

**DRIVERS AND HINDRANCES OF
STRATEGY EXECUTION USING THE
BALANCED SCORECARD**

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**Submitted in fulfilment of
the requirements for the degree
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DECLARATION

I declare that the thesis,

**DRIVERS AND HINDRANCES OF
STRATEGY EXECUTION USING THE
BALANCED SCORECARD**

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references, and that this thesis has not been submitted previously by me for a degree at any other university.

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ABSTRACT

This study aims to identify drivers and hindrances of strategy execution when using the balanced scorecard execution premium (BSCEP) process. Strategy execution consistently remains a global challenge. Chief executive officers (CEOs) have been removed as a result of failure to execute strategies. Countries have excellent policies and strategies on paper that they are failing to execute.

Many strategy execution processes and frameworks have been designed to enhance strategy execution. The strategy execution gap, however, is still real. The BSCEP created by Kaplan and Norton claims to address this gap. Some authors have commented on the standard BSC, either as critics or admirers of the framework; however, few authors have given an account of practical experiences in using the BSC process to execute strategies. There is limited literature or commentary about the role of the BSC in strategy execution.

Qualitative multi-method strategies were adopted. A case-study analysis, phenomenological study and autoethnography account were employed, using a triangulation approach. The objective of this study is to contribute to the body of knowledge by providing a view of the practical experience of using the BSC for strategy execution. The findings provide strategy practitioners, company CEOs and academics with an understanding of challenges encountered when translating the BSC framework, as a theoretical concept, into action.

The findings suggest that the drivers and hindrances of strategy execution using the BSCEP were mainly organisational. Organisational readiness in using the BSCEP is, therefore, an important factor in the successful implementation of the BSCEP.

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by

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I dedicate this PhD thesis to my sons, Tshidiso and Bolebohi

I salute you for your unconditional love, support and
belief in my abilities and capabilities.

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Dear Lord

THANK YOU FOR ALWAYS BEING THERE FOR ME.

My late parents

To my late parents, **A.J.** and **D.F. Mdlalose**, this is for you.....

Professor Marius Pretorius

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ABBREVIATIONS, ACRONYMS AND GLOSSARY

BSC	Balanced Scorecard
BSCEP	Balanced Scorecard Execution Premium
BU	Business Unit
CEO(s)	Chief Executive Officer(s)
ESM	Executive Strategy Manager
EXCO	Executive Committee
HBR	Harvard Business Review
HR	Human Resource(s)
IT	Information Technology
MBA	Master of Business Administration
OSM	Office of Strategy Management
PESTEL	Political, Economic, Social, Technological, Environmental and Legal (framework)
R&D	Research and Development
SBSC	Sustainability Balanced Scorecard

SWOT Strengths, Weaknesses, Opportunities and Threats (analysis)

Terms used interchangeably The terms “**strategy implementation**” and “**strategy execution**” are used interchangeably

The terms “**performance gap**” and “**strategy execution gap**” are used interchangeably

The terms “**participants**” and “**subjects**” are used interchangeably

SYNOPSIS OF THE STUDY

This study commences with Chapter 1, which introduces the research problem, research questions and objectives. This chapter also examines the importance and benefits of the proposed study. The study progresses with an extensive description of the balanced scorecard (BSC) – Chapters 2 to 4 review the literature on the BSC concerning the fundamental BSC concepts needed to address the BSCEP.

This is an original study about the BSCEP, and the researcher takes cognisance of the fact that the BCSEP has emanated from the BSC. The literature review therefore concerns the BSC. In particular, the following are discussed in Chapter 2:

- history and evolution of the BSC;
- generations of the BSC;
- evolution of the BSC since 1992;
- BSC as an introduction to the strategy component;
- BSC as an instrument for a single strategy;
- BSC as a translator of strategy into action;
- “focus on a strategy map”;
- BSC as a creator of corporate synergies;
- inception of the BSCEP; and
- status of the BSC in relation to strategy execution.

Chapter 3 presents nine challenges relating to the BSC, namely:

- overrated BSC perspectives logic;
- problematic cause-and-effect logic;
- complexity of assigning measures;
- BSC assumes uniformity in organisations;
- BSC does not align with other organisational systems and external stakeholders;
- BSC and strategy development;

- difficulty of BSC implementation in academic institutions;
- high failure rate of BSC; and
- long-term cost inefficiency of the BSC.

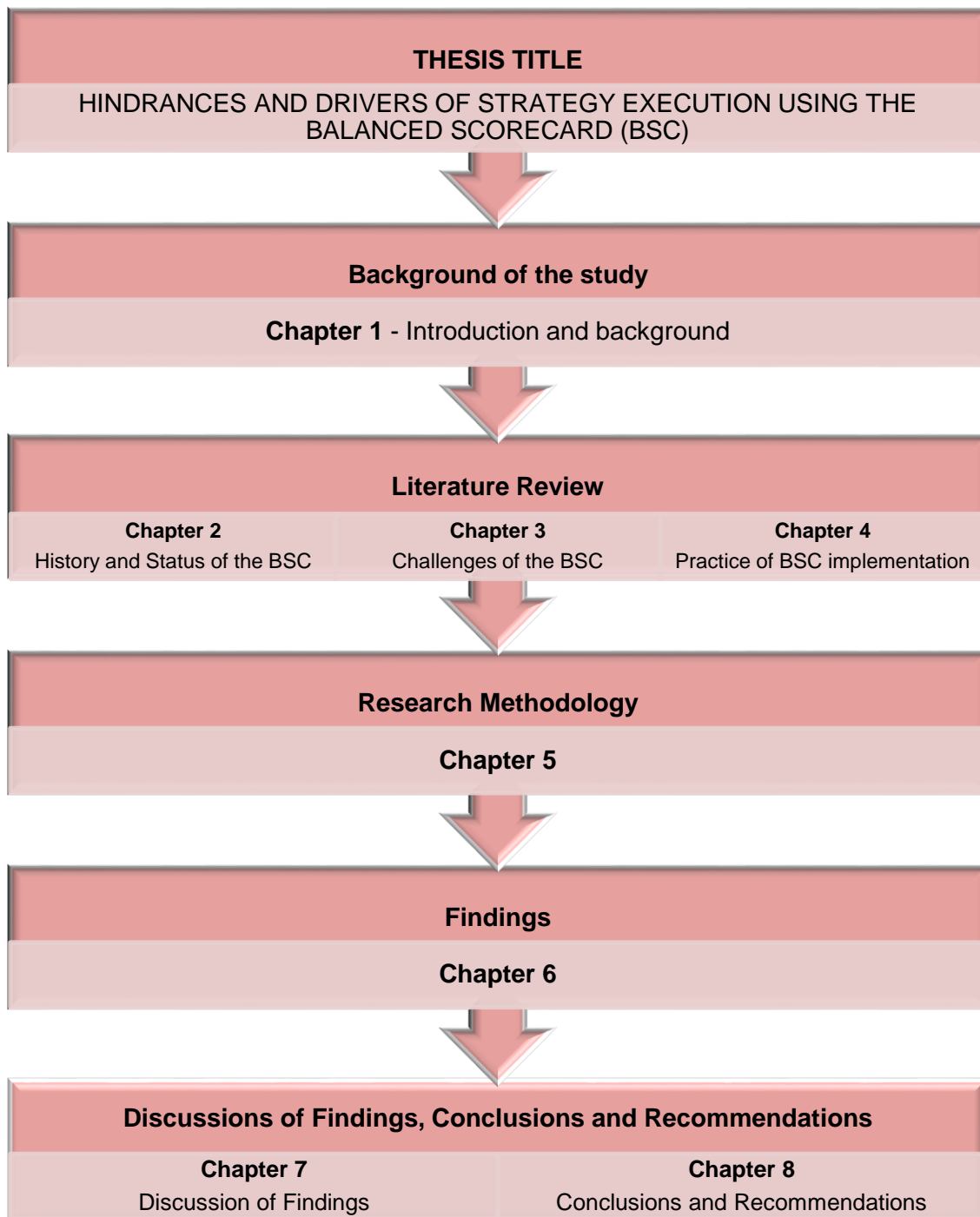
Chapter 4 discusses the practice of BSC implementation. In this chapter, the successful implementation and challenges of BSC implementation are presented. Chapter 5 presents and develops the research methodology for this study. This chapter describes the qualitative research methods used, namely, the case study, phenomenological study and auto-analytic ethnography. Methodological triangulation is also covered in this chapter.

Chapter 6 presents the findings of the research.

Chapter 7 provides a comprehensive discussion of the analysis of the results and findings of the qualitative data.

Chapter 8 suggests remedies for overcoming hindrances to strategy execution using the BSCEP, and discusses recommended enablers of the BSCEP. It also presents an organisational readiness assessment tool for the BSCEP process.

Figure S.0.1 demonstrates the outline of the thesis.

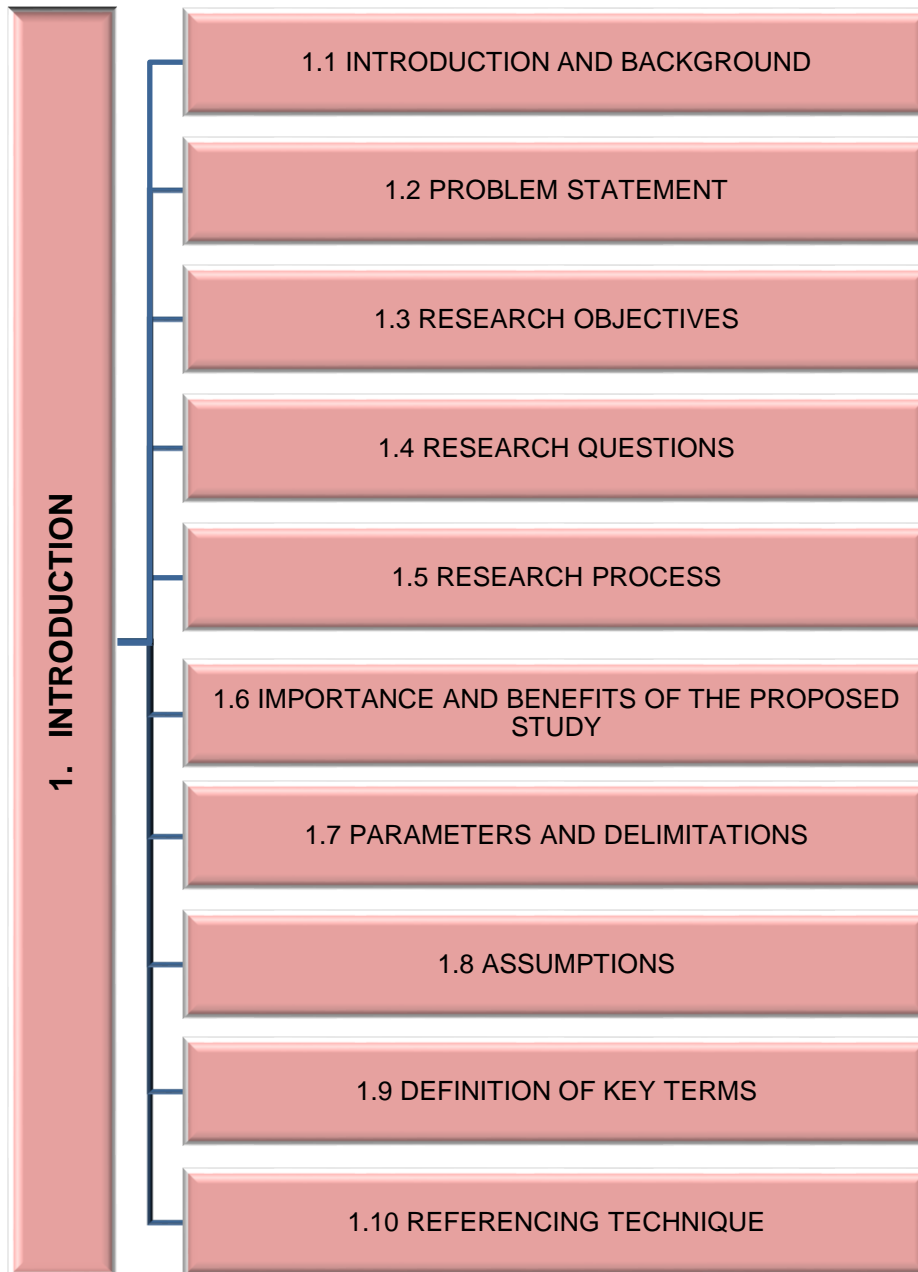


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Figure S.0.1: Outline of the thesis

CHAPTER 1: INTRODUCTION

The structure of Chapter 1 is outlined schematically in Figure 1.1.



Source: Own compilation.

Figure 1.1: Outline of Chapter 1

1.1. INTRODUCTION AND BACKGROUND

“Strategy execution” is a global challenge. Chief executive officers (CEOs) have been fired as a result of a failure to execute strategies, and it is noted that countries have excellent policies and strategies on paper that they are failing to execute. Strategy execution using the balanced scorecard entails using a BSC strategy execution process called the Balanced Scorecard Execution Premium (BSCEP). The BSCEP is a six-step strategic management methodology. It is the strategy life cycle which includes strategy formulation; strategy translation; strategy execution; and strategy monitoring (Kaplan & Norton, 2008b). The BSCEP six-step strategic management methodology entails (Kaplan & Norton, 2008b).

1.1.1 Develop the strategy

“Strategy management” is a closed-loop process, with each part of the system influencing another part. The system starts by developing the strategy where mission, values and vision statements are clarified. At this stage external and internal strategic analysis using a political, economic, social, technological, environmental and legal (PESTEL) framework will be conducted. Internal strategic analysis using the strengths, weaknesses, opportunities and threats (SWOT) framework will also be conducted.

