad &Mahaudul, 2010)

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

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

1.2.   Background of the Organization

Ethio telecom, previously known as the Ethiopian Telecommunications Corporation (ETC), is an integrated telecommunications services provider in Ethiopia, providing internet and telephone services (Aregay, 2018). Ethio telecom is owned by the Ethiopian government and maintains a monopoly over all telecommunication services in Ethiopia (Central Intelligence Agency, 2014). Based in Addis Ababa, it is one of the "Big-5" group of state owned corporations in Ethiopia, along with Ethiopian Airlines, the Commercial Bank of Ethiopia, Ethio-Insurance, and the Ethiopian Shipping Lines (Kebede, 2014).

Ethio telecom was managed, on a management contract arrangement from 2010 to 2013 June, by France Télécom, and was required to comply with Ethiopian Government orders(Hoboken, 2013).The government said it outsourced the management as ETC was not able to meet the demands of the fast-growing country.

Ethio Telecom is one of the biggest governmental infrastructures in Ethiopia. It is an integrated telecommunications solutions provider offering internet, data, VAS, International and voice services. Telecommunications Services started in Ethiopia in 1894, only seventeen years after its invention. It is reorganized in 1952 as Imperial Board of Telecommunications of Ethiopia (IBTE) and later changed to "Ethiopian Telecommunications Services" (ETS) after twenty years. Since then, it has evolved from "Ethiopian Telecommunications Authority" (ETA) in 1975 to "Ethiopian Telecommunications Corporation"(ETC) in 1996(Telecom, 2014)

In 2010, the Ethiopian government had decided to transform the telecommunication infrastructure and services to world class standard, considering them as the main focus to the development of Ethiopia. The government outsourced the management to the then France Telecom (now is called just Orange telecom) as the existing organization was not able to meet the demands of the fast-growing country. Thus, Ethio Telecom is born from this ambition in order to bring about a paradigm shift in the development of the telecom sector to support the steady growth of the country.

Currently, The Case of Ethio Telecom Jimma District has 528 (as of Dec, 2019) employees. As per the contractual agreement with the Ethiopian government, France Telecom (Orange) was striving to improve and modernize the organizations overall business aspect through implementing better work process, human resource capacity building tasks as well as applying customer focused services with best customer handling practices. Since December 31, 2012 the two and half year management contract was completed and Ethiopian managers have taken over (Telecom, 2014)

As part of the government's plan to implement Balanced Scorecard in all public organizations, Ethio Telecom started the process of introducing this practice in 2012/13 budget year with an aim of create ng a more efficient and strategy-focused high performing organization.

1.3. Statement of the Problems

One of the most challenging components of Human Resource is performance appraisal. All involved parties supervisors, employees, and Human Resource managers typically are dissatisfied with their organization's performance management system and view the appraisal process as either a bureaucratic exercise or a destructive influence of the relationship between the employees and the supervisors. This is certainly true of most organizations, where surveys

typically reveal widespread dissatisfaction with the appraisal process. Despite this outcome, managers are hesitant to abandon performance appraisal which they still regard as an essential tool of Human Resource management (Williams &Hubber, 1986).

Balanced Scorecard, in addition to its main objective, providing enterprise view of organization's overall performance by integrating financial measures with other key performance indicators, can also contribute in providing a platform to implement an efficient performance appraisal practice in which employees will be evaluated based on clearly set goals that are linked to the mission and vision of the organization (Kaplan & Norton, 1992).

However, organizations that employ BSC as change and strategic management system tend to fail to investigate the effects that it can bring on the efficiency of the employee appraisal practices. Etho telecom is not different in this regard. At the beginning of 2012/13 budget year, the organization's decided to implement BSC by aligning all its strategic objectivities to BSC framework. The objectives and targets were clear at organization and sections level, but they were not properly cascaded to individual level. Neither were there mappings of the objectives along the four perspectives to show the value chain. Performance appraisal was conducted using the old templates used before the implementation of BSC. No new template was created that show the different levels of perspectives introduced with the implementation of BSC. It created conflict between employees and their immediate supervisors as the targets are not agreed upon and employees were not made to buy into the new process. The targets were not put in a measurement criterion that is clear for everybody involved (Aregay, 2018).

Having recognized the problems that are caused by not implementing BSC with its full processes, Ethio Telecom re-launched BSC again during the following budget year. This time, it was aligned with the 9 processes, starting from the assessment until the evaluation. The employee performance appraisal templates and procedures have changed accordingly. Objectives and targets were defined at the beginning of the budget year and continuous follow-up of actions is done by immediate supervisor which will be the basis for semi and annual appraisals (Telecom, 2014).

There are a lots of challenges associated with BSC implementation in Ethio telecom that the researcher figure out by personal observation. Cascading to individual level is the most challenging activity. Cascading to individual level requires engaging the hearts and minds of the workforce. This entails getting their agreement and commitment to set targets. If that engagement is not achieved, the individual level BSC becomes nothing more than a documentations exercise at the end of each reporting period. The behaviour of your workforce will not change. The second challenge that associated with BSC implementation is Lack of Effective Training; Effective training is a critical tool for establishing and implementing a performance management system. Training increases and updates the skills, knowledge, competencies, and experiences of an employee through a series of training and development programs (Obeidat et al., 2014). If it is not given properly to employees it will affect the successful implementation of BCS at higher level. The third challenge is lack of senior management commitment. Delegation of the project to middle management and defining the project as performance measurement is described as one of the most common causes of failure, by missing focus and alignment to implement strategy. (Kaplan and Norton, 2001a).The fourth challenge is measurement tool (Automation). Automation is using software to automate the collection, reporting, and visualization of performance data and transforming performance measurement data into useful information and business intelligence (Niven, 2006).But if it is not easy to use, difficult to measure the performance of individual and also the company as a whole. Thus, the study has been attempted to identify and validate the above mentioned Problems through scientific inquiry.

1.4. Research Questions

1. What is the effect of BSC implementation on employee Performance appraisal practices at Ethio Telecom?

2. To what extent did the implementation of Balanced Scorecard help in linking the objective of the organization to the individual's goals?

3. To what extent does the Balanced Scorecard implementation broadens the performance measures criteria, thereby improving the objectivity of the measures?

4. What is the extent of the performance appraisal reporting and documentation quality improvement after the implementation of the Balanced Scorecard?

5. To what extent has the Balanced Scorecard implementation improved the relationship between supervisors and employees?

1.5. Objective of the Study

1.5.1. General Objective

The aim of this study is to examine and evaluate the effects of the Balanced Scorecard implementation on employee performance appraisal practices at Ethio Telecom Jimma District.

1.5.2. Specific Objectives

The specific objectives of these studies were:

- To assess whether the Balanced Scorecard implementation has helped in linking the objective of the organization to the individual's goals.
- To examine how far the Balanced Scorecard implementation broadens the performance measures criteria to financial as well as non-financial measures, thereby improving the objectivity of the measures.
- To assess whether the Balanced Scorecard implementation has improved employee performance appraisal reporting and documentation quality,
- To assess whether the Balanced Scorecard implementation has improved relationship between supervisor and employee during the employee performance appraisal process.

1.6. Significance of the Study

Primarily, this research paper will contribute in addressing the scarcity of empirical investigation in the effects of the implementation of Balanced Scorecard on employee performance appraisal practices in the context of strategic oriented organizations in general and government owned organization in particular. The study may help the organization to evaluate its current performance appraisal practices against the objectives it originally set to achieve through the Balanced Scorecard, and make future decisions accordingly. In addition to these, the findings of the research may also serve as a relevant reference material for a much deeper investigation in the area. And finally, the fact that the Balanced Scorecard and performance appraisal tools touches different variety of fields in management, (e.g. Performance management and Strategy management) the study can be used as a significant reference material for studies of varies management fields in the context of government organizations.

1.7. Scope of the Study

This study was investigating the effects of the Balanced Scorecard Implementation on employee performance appraisal practices of Ethio Telecom Jimma District. The studies focus on the Balanced Scorecard Implementation and employee performance appraisal in permanent and temporary employees. Therefore, any term found in this study should be interpreted in relation to the Balanced Scorecard Implementation and employee performance appraisal of Ethio Telecom Jimma district.

1.8. Limitation of the study

It is understandable that research employment can't be completely free of charge from constraint. The constraint of the study was due to corona viruses or pandemic few research questionnaires are difficult to collect. Some questionnaires and interview were not collected due to lack of willingness to provide the response and very busy to answer the interview with detail response.

1.9. Definition of Terms

Balanced Scorecard: According to Kaplan and Norton (1996), BSC is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results (Kaplan &Norton, 1996)

Performance Appraisal: -Yong (1996) defines performance appraisal as "an evaluation and grading exercise undertaken by an organization on all its employees either periodically or annually, on the outcomes of performance based on the job content, job requirement and personal behaviour in the position". (Yong, 1996)

Operational Performance: The act of performing; of doing something successfully, and using knowledge as distinguished from merely possessing it. A performance comprises an event in which generally one group of people (the performer or performers) behaves in a particular way for another group of people.

Performance Evaluation: is the activity used to determine the extent to which employee perform work effectively.

1.9. Organization of the Study

The study has four chapters. Chapter one introduction, it includes background of the stud, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, definition of terms and the organization of the study. The literature related to the subject matter is presented in chapter two. Chapter three is about research methodology, which shows the type and design of the paper. Chapter four about Data presentation and analysis and the last chapter five is about summary of findings, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to review the literature in the area of Balanced Scorecard (BSC). This review of literature establishes a framework, which can guide the study. This chapter is structured along several themes, such as Balanced Scorecard (BSC) in general, Benefits of BSC, Financial perspective, Customer perspective, Internal processes perspective, Innovation, learning and growth perspective, Performance Measurement and Management, Review of studies on Balanced Scorecard Implementation components, Documentation, reporting and Data quality and Conceptual Model.

2.2. Balanced Scorecard (BSC)

The Balanced Scorecard (BSC) is used as a measurement tool in order to measure an organization's performance in both public and private sectors to achieve the key business strategies and objectives. The BSC was first developed in early 1990s by Robert Kaplan and David Norton at the Harvard Business School. As the key problem that they identified is many organizations had tendency to manage their businesses based on financial measures while they actually may have worked well in earlier. Moreover, the tempo of business nowadays significantly needs greater and more comprehensiveness of measurement to eventually become successful in further pace of business firms. Basically, the scorecard consists of four major perspective elements as following.