1.1.2 Planning/translation of the strategy

“Planning of strategy” transforms the strategy translation process into a strategy map, built around the strategic themes and associated BSC of measures and targets for each of the map’s strategic objectives (Kaplan & Norton, 2008b).

1.1.3 Aligning the organisation

In “aligning the organisation”, the strategies of business units must be linked to the company strategy. Support units should also be aligned to business units and the

corporate strategy. Employees must understand the strategy of the organisation in order to align with the overall goals of the organisation and of individual business units and support units.

1.1.4 Plan operations

The organisation needs to link long-term strategy with day-to-day operations, aligning strategy with operating plans and budgets, while focusing on those process improvements that are most critical to the strategy.

1.1.5 Monitor and learn

Once a strategy has been developed, planned and implemented, the organisation must be committed to monitoring performance results, enabling managers to determine whether the strategy is being properly executed.

1.1.6 Test and adapt

The fundamental strategic assumptions should be tested to determine if indeed the organisation has the right strategy. This involves testing and adapting the strategy, using internal operational data and new external environmental and competitive data (Kaplan & Norton, 2008b).

Many strategy execution processes, including the BSCEP process, have been designed to enhance strategy execution. The strategy execution gap, however, is still real. The BSCEP created by Robert Kaplan and David Norton (Kaplan & Norton, 2008b) claims to address this. Some authors have commented on the standard BSC as critics or admirers of the framework. However, few authors have provided an account of practical experience in using the BSCEP, and the lack of literature or comments about the role of the BSCEP in strategy execution has been noted.

Kaplan (2012) opines that little research, if any, has been conducted on the role of the BSC in strategy execution (BSCEP). This has motivated the current study, which concerns itself with the practical and lived experience of the BSCEP, which is a six-stage strategy execution process (Kaplan & Norton, 2008b). Lack of literature on the BSCEP has not deterred the researcher from undertaking this research.

The principal investigation in this research is the BSCEP, where the objective is to contribute to the body of knowledge and the literature by reporting on the practical experience of using the BSCEP for strategy execution. The findings provide strategy practitioners, company CEOs and academics with an understanding of challenges encountered when translating the BSCEP framework, as a theoretical concept, into action.

The balanced scorecard (BSC) was created by Professor Robert Kaplan and Dr David Norton in 1992 (Kaplan & Norton, 1992). It sought to balance financial and non-financial performance indicators, hence the name “balanced scorecard”. The creators of the BSC conducted a year-long research project involving 12 large companies. The original idea behind the study was to find a solution to challenges emanating from short-term decision-making, based on using only financial accounting measures. This led to over-investment in easily valued assets (through mergers and acquisitions), with readily measurable returns, and under-investment in intangible assets, such as product and process innovation, employee skills, and customer satisfaction (Kaplan & Norton, 1992).

Kaplan and Norton (1992) then explored the use of performance measurements by these companies to control the behaviour of managers and employees. They used their findings to devise a new performance measurement system that would provide businesses with a balanced view of financial and operational measures, namely, the BSC. The BSC has since become a controversial topic at management conferences around the world.

As the BSC was created to address performance systems that relied exclusively on financial performance metrics, rewarding performance based on these systems was perceived as promoting short-term decision-making at the expense of long-term

profitability (Kaplan & Norton, 1996a; Niven, 2006b). As the BSC evolved from 1992 it introduced a strategic element (Albright, Burgess & Davis, 2011; Lingle & Schiemann, 1996). The BSC evolved from being just a performance measurement tool in a strategic management process which entails strategy formulation, execution and monitoring. The strategy component was not present when the BSC was created in 1992. The focus was more on performance management.

Since 1992 the BSC has evolved from its early use as a simple performance measurement framework (Kaplan & Norton, 1996a; 2001c; 2004b; 2006; 2008b), to a full strategic planning and management system (Kaplan & Norton, 1996a; 1996b; 2001a; 2001b; 2004a; 2006; 2008a). The BSC strategy execution methodology, also known as the execution premium (BSCEP) on which this research is focused, is a complex conceptual framework that has not yet received critical attention from corporate practitioners and academics, since it was unveiled by Kaplan and Norton in 2008.

The BSC has enhanced two fundamental business issues, namely: the problem of effective organisational performance measurement and the critical issue of successful strategy implementation (Niven, 2002). The BSCEP is a framework that helps organisations translate a company's vision and strategy into a coherent set of performance measures (Kaplan & Norton, 2008b). The success of strategy execution is a critical issue across organisations. The BSCEP claims to address this, but there are hindrances to successful strategy execution using the BSCEP as an implementation tool.

In the current (2016) business environment, strategy execution has never been more important, and yet research shows that most companies fail to execute strategy (Charan & Colvin, 1999; Tait & Nienaber, 2010). The quality of the strategy is important as well as the ability to execute it (Kaplan & Norton, 2001a).

Research stipulates that the most significant factor contributing to the firing of an organisation's chief executive officer (CEO) is their failure to execute strategy. This factor has been shown to account for as many as 70 % of dismissals (Charan & Colvin, 1999). For many years, strategy execution has been acknowledged as the

key weakness in strategic management. There is much consideration on execution in the literature, but most attention has until recently been paid to strategy formulation (Otley, 2003; Atkinson, 2006; Raps, 2005).

Many companies fail to execute strategy, because not everyone in organisations understands it. Managers and employees at lower levels are sometimes unaware of the strategy that top management has formulated (Werner & Xu, 2012). Therefore, lower-level employees may not be working to execute the strategy. Even if they are fully aware of the strategy, they may feel they are too low down in the organisation to make a difference. They may assume that their actions will have very little or no impact on whether or not the company executes its strategy adequately. They may not even know what to do to contribute to strategy execution (Werner & Xu, 2012; Kim & Rhee, 2012; Pujas, 2012; Niven, 2002; Molleman, 2007; Thuy, 2012; Bourne & Bourne, 2007; Olve, Petri, Roy & Roy, 2003; Hannabarger, Buchman & Economy, 2007; Olve, Roy & Wetter, 1999; Pandey, 2005).

The BSC has been debated in business and academic agendas since its inception in 1992. A number of authors who wrote about the BSC believe in the concept to the extent that they forget to mention the challenges that come with it (Olve *et al.*, 2003). However, there is a need to focus on “negative” attributes (Nørreklit, 2000; 2003), where focusing only on “positive” attributes would hide those problems and difficulties that it is necessary to acknowledge and fix (Reed, 2007).

The year 2012 marked the 20th anniversary of the BSC’s introduction in 1992 by Kaplan and Norton. The BSC has evolved from what was viewed as a performance measurement framework to a strategy execution framework (Kaplan & Norton, 2008b; Frigo, 2012; Morard, Stancu & Jeanette, 2013; Hoque, 2012; Niven, 2006a). However, strategy execution, even when using the BSCEP, remains a global business challenge. The BSCEP introduced a mechanism to break down an organisation’s strategy into a set of measures integrated by the logic of cause-effect relationships of the BSC perspectives. Despite its many attributes and impressive promotion, the BSC has several weaknesses that should be recognised and removed if it is to be used effectively (Nørreklit, Jacobsen & Mitchell, 2008;

Shutibinyo, 2013; Markiewicz, 2013; Abdullah, Umair, Rashid & Naeem, 2013; Tavana, Mousavi & Golar, 2013; Sayed, 2013; Sushil, 2008).

A number of authors have expressed both their praise (Hoque, 2012; Perkins, Grey & Remmers, 2013; Shutibinyo, 2013; Frigo, 2012) as well as their criticism (Nørreklit *et al.*, 2008; Nørreklit, 2000) for the BSC. Until a better tool is developed, the BSC will continue to provide organisations with a valuable option as a strategy execution tool, an enabler of policy implementation and an organisational control and accountability tool, especially when organisations are faced with widespread socio-political and environmental changes, both locally and globally (Hoque, 2012; Perkins *et al.*, 2013). However, few authors, if any, have commented critically on the BSCEP, which is a result of a particular BSC evolution.

The BSC is a powerful tool that, when applied appropriately, can have significant benefits for an organisation. It should be understood that the BSC cannot be thought of as a “miracle” tool that will somehow improve the performance of a struggling firm (Perkins *et al.*, 2013). Recent BSC systems are substantial improvements on the original concept, but there is still room for improvement (Tavana *et al.*, 2013). Reviewing the significant use of the BSC in organisations world-wide, it appears that the concept has been a triumphant and winning system since its introduction (Hoque, 2012).

1.2. PROBLEM STATEMENT

According to the 2GC, Intrafocus Annual Balanced Scorecard Usage Survey Report (2011), the BSC is one of the globally most-used frameworks. Popularity does not, however, guarantee popular outcomes for those treading this road. In fact, it has been suggested that the majority of BSC initiatives fail (Niven, 2002; Bourne & Bourne, 2007). There are a number of hindrances in carrying out strategy execution using the BSC but most of these are blamed on poor organisational processes and are not attributed to the BSC by its designers (Kaplan & Norton, 2001b).

Although the BSC was introduced in the early 1990s, it has had challenges in reducing the “performance gap” between strategy formulation and strategy

implementation. The performance gap is real (Tait & Nienaber, 2010:286). Niven (2006a) argues that only 10 % to 30 % of well-crafted strategies are successfully implemented. The gap between strategy formulation and strategy execution is still large despite the use of the BSC. Strategy execution resiliently remains problematic.

Although there are claims that using the BSCEP addresses the “execution” or “performance” gap, there appear to be problems and challenges associated with strategy execution using the BSCEP as an implementation tool. Such BSCEP challenges need investigation. This research utilises BSCEP to unveil hindrances and drivers of strategy execution. There are also questions about the relationship of the BSC to strategy execution. The researcher argues that reduction of the implementation gap will be realised when such hindrances to strategy execution using the BSCEP are revealed and eliminated. Further to this, there are also strategy execution drivers using the BSCEP that, if revealed and enhanced, the execution gap will be reduced.

1.3. RESEARCH OBJECTIVES

The main aim of this study is to investigate the challenges in strategy execution using the BSCEP. For many years, strategy execution has been acknowledged as the key weakness in strategic management. Despite the clear importance of strategy execution and its challenges, it appears that little research has been done on strategy execution (Atkinson, 2006:1443). This research seeks to better understand the strategy execution gap even when the BSCEP is used. The challenge many businesses face is the mistaken belief that formulating the “right strategy” will enable the company to outpace its competitors, whereas that is less than half the battle (Charan & Colvin, 1999).

This study is guided by the following research objectives:

- Research Objective 1** To determine the relevance of the BSC in relation to strategy execution using a literature review. The BSC has been used by companies as both a performance management and a strategy execution tool. Although the BSC was introduced in the early 1990s, its current relationship with strategy execution is not finally described. It is, therefore, critical to understand the relevance of the standard BSC in relation to strategy execution.
- Research Objective 2** To identify barriers to BSCEP implementation informing organisational readiness for BSCEP. Implementation of any framework in organisations is a challenge and can be a complex process, depending on how it is launched and how it is adopted by the stakeholders. From the practical point of view, each framework has different implementation barriers in organisations. It is, therefore, not scientific to generalise that the BSC will have the same implementation challenges as other frameworks. However, the BSCEP is not immune to these challenges. The successful adoption of the BSCEP determines its successful implementation and successful implementation underpins strategy execution.
- Research Objective 3** To identify hindrances to, and drivers of, strategy execution, using the BSCEP. The success or failure of strategy execution using the BSCEP can be determined by a number of factors that can either drive or inhibit strategy execution. For many years, strategy execution has been acknowledged as the key weakness in strategic management. This study seeks to add value to the strategy execution dilemma facing many organisations today.

Research Objective 4 To conceive an improved framework for the BSCEP and BSC. To gauge the organisational readiness to implement the BSCEP to avoid wasting organisational resources emanating from the BSCEP process failure.

1.4. RESEARCH QUESTIONS

The research questions have been formulated to address the research problem. There are four principal research questions to be answered in this study. They are:

Research Question 1 **How relevant is the standard BSC framework and its attributes to strategy execution using the BSCEP?**

The answer to this question will assist to confirm the relevance of the BSC to strategy execution. It will also unveil whether the BSC as a framework is relevant to BSCEP.

Research Question 2 **What are the barriers to the implementation of the BSCEP?**

The BSCEP, like any other framework, will experience utilisation barriers. This question will assist to understand such barriers as this may affect the strategy execution if implementation barriers are not resolved or mitigated. The BSCEP can fail at the implementation stage. This question concerns the process of implementing a tool or framework and how implementation is affected by the maturity level of the organisation. From a practical perspective, each framework presents different implementation barriers within a workplace. Here, BSCEP implementation barriers are identified.

Research Question 3 What are the drivers of strategy execution when using the BSCEP as a strategy execution process?

Drivers of strategy execution are factors that enhance and support strategy execution using the BSCEP. If drivers of strategy execution are identified and enhanced, they will make strategy execution using the BSCEP possible.