1) Customer perspective: this element is a measurement of the customers' satisfaction as well as their accomplishment requirements.

2) Internal business process perspective: this perspective is used to measure the critical-to-customer process requirements and measures.

3) Financial perspective: this element is used to track the financial requirement and accomplishment in organization.

4) Learning and growth perspective: this perspective will be concentrating on how organizations train and educate their employee, gain and capture their knowledge, and how organization utilized it to maintain a competitive edge within their markets.

Additionally, those particular elements of the scorecard depend upon the organization's aims (e.g. vision, mission, and objectives). For instance, customers in academic institution are professors, lecturers, faculty staffs, and students. Meanwhile customers in healthcare industry are doctors, nurses, and patients. However, even in educational sector, this still can be found characteristic of indicators in between public institution and private institution. Since private institution has a big financial situation, which solely gains from students' tuitions fees, while most of public institutions has rather small financial situation as they are partially supported by the government funds (Robert Kaplan 1990)

In 1990 Robert Kaplan and Davis Norton carried out a yearlong research project with 12 organizations at the leading edge of performance measurement. They came to the conclusion that traditional performance measures, having a financial bias and being cantered on issues of control, ignored the key issue of linking operational performance to strategic objectives and communicating these objectives and performance results to all levels of the organization (Kaplan & Norton, 1992). Realizing that no single measure can provide a clear performance target or focus attention on all the critical areas of business, they proposed the concept of a Balanced Scorecard as a more sophisticated approach for meeting these shortcomings.

If organizations are to survive and prosper in a competitive environment, they must use measurement and management systems derived from their strategies and capabilities. The Balanced Scorecard can be seen as a management system that bridges the gap between strategic objectives set at the senior level within an organization, and their operational execution (IBID).

This is accomplished by translating vision and strategy into objectives and measures, providing a framework to communicate this vision and strategy to employees, and thereby channeling the energies, the abilities, and the specific knowledge of people throughout the organization towards achieving long-term goals. By developing a set of measures that gives managers a fast and comprehensive view of the organization (IBID).

The Scorecard allows organizations to build a new kind of management system-one designed to manage strategy. This new management system had three distinct dimensions (IBID).

1. **Strategy:** Make strategy the central organizational agenda. The Balanced Scorecard allowed organizations, for the first time, to describe and communicate their strategy in a way that could be understood and acted on.

2. **Focus**- Create incredible focus. With the Balanced Scorecard as a "navigation" aide, every resource and activity in the organization was aligned to the strategy.

3. **Organization**- Mobilize all employees to act in fundamentally different ways. The Balanced Scorecard provided the logic and architecture to establish new organization linkages across business units, shared services, and individual employees.

In BSC the characteristic feature of 'balance' is supposed to be guaranteed by considering short- and long-term; financial and nonfinancial; lagging and leading indicators, concerning four perspectives: Customers, Internal business process, learning & growth and financial perspective (Niven, 2006)). On one hand, the strategy should be specified from the financial and customer point of view as external perspectives; while on the other hand, it should be specified from the process and learning/development point of view as internal perspectives. The internal and external refer to a balance between what is important to organization and to its key stakeholders such as the customers and shareholders (IBID).

2.3. Emergence and Evolution of BSC

In the late 1980s, organizations started realizing that, in order to assess the overall health and performance of the organization, it was important to measure and manage nonfinancial measures also in addition to the traditional financial measures such as profits, share values, sales volumes etc. Traditional financial measures are usually the lag indicators of the business performance and tell the story of the past. They do not provide any insight into the intangible assets and capabilities that need to be developed in order to be able to achieve the desired financial results. For example, frontline workers in a manufacturing set up are far removed from these financial measures and have no idea about how their day to day work translates into financial results. Thus, financial measures fail in assessing the intangible value possessed by the organization or the value it can create. They can also fail the knowledge based strategies by treating human capital as

expense items; whereas it is widely recognized that human capital is actually the most important component of the value creation chain. Balanced Scorecard was developed in response to this need (Kaplan & Norton 1992; 1996; 2001). BSC introduced the idea of measuring the drivers of performance, while retaining the measures of financial performance (Brown, 2000).

The term 'Balanced Scorecard' was coined by Art Schneiderman in 1987. But, till the early 1990's the system was understood to be a mix of financial and non-financial measures limited to 15-20 numbers which were clustered in four perspectives. BSC became a popular term when Kaplan and Norton who worked extensively on scorecards published reports of several BSC implementation successes. However, there were no clear definitions of BSC. Understanding about these 1 st generation scorecards was deduced from various writings of Kaplan and Norton. In these scorecards, there were design challenges and it was not clear as to how measures were to be selected. The measures were to be related to specific strategic goals, but it was not clear as to how they must be decided.

Kaplan and Norton suggested two innovations in BSC to overcome these design weaknesses- 1) strategic objectives and 2) causal relationship. These scorecards were known as 2nd generation scorecards. In these scorecards, the measures were chosen to relate to specific strategic objectives. The design aimed at having 20-25 strategic objectives, each objective being associated with one or more measures, and spread across four perspectives. Starting from the learning and growth perspective and leading to the financial, the link of causality was shown between the strategic objectives across perspectives from drivers of performance to the outcomes. A visual representation of the Strategic objectives with causal linkages among strategic objectives in four perspectives, known as strategy map diagram, came into existence in the 2nd generation scorecards. Though 2nd generation scorecards were significant improvement over the first generation scorecards, organizations implementing BSC were facing design challenges especially with respect to measure selections, target setting and cascading. It was assumed that mission/vision or the strategy plan based on which BSC was designed had a common understanding and interpretation by the management team, though there was no design component or specific activity to ensure this. Also, there was no clarity about who makes the selection of strategic objectives.

The 3rd generation scorecards were characterized by destination statements which were clear statements about what the organization was trying to achieve in a specified time frame. The whole target setting process used it as a reference point. Commonly agreed destination statement enhanced the ownership and utility of BSC. While the focus of the 1st generation scorecards was on measure selection (filtering), the focus of 2ndgeneration scorecard was on how measures are grouped (Clustering) (Cobbold and Lawrie, 2002); 3rd generation scorecards focused on the shared understanding of the destination statement. Though, initially, BSC emerged as a performance management system, over a period of time it has come to be known as a strategy management system, with its ultimate aim being the achievement of long term financial performance. Balanced scorecard is seen as a strategic management system enabling business leaders to meet the challenge of strategy execution.

2.4. Basic Components and Characteristics of BSC

There are six basic components of BSC. They are perspectives, themes, objectives, measures, targets, and initiatives. Perspectives: There are four standard perspectives as suggested by Kaplan and Norton. These are financial, customer, internal business process, and learning and growth. However, organizations can choose any number of perspectives as may suit their need of sufficiently measuring the present performance and the drivers of future performance (Kaplan, 1996). The number would depend on how the stakeholders' expectations are being represented and the manner in which the organization would decipher their strategy. All relevant factors for strategy execution are accounted for in these perspectives, thus creating a balance between the short term and long term objectives as well as linking the desired outcomes and the performance drivers for those outcomes. Thus, perspectives form the basic architecture of BSC. Themes: Themes are inherent in the strategy and provide an insight into how an organization would carry out its mission. There are usually three to four basic themes consisting of a collection of objectives across perspectives which enable execution of the theme. Objectives: They highlight critical factors to the success of the organization which must certainly be achieved. Measures: What gets measured gets achieved. Measures help organization determine its success in executing strategy. The two fundamental purposes served by measures are organizational motivation and objective evaluation of the strategy as well as strategic learning. Targets: Targets help define the level of performance or the rate of improvement that is needed. Initiatives: These are key action programs that are required to achieve the objectives. The distinguishing

characteristic of BSC which is not found in other management control systems is the assumption of the cause-and-effect relationships between measures across the four perspectives. Strategy is understood in terms of a series of linked hypothesis that describe cause-and-effect relationships. For example, it can be hypothesized that 'employee satisfaction' shall lead to 'employee retention' and 'employee productivity'. Accordingly, when there is improvement in 'employee satisfaction' the other two 'effect' parameters shall also show improvements. If they don't, the hypothesis can be considered invalid. Thus, measurements in BSC provide an ongoing account of the projected cause and-effect relationships across perspectives which are essential for making informed decisions. The causal relationships across four perspectives help predict the financial performance based on the indication from non-financial measures (Kaplan and Norton, 1996).

BSC constitutes a good balance between financial and non-financial measures. Objectives across the four perspectives show balance between the external measures usually present in the financial and customer perspectives and the internal measures that are in the other two perspectives of internal business process and learning and growth. It also indicates a balance between the lag indicators of past performance and the lead indicators that drive future performance

2.5. Benefits of BSC

Kaplan & Norton (1996) argue that the BSC is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. To add up on the argument when fully deployed, the BSC transforms strategic planning from an academic exercise in to the nerve center of an enterprise.

More specifically, the BSC has brought a revolution into strategy management and measurement as it provides the following benefits.

- It helps to clarify and gain consensus about strategy;
- It improves communication of the organization's Vision and Strategy;
- It links strategic objectives to long-term targets and annual budgets;
- It improves organizational performance by measuring what matters;
- It aligns organization strategy with the work people do on a day to day basis, align departmental and personal goals to the strategy;

- It focuses on the drivers of future performance;
- It encourages organization perform periodic and systematic strategic reviews;
- It helps to prioritize projects/initiatives; and
- It helps organizations to obtain feedback to learn about and improve strategy (Kaplan
- & Norton, 2001)

The aforementioned benefits are changes BCS may bring to all types of organization adopting it. Focusing on non-profit and government organizations, Niven (2008) argue that BSC might bring benefits such as (Niven, 2008).

Demonstrate Accountability and Generate Results- in today's environment people are becoming demanding and look in to the return on investment. The time has clearly passed when constituents, donors, and funders took for granted the best intentions of government and nonprofits i.e. there need to demonstrate results and accountability. To this end, the organizations need to measure their true performance, accurately. The Balanced Scorecard with its focus on mission and strategy and broad view of performance allows measuring true performance of the organization. On the top of that through setting objective, measurable indicators of success allow governments and non-profit organizations to be accountable.

Improving Performance Against Mission - effective and efficient execution of an agency's mission is what taxpayers pay for and why donors and funders continue to support nonprofits. To continue generating the goodwill of citizens and volunteers alike, the first priority for any public sector or non-profit organization must improve performance against the stated mission. BSC has proven to be a powerfully effective tool in doing just this.