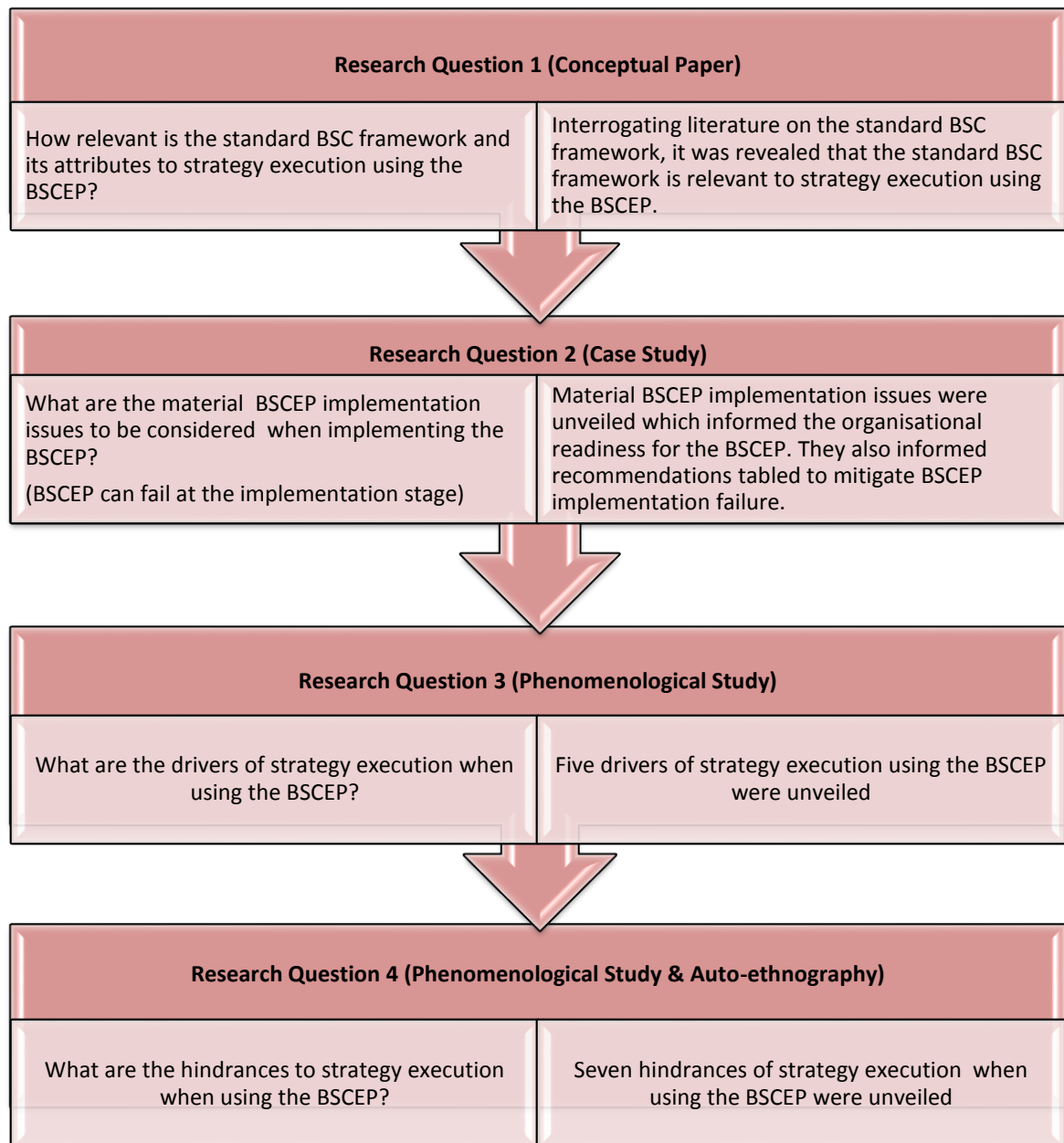
Research Question 4 What are the hindrances to strategy execution when using the BSCEP as a strategy execution process?

Hindrances are factors that prevent, deter or obstruct strategy execution when using the BSCEP. This research question relates to the strategy execution process using the BSCEP stages.

1.5. RESEARCH PROCESS

To answer **Research Question 1**, this study utilised a conceptual paper to interrogate the literature. It was revealed that the standard BSC is relevant to strategy execution using the BSCEP. To answer **Research Question 2**, this study utilised a case-study method. Interviews were conducted at a research company that used the BSCEP as a strategy execution process. **Research Question 3** was answered using a phenomenological study. Selected individuals (participants) were followed, observed and interviewed in order to ascertain their lived experiences in using the BSCEP at the research company. **Research Question 4** was answered by using the phenomenological study and ethnographic account to arrive at the hindrances of strategy execution using the BSCEP.

Figure 1.2 shows the research process followed to answer all the research questions in this study.



Source: Own compilation.

Figure 1.2: Outline of the research process to answer Research Questions 1 to 4 covered by this study

1.6. IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

Kaplan (2012:539) has noted, importantly, that “academic commentary on the BSC often ignores its role in strategy execution”. As one of the creators of the BSC, Kaplan was responding to academic critiques on the BSC in 2012. To his disappointment, no one commented on the BSCEP, which was unveiled in 2008.

This study aims to address this gap. **Firstly**, the study addresses the gap between strategy formulation and strategy execution, where it is noted that successful strategy execution is imperative for an organisation's survival. **Secondly**, it improves understanding of the BSCEP, where it aims to show how the BSCEP explains the role of the BSC in strategy execution. **Thirdly**, it may provide organisations with insight of a mechanism to optimise strategy execution using the BSCEP by mitigating the hindrances and enhancing the drivers.

Excellent execution of any good strategy can turn companies into standout performers, because strategy execution has a positive impact on revenue growth, earnings and return on investment (Thompson, Strickland & Gamble, 2005). Strategy execution is a global challenge. The issues that are investigated have both academic and practical significance. The study is intended to highlight the hindrances to, and drivers of, strategy execution using the BSCEP.

Organisations that have never implemented the BSCEP for strategy execution purposes, or those that have failed to implement strategy while using the BSCEP, may benefit from this research. The findings contribute to the body of knowledge of academics, strategy practitioners and CEOs.

Even with a BSC as a performance management tool, its implementation issues are perceived by many authors as merely stepping stones towards strategy execution (Kaplan & Norton, 2008b; Niven, 2002; Hannabarger *et al.*, 2007; Olve *et al.*, 1999). Implementing any framework is a challenge, especially in large organisations. This study aims to contribute to the building of a potentially less complex BSCEP framework, one which can be implemented easily and understood by users. The research determines the negative and the positive attributes of successful BSCEP implementation.

1.7. DELIMITATIONS

The study has delimitations with regard to the BSCEP, strategy execution frameworks as well as the research strategies adopted for the study. **Firstly**, the study is focused on the BSCEP and does not look at other strategy execution frameworks. **Secondly**, the focus of the study is on strategy execution using the BSCEP and not on strategy development. Although the BSCEP process includes strategy development as the first stage of the process, this study looks only at strategy execution. **Thirdly**, the study has utilised case-study, phenomenological study and auto-analytic ethnography at the research company where the BSCEP was implemented. The findings of the study are, therefore, limited to the company in question. The findings cannot be generalised to other organisations.

1.8. ASSUMPTIONS

The following assumptions are made:

Firstly, the execution of strategy is a global challenge for businesses, given the context provided by surveys, academics and strategy practitioners. Part of the challenge is finding a strategy execution framework that will enable the seamless execution of the strategy. Secondly, the BSC is an accepted global standard framework and many organisations are using it either as a performance management tool, or, in the case of the BSCEP, as a strategy execution framework. The BSCEP is a framework that has not received attention from many corporate practitioners and academics since it was designed by Kaplan and Norton in 2008 (Kaplan & Norton, 2008b).

1.9. DEFINITION OF KEY TERMS

For the relevance of the study, this research has sourced key definitions of terms from the work of the creators of the BSC, Kaplan and Norton (2008b).

Balanced scorecard (BSC)

Is a four perspective framework created by Kaplan and Norton in 1992 (Kaplan & Norton, 1992) and has been evolving since 1992 (Kaplan & Norton, 2008b).

Balanced scorecard Execution Premium (BSCEP)

BSCEP is the balanced scorecard strategy execution premium process conceived by Kaplan and Norton during the BSC evolution in 2008 (Kaplan & Norton, 2008b).

Drivers

Drivers are factors supporting and enhancing strategy execution using the BSCEP as a strategy execution tool. They could be people, knowledge, or conditions in the workplace.

Hindrances

Hindrances are factors that prevent, deter or obstruct strategy execution using the BSCEP as a strategy execution tool. These could be human actions, complications arising from processes in the workplace, or organisational culture.

Strategic objectives

Strategic objectives are action statements that clarify how the strategy will be implemented. They are a linked set of priorities that deliver the strategy (Kaplan & Norton, 2008b).

Strategic measures

Management uses strategic measures to evaluate the organisation's progress towards achieving strategic objectives. Strategic measures show the relationships between strategic objectives and constantly test the validity of the strategy (Kaplan & Norton, 2004b). Strategic measures will reflect whether or not strategy execution is successful (Kaplan & Norton, 2008b).

Strategic initiatives

A strategic initiative may be considered a project or programme designed to fulfil the objectives (Kaplan & Norton, 2008b).

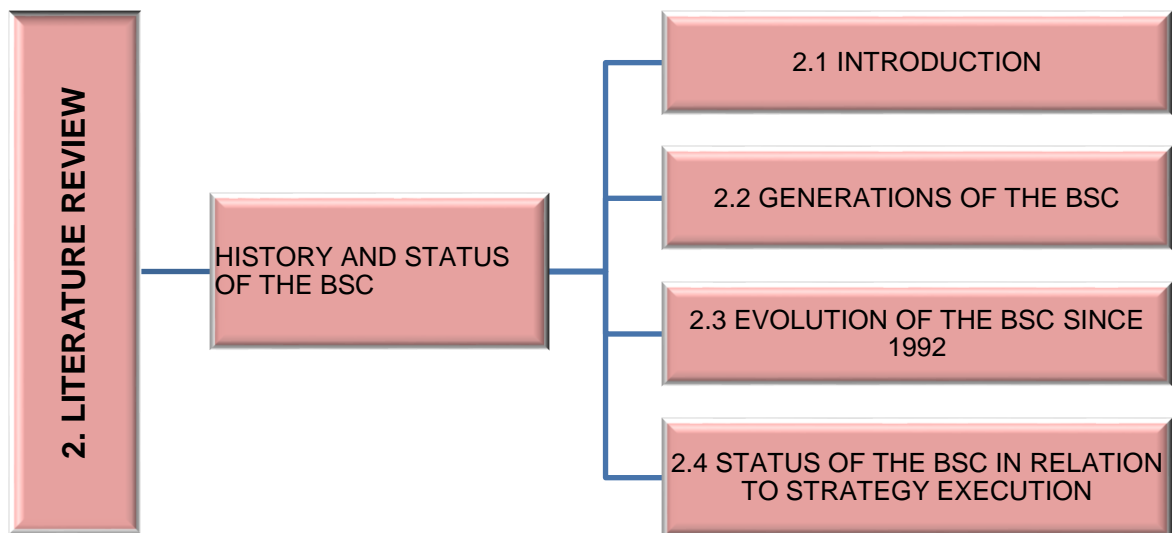
Strategy map

A strategy map illustrates the way in which strategy links intangible assets to value-creating processes (Kaplan & Norton, 2004b). It describes the process of value creation through a series of cause-and-effect linkages among objectives in the four BSC perspectives (Kaplan & Norton, 2008b). For the purpose of this research the terms “strategy implementation” and “strategy execution” are used interchangeably.

1.10. REFERENCING TECHNIQUE

The Harvard method of referencing has been used in this study. A complete list of the references cited in this document is contained at the end of the document, immediately after the appendices.

CHAPTER 2: LITERATURE REVIEW – HISTORY AND STATUS OF THE BSC



Source: Own compilation.

Figure 2.1: Outline of Chapter 2

2.1. INTRODUCTION

The BSC was devised after a year-long research project with 12 companies at the leading edge of performance management. Several companies adopted it as their performance management tool (Kaplan & Norton, 1992). The early adopters of the BSC did not intend to use it as a strategic management system, but for organisational performance measurement (Kaplan & Norton, 2001a). Recent BSC systems are substantial improvements on the original concept, but there is room for improvement especially in adapting the BSC for small, medium and large organisations. This is a potential topic for future research (Tavana *et al.*, 2013).

The BSC was incepted using the metaphor of an airplane cockpit. For the complex task of navigating and flying the airplane, pilots need detailed information about the aspects of a flight. These include air speed, fuel, altitude, bearing, destination and other indicators that summarise the current and predicted environment (Kaplan & Norton, 1992). The creators of the BSC argued that BSC works on the same principle. The BSC can be likened with the dials and indicators in an airplane cockpit. For the complex task of navigating and flying an aeroplane, pilots need detailed information. Similarly the complexity of managing an organisation today requires that managers be able to view performance in several areas simultaneously.

The BSC has attracted considerable interest among different organisations, practitioners and researchers. In 2006, 60 % of the Fortune 1000 companies were implementing the BSC (Niven 2006a). A study conducted by Bain & Co. (2009) has revealed that about 49 % of organisations in North America, 54 % in Europe, 52 % in Asia, and 56 % in Latin America use the BSC. According to the study by Lawson, Desroches and Hatch, in 2008, 62 % of organisations questioned were using the BSC as their performance management framework globally. In 2008, the editors of Harvard Business Review (HBR) identified the Kaplan and Norton management system as one of the most important ideas of the past 75 years (Stewart, 2008).

The BSC originated as a set of measures that gives top management a comprehensive view of a business (Kaplan & Norton, 1992), where its financial

measures are able to assess the results of actions already taken. Operational measures from customer satisfaction, internal processes and learning and growth are drivers of future financial performance of a business (Niven, 2006a). The BSC allows managers to see the business from four perspectives, namely, financial, customer, internal processes and learning and growth perspectives (Kaplan & Norton, 1992; 2001a).