Create a Focus on Strategy- translating strategy into action is the true purpose of the Balanced Scorecard. While many organizations measure, they frequently lose sight of the fact that measurement should be about achieving strategic objectives, not counting something's. Balanced Scorecard can help people integrate performance measurement systems into something coherent, that ' s aligned with their real fundamental purpose- critical drivers of success in organizational strategy and lead to the achievement of mission. Produce Information, Not Data- the Balanced Scorecard results in the information that improves decision-making. It does so by measuring only the critical few drivers of organizational success. Inspire Trust - as discussed already the Balanced Scorecard can help to demonstrate accountability and attract scarce resources to

organizations. The driver of both outcomes is enhanced trust from the community, funders, and employees. The benefits of increased levels of trust are by no means limited to the intangible.

These are just a sampling of the many benefits conferred by the application of a Balanced Scorecard. Further, creative links from the Scorecard to key management processes such as budgeting and planning will make the entire organization even stronger. In addition, using the Balanced Scorecard to drive the agenda of management meetings will ignite learning in a way never experienced. However, as with most things encounter in life, the more effort and focus put into the Balanced Scorecard the more we will get out of it (Niven, 2008).

In short, it is possible to say that BSC enables managers to craft organizational strategies in line with their vision, define strategic objectives, mission and vision, develop strategic plan by integrating various issues, monitor and adjust the implementation of their strategies and to make fundamental changes in them. If used correctly, BSC not only creates concrete results, but also creates a long-term balance in the organization. This balance can be described from many different angles. It provides a balance between the short-term and the long-term. This means that it offers a balance between what is important today and what is important tomorrow. It also gives a balance between external and internal measures, indicating a balance between what is important to us and to our key stakeholders. Moreover, BSC gives you a balance between financial (hard) and non-financial (soft) measures. Finally, it gives a balance between what is important to the management and what is important to all employees (Tilaye, 2010).

2.5.1. Financial perspective

The financial performance measures define the long-run objectives of the business unit (Kaplan & Norton, 1992). Financial measures indicate whether the organization's strategy implementation and execution are contributing to bottom-line improvement. A well-designed financial control system can actually enhance an organization's management system. The performance measures in this perspective include improved cost structure and increased assets utilization using the productivity improvement strategy, on one hand and on the other hand enhanced customer value and expanded revenue opportunities through revenue growth strategies. The financial perspective emphasizes cost efficiency, that is, the ability to deliver maximum value to the customer at minimum cost and sustained stakeholder value (Gekonge, 2005).

2.5.2. Customer perspective

This perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction. This will result from price, quality, availability, selection, functionality, service, partnerships and brand value propositions, which will lead to increased customer acquisition and retention (Gekonge, 2005). The BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers (Kaplan & Norton, 1992). Customers' concerns tend to fall into four categories: time, quality, performance and service, and cost. Satisfied customers buy a product again, talk favourably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company (Kotler& Armstrong, 2004). Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business (Chabrow, 2002; Holloway, 2002; Needleman, 2003).

2.5.3. Internal processes perspective

According Gekonge (2005), internal processes perspective focuses on the internal business results that lead to financial success and satisfied customers. To meet the organizational objectives and customers' expectations, organizations must identify the key business processes at which they must excel. These key business processes are monitored to ensure that outcomes will always be satisfactory. The internal processes perspective reports on the efficiency of internal processes and procedures. The premise behind this perceptive is that customer-based measures are important, but they must be translated into measures of what the organization must do internally to meet its customers' expectations (Kaplan & Norton, 1992).

2.5.4. Innovation, learning and growth perspective

The learning and growth perspective examines the ability of employees (skills, talents, knowledge and training), the quality of information systems (systems, databases and networks) and the effects of organizational alignment (culture, leadership, alignment and teamwork), in supporting the accomplishment of organizational objectives (Gekonge, 2005). Processes will only succeed if adequately skilled and motivated employees, supplied with accurate and timely information and led by effective leadership, are driving them. They will lead to production and delivery of quality products and services; and eventually successful financial performance (Gekonge, 2005**).**

2.6. BSC as a Management Control and Performance Management System

Management control is defined as 'systems providing information that is intended to be useful to managers in performing their jobs and to assist organizations in developing and maintaining viable patterns of behaviour' (Otley, 1999:364). BSC, as a control and performance measurement system, 'provides executives with a comprehensive framework that translates a company's strategic objectives into a coherent set of performance measures' (Kaplan and Norton, 1993). Available literature has academic studies both in support of and challenging claims of BSC leading to improvement in performance. As regards the usage of BSC, Ahn (2001) studied a large automation product supplier in Switzerland and concluded out that implementing BSC not only enhances performance but also aids in communicating strategy, planning and budgeting, strategy oriented specific initiatives. Thus, BSC gets integrated in to the company's control system. Ahn further recommended that 'Balanced Scorecard should replace – not complement –a company's current performance measurement system.'

In a quasi-experimental study of two American Banks, Davis and Albright (2000) found that performance of banking organizations implementing BSC far exceeded the performance of banking organizations that had not implemented BSC. A similar quasi-experimental study by Chi and Hung (2011), re-affirmed that companies that implemented BSC performed commendably well. In direct rebuttal to these, another quasi- experimental study by neely (2008) indicated that performance impact of BSC was open to question. Performance data for up to three financial years was collected from two divisions of an electrical wholesale business chain in the UK and compared. The business units had similar set-ups, but one of these had implemented BSC and the other had not. The findings indicated similar improvements in sales and gross profits of both the units.

2.7. BSC as a Strategy Management System

As mentioned earlier the word 'Strategy' has a military origin. In business context, strategy is defined as the direction and scope of an organization over the long-term; which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations (Hamel &Prahalad, 1994). The process of strategy development has to consider both the external and internal resources. In the ultimate analysis, the benefits of a good strategy are evident only if it gets executed as designed and in time. Strategy execution is a big challenge for the leadership in

any organization (Porter, 1991). Executing a strategy is an art form that is entirely different from crafting a good one. Execution is the key to successful strategy implementation. Several barriers that impede strategy implementation have been categorized into four categories as shown in Figure 2.3. To view the barriers in perspective, it must be pointed out only 5 percent of the workforce understands organizational vision and strategy (vision barrier). Only 25 percent of managers have incentives linked to strategy (people barrier); 60 percent of organizations don't link budgets to strategy (resource barrier) and 85 percent of management teams spend less than one hour discussing strategy (management barrier). Successful implementation of balanced scorecard necessitates overcoming all these barriers.

As a strategy implementation tool, BSC attempts to address all four barriers through an integrated approach and helps organizations to define the value of non-tangible assets. The areas of concern in which the organization needs to improve become evident and can be worked upon. Changes get initiated and actions aligned with strategic objectives, thus gradually bridging the performance gap. The process of strategy implementation improves results immensely, thereby contributing to overall performance. According to Becker and Huselid (2006) 35 percent improvement in quality of strategy implementation is associated with 30 percent improvement in shareholder value. Field research of Fortune 500 companies by Malina and Selto (2001) established that management control through BSC appears to positively motivate employees and aligns the organization to work towards strategy, thus leading to positive results. In a survey of firms in Germany, Austria and Switzerlan, Speckbacher et al. (2003) observed that nearly all the organizations implementing BSC applied all four perspectives of BSC. The study concluded that the commonly expected benefits of using BSC are 'improved company results' and 'improved alignment of strategic objectives with strategy'.

2.8. Performance Measurement and Management

Gekonge (2005), interpret performance measurement as a process of assessing progress towards achieving pre-determined goals and objectives. It includes information on the efficiency with which resources are transformed into goods and services (outcomes), the quality of those goods and services (how well they are delivered to customers and the extent to which customers are satisfied), and outcomes (the results of the program activity compared to its intended purpose), and the effectiveness of the company operations, in terms of their specific contribution to creating value for stakeholders.

Performance measurement systems were developed as a means of monitoring and maintaining organizational control (Nani et al, 1990), which is the process of ensuring that an organization pursues strategies that lead to the achievement of overall goals and objectives. A performance measure can be defined as a metric used to quantify the efficiency and/or effectiveness of an action. Edson (1988) and Talley (1991) stressed the need for performance measurement systems to focus attention on continuous improvement. Kaplan & Norton (2001) observes that an effective performance measurement system should provide timely and accurate feedback on the efficiency and effectiveness of operations. The following dimensions: planning, controlling and evaluating, managing change, communication, measurement and improvement, resource allocation, motivation, have been identified by Sinclair &Zairi (1995), as the need for measurement.

2.9. Performance and the Balanced Scorecard

According to Abernathy (2000), the typical employee does not understand the organization's strategy and consequently fails to focus on the right things; does not know his or her personal role in accomplishing the strategy and as a result does what is required, not what is needed. In addition, employees in many organizations pursue personal rather than organizational goals, because of disharmony between employee and organizational strategies and goals, and because of existing reward structures that focus on individual or sub-unit achievements rather than the achievement of corporate goals (Kerr, 1975). In such a corporate environment, organizational sub-optimization is the result of sub-organizational optimization. Frigo&Krumwiede (2000) suggest that the BSC can help remedy this situation because it requires organizations to engage in several beneficial activities. These activities delineate the major strengths of the BSC. Interest among both academics and practitioners in performance measurement systems as a tool for delivering strategic objectives is now well established in the management literature (Kaplan & Norton, 1992; Eccels&Pyburn, 1992).

Performance measurement incorporating non-financial measures has been a topic of great interest throughout most of the 1990s. This is because non-financial measures overcome the limitations of just using financial performance measures. "Soft" measures, such as employee satisfaction and commitment, are coming to the fore as protagonists of the business performance measurement revolution urge organizations to complement their traditional financial focus with softer data. Kaplan & Norton (1992) suggest that what is needed is "a balanced presentation of both financial

and operational measures". In addition, while traditional financial measures report on what happened during the last period without indicating how managers can improve performance in the next, the scorecard functions as the cornerstone of the organization's current and future success (Kaplan & Norton, 1996).