The disparity between improved operational performance and disappointing financial results creates frustrations for senior executives. It is for this reason the BSC was designed (Kaplan & Norton, 1992). It is important that companies focus on measures that move businesses forward. In 1992, the focus was on balancing the operational measures with the financial measures.

This chapter reviews literature on the evolution of the BSC since its inception in 1992. In 2012, 20 years after the BSC was created, Kaplan acknowledged the BSC critiques, but stated that there is a tendency of ignoring the role of the BSC in strategy execution (Kaplan, 2012). The BSC was developed as an answer to challenges in the use of financial and non-financial measures in performance management systems, where it guards against sub-optimisation by forcing senior managers to consider all operational measures together, so as to ascertain whether the improvement in one area has been achieved at the expense of another (Kaplan & Norton, 1992).

Since the 1992 article, Kaplan and Norton have published more articles, management journals and books on the BSC. While the original article's focus was on performance measurement, their work with early adopting companies between 1992 and 1995, caused them to realise that the BSC could become the foundation of an entirely new system for strategy management and execution (Kaplan, 2012). Hence, strategy execution has been the focus of their work since 1996. Kaplan has also expressed his concerns about the distancing of academics from actual practice (Kaplan, 2012). Strategy execution using the BSC requires more focus in both the academic and actual practice agendas.

2.2. GENERATIONS OF THE BSC

The BSC was first developed as a performance measurement tool. It has since evolved considerably. Lawrie and Cobbold (2004) posit that the BSC has seen three distinct generations, where they argue that the evolution of the BSC was mainly driven by the empirical evidence of weaknesses found in previous generations. In the early 1990s, the focus was on developing financial and non-financial measures of performance; the focus then moved to aligning the measures with strategy in the mid 1990s; in 2001, the BSC took on its current form as a strategy implementation tool (Othman, Ahmad Domil, Chesenik, Abdullah, Hamzah, 2006); in 2004, the strategy map took the four perspectives to another level of strategy translation into operational terms; while in 2008 a six-stage strategic management process called the **balanced scorecard execution premium (BSCEP)** was unveiled by the creators of the BSC.

The main concern of the **first generation** of the BSC as a performance measurement tool was to solve the measurement problem of balancing the accuracy and integrity of financial metrics with the drivers for future financial success (Niven, 2005). Lawrie and Cobbold (2004) have argued that the original BSC was not clear about the selection of measures for strategic objectives, and the creators of the BSC conceded this fact (De Waal, 2003).

In the **second generation**, from a strategic measurement system, the BSC evolved into a strategic management system with the intention of supporting management in the implementation of strategy (Niven, 2005). The criticism of the second generation of the BSC was based on the lack of interpretation and understanding of the vision and mission statements from lower levels of the organisation, which were preserved only for high level management (Niven, 2005).

The **third generation** enhanced the communication role of the BSC. Niven (2005) argues that company strategy should be understood not only by executives, but it should be transformed into simple objectives and measures understood by all people in the company, and this should lead them to achieve real results. The units and individuals were then aligned with strategy and the BSC was cascaded to

everyone in the organisation. This third generation of the BSC aimed to reach all levels of the organisation, by cascading high level BSC to lower levels. Further, through the use of the strategy map, the BSC ought to show all employees their role in each of the four perspectives in order to execute the organisation's strategy.

Perkins *et al.* (2013), having reviewed the development literature of the BSC, proposing that the three generations of the BSC be split into eight separate versions, as demonstrated in Table 2.1. The three generations of the BSC illustrated in Table 2.1 explain how the BSC evolved from being a performance management tool to a strategic management tool. The first generation laid the groundwork for the BSC concept, highlighted the role of the BSC as a performance management system and introduced the strategy component into the BSC concept. The second generation introduced strategy maps and a bottom-up approach to strategy execution. The third generation put greater focus on the strategic linkage model.

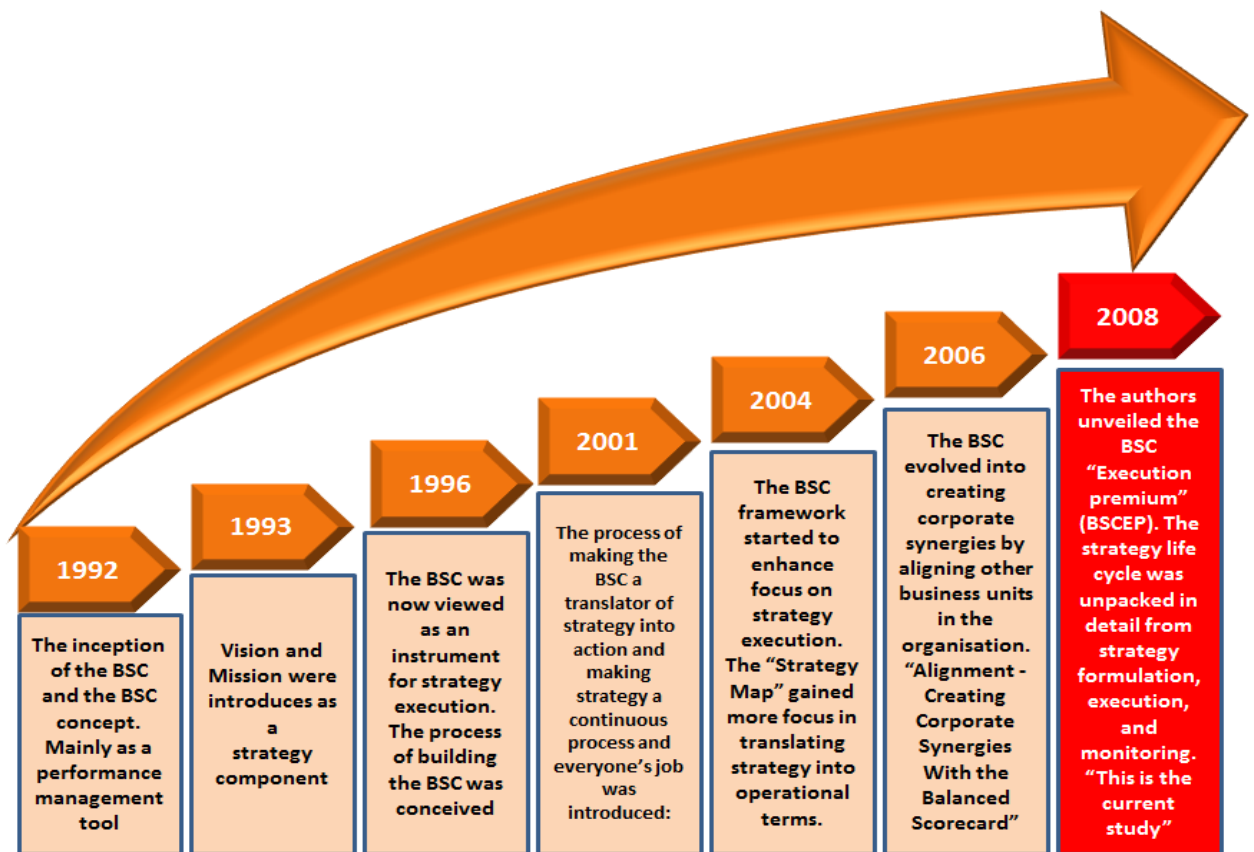
Table 2.1: BSC generations split into eight versions

First generation	Second generation	Third generation
1. Laying groundwork for the BSC concept.	5. Introduction of strategy maps.	7. Addition of the “destination statement” to the BSC and a greater focus on the strategic linkage model.
2. Beginning to focus on strategy.	6. Further development of this concept alongside the change to a bottom-up, ongoing approach to the scorecard concept.	8. Simplification of the scorecard by removing many of the perspectives that are considered in earlier versions.
3. Introducing specific targets, developing the strategy and introducing causality.		
4. Highlighting the role the scorecard plays as part of a performance management system.		

Source: Perkins *et al.*, 2013.

2.3. EVOLUTION OF THE BSC SINCE 1992

The BSC has been evolving since its inception in 1992. The creators of the BSC have responded to criticisms levelled against it by academics, strategy practitioners and CEOs of organisations. It emerged as a performance management tool, and evolved into a strategy execution tool (Lingle & Schiemann, 1996). It has been a topic on academic agendas since its inception in 1992, and a number of articles and books have been published by its creators to enhance it. However, there are still challenges, and opportunities for further enhancements (Nørreklit, 2000; 2003; O’Neil, Besimon, Diamond & Moore, 1999; Sayed, 2013; Markiewicz, 2013; Umayal Karpagam & Suganthi, 2012).



Source: Own compilation.

Figure 2.2: Evolution of the BSC

2.3.1. BSC concept inception and the BSC perspectives – 1992

The BSC allows for managers to look at the business from four perspectives, and to provide answers to four important questions:

- How do we look to shareholders/investors? ("financial perspective")?
- How do customers see us? ("customer perspective")?
- What must we excel at? ("internal perspective")?
- How can we continue to improve value? ("innovation and learning perspective")?

The BSC perspectives have been the subject of robust discussion since it was conceived in 1992. The following summarises the substance of these discussions.

2.3.1.1. Financial perspective

This perspective concerns the maximisation of shareholders' return. Financial objectives represent the long-term goal of the organisation, which is to provide superior returns based on the capital invested in the unit. All other objectives and measures in other scorecard perspectives should be linked to achieve one or more objectives in the financial perspective (Kaplan & Norton, 1996a). The core function of the BSC is to balance the financial measures with the non-financial measures (Kaplan & Norton, 1992:72).

Kaplan and Norton (2006) argue that there are three financial themes for the financial perspective: "revenue growth and mix", "cost reduction or productivity improvement", and "asset utilisation or investment strategy." "Revenue growth and mix" refer to expanding product and service offerings, reaching new markets, changing the product and service mix towards higher value-added offerings, and repricing products and services. The "cost reduction or productivity improvement" refer to efforts to lower the direct costs of products and services, reducing the indirect costs and sharing common resources with other business units. In the "asset utilisation" theme, managers attempt to reduce the working capital levels required to support a given volume and mix of businesses.

The financial perspective objectives represent the long-term goal of the organisation. Eventually all objectives and measures in the other BSC perspectives should be linked to achieving one of the financial perspective objectives. This linkage to financial objectives explicitly recognises that the long term goal for the business is to generate financial returns to shareholders (Kaplan & Norton, 1996a).

In the profit making companies, the objectives in the financial perspective represent the end in mind of our strategic story, typically culminating in objectives such as increasing shareholder value, growing revenues and lowering costs. In the non-profit and public sectors, financial perspective ensures we are achieving our results, but doing so in an efficient manner that minimises costs (Niven 2006a).

2.3.1.2. Customer perspective

For a company there is a question as to achieving its vision, namely, how should it appear to its customers? Which customers will it serve? Where and what will it provide them in terms of products and services? In the customer perspective of the BSC, companies identify the customer and market segments in which they have chosen to compete (Kaplan & Norton, 1996b). Sushil (2008) argues that in the “blue ocean” strategy the customer factors are crucial in dealing with the offerings as central focus of the strategy. Therefore, the framework of the BSC needs reconsidering so as to incorporate the customer factors, along with the enterprise factors, in an explicit manner such that it may be possible to enrich both strategy formulation and execution processes (Sushil, 2008).

A company’s first task is to both create and keep a customer (Drucker, 2007). Kaplan and Norton (1992) acknowledge this by including the customer perspective in the model. In the customer perspective, managers need to identify targeted customer segments. Once they understand who the targeted segments are, they can then devise a compelling customer value proposition for customer satisfaction (Kaplan & Norton, 1992).

Customer satisfaction usually results from their concerns which are time, quality, performance and service, and the cost related to a product or service; organisations should therefore take into account these concerns when developing customer perspective objectives and measures (Kaplan & Norton, 1992). Niven (2006a) has argued that to achieve positive financial results, organisations need to create products and services which customers perceive as adding value to their lives.

Time has become a major competitive weapon in today’s market, and being able to respond rapidly to a customer’s request has become a critical skill (Kaplan & Norton, 1996b). Quality, meanwhile, has shifted from being a strategic advantage to a competitive necessity, and it can be observed that companies which produce lower quality product have ceased to be serious competitors (Niven, 2006a; Kaplan & Norton, 1996b). Price will always be a determining factor when customers pay for

products or services. Therefore, business should take such factors into consideration when designing a customer value proposition.

The most common measures for the customer perspective include: customer satisfaction, customer loyalty, and market share (Niven, 2006a). Other customer measures include customer acquisition and customer profitability (Kaplan & Norton, 1996b). These are leading indicators, and if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even when the current financial picture may appear healthy. There is an increasing realisation of the importance of customer focus and customer satisfaction in businesses (Kaplan & Norton, 1996b). The company's strategy can then be defined and refined by those customer segments these businesses choose to target.

2.3.1.3. Internal processes perspective

In the internal business processes perspective, managers identify the critical processes at which they must excel if they are to meet the objectives of shareholders and satisfy the targeted customer segments (Kaplan & Norton, 1996a). According to this perspective, the BSC examines: innovation in products; research and development; waste and rework in the processes; new products; time to market; and product quality (Iselin, Mia & Sands, 2008:78).

The internal processes, as described by the BSC, relate to customer satisfaction. As the BSC evolved, and particularly in response to criticisms, the alignment of the BSC with other processes such as budgeting and forecasting became crucial. The BSC seeks to address how the business can manage other strategic business units' processes to achieve economies of scale or value chain integration (Kaplan & Norton, 2006).

To satisfy customer needs, managers need to focus on processes, actions and decisions that will result in great customer performance (Kaplan and Norton, 1992). The internal process perspective determines the way in which it will achieve the

customer value proposition, and improve productivity, to reach financial objectives to satisfy its shareholders (Kaplan & Norton, 2008b). This perspective measures the business processes that have the greatest impact on customer satisfaction. Common measures used in this perspective are: quality and employee skills; inventory turnover; delivery; productivity; cycle time; and research and development expenses (Niven, 2006b).

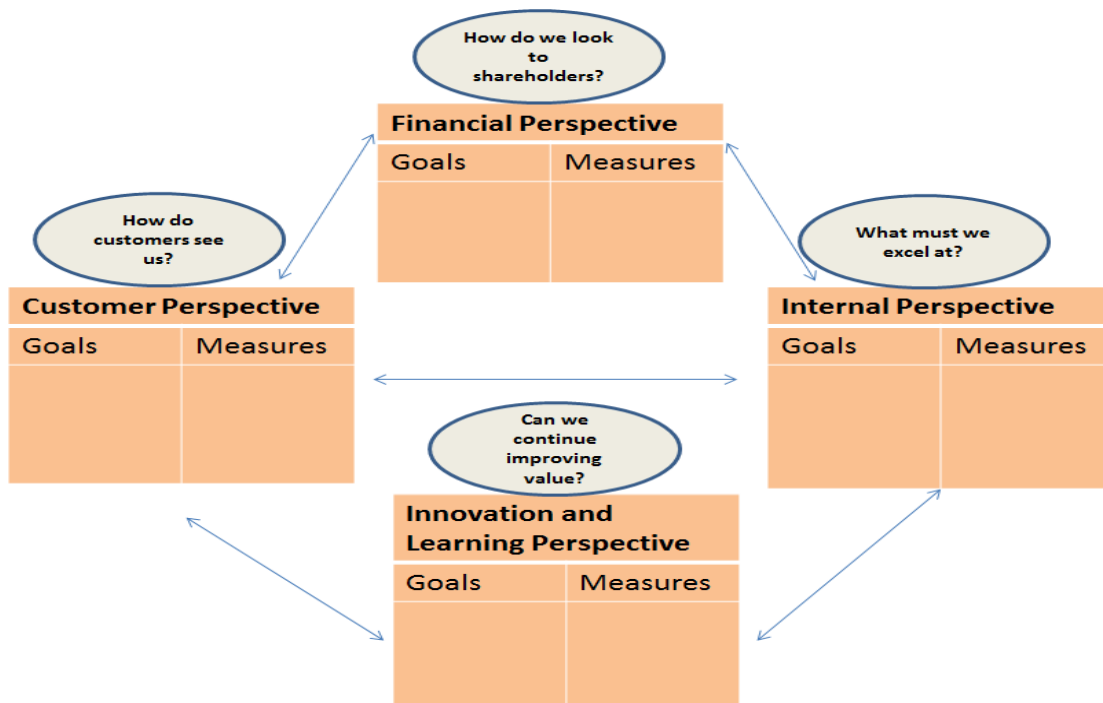
There are three business processes that are important in the internal processes perspectives and these are: innovation; operations; and post-sale service (Kaplan & Norton, 2006). In the innovation process, the business researches the latest needs of customers and creates products and services that will match such needs. The operations process is where existing products and services are produced and delivered to customers. Operational excellence a single component in the entire value chain for achieving financial and customer objectives. The post-sale service is the service provided to a customer after the original sale or delivery of a product or service has taken place. This may include warranty and repair service, treatment of defects, and returns, for example. In this perspective, managers identify the critical processes at which they must excel if they are to meet the objectives of shareholders and targeted customer segments.

2.3.1.4. Learning and growth perspective

Learning and growth 1996b:54 In this perspective the BSC looks at employee capabilities, employee satisfaction and information technology (Iselin *et al.*, 2008). The enablers for this perspective come primarily from three sources: employees, systems and organisational alignment (Kaplan & Norton, 1996a).

The main principal categories for the learning and growth perspectives are: the employee capabilities; information systems capabilities and motivation; and empowerment and alignment (Kaplan & Norton, 1996b). The employee capabilities refer to how employees contribute to the organisation. Ideas for improving processes and performance for customers must come from the front line employees who are closest to internal processes and customers. This requires major reskilling

of employees so that minds and creative abilities can be mobilised for achieving organisational objectives. Information systems capabilities refer to: information on customers; internal processes; and the financial consequences of management decisions. Front line employees need accurate and timely information to make decisions for their businesses, whereas skilled employees provided with superb access to information will not contribute organisational success if they are not well-motivated, empowered, and aligned to organisational objectives. Thus, motivation, empowerment and alignment prove to be critical principal categories in the learning and growth perspective. Objectives and measures for this perspective include employee satisfaction, employee productivity and employee retention.



Source: Kaplan & Norton (1992:72)

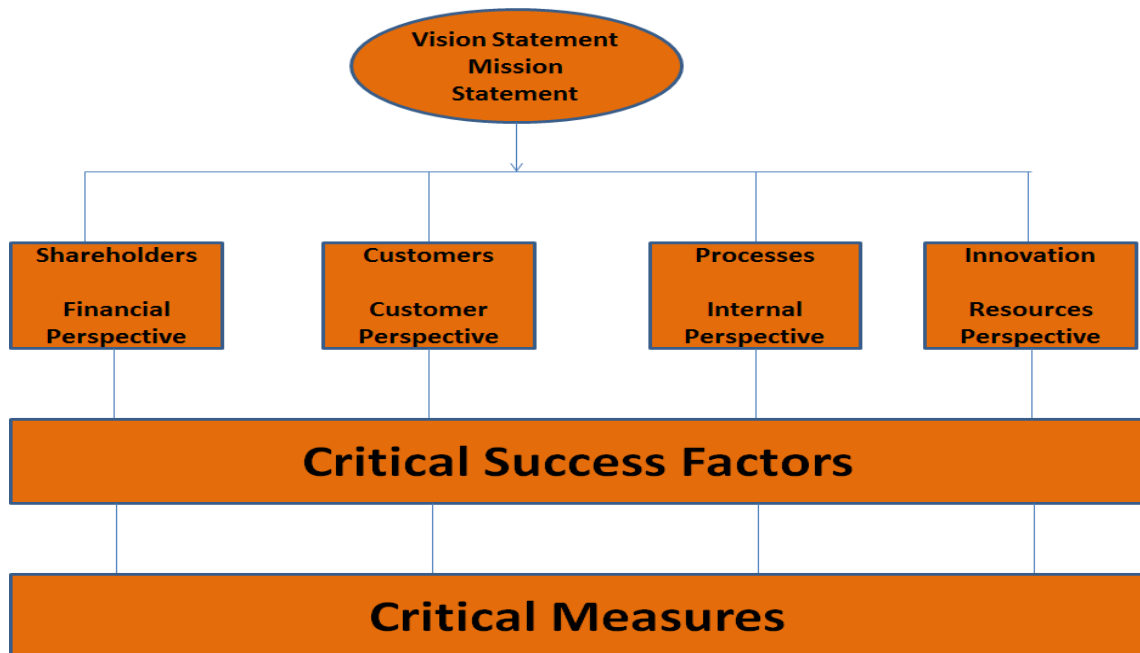
Figure 2.3: BSC demonstrating four perspectives in 1992

2.3.2. The BSC introduced the strategy component – 1993

The creators of the BSC introduced the strategy component to the BSC and began linking the BSC perspectives to vision and strategy (Kaplan & Norton, 1996a). The BSC was no longer viewed as a performance measurement only but as a strategic management framework, as reflected in Figure 2.4. The BSC included the vision

and the mission of an organisation. Linking measurements to strategy lies at the heart of a successful BSC development. If the company succeeds in its vision, how will it look different to its shareholders and customers, and particularly in terms of internal processes and the ability to innovate and grow? What are the critical success factors of the four perspectives? What are the critical measures that will move the company forward? (Kaplan & Norton, 1996a).

The focus of the BSC in 1993 was on linking measurements to strategy by identifying the critical measures and critical success factors (Kaplan & Norton, 1996a).



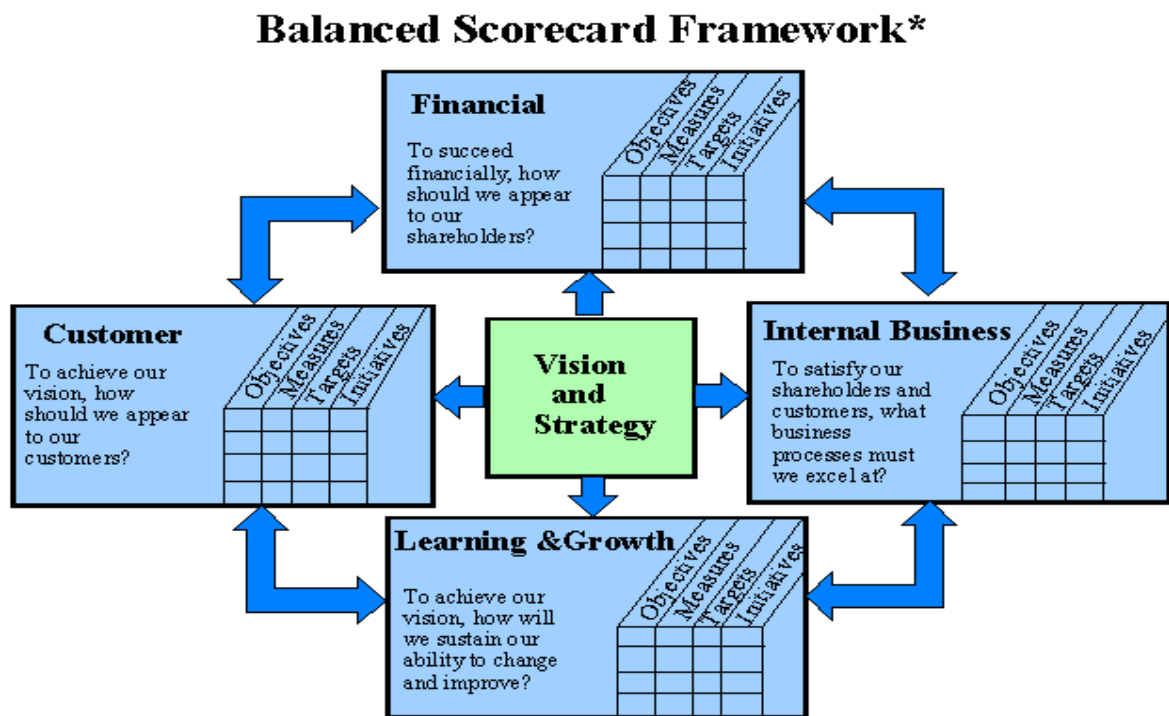
Source: Kaplan & Norton (1996a).

Figure 2.4: BSC demonstrating a strategy component in 1993

2.3.3. The BSC as an instrument for a single strategy – 1996

The BSC was thereafter viewed as instrumentation for a single strategy. Focus was placed on strategy instead of performance measurement (Kaplan & Norton, 1996b). At this stage, the focus was on linking measures to a single strategy, and not executing strategy using the BSC. The duties of the senior executive team were to guide the construction of strategic objectives and measures for the BSC, to gain

commitment among the stakeholders, and to clarify implementation process. The BSC measures were linked to business strategy, utilising the four perspectives, namely financial, customer, internal processes and learning and growth. Strategic initiatives, targets and resource allocations were introduced as crucial attributes in managing business strategy, as demonstrated in Figure 2.5.



* Adapted from Kaplan & Norton 1996. *The Balanced Scorecard*. Harvard Business School Press: 9. Original from HBR Jan/Feb 1996, p. 76.

Source: Kaplan & Norton (1996a:9).

Figure 2.5: BSC as an instrument for a single strategy

Kaplan and Norton (1996a) decided to derive financial and non-financial measures of the BSC from the business strategy. The BSC provides executives with a comprehensive framework that can translate a company's strategy into a coherent and linked set of performance measures (Kaplan & Norton, 1996a). Such performance measures should include both outcome measures and performance drivers of those outcomes.

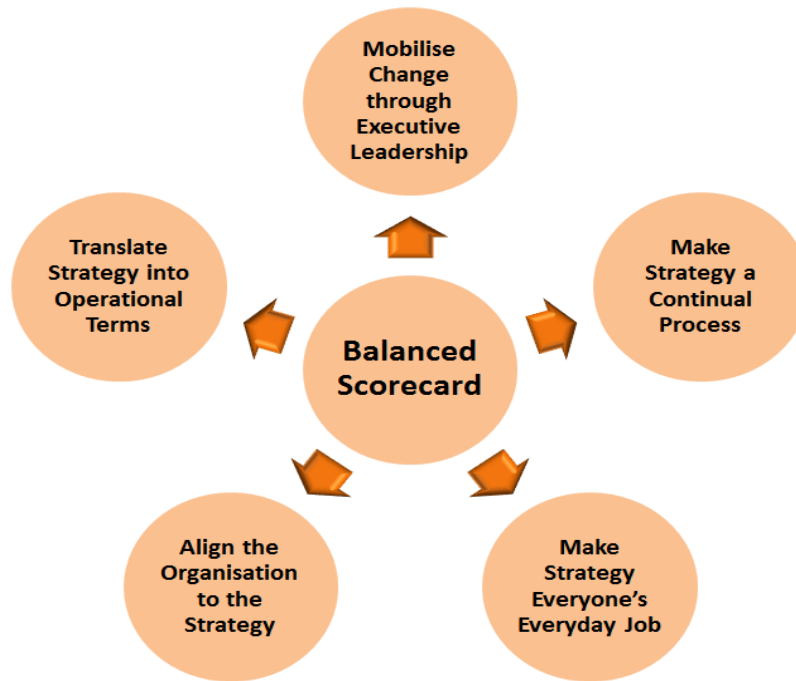
Each objective in the perspective was given measures. By articulating the outcomes, the organisation desires as well as the drivers of those outcomes, senior executives can channel the energies, the abilities, and the specific knowledge held

by people throughout the organisation towards achieving the business's strategy. Control and performance measurement systems began focusing on keeping individuals and organisational units in compliance with a pre-established plan, that is, with a strategy. The BSC was used as a communication, information, and learning system, and not as a traditional control system (Kaplan & Norton, 1996b).