The balanced scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system (Kumari, 2011). The four perspectives of the scorecard permit a balance between short-term and long-term objectives, between desired outcomes and the performance drivers of those outcomes, and between the objective measures and softer, more subjective measures. While the multiplicity of measures on a balanced scorecard seems confusing to some people, properly constructed scorecards contain a unity of purpose since all the measures are directed towards achieving an integrated strategy. Currently, the Balanced Scorecard is a powerful and widely accepted framework for defining performance measures and communicating objectives and vision to the organization. A balance of measures across these four perspectives is what gives the BSC its name. However, the measures that make up a scorecard do not exist in isolation from each other. They relate to a set of objectives that are themselves linked, the final link usually relating to financial outcomes of one form or another. Measures in this context can be used to communicate not simply control.

2.10. Review of studies on Balanced Scorecard Implementation components

2.10.1. Link between organization's objectives and individual goals

Recent studies have investigated the use of the balanced scorecard in strategy development (Larcker 2003). Malina and Selto (2001) show evidence that many scorecards do not have explicitly defined causal linkages. Ittner and Larcker (2003) corroborate this finding (showing that less than 30 percent of firms they surveyed that use the balanced scorecard have explicitly-stated causal chains), and further show that when strategy maps are used, managers often fail to test the hypothesized causal chain (in their study, only 21 percent of firms with explicitly-stated causal chains go on to test the validity of the hypothesized effects). As one may infer, this instrument bridges the gap between individual and organizational performance by transforming the organization's overall goals and objectives into clear and measurable individual tasks. In spite of the obvious advantages of implementing a balanced scorecard based culture in an organization, another important motivating factor is to involve employees, themselves

in setting the goals and parameters that directly affect them and their area of responsibility (Kaplan & Norton, 1996).

2.10.2. Objectivity of measurement criteria

A major aspect of the balanced-scorecard implementation process is the selection of Performance measures. Niven (2006) calls scorecard measures the "centerpiece of the scorecard system." Frigo and Krumwiede (2000) emphasize the importance of involving middle management in measure selection, noting that "departments know their key performance measures and key success factors better than anyone else…and therefore, they are in the best position to develop their own scorecards." According to (Kaplan & Norton, 1996), the Balanced Score Card is a collection of the objectives and the measures that will be used to judge the achievement of such objectives. The objectives are clustered into four interlinked groups according to their focus areas; Financial, Customer, Internal Process and Learning and Growth. One of the major features of BSC is the weighted average on a percent scale which reflects the relative importance and priority of an activity with respect to other activities.

2.10.3. Relationship between employees and their immediate supervisors

One consistent theme in the process of PA has been the influence of liking. Lefkowitz (2000) concluded from his review of 24 studies that supervisors' positive regard for subordinates is often found to relate to more lenient appraisal ratings, greater halo effects, reduced accuracy, less inclination to punish poor performance and better interpersonal relationships. (Varma, et al., 1996) Pointed out that although the effects of liking are well documented, the reasons for the influence of liking are not clear. They interpreted the findings from their own study as indicating that rather than affect being a biasing factor, it (i.e. affect) resulted from better performance in the first place. However, Lefkowitz (2000) identified a range of conceptual and methodological problems in studies on liking as an influence on PA, such as the failure to take account of the duration of the relationship, and concluded that it is not justified to assume either that liking reflects bias or that it simply stems from a reaction to good performance. Cook &Crosman (2004) found appraisal dissatisfaction as a major cause of discrepancy between "expectations" and "outcomes". According to them fairness can only be based on an individual's expectations and outcomes in comparison with other reference employee (employee having same job family and/or treated in the same way in appraisal process) in the organization. Such employees perceive appraisal as ineffective due to equitable outcomes of the performance appraisal system.

2.11. Documentation, reporting and Data quality

Computers have been playing an increasing role in PA for some time (Sulsky&Keown, 1998). There are two main aspects to this. The first is in relation to the electronic monitoring of performance, which affords the ability to record a huge amount of data on multiple dimensions of work performance (Stanton, 2000). Not only does it facilitate a more continuous and detailed collection of performance data in some jobs, e.g. call centers, but it has the capacity to do so in a non-obvious, covert manner. The second aspect is in mediating the feedback process, by recording and aggregating performance ratings and written observations and making the information available on-line; many software packages are available for this. The use of IT in these ways undoubtedly helps in making the appraisal process more manageable, especially where multiple rating sources are involved, but it also raises many questions about appraises' reactions

and possible effects on PA outcomes (Stanton, 2000) To conclude upon the prerequisites for the successful implementation of the balanced scorecard as a tool to measure individual performance, one should notice that if implemented correctly, BSC can:

- Bridge the gap between individual and organizational performance
- Contribute to the administrative and developmental purposes of performance appraisal
- Improve quality of data availability, equivalence, interpretability and practicality
- Support the elimination of qualitative and quantitative rating errors

Provided that these requirements are met, individual performance appraisal can be performed in an objective and constructive manner, which enhances employee's feeling of contributing effectively and efficiently to the overall organizational wellbeing. Consequently, he/she knows exactly how to be important part of organizational performance instead of embodying the frustrating and counterproductive metaphor of "being a small cog in a big wheel" (Ho& McKay, 2001) as cited by Tatar, E.A 2011.

2.12. Empirical Literatures on Balanced Scorecard Implementation

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

and motivational tool, and that the BSC label can be used to drive organizational change processes.

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

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

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

In the contrary, (Voelpel et al., 2005) and (Rillo, 2004) find, in practice, the BSC hampers a firm‟s innovation capability, which it could derive from external networks. The original and successive conceptions of the BSC perceive firms are in isolation and adversarial to competitors. The BSC framework focuses almost exclusively on a firm‟s internal processes to the exclusion of linkages with related firms and the environment. The main aim of the BSC is enhancing performance and translating strategy into action of the individual firm without consideration

of the interlinked and networked business environment. In today̎ˈs business eco-system, firms collaborate within their networks to improve their own performance. Thus, this kind of innovation driven by external networks is not possible in a firm implementing the BSC. In related with the above study, (BizShifts ,2010) in his study support that, within a decade of its foundation, an estimated 44% of organizations worldwide had implemented the BSC; however, only 22% to 50% of these organizations achieved higher return on asset and higher return on equity while an estimated 85% of the organizations experienced problems during implementation. While the survey conducted by (Molleman, 2007) finds the inflexibility of the BSC a significant limitation towards its implementation. This report evidences that the BSC is not sufficiently flexible for application in firms in a highly dynamic business environment. This finding contradicts the observation by Kaplan and Norton about the flexibility of the BSC. While Kaplan and Norton argue that the BSC assists managers to modify strategies, in a highly dynamic business environment, managers will have to modify their strategies frequently or changing them altogether.

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

2.13. Conceptual Model

Following the review of the literature, the researcher presents a modified framework for the effect of BSC implementation on employee performance appraisal.

2.13.1. Independent variable

Balanced Scorecard implementation is the independent variable to have an effect on employees' performance appraisal practices which include: Bridge the gap between individual and organizational performance, Contribute to the administrative and developmental purposes of performance appraisal, Improve quality of data availability, equivalence, interpretability and practicality, and Support the elimination of qualitative and quantitative rating errors

2.13.2. Dependent Variables

Employee performance appraisal practice is the dependent variable which can be measured by checking the link between the organization's objective and individual objectives (strategic criteria), the reduction of the subjectivity of the measurement criteria (qualitative and quantitative criteria), the reporting and documentation quality and most importantly the relationship between supervisors and

employees (utilization criteria).

2.12.3. Model

| Balance Scorecard | Link between organizational and Link individual goals | Employee Performance Appraisal |

Performance measurement criteria objectivity

Administrating, Reporting, and Documentation quality

Better r/n between supervisors and subordinates

Independent

VariableVariable
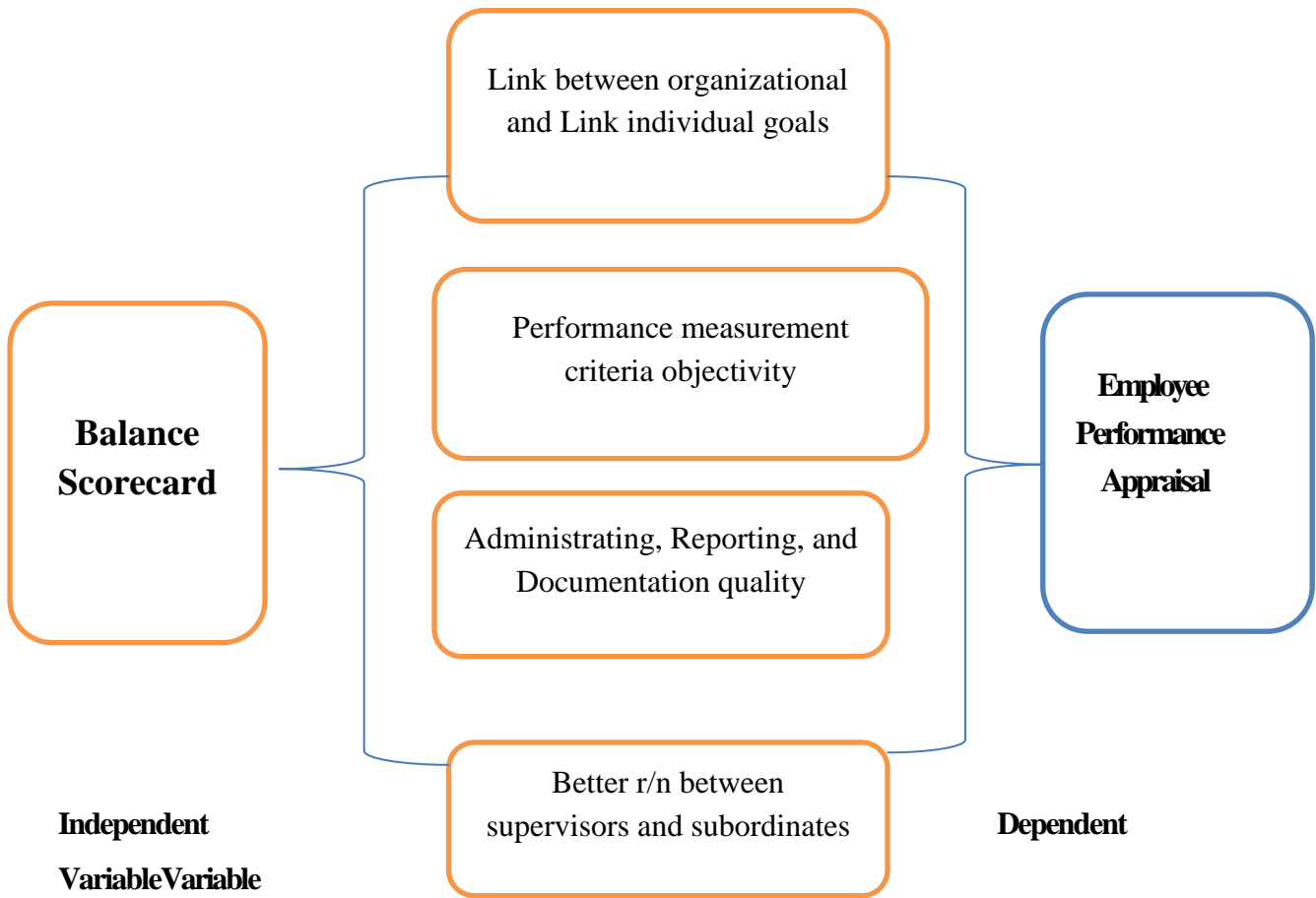
Dependent

Figure 2.1. Adopted from (Ho&McKay, 2001), Relationship between Independent variable and Dependent Variables

CHAPTER THREE
RESEARCH METHODOLOGY

3.1. Introduction

This chapter gives an outline of the research methodology was used in the study. Therefore, it contains research design, research approach, data types and sources, sampling design, target population, sampling procedure and sample size design, types and source of data, data collection instruments, methods of data analysis and final reliability and validity tests of data collection instruments.

3.2. Research Design

The researcher has used both descriptive and explanatory research design. Accordingly, in descriptive method the study was focused on the determination of the frequency with which an event occurs and how variables are related in a particular context. In explanatory approach the study was concerned with determining the effect of the implementation of BSC on employee's performance appraisal practices of the Ethio Telecom Jimma District.

3.3. Research Approach

This study used a qualitative and quantitative research approach. Mixed methods approach is one in which the researcher tends to base knowledge maintain on impractical foundation. It makes use of strategies of investigation that engage collecting data either at the same time or sequentially to most brilliant be familiar with research complicatedness. The information collection also engages gathering both numeric information as well as text information so that the final folder represents both quantitative and qualitative information in Ethio Telecom Jimma District. In addition it helps the investigator for triangulation purpose.

3.4. Data types and sources

The main source of data was from primary and secondary sources, primary data were questionnaire is prepared for the employees in general which is the major primary source and interview. Secondary source of data was collected; secondary data is applied in the form of writing examination of different published as well as unpublished organization documents, review articles, published reports, web site and analysis essays was used for the study.

Examination of secondary data for Ethio Telecom Jimma Districtwas collected from books, and related journals, company's publication manual manning and also the secondary data assisted the researcher as specific reference and to explore different construct important to this study.

3.5. Sampling Design

A sample is simply a subset of the population being studied; it represents the larger population and is used to draw inferences about that population. This study it includes target population, sampling techniques and sample size.

3.5.1. Target population

The population size of the study is 528 employees. The population of each Division based on their position in their respective Division is shown in table 3.1 below.

Table 3.1. The population of the Commercial Divisions based on positions

No	Positions	No. of Employees
1	Senior Mangers	12
2	Line Mangers	56
3	Staffs	460
	Total	528

Source: Organization Payroll, October, 2020

For the purpose of this research, the study population was grouped according to Divisions from which the sample was selected. The population is categorized as follows in table 3.2 below.

Table 3.2.: Population of employees based on Divisions

No.	Divisions	Number of Employees	Female	Male
1	Customer Services Division	202	21	181
2	Residential Sales Division	183	12	171
3	Enterprise Sales Division	108	8	100
4	Marketing and Communication Division	35	6	29
	Total	528	47	481

3.5.2. Sampling Techniques and Sample size

According to Field (2005), whenever it is possible to access the entire population, it is possible to collect data from sample and use the behaviour within the sample to infer things about the behaviour of the population. According to Kothari (2004) sample size should be optimum in which it fulfils the requirement of efficiency, representativeness, reliability and flexibility. The number depends on the accuracy needed, the population size, population heterogeneity and resources available. So, the sample size should be determined by using statistical formula. Of route, different authors use different formulas to determine the sample size of the study. For the purpose of this study, the formula set by Yaman's 1967 were used to determine the sample size, which is reliable when the population size is known, by using the Yaman's sample formula for calculations of sample sizes. The conventional confidence levels of 95 percent will be used to ensure a more accurate result and margin of error is 5 percent (0.05).

$$n = N / (1 + Ne^2)$$

$$n = \frac{N}{1 + (N)e^2} \quad n = \frac{528}{1 + (528)(0.05)^2} \approx 228$$

Where; **N** = Total population

n = sample size

e = level of precision

3.6. Data collection instruments

Both primary and secondary data were used in the data collection part of the research. To collect the primary data the researcher was used questionnaire as instrument of data collection. Questionnaire is an instrument by which information is obtained from respondents in written form. The questionnaire is used to measure variables that are uniquely important to employees working at different levels of the organization (i.e. senior level management, middle level management and staffs). In addition to the questionnaires the researcher was prepared interview questions to purposively select Staff management members and employees. The interview guide contained semi-structured questions focusing on BSC Implementation on Ethio Telecom Jimma District. Interview is selected because it helps to get some facts related to the issue under the study from staff management members and employees those implement the government policy and it also help for triangulation. The interview is use based on the assumption that the participants' perspectives are meaningful, and they have the knowledge in the area, and able to make precise points, and their perspective affect the success of the research.

Secondary source of data was collected; secondary data is applied in the form of writing examination of different published as well as unpublished Ethio Telecom documents, review articles, published reports, web site and analysis essays was used for the study. A review of varies publication was conducted to find the facts. Examination of secondary data for this particular research secondary data was collected from books, the Effects of the Implementation of Balanced Scorecard on Employee Performance Appraisal Practices and related journals, company's publication manual and also the secondary data assisted the researcher as specific reference and to explore different construct important to this study.

3.7. Methods of Data Analysis

The study uses regression analysis which is a statistical technique that is used for studying the relationship between the dependent and independent variable (s). It provides a method to predict the changes in the dependent variable in response to changes in either a single or more than one

independent variable. Hence, it allows the researcher to determine the relative importance of each predictor as well as to ascertain the contribution of the independent variables (Sekaran, 2003). Therefore, in this study the implementation of BSC as employee performance appraisal is the independent variable and the practice of employee performance appraisal is the dependent variable.

Data collected through questionnaires regarding respondent's profile, the contribution of BSc under dependent and its independent variables analysed by SPSS and also the data which generated from SPSS has been clearly presented by using tables, graphs and pie chart which are expressed in the form of frequency, percentage and mean.

3.8. Reliability and validity tests of Data Collection instruments

For better content validity and reliability, copies of expert questionnaire were given out after the questionnaire is designed and before pilot-testing. Regarding its contents and clarity of questions employees around ten were randomly selected from different department of the target population and comment their suggestions and amendments were made based on the feedbacks.

The questionnaire was designed on the basis of Multi-Dimension Measurement and all answers were measured on a 7-point Likert Scale, with 7 being Strongly Agree and 1 being Strongly Disagree. A higher score represents a greater degree of agreement, and vice versa. Since the seven point Likert scale is more common in various areas of research, the general population is familiar with the format. Therefore, in addition to external validity, the use of a Likert scale could be considered a benefit as it would reduce the amount of potential confusion and increase the internal validity of the questionnaire.

Interview guide was also used for issues that require further elaboration and clarifications concerning the areas of the study, scope and significance.

For the data to be a reliable source of information employees from Commercial Divisions of the organization are selected randomly. In addition to this some questionnaires were distributed to Human Resource employees who would have a diverse view of the employee response. This in turn will make the information reliable for conclusion to the effect of BSC implementation on

the employee performance appraisal practices. All this facts can contribute for the reliability of the data to be obtained for the study being undertaken.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1. Introduction

This chapter presents respondents profile, the reliability analysis, and the analysis of variables that describe about contribution and challenges of balanced scorecard implementation. The analysis and interpretation from the information collected through structured questionnaires with a total of 228 were administered and out of this 217(95%) usable questionnaires were collected and analyzed by the statically package for social science (SPSS) version 20. The questionnaires are used to find out the employees` perception of the effects of the implementation of BSC on employee performance appraisal, the case of Ethio Telecom. The questionnaire is divided according to the variables where each variable is measured using a set of items. In the same scenario, data collected from primary sources through interview also analyze in a brief and precise way.

All responses are measured on a seven point scale anchored on 1- "Very Strongly Disagree", 2- "Strongly Disagree", and 3- "Disagree" 4. "Neutral", 5- "Agree", 6- "Strongly Agree", and 7- "Very Strongly Agree. So the respondents are requested to indicate the extent that each statement characterized them using the Likert scale format from 1 (Very strongly Disagree) to 7 (Very strongly Agree).

4.2. Descriptive Statistics for General Information

In this study, in order to have a better understanding on the demographic characteristics and specifications of the respondents, frequency analysis has been used. Totally, there are six questions that give a brief overview of demographic attributes of respondents. The following tables show frequency for all the categories of general information.

Table 4.2.: Work Division of the respondents

	Work Division	Frequency	Percent
Valid	Customer Services Division	99	45.62
	Enterprise Division	24	11.06
	Residential Sales Division	87	40.09
	Marketing and Communication Division	7	3.23
	Total	217	100

SPSS Output – Survey Questionnaire

As shown in the Table 6 above most of the population (around 46%) of the sample respondents are from Customer Services, next most population (40%) are from Residential Sales Division and 11% are from Enterprise Division. The remaining 3% are from Marketing and Communication Division.

Table 4.3.: Gender of the respondents

	Gender	Frequency	Percent
Valid	Male	129	59.45
	Female	88	40.55
	Total	217	100.0

SPSS Output - Survey Questionnaire

The above table 4.3 illustrates that around 59% of the sample respondents are male and 41% are female. This implies the study consists of more male than female respondents. However, it also shows that the distribution of male and female in the commercial divisions is proportional than the other divisions. This could be a result of having the call center in the division in which females are encouraged to apply. As indicated in table 3.2, in Customer Service, where the call center is structured, the female population is a little bit more than the male population (+2%). Using the crosstab function in the SPSS, the researcher understands that there was no significant difference in the way both group of population responded to the different questions.