The scorecard translates the vision and strategy of a business unit into objectives and measures in four different areas, namely: the financial, customer, internal-business-process, and learning and growth perspectives. The financial perspective identifies the way in which the company wishes to be viewed by its shareholders and appropriate measures that ought to be assigned to establish whether long-term goals are achieved. The customer, internal-business-process, and learning and growth perspectives measures determine how the strategy will be achieved using the non-financial measures (Kaplan & Norton, 1996b).

2.3.4. The BSC as a translator of strategy into action (2001 – 2004)

The BSC creators spent several years refining the strategy management system and devised a framework based on five management principles, namely, mobilising change through executive leadership by engaging senior management for the BSC to be successful, translating strategy into operational terms using strategy maps, aligning the organisation to strategy, making strategy everyone's job and making strategy a continual process.



Source: Kaplan & Norton (2001b:9).

Figure 2.6: BSC framework to translate strategy into action

2.3.4.1. Mobilising change through executive leadership

One of the pitfalls that can undermine the success of any BSC programme is a lack of top leadership sponsorship (Kaplan & Norton, 2008b; Pandey, 2005; Cavalluzzo & Ittner, 2004; Chavan, 2009; Catucci, 2003). Therefore, one of the best predictors of ultimate success is whether or not top leaders are engaged and committed to stay the course. Leadership sponsorship means more than merely verbalising interest or support to other senior executives; it means that the top executive is actively involved in making strategy execution a core competency of the organisation (Kaplan & Norton, 2001b). This is illustrated in Figure 2.6.

Managing a strategy requires an active executive team, who will support the strategic objectives reflected on the BSC. The BSC can be perceived as a change project (Kaplan & Norton, 2001c). Therefore, people respond differently to change; some may embrace change, whilst others may resist change. The most important criterion for the BSC to be successful is to have senior executive in the balance scorecard process who will promote communication, participation and innovation

(Kaplan & Norton, 2001a). A BSC can be used as an instrument to promote robust debate and dialogue because it enhances communication and participation (Ahn, 2001; Mooraj, Oyon & Hostettler; 1999; Otley, 1999; De Geuser, Mooraj & Oyon; 2009; Malina & Selto, 2001).

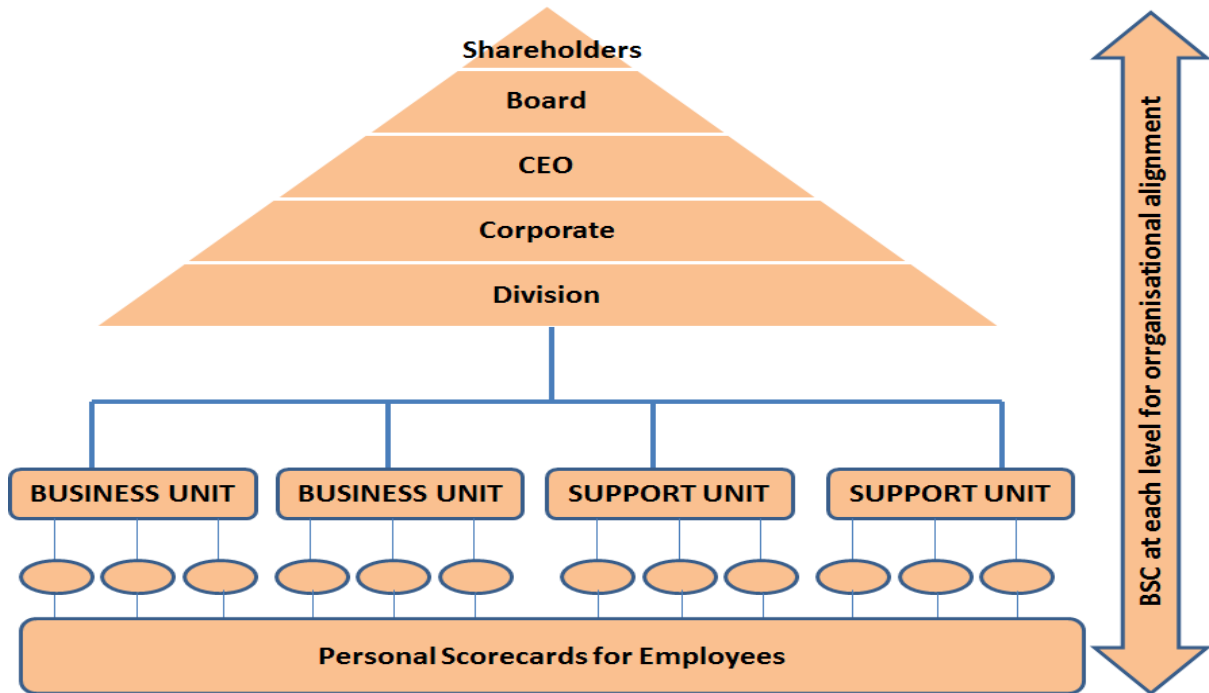
2.3.4.2. Translating strategy to operational terms

According to Kaplan and Norton (2001c) translating the strategy to operational terms aligns an organisation's business and support units to a common goal. Translating a vision facilitates the process of building a consensus around an organisation's planned strategy (Kaplan & Norton, 1996b). De Geuser *et al.*, (2009) agree with Kaplan and Norton (1996b, 2001c) that the BSC enables organisations to translate their strategy into strategic goals, which can be monitored and evaluated on a regular basis. A successful strategy formulation and execution translates a strategy into tangible and identifiable activities (Bhimani & Langfield-Smith, 2007). I argue that the BSC is a useful tool to facilitate this process.

2.3.4.3. Aligning organisation to the strategy

Strategic alignment occurs when all the structures, processes and systems in an organisation support the strategy. Alignment will be realised when all the organisation's executives, shareholders, board and front-line teams are truly committed to the strategy and its execution (Kaplan & Norton, 2001c). Kaplan and Norton (2001c) argue that aligning an organisation to a strategy can be one of the major barriers to strategy execution as communicating and coordinating between different units and functions with specific knowledge, language and culture can be challenging. Corporate strategy must cascade to business and supporting units for organisational performance to be more than the sum of its parts. A strategy-focused organisation aligns supporting functions to a strategy such as human resources, finance and information technology. When an organisation has aligned its operations, it can be seen that its business units and staff functions have well-defined strategies, which are both able to be articulated and measured by a BSC.

Figure 2.7 demonstrates how strategic alignment should be realised in an organisation.



Source: Kaplan & Norton (2006)

Figure 2.7: The BSC demonstrating organisational alignment at each level of the organisation

2.3.4.4. Making the strategy to everyone’s everyday job

A strategy-focused organisation ensures that the strategy is everyone in the organisation’s everyday job (Kaplan & Norton, 2001b). In addition to this, Kaplan and Norton (1996b) have argued that communicating and linking allows an organisation to deliver a strategy throughout the different levels of an organisation, and to link it to the business units and individual objectives. A BSC enables all levels of an organisation to understand a long-term strategy, where business units and individual objectives are aligned with the strategy. If a strategy is well-communicated and understood, employees are able to conduct their day-to-day business in a way that supports it.

Organisations should communicate their strategy and the BSC in order to implement the BSC successfully. Individual employees and departments at lower levels should be challenged to develop their own objectives so as to ensure a successful strategy implementation and such objectives must be incorporated to their individual BSC (Kaplan & Norton, 2001a; Alexander, 1985; Aaltonen & Ikkävalko, 2002; Goold, 1991; Ahn, 2001; Mooraj *et al.*, 1999; Otley, 1999).

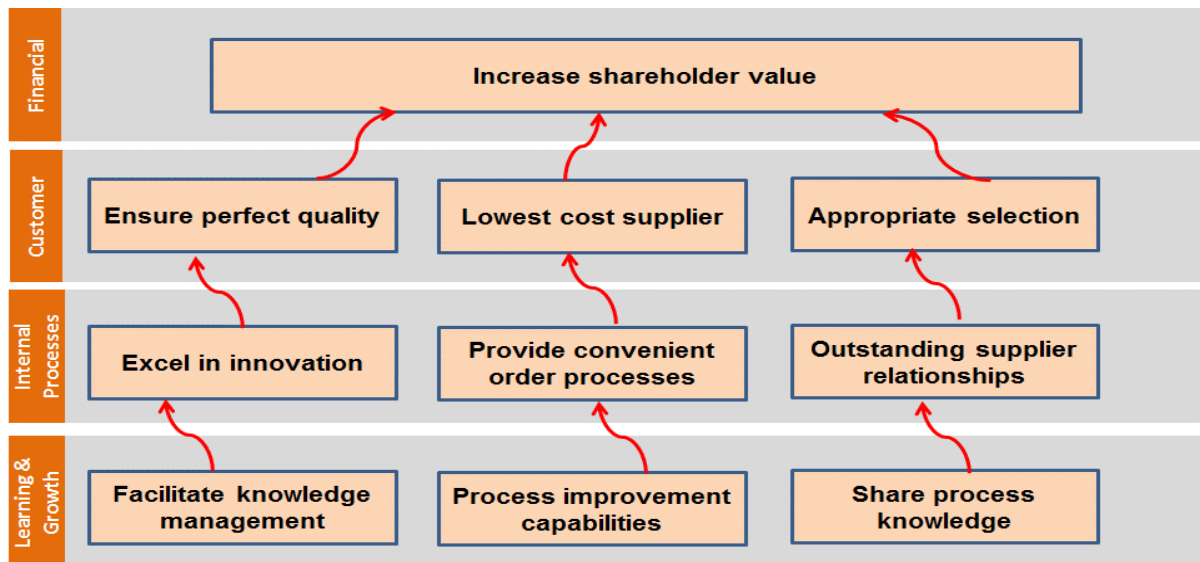
Communication can be a challenge (Ferreira & Otley, 2009; Malina & Selto, 2001). The organisation must first clearly communicate the strategy to enable the development and achievement of these individual objectives. Communication with a BSC should not only be a top-down process. Communication with a BSC means that an organisation should communicate a strategy, instead of merely cascading objectives, where middle managers' role as mediators between top management and lower level employees ought to ensure information flow. Kaplan and Norton (1996b) proposed the implementation of business units and individual scorecards, which would engage middle managers to a strategy process, as well as provide strategic alignment to the whole organisation.

2.3.4.5. Making the strategy a continual process

Organisations usually base their management processes around budget and operating plan, and may unintentionally ignore strategy management (Kaplan & Norton, 2001c). Making the strategy a continual process allows an organisation to integrate management processes and link budgeting processes to the organisational strategy. A strategy can be linked to a budget through creating operational and strategy budget. A strategy budget ensures investments in developing new capabilities, reaching new customers and markets, and improving existing processes. Ahn (2001) has argued that making a strategy a continual process is possible, and notes that it is one of the strengths of a BSC.

2.3.5. The focus on the BSC strategy map – 2004

The strategy map evolved from the four perspectives of the BSC, as illustrated in Figure 2.8. The strategy map adds another layer of detail that illustrates the time-based dynamics of a strategy. It also adds a level of granularity that improves clarity and focus (Kaplan & Norton, 2004b). Translating strategy into operational terms, principle was given more emphasis, as the framework was beginning to focus on strategy execution (Kaplan & Norton, 2004b). Linking strategy to the BSC is problematic for some firms, as strategy is formulated by a different management level to the one that executes it (Nørreklit, 2000). A strategy map was meant to address that challenge, by translating strategic objectives into operational terms. A strategy map was conceived in their book *Strategy Maps* (Kaplan & Norton, 2004b).



Source: Kaplan & Norton (2004b)

Figure 2.8: An example of a strategy map

A strategy map describes the way in which the organisation creates value, using the four perspectives of the BSC. In a strategy map, the four perspectives can be viewed not only as performance indicators in four independent perspectives, but as a series of cause-and-effect linkages among the strategic objectives. The creators of the BSC realised that the strategy map is a visual representation of the cause-and-effect relationships among the components of an organisation's strategy

(Kaplan & Norton, 2004b). It is based on the following five principles (Kaplan & Norton, 2004b):

- strategy balances contradictory forces;
- strategy is based on a differentiated customer value proposition;
- value is created through internal business processes;
- strategy consists of simultaneous, complementary themes; and
- strategic alignment determines the value of intangible assets.

2.3.5.1. Strategy balances contradictory forces

Kaplan and Norton (2004b) posit that investing in intangible assets for long term revenue growth conflicts with the goal of cutting costs for short term financial performance. The dominant objective is the creation of sustained growth in shareholder value. The organisation must also show improved results in the short term. Short term results can always be achieved by sacrificing long term investments. Thus, the starting point in describing the strategy is to balance and articulate the short-term financial objective for cost reduction and productivity improvements with the long-term objective for profitable revenue growth.