Table 4.4.: Age of the respondents

	Age	Frequency	Percent
Valid	18-30	107	49.31
	31-40	60	27.65
	41-50	31	14.28
	Above 50	13	5.99
	Total	211	97.23
	Missing	6	2.77
	Total	217	100.0

SPSS Output - Survey Questionnaire

The above Table 4.4 illustrates most of the respondents' age is ranged between 18-30 years old (49%) and 28% of them are at the age of 31-40. This indicates that most of the respondents are relatively young. Around 14% and 6% of the respondents have the age of 40 years and greater. Six respondents did not

mention their age, hence considered as missing (3%). The increase in proportion for young age of respondents shows Ethio telecom is as whole characterized by young employees, especially after the re-launch of the company as most of the older employees were either terminated or given a chance to retire (secondary data of HR).

Table 4.5. Educational attainment of the respondents

	Education Level	Frequency	Percent
Valid	First Degree	178	82.03
	Second Degree	27	12.44
	Diploma	6	2.76
	Total	211	97.23
	Missing	6	2.77
	Total	217	100.0

SPSS Output - Survey Questionnaire

As indicated in the Table 4.5 above the sample of respondents participated in the study are characterized by many First degree holders (around 82%), second degree holders (around 12%) and 3% are diploma holders. This shows almost all respondents are first degree and second degree which shows there are no Certificate holders or third degree holders. Six respondents did not mention their educational level, hence considered as missing.

Table 4-6. Work position of the respondents

	Work Position	Frequency	Percent
Valid	Employee	182	83.87
	Supervisor	28	12.90
	Manager	7	3.23
	Total	217	100

SPSS Output - Survey Questionnaire

Under the heading of work position of respondents shown under Table 4.6 above, majority of the respondents are found at employee level (around 84%) and the remaining 16% of the respondents goes to supervisors and managers. Employees and managers/supervisors' feedback is taken at face value without considering their position as managers and supervisors could also provide feedback taking themselves as subordinates.

Table 4.7: Work experience of the respondents

	Work experience	Frequency	Percent
Valid	Below 2 years	62	28.57
	3-5 years	35	16.13
	6-9 years	31	14.29
	Above 10 years	89	41.01
	Total	217	100.00

SPSS Output - Survey Questionnaire

Based on the data collected through the questionnaire, around 29% of the respondents have less or equal to 2 years of experience in Ethio Telecom and around 30% of them have experience ranging from 3-10 years. The remaining 41% have above 10 years' experience. This shows the sample is very well distributed among the different experience of work.

Generally, the characteristics of the respondents indicate that the gender is almost proportional, in active age, well educated, experienced and placed in the direct implementation. They are expected to have in-depth knowledge and firsthand information about the effect of BSC Implementation on practice of employee performance and appraisal.

4.3. Analysis of the Basic Information (Correlation and Regression Analysis)

The measure of the independent variable, BSC implementation, combines items to assess the effects of BSC elements on the employee performance appraisal. The earlier discussion on the effects of BSC implementation suggests that four features should be included in the measure: link between organizational strategy and individual goals, objectivity of performance measures and criteria, relationship between Supervisors and employees and reporting and documentation, (Ho& McKay, 2001).

Each element has five item questions the respondents were asked to answer using the 7 scale Likert. A representative item in the link between the strategy and individual goals was "I am clear about the link between the organization's objectives and my own personal goals". The representative item in the objectivity of performance measures and criteria item is "My performance targets are clearly defined in the appraisal process". The relationship between supervisors and employees was represented by main item as "I am satisfied with my relationship with manager/supervisor". The last representative item that represents the reporting and documentation element is "The reporting and documentation of performance appraisal is automated".

Using cluster analysis, these four scales are combined in order to assess the overall effects of BSC implementation on employee performance appraisal practices. The resulting variable is then used as an independent variable in the regression analysis. The dependent variable, practice of employee performance appraisal is measured by four items. A representative item in this variable is "My last performance appraisal was fair".

Correlation Analysis

The Pearson correlation between four statements of practice of employee performance appraisal and BSC implementation of four indicators that contain 20 statements is measured. Practices of employee performance appraisal indicators have high correlations with most of the BSC implementation statements.

Table 4.8.below shows a strong relationship between the independent variable (BSC Implementation) and the dependent variable (Practices of employee performance appraisal). It indicates inter- correlations between the two variables. From the analysis, it is noted that the total BSC implementation is positively correlated ($r = 0.684$, P. value .000) with practice of employee performance. Consequently, the main research question is confirmed since there is a significant positive relationship between two variables in Ethio Telecom.

Table 4.8. Pearson Correlation between BSC implementation and overall EPA

Pearson Correlation		Practice of Employee Performance Appraisal
Balanced Scorecard Implementation	Pearson Correlation	.684*
	Sig. (2-tailed)	.014
	N	12

*. Correlation is significant at the 0.05 level (2-tailed). SPSS Output - Survey Questionnaire

The following section addresses the results obtained for the inferential statistics to ascertain the relationship between each of the four BSC elements and overall employee performance practices. Therefore, this section consists of Pearson correlation matrix and Regression analyses.

Table 4.9. Pearson Correlation between BSC implementation and overall EPA Practices

Independent variables (BSC Implantation)		Practice of Employee Performance Appraisal
BSC effect on Linking Strategy and individual goals	Pearson Correlation	.858**
	Sig. (2-tailed)	.000
BSC effect on Objectivity	Pearson Correlation	.636**
	Sig. (2-tailed)	.000
	N	114
BSC effect on Documentation	Pearson Correlation	.606**
	Sig. (2-tailed)	.000
	N	114
BSC effect on Relationship	Pearson Correlation	.606**
	Sig. (2-tailed)	.000
	N	114

**. Correlation is significant at the 0.01 level (1-tailed).   SPSS Output - Survey Questionnaire

*. Correlation is significant at the 0.05 level (1-tailed).

Table 4.9 illustrates the relationship between the four elements of BSC implementation and practices of employee performance appraisal. The results indicate there are significant and strong

correlations between linking organizational strategy with individual goal and practices of employee performance appraisal ($r = 0.858$, $p < 0.01$) as well as between Objectivity and employee performance appraisal ($r = 0.636$, $p < 0.01$).

The table also shows a moderate correlation between the relationship of employee and supervisors when compared to the practice of employee performance appraisal ($r = 0.606$, $p < 0.01$). However, there was no significant correlation between reporting and documentation with practice of employee performance appraisal ($r = -0.133$, $p > 0.05$).

Therefore, as per the respondents' response, BSC implementation, which is characterized as linking strategy with individual goals, objectivity and creating good relationship with supervisors has a strong relationship with practices of employee performance appraisal. In the contrary, reporting and documentation, which is highly related with automation and is not yet implemented at Ethio Telecom, do have weak relationship with practices of employee performance appraisal.

Regression Analysis

Since a positive correlation between two variables does not imply that one causes the other (Aldrich, 1995), further analysis of regressions is needed. Hence, this study adopted separate regression analyses in order to verify the direction\predicting effect of each BSC implementation components on overall practice of performance appraisal.

Table 4-13 ANOVA for BSC Effect on Link

Model		Sum of squares	Df	Mean square	F	Sig
1	Regression	77.666	1	77.666	312.192	.000[b]
	Residual	27.863	112	.249		
	Total	105.529	113			

a. Dependent Variable: Practice of Employee Performance Appraisal

b. Predictors: (Constant), BSC effect on Link

This is in line with assertion made by Malina&Selto (2001). In their study "Effectively of BSC as a strategy communication and management control device", they have confirmed that, BSC may intensify organizational focus to perform against strategic objectives. In this research, they asserted that BSC helps to align actions to strategic objectives and to improve the quality of information for managerial decision making.

Table 4.10. Coefficients of the BSC effect on EPA

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.184	.310		.595	.553		
	BSC effect on Link	1.099	.083	.949	13.164	.000	.405	2.468
	BSC effect on Objectivity	-.725	.203	-.603	-3.567	.001	.074	13.555
	BSC effect on Documentation	-.080	.050	-.076	-1.602	.112	.936	1.068
	BSC effect on Relationship	.607	.156	.577	3.882	.000	.095	10.475

a. Dependent Variable: Practice of Employee Performance Appraisal

The regression equation for components of BSC implementation and overall performance appraisal practices shows R square of 77%: BSC Implementation: 0.184+1.099 (BSC Effect on Link) + -.725 (BSC Effect on Objectivity) + -080 (BSC Effect on Documentation) + .607 (BSC Effect on Relationship), Hence, as it is mentioned in the Table 4.11 below, only one indicator "BSC effect on Link" (P. value: 0.00< 0.01) in enter mode can be considered as good predictor, so there is a need for stepwise mode to see which components of performance BSC implementation are suitable predictors for overall performance appraisal practices.

Table 4.11. The Coefficients Table of Enter Mode: BSC implementation indicators and EPA

	Unstandardized Coefficients		Standardized Coefficients			Correlations		
Model	B	Std. Error	Beta	t	Sig.	Zero-order	Partial	Part
1 (Constant)	.037	.291		.127	.899			
BSC effect on link	.993	.056	.858	17.669	.000	.858	.858	.858

a. Dependent Variable: Practice of Employee Performance Appraisal SPSS Output - Survey Questionnaire

The results indicated that the R-Squared value of 0.736 indicates that 73.6% of the variation on the performance appraisal practices can be accounted for "BSC effect on link variable". This implies the remaining 26.4% of the variation is explained by other factors.

This also indicates that BSC implementation component of linking the organization's strategic objectives to that of individual goals is a good predictor of the overall practices of employee performance appraisal. The discussion is triangulated with the interview question as follows:

Question 1. What is the Effect of BSC implementation on Linking Organizational objectives to Individual goals?

Table 4.12. Table Model Summary for BSC Effect on link

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			
						F Change	df1	df2	Sig. F Change
1	.858[a]	.736	.734	.499	.736	312.192	1	112	.000

a. Predictors: (Constant), BSC effect on Link

This is supported by the Interview feedback from Question 1, i.e. would you mention few of the effects that balanced scorecard implementation brought on communicating to your team what is expected of them? From the responses provided, majority\more than half of the respondents replied that it, balanced scorecard implementation, has contributed to easily communicate what is expected of the employees under them. More specifically, they explained it helped them link the organizations strategy to their employees' individual goals, few of the respondents answered that it is really a good communication tool that can be used to train employees on performance management. Nevertheless, it is possible to conclude that BSC implementation is a tool that could improve the practice of employee performance appraisal in terms of creating linkage between organizational strategy and individual goals.

The other three variables, BSC effect on relationship (£= 0.085, t = 1.34, p >0.01), BSC effect on Documentation (£= -0.525, t = -1.052, p >0.01), BSC effect on Objectivity (£= -0.008, t = -.109, p >0.01) have little or no influence in predicting the outcome of the practice of performance appraisal (See Table 4.14 below).

Table 4.14. The Coefficients Table of Enter Mode: BSC implementation indicators and EPA

Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	BSC effect on Relationship	.085^b	1.340	.183	.126	.578
	BSC effect on Documentation	-.052^b	-1.052	.295	-.099	.955
	BSC effect on Objectivity	-.008^b	-.109	.913	-.010	.444

a.   Dependent Variable: Practice of Employee Performance Appraisal

The feedback from the interview also showed that all the other three components of BSC implementation variable did not contribute much to the changes in employee performance appraisal practices. According to the feedback, this was mainly due to the poor implementation of BSC. Below are the feedbacks from the respondents for the three questions:

What is the effect of BSC implementation on consistency and fairness of ratings?

As per few of manager respondents, consistent and fair rating are one of the effects brought about by the implementation of BSC. However, most respondents do not see a clear effect on rating, as the measurement criteria still has a problem in terms of setting targets and measuring the right output. According to the respondents, identifying the leading and lagging measures and explaining and getting the subordinates to buy in to it is really a problem, this is in line with what the feedback from the questionnaire suggests as well.

Question No.3. Relationship between supervisors and subordinates

As per the responses the relationship between the supervisors and employees has been improved since the implementation of BSC, but there are still issues to be resolved especially at the time of cascading and setting achievable targets.

This is against the assumption that BSC implementation has the potential effects on the improvement of relationship between supervisors and subordinates. This is also in line with the assertion from the questionnaire feedback that BSC effect as a means to improve the relationship, thereby, affecting the practice of employee performance appraisal is minimal.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter summarized what the researcher has done so far and answered the research questions stated in the beginning. Summary of findings generated from the research are presented in the chapter also. The researcher discussed the findings of the study and gave suggestions for future research and finally provided some recommendations to the management of the Company.

5.2. Summary of Findings

Based on the reports provided under the 4th chapter, the following summaries of findings are given to let the readers know about the key results of this study.

Findings regarding research question 1: What is the effect of overall BSC implementation on employee Performance appraisal practices at Ethio Telecom?

It is noted that the total BSC implementation is positively correlated (r = 0.684, P. value .000) with practice of employee performance. Consequently, the main research question is confirmed since there is a significant positive relationship between two variables in Ethio Telecom. The interview result also showed there is a positive relationship between the two variable as the respondents recognized that BSC implementation generally has improved the practice of employee performance appraisal.

Findings regarding research question 2: To what extent did the implementation of Balanced Scorecard help in linking the objective of the organization to the individual's goals?

The results indicate there are significant and strong correlations between linking organizational strategy with individual goal and practices of employee performance appraisal (r = 0.858, p < 0.01). This study also tested a conceptual model which is clearly depicted in figure 2.3 using a regression analysis and the results showed that linking the strategic objectives of the organization with individual goals has a significant influence on overall employee performance appraisal

practices (73% of the variation on the employee performance appraisal practices can be accounted for this variable). The study indicated this variable has strong role of predicting overall practice of employee performance appraisal practice (£ = 0.993, t = 17.6, p < 0.01). (See Table 4.14.)

Findings regarding research question 3: To what extent does the Balanced Scorecard implementation broadens the performance measures criteria, thereby improving the objectivity of the measures?

Objectivity of measures and employee performance appraisal (r = 0.636, p < 0.01) showed there is a moderate correlation between them. However, the result showed that this variable do not have a strong role in predicting the variation in the employee performance practices. BSC effect on Objectivity (£= -0.008, t = -.109, p >0.01) with a negative percentage has little or no influence in predicting the outcome of the practice of performance appraisal (See Table 4.14.)

Findings regarding research question 4: What is the extent of the performance appraisal reporting and documentation quality improvement after the implementation of the Balanced Scorecard? This variable, (Documentation, reporting and data quality) has a negative correlation with employee performance appraisal practices (r = -0.133, p > 0.05). This could be accounted for the non-existent automation following the implementation of BSC in the organization. Many respondents from the interview said that the BSC implementation did not improve the reporting and documentation; it rather complicated the situation as there are complex ways of gathering data and analysing them. This is also confirmed by the regression analysis result (£= -0.525, t = -1.052, p >0.01), showing no role in predicting the changes in employee performance appraisal practices.

Findings regarding research question 5: To what extent has the Balanced Scorecard implementation improved the relationship between supervisors and employees?

The relationship of employee and supervisors when compared to the practice of employee performance appraisal showed a moderate correlation with coefficient and probability of (r = 0.606, p < 0.01). Despite the acceptable correlation between them, the regression analysis showed that the independent variable (BSC effect relationship) has little influence in predicting

the changes in the dependent variable (Employee performance appraisal practices) with a result shown on table 4.12. (£ = 0.085, t = 1.34, p >0.01).

5.3. Conclusions

The study investigated the effects of BSC implementation on the overall practices of employee performance appraisal. First, the four major components of BSC implementation were assessed in this study to develop a profile of Ethio Telecom. Overall, the study confirms that BSC implementation has a positive effect on the practices of performance appraisal. Specifically, the link between organizational objectives and individual goals was considered to have stronger relationship on performance appraisal.

The other three components of BSC, Objectivity, Documentation and Relationship between supervisors and employees do not have strong relationship with and contributed less to the practice of employee performance appraisal. According to the findings from the interview, this could be a result of the poor implementation of the balanced scorecard and the ineffective communication and training to the employees and management on how to use the tool.

In the qualitative analyses, majority of the respondents (Managers) said that the link between organizational objectives and individual goals is the main contribution that the BSC implementation has brought on the overall practices of performance appraisal. This confirmed that the output from the questionnaire and the open ended interview questions was similar and lead to the same conclusion.

5.4. Recommendations

Taking the findings and conclusions under considerations but notwithstanding the limitations of the study, a number of recommendations for Ethio Telecom as well as for future research are suggested.

- The findings indicate that the link between organizational objectives and individual goals have a positive effect on the overall practices of employee performance appraisal but the research did not provide sufficient support that objectivity, relationship and documentation have the same effect. Hence, Ethio Telecom better pay attention to overall implantation of BSC.
- To improve the objectivity and consistency of the criteria ratings , the organization should work on communication and training to bring the level of knowledge of managers and supervisors up to standard, in terms of understanding how to assign targets, how to identify

lagging and leading measures and how to follow-up and evaluate employees based on their performance.

- BSC is also important that the performance measurement systems are attracting more and more attention, among practitioners. Organizations must not show a complete disconnection between their strategy and how they measure it. BSC through strategy maps is the powerful tool, allowing organizations to convert its initiatives and resources including intangible assets such as corporate cultures and employee knowledge, into tangible outcomes.

- It is recommended from the study that organizations need to operate and compete in a very dynamic environment, trying to make a careful and effective management of their investments. To have more prosperous organizations it becomes necessary to add more value to the business through projects and initiatives that incorporate changes in the way of performing the work, changes in processes, adequacy of skills or acquiring new resources.

- These initiatives should be increasingly strategic to ensure alignment with the organization's goals. Internally, the sharing of responsibility is essential for everyone to be aware of the efforts made within the organizational puzzle. To achieve the expected results it is necessary to continually improve so that they remain appropriate and aligned with the organization's strategy measurement systems.

REFERENCE

Aguinis, H., Hary, J. &Gott, F., 2011. *Human performance-why we hate performance management -and why we should love it.* USA, Elsevier: s.n.

Aldrich, J., 1995. Correlations Genuine and spurious in Pearson and Yule.In:*Statistical Science.* s.l.:s.n., pp. 364-376.

Bacal, R., 1999.*Performance Management.* New York: McGraw-Hill.

Blau, G., 1999. Testing the longitudinal impact of work variables and performance appraisal satisfaction on subsquent overall job satifaction. *Human Relations,* 52(8), pp. 1099-1113.

Braam, G. J. &Nijssen, E. J., 2004. Performance effects of using the balanced scorecard: a note on the Dutch experience.. *Long range Planning,* 37(4), pp. 335-349.

Cascio, W. F., 1995. Whither industrial and organizational psychology in a changing world of work?. *American Psychologist,* Volume 50, pp. 928-939.

Cawley, B. D., Keeping, L. M. & Levy, P. E., 1998.Participctionn in the performance appraisal process and employee reactions: A meta analytic review of field investigation. *Journal of Applied Psychology,* Volume 83, pp. 615-631.

Cook, J. &Crosman, A., 2004. Satisfaction with Performance appraisal systems: A study of roleperceptions.. *Journal of Managerial Psychology,* 19(5), pp. 526-541.

Creswell, Mark, W. & et al, 1998.Combinatorial synthesis of dihydropyridone libraries and their derivatives."Tetrahedron. 54(16), pp. 3983-3998.

Ethio telecom internal magazine, 2011. *Internal telecom magazine,* Addis Ababa: s.n.

Ethio telecom internal magazine, 2015.*Intenal Telecom Magazine,* Addis Ababa: s.n.

Ethio telecom website, 2014.*www.ethiotelecom.et.* [Online] [Accessed November 2015].

Gomez, M., Luis, R. B., David, B. &Cardy, R. L., 2001.*Manging Human Resource.*s.l.:Pearson.

Grubb, T., 2007. Performance appraisal reappraised: It's not all positive. *Journal of Human Resource Education,* pp. 1-22.

Ho, S. K. & McKay, R. B., 2001.*Making Balanced Scorecard work: lessons from two organizations.* [Online] Available at: Kh@niagara.edu.

Israel, G. D., 1992.*Sampling the Evidence of Extension Program Impact.* IFAS: University of Florida.

Ittner, C. D., Larcker, D. F. & Randall, T., 2003. Performance implications of strategic performance measurement in financial services firms. *Accounting, Organizations and Society,* 28(7), pp. 715-741.

Kaplan , R. S. & Norton, D. P., 1992. The balanced scorecard - measures that drive performnace. *Harvard Business Review.*

Kaplan, R. S. & Norton, D. P., 1996. *The balanced score card: Translating Strategy in to Action.* Boston: Harvard Business School Press.