2.3.5.2. Strategy is based on a differentiated customer value proposition

Satisfying customers is the source of sustainable value creation. Strategy requires a clear articulation of targeted customer segments in terms of value proposition. Clarity of this value proposition is the single most important dimension of strategy. Examples of value propositions are low total cost, product leadership, complete customer solutions and system lock-in.

2.3.5.3. Value is created through internal business processes

The financial and customer perspectives in strategy maps and BSC describe the outcomes, or what the organisation hopes to achieve. Processes in the internal and learning and growth perspectives drive the strategy. They describe how the organisation will implement its strategy. Internal processes can be classified into the following four clusters:

- Operations management: dealing with producing and delivering products and service to customers;
- Customer management: establishing and leveraging relationships with customers;
- Innovation: developing new products, services, processes and relationships; and
- Regulatory and social: conforming to regulations and societal expectations and building stronger communities.

2.3.5.4. Strategy consists of simultaneous, complementary themes

Internal processes deliver benefits at different points in time. Improvements in operational processes generally deliver short term results through cost savings and quality enhancements. Benefits from an enhanced customer relationship start to phase in 6 to 12 months after the initial improvement in customer management processes. Strategies should be balanced, incorporating at least one strategic theme from each of the four internal clusters mentioned above. By having strategic themes for enhancing processes in all internal clusters, the organisation realises benefits that phase in over time, generating sustainable growth in shareholder value.

2.3.5.5. Strategic alignment determines the value of intangible assets

The fourth perspective of the BSC, learning and growth, describes the organisation's intangible assets and their role in the strategy. Intangible assets

include human capital, information capital and organisation capital. Human capital comprises employees' skills, talent and knowledge. Information capital includes databases, information systems, networks, and technological infrastructure. Organisational capital includes culture, leadership, employee alignment, team work and knowledge management. When the three components in the learning and growth are aligned with the strategy, the entity has high degree of organisation readiness to mobilise and sustain the process of change required to execute the strategy.

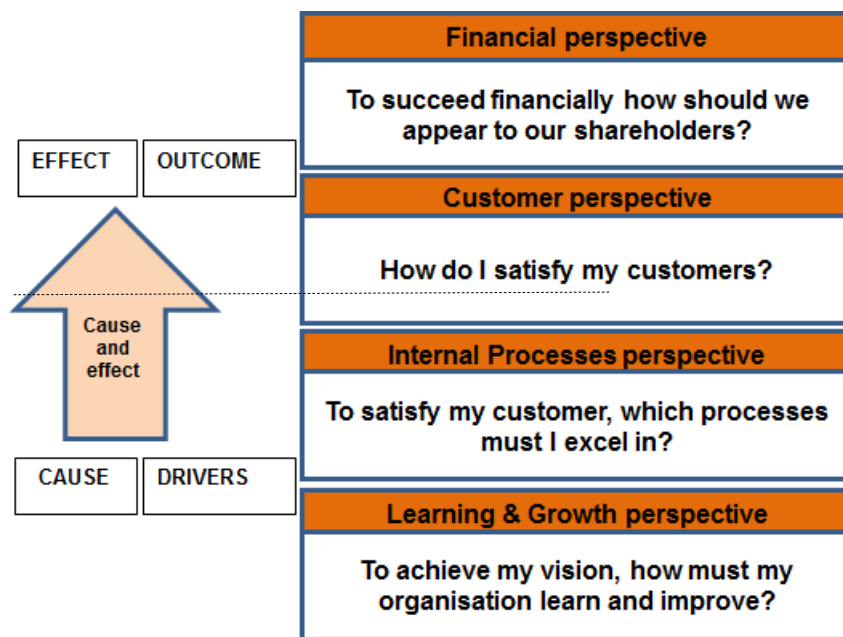
Strategy maps provide a framework to illustrate how strategy links intangible assets to value-creating processes (Kaplan & Norton, 2004b). They translate strategy into tactics, which are tangible, and can be implemented. Strategy maps describe the journey towards execution. They have turned out to be as important an innovation as the original BSC itself (Kaplan & Norton, 2004b). A well-constructed strategy map should show the interrelationships among the organisation's internal processes and intangible assets that create sustainable competitive advantage. Strategy maps illustrate the cause and effect relationships that link desired outcomes in the customer and financial perspectives of the BSC, where a strategy map can reflect a business strategy, by showing the cause and effect relationship of different perspectives.

2.3.5.6. Cause and effect logic in a strategy map

The cause and effect concept is based on the relationship that appropriately links the four BSC perspectives. Learning and growth and internal business processes represent the cause. Customer and financial perspectives represent the effect. In other words, the company will equip its people (learning and growth perspective) to build the strategic capabilities (business processes) needed to excite and satisfy the customer (customer perspective) to drive financial success (financial perspective) (Kaplan & Norton, 1996b).

The concept is refined in the chain of cause and effect that leads to strategic success. The critical question can be phrased thus: to achieve my vision, how must

my organisation learn and improve and which processes must I excel in to satisfy my customers? Kaplan and Norton (2001a) argue that when customers are happy, they will buy the products and that will take care of the financial perspective. Determining strategic success, the cause-and-effect hypothesis utilises a bottom-up approach from the learning and growth perspective, to the financial perspective. Figure 2.9 reflects the BSC perspectives and the cause-and-effect hypothesis. The internal and learning growth perspectives are the cause (drivers) and the customer and financial perspectives are the effect (outcome).



Source: Own compilation.

Figure 2.9: An example of cause-and-effect logic of the BSC

2.3.6. The BSC as a creator of corporate synergies – 2006

The BSC evolved into creating corporate synergies and expanded on principle 3 above, which is about the coordination of the business units and support units (Kaplan & Norton, 2006). In their book *Alignment: Using the BSC to create corporate synergies*, they introduced the alignment of shareholders, CEOs, organisational units, employees, management processes and systems to strategy. Alignment was then perceived as a source of economic value. The creators of the BSC introduced alignment of strategy with business units, boards and investors, external partners,

and the strategy cascading process throughout the organisation, so as to achieve total strategic alignment.

2.3.6.1. Aligning support functions

Support functions contribute to corporate synergies when they align their activities with business units. Internal support units need to build new ways of managing that create partnerships and alignment with their internal customers. This can be done by understanding and identifying the specific parts of the strategy that the support unit can influence. These objectives should appear as high-level objectives on the support units' BSC, because they form the common thread between the business and support unit.

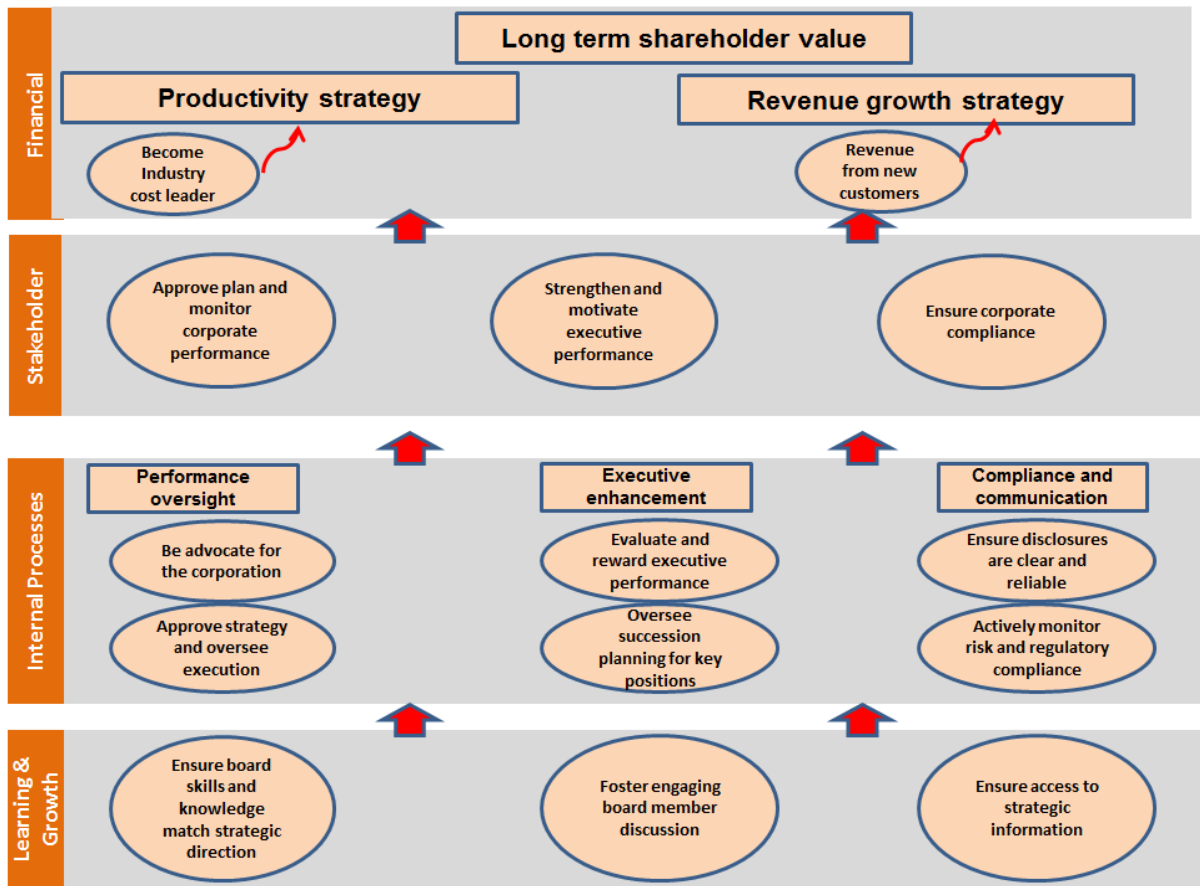
2.3.6.2. Aligning boards and investors

With the increased emphasis on corporate governance, executives are now creating additional corporate value by using the BSC to enhance governance processes and to improve communication with shareholders (Kaplan & Norton, 2006). Effective governance, disclosure and communication reduce the risk that investors face when they entrust their capital to company managers. Kaplan and Norton (2006) argue that the most important component of this entire system of governance is the board of directors. Boards contribute to the organisational performance when they fulfil the following five major responsibilities below (Kaplan & Norton, 2006):

- ensuring integrity of financial statements and compliance with law and ethics;
- approving and monitoring the enterprise's strategy;
- approving major financial decisions;
- selecting a chief executive officer (CEO), evaluate CEO and senior executive team and ensure that executive succession plan are in place;
and
- providing counsel and support to the CEO.

Figure 2.10 gives an example of a board strategy map.

THE BOARD STRATEGY MAP



Source: Kaplan & Norton (2004b).

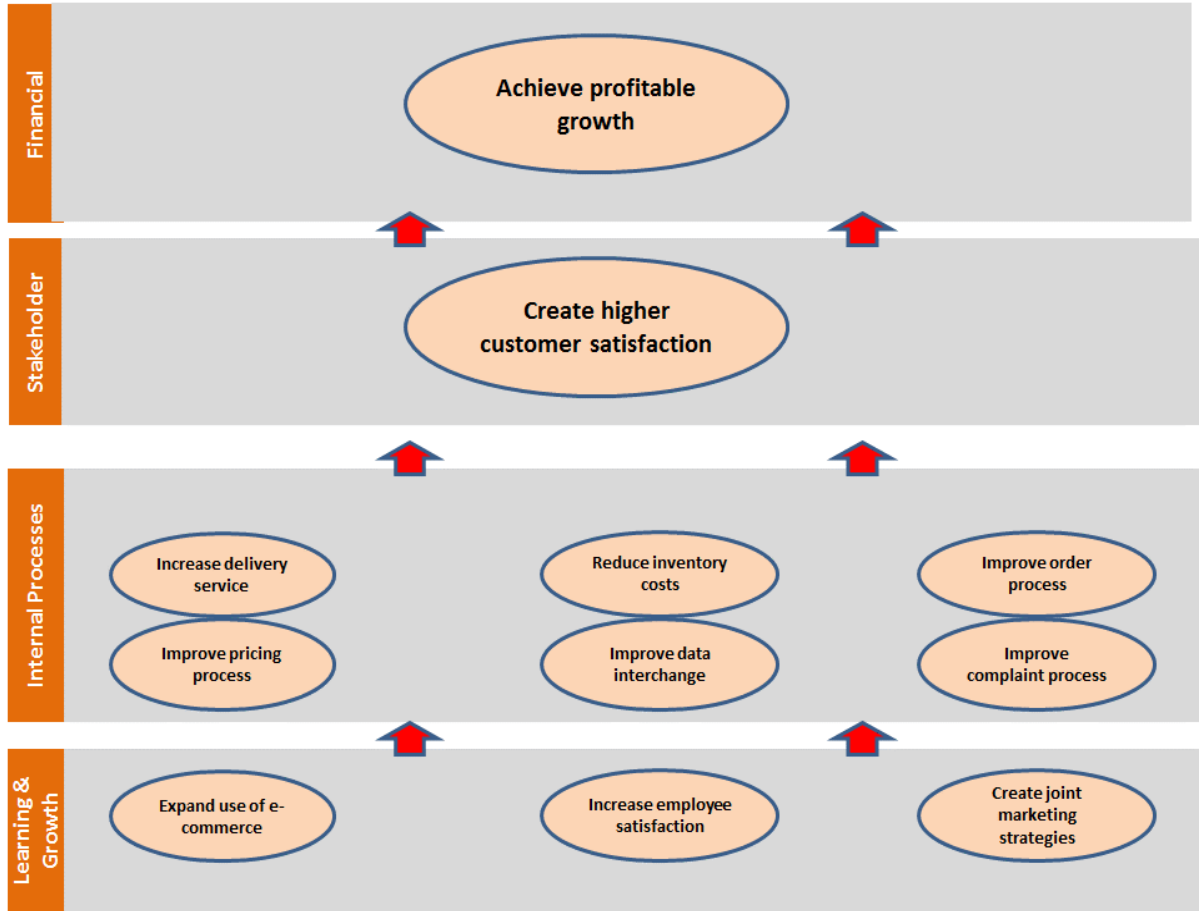
Figure 2.10: An example of a board strategy map

2.3.6.3. Aligning external partners

The final component in an organisation alignment programme is to build scorecards with strategic external partners, such as key suppliers, customers and alliances (Kaplan & Norton, 2004b). Creating a BSC with strategic external partners enables their senior managers from those entities to reach a consensus about their objectives. The BSC also provides an explicit contract by which inter-organisational performance can be measured. A BSC provides a much more general contractual mechanism, which allows service, timelines, innovation, quality and flexibility to be

incorporated into the relationship. Figure 2.11 is an example of a supplier strategy map.