Kaplan, R. S. & Norton, D. P., 2001.*The Strategy-focused organization.* Boston. MA.: Harvard Business School Press.

Kaplan, R., & Norton, D. (1992). *"The balanced scorecard - Measures that drive performance." Harvard   Business Review on Corporate Performance.* January-February, 123- 144.

Kaplan, R., & Norton, D. (1996).*Translating strategy into action: The Balanced Scorecard.* 43- 146.   Boston: Harvard Business School Press.

Kaplan, R., & Norton, D. (2001).*The Strategy Focused Organization.* Boston: Harvard Business School Press.

Kaplan, R., & Norton, D. (2004).*Strategy Maps, converting intangible assets into tangible outcomes.* Boston: Harvard Business School Press.

Kartalis, N., Velentzas, J. &Broni, G., 2013. Balance Scorecard and Performance Measurement in a Greek Industry.*Procedia Economics and Finance,* Volume 5, pp. 413-422.

Lefkowitz, J., 2000. The role of interpersonal affective regard in supervisory performance ratings: A literature review and proposed causal model. *Journal of Occupational and Organizational Psychology,* Volume 73, pp. 67-85.

Lipe, M. G. &Salterio, S. E., 2000. The balanced scorecard: Judgmental effects of common and unique performance measures.*The Accounting Review,* 75(3), pp. 283-298.

Longenecker, C. O., 1997. Why managerial performance appraisals are ineffective: causes and lessons.". *Career Development International,* Volume 2.5, pp. 212-218.

Malina, M. A. &Selto, F. H., 2001. Communicating and Controlling Strategy: an emperical study of the effectiveness of the balanced scroecard.*Journal of mangement Accounting Research,* 13(1), pp. 47- 90.

Mathis, R. L. & Jackson, J. H., 1997.*Human Resource Mangement.* 8th ed. New York: West Publishing Company.

Mohammad, T. &Mahaudul, M., 2010.Quantification of qualitative parameters for performance appraisal. *A Case study.*

Murphy, K. R. &Cleaveland, J. N., 1995. *Understanding Performance Appraisal: Social, Organizational and*

Global-based Perspectives,. Thousand Oaks, CA: Sage.

Niven, P., 2006.*Balanced Scorecard- Step by Step: Maximizting Performance and Maintaining Results.*2nd New Jersey: John Wiley &Sons.Inc.

Niven, P., 2008.*Balanced Scorecard Step by Step for Government and not for profit agencies.* 2nd ed. New Jersey: John wiley& Sons, inc.

Organ, D. W., 1988.A restatement of the satifaction-performance hypothesis. *Journal of Management, ,* Volume 144 (4, pp.), 547-557.

Saunders, M., Lewis, P. &Thornill, A., 2009.*Research Methods for Business Students.* 4th ed. London, Prentice Hall: Pearson Education ltd.

Sekaran, U., 2003. *Research method for business: A skill building approach,.* 4th ed. s.l.:John Wiley & Sons..

Selden, S. & Sowa, J. E., 2011. Performance management and appraisal in human services organizations: management and staff perspectives. *Public Personnel Management,* 40(3), pp. 252-254.

Stanton, J. M., 2000. Reactions to employee performance monitoring: Framework, review and research direction. *Human Performance,* Volume 13, pp. 85-113.

Sulsky, L. M. &Keown, J. L., 1998. Performance appraisal in the changing world of work:implication for the meaning and measurement of work performance.*Canandian Psychologist,* Volume 39, p. 52-59..

Tatar, E. L., 2011. The importance of measuring individual performance to increase organizational performance. *Journal of Defence Resources Management,* Volume 2.1, p. 113.

Tilaye, K., 2010. Rethinking Institutional Excellence in Ethiopia: Adapting and Adopting the balanced Scorecard (BSC model).*JBAS ,* Vol.2 (1).

United States Office of Personnel Management, 2001. A Handbook for Measuring Employee Performance.*Performance Management Practioner series,* Issue Revised in anuary, 2001.

Varma, A., DeNisi, A. S. & Peters, L. H., 1996. Interpersonal affect and performance appraisal: A field study. *Personnel Psychology,* Volume 49, pp. 341-360.

Weise, D. S. & Buckley, M. R., 1998.The evaluation of the performance appraisal process. Journal of Management History,. *Journal of Mangement History,* 4(3), pp. 233-249.

Williams, J. C. &Hubber, G. P., 1986. *Human Behavior in Organizations..* Cincinnati, OH: South-Western Publishing..

Williams, R., 1998.*Performance mangement.* Essential Business Psychology Series ed. London: International Thomson Busines Press.

www.balancedscorecard.org, n.d. *Balanced Scorecard Institute.* [Online]   Availableat: www.balancedscorecard.org[Accessed December 2014].

Yong, F., 1996. Inflation of Subordinates' performance ratings: Main and interactive effets of Rater Negative Affectivity. *Journal of Organizational Behavior,* 20(4), pp. pp. 431-444.

Yu, L., Perera, S. & Crowe, S., 2008. Effectiveness of the balanced scorecard: The impact of strategy and causal links. *Journal of Applied Management Accounting Research ,* 6(2), p. 37.

Zemenu , G. &Habtamu, T., 2013. Challenges and Prospects of Balanced Scorecard: An Assessment of Some Selected Federal Civil Service Organizations in Ethiopia.

APPENDIX I

Jimma University

College of Business and Economics

MPM- program

Research questionnaire

(To be filled by Employees and Supervisors)

The effects of the implementation of balanced scorecard on employee performance Appraisal practices, the case of Ethio Telecom in Jimma districts

This questionnaire is primarily intended as preliminary criteria for the partial fulfillment required for the award of the Degree of Masters of Public Management (MPM.)

The general objective of the study is to see the effects of BSC implementation on the employee performance appraisal practice.

The questionnaire is designed to collect relevant information on the stated topic from employees. Your thorough and genuine responses are relevant for the success of the study. All the information given will be kept confidential.

Thank you in advance for your cooperation

Workneh Addis

Remarks:

1. Put '√' mark where blank boxes are provided
2. State your answers for the blank spaces provided, briefly.
3. Please feel free to free to write any response
4. Read all the questions before you answer.

Part1: General Purpose Question

Please fill and tick (√) where appropriate

1	Sex	Male ☐	Female ☐		
2	Age	18-30 ☐	31-40 ☐	41-50 ☐	51 and above ☐
3	Education level	Diploma ☐	First Degree ☐	Second Degree ☐	Third Degree ☐
4	Work positions	Manager ☐	Supervisor ☐	Employee ☐	
5	Experience	< Two years ☐	3-5 years ☐	6-9 years ☐	Above 10 years ☐
6	Division	Customer Service ☐	Enterprise Sales ☐	Residential sales ☐	Marketing communication ☐

PART II BSC IMPLANTATION

Direction: Please respond to the following question by encircling to the number provided in the table (7, 6, 5,4,3,2, and 1)

S. No	Dimensions	Very Strongly agree	Strongly	Agree	Neutral	Dis Agree	Strongly Disagree	Very Strongly Disagree
	Link between organizational objectives and individual goals							
1	I know the strategic themes of the organization very well	7	6	5	4	3	2	1
2	I am clear about the link between the organizations objectives own the personal goals	7	6	5	4	3	2	1
3	My personal performance measurements are linked to the organization visions through the objectives on the strategic map	7	6	5	4	3	2	1
4	There is clear causal relationship between the different strategic objectives that are basis to my individual goals	7	6	5	4	3	2	1
5	My performance targets are properly cascaded from my sections targets	7	6	5	4	3	2	1
	Performance measurement criteria objectivity	7	6	5	4	3	2	1
1	My performance measures include all four perspectives (financial, customer, internal business processes, and organizational leering and growth)	7	6	5	4	3	2	1
2	My performance targets are clearly defined in the appraisal process	7	6	5	4	3	2	1
3	The performance criteria/ instruments used to measure my performance are clearly and objectively defined	7	6	5	4	3	2	1

4	Performance measures and KPIs identified for my position are achievable	7	6	5	4	3	2	1
5	I am clear about how my overall performance rating is decided	7	6	5	4	3	2	1

	Relationship between supervisors and subordinates							
1	I am satisfied with my relationship with manager/ supervisor	7	6	5	4	3	2	1
2	My manger discuss regularly and provides me continues feedback about job performance	7	6	5	4	3	2	1
3	My manger have asked me to participate in the upward feed back	7	6	5	4	3	2	1
4	I had my individual accountability plan with my supervisor	7	6	5	4	3	2	1
5	Following my annual performance appraisal, I have opportunity to the appraisal discussion and the overall performance rating.	7	6	5	4	3	2	1
	Administering, reporting, and documentation quality	7	6	5	4	3	2	1
1	The reporting documentation of performance appraisal is automated	7	6	5	4	3	2	1
2	The performance appraisal form is easy to understand and use	7	6	5	4	3	2	1
3	The performance- rating grid is clear	7	6	5	4	3	2	1
4	All the information obtained from performance appraisal is confidential	7	6	5	4	3	2	1
5	I receive adequate training and information about the performance appraisal cycle before it starts	7	6	5	4	3	2	1

PART III: EMPLOYEE PERFORMANCE APPRAISAL PRACTICES

S.No	Dimensions	Very strongly agree	Strong ly agree	agre e	Neutra l	Dis- agree	Strongl y Disagre e	Very Strongly Disagree
	Clarity of performance expectorations							
1	At the beginning of the new budget, I knew how my performance would be evaluated	7	6	5	4	3	2	1
	Fairness of the performance appraisal process							
2	My last performance appraisal was fair	7	6	5	4	3	2	1
	Level of Communications and trust between the employee and their supervisor							
3	Often the progress towards my goals set in previous meeting is reviewed by my supervisor with me	7	6	5	4	3	2	1
4	I have confidence and trust in my immediate supervisor regarding his/ her general fairness	7	6	5	4	3	2	1

Interview questions on effects of BSC implementation on Employee performance appraisal practices: to be filled by Mangers

Do you think the implementation of BSc had an effect on the practice of employee performance appraisal? If so, would you mention few of the effects that it brought on?

1. Communicate to your team what is expected of them

_____
_____
_____
_____

2. Consistent & fair rating (Objectivity)

_____
_____
_____
_____

3. Relationship between supervisors and subordinates

_____
_____
_____
_____

4. The documentation associated with performance appraisal

_____
_____
_____
_____