SUPPLIER STRATEGY MAP



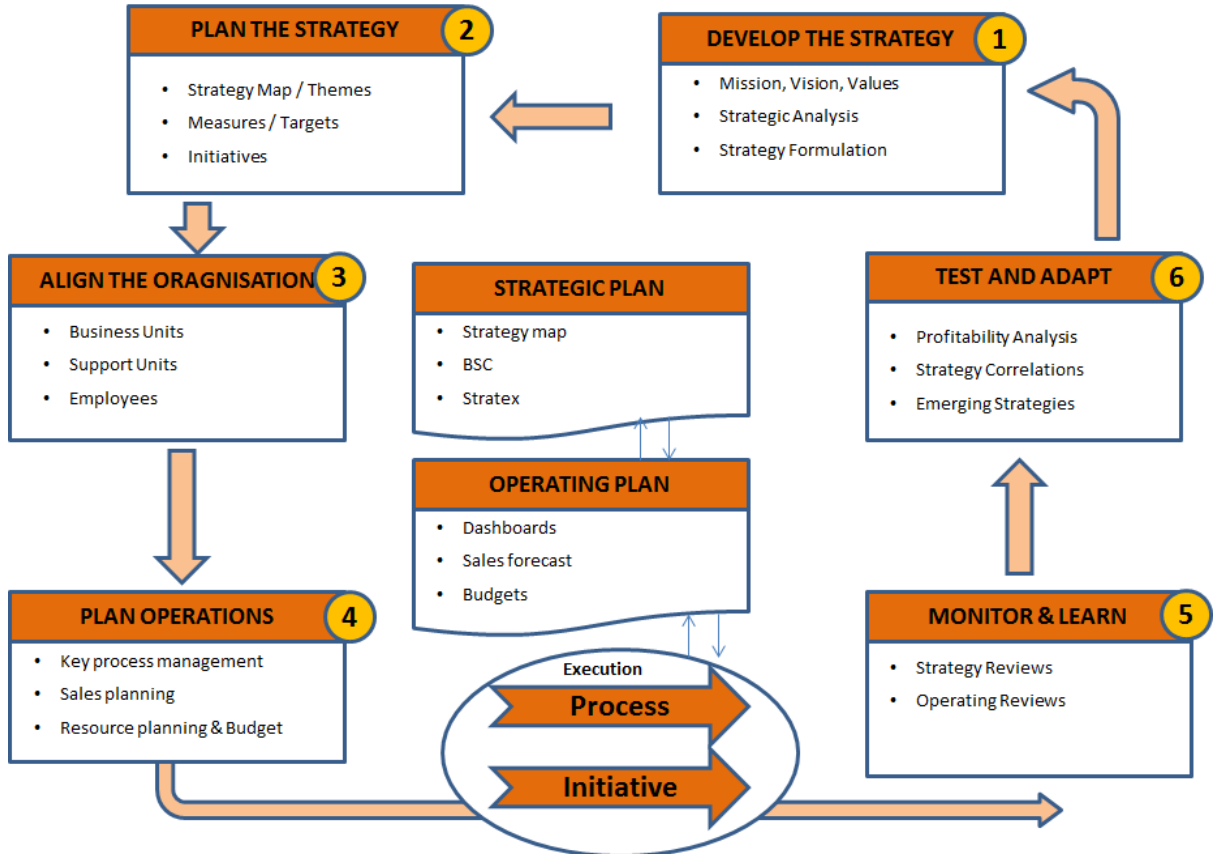
Source: Kaplan & Norton (2004).

Figure 2.11: An example of a supplier strategy map

2.3.7. The inception of the BSC execution premium (BSCEP) – 2008

In 2008 the creators of the BSC unveiled the BSC strategic management methodology called the 'BSC execution premium'. The strategy life cycle was discussed in detail in terms of: strategy formulation; strategy translation; strategy execution; and strategy monitoring (Kaplan & Norton, 2008b). Their book *The Execution Premium* in 2008 uncovered the end-to-end strategic management system. There is not much alternative literature on the BSCEP (Kaplan, 2012), and what is available on the BSCEP is mainly authored by Kaplan and Norton (2008b)

themselves. The following six stages of strategic management, illustrated in Figure 2.12, are also referred to in this study as the BSC ‘strategy execution methodology’ (Kaplan & Norton, 2008b):



Source: Kaplan & Norton (2008b).

Figure 2.12: Strategy execution premium process

2.3.7.1. Develop the strategy

Strategy management is a closed loop process, with each part of the system influencing the other part. The system starts by developing the strategy.

- **Clarify mission, values and vision statements**

Before formulating the strategy, managers need to agree on the company’s purpose, which is the mission, guided by its values. The organisation’s mission and values remain stable over time. The mission statement is a brief statement, typically

one or two sentences, that defines why the organisation exists. The mission describes the fundamental purpose of the organisation (Kaplan & Norton, 2008b). The values of a company prescribe its attitude, behaviour and character, often referred to as the 'soul of the organisation' (Kaplan & Norton, 2008b). A vision statement defines the long term goals of the organisation. It ought to be market-oriented, and should express how the enterprise wants to be perceived by the world. The vision statement should include time horizon.

- **Conduct strategic analysis**

Once the vision has been clarified and enhanced, the company can now perform an external and internal analysis, which includes a comprehensive assessment of its own capabilities and performance, relative to those of its competitors. External analysis can be organised by PESTEL (Political, economic, social, technological, environmental and legal) framework, and examines an organisation's own performance and capabilities. A widely used tool for this analysis is a SWOT (strengths, weaknesses, opportunities and threats) analysis. Figure 2.13 demonstrates an alignment of a SWOT analysis with the BSC perspectives. The BSC concept can be used in conjunction with other strategy formulation frameworks.

SWOT ANALYSIS ORGANISED BY BSC PERSPECTIVES				
	Strengths	Weaknesses	Opportunities	Threats
Financial	Financial performance strengths	Financial performance weaknesses	Revenue growth Productivity improvement	Threats to sustaining financial performance
Customer	Strengths of organizational value proposition	Weaknesses of organizational value proposition	Opportunities to expand the customer base	Threats from customer and competitors
Internal Processes	Strengths in internal processes	Weaknesses in internal processes	Opportunities for internal processes	Threats posed by internal process weaknesses
Learning & Growth	Strengths in people, culture, core competencies and capabilities	Weaknesses in people, culture, core competencies and capabilities	Opportunities to develop people, culture, core competencies and capabilities	Threats and risks to delivering on the strategy due to shortfalls in people capabilities

Source: Kaplan & Norton (2008b).

Figure 2.13: SWOT matrix organised by BSC perspectives

- **Planning/translation of the strategy**

Planning of strategy transforms the strategy translation process into a strategy map, built around the strategic themes and associated BSC of measures and targets for each of the map's strategic objectives (Kaplan & Norton, 2008b).

- **Creating the strategy map**

Strategy maps are created using the strategy themes to translate the strategy into operational terms. Most strategic themes are vertical combinations of objectives that originate in the process perspective where strategy is executed. A process-based strategic theme can connect upwards to customer and financial outcomes, and downwards to the enabling objectives in the learning and growth objectives. Strategic themes split a strategy into several value-creating processes. Each organisation needs to customise its strategic themes to its own customer value proposition, as well as to the objectives of other perspectives.

- **Select measures and targets**

Selecting the measures will help the organisation to determine whether the strategy is successful or not. Setting targets will give the level of performance or rate of improvement required to realise the strategy.

- **Select strategic initiatives**

To develop an effective strategic plan, the organisation needs to select a portfolio of appropriate strategic projects, which are aligned with the organisation’s overall mission, goals and values. Such strategic projects or initiatives must be funded, and the budget must be distinct, and separate from the budget of the operational expenditure. There must be a separate budget for strategic initiatives. The accountability must be assigned to each project and the owner of the project must be accountable for the results generated. If an initiative cuts across multiple business and supporting units, then the owner should be a senior executive. Planning and translation of strategy using the BSC framework is demonstrated in Figure 2.14.

PLANNING AND TRANSLATING THE STRATEGY					
	Strategy Map (Theme)	Balanced Scorecard		Action Plan Initiatives	
		Measures	Targets	Initiatives	Budget
Financial	Broaden revenue mix	Revenue mix Revenue growth	10%		
Customer	Increase customer confidence	Share of segment Share of wallet Customer satisfaction	25% 50% 90%	Segmentation initiatives Satisfaction survey	R XXXXX
Internal Processes	Cross sell product line	Cross sell ratio Hours with customer	2.5 1hr	Integrated product initiative	R XXXXX
Learning & Growth	Create organizational readiness	Human capital readiness Strategic application readiness Goals linked to BSC	100% 100% 100%	Relationship management Incentive compensation	R XXXXX

Source: Kaplan & Norton (2008:105).

Figure 2.14: An example of planning and translating of the strategy using the BSC

2.3.7.2. Aligning the organisation

- **Aligning business units and support units**

In aligning the organisation, the strategies of business units must be linked to company strategy. Support units should also be aligned to business units and the corporate strategy. This is done by ensuring that the support units have a strategy that enhances the performance of corporate and business unit strategies, achieved by: cascading strategy maps and BSC to all organisational units; by aligning employees in a formal communications process; and by linking employees' personal objectives and incentives to corporate and business unit strategic objectives (Kaplan & Norton, 2008b).

- **Motivating employees**

Employees become motivated when they understand the strategy of the organisation, when there are links between strategy execution and incentives, and when appropriate training and development programs are on offer. When incentives are linked to strategy, employees become animated about the details of the strategy. When this is supplemented by training and development programmes in which employees participate, a powerful cycle of virtue is created, where employees will become more motivated to contribute to their business units' strategies and the company strategy as a whole.

2.3.7.3. Planning operations

The organisation must link long-term strategy with day-to-day operations, aligning strategy with operating plans and budgets, while focusing on those process improvements that are most critical to the strategy. Planning operations may use tools such as quality and process management, re-engineering, process dashboards, rolling forecasts, activity-based costing, resource capacity planning and dynamic budgeting (Kaplan & Norton, 2008b).

- **Aligning process improvement programmes**

This can be done by linking the business process improvement with strategic imperatives of the company. This should be done on an on-going basis and not merely in a once-off situation. The improvement of key processes will depend on the value proposition of that organisation. Sales forecast, capacity and budgets

To create links between the operating plan, the strategic plan and the budget, five steps are involved (Kaplan & Norton, 2008b):

- Make sales forecast for the next several periods;
- translate forecasts into sales and operating plans;
- use forecast to projects resource capacity;
- translate resource supply into financial statements; and
- calculate the firm's profit and loss statement.

2.3.7.4. Monitoring and learning

Once a strategy has been developed, planned and implemented, the organisation must be committed to monitoring performance results, enabling managers to determine whether the strategy is being properly executed. It requires monitoring and learning about problems, barriers, and challenges. This process integrates information about operations and strategy into a carefully designed structure of management review meetings (Kaplan & Norton, 2008b).

- **Operational and strategic review meetings**

Separate meetings for strategy reviews and operational reviews must be held. Topics discussed in strategic review meetings should be different from those topics discussed in operational review meetings (Kaplan & Norton, 2008b). Operational meetings are usually held monthly, and strategic meetings should be held quarterly.

Operational review meetings are generally department, function or process-based. They should be held frequently. The raw data for these types of meetings are usually the firm's recent performance, as captured by operational dashboards. Strategy review meetings are different, in the sense that only strategy-related issues are discussed. They are usually held monthly or quarterly and are not as frequent as operational review meetings.

2.3.7.5. Testing and adapting

The fundamental strategic assumptions must be tested to determine if the organisation indeed has the right strategy. This involves testing and adapting the strategy, using internal operational data and new external environmental and competitive data (Kaplan & Norton, 2008b).

2.4. RELEVANCE OF THE BSC IN RELATION TO STRATEGY EXECUTION

Practitioners, academics and scholars have unearthed strengths and pitfalls of the BSC. This study investigates the relevance of the BSC framework to strategy execution. There is an abundance of literature on the BSC as a performance management framework and numerous writings and articles on the BSC. However, few authors or academics have given an account of practical experience in using the BSC as a strategy execution tool (Kaplan, 2012). Is the BSC still a relevant framework for strategy execution? The researcher followed a synthesis review of literature to argue this phenomenon. Literature was sourced from scholars, academics and strategy practitioners who have either used the BSC, or conducted research on the framework. The BSC components have been used to ascertain the relevance to strategy execution.

2.4.1. BSC components

Seven components of the BSC have been identified to argue this phenomenon. Such components have been extrapolated from the work of the creators of the BSC

since its inception in 1992. Authors have written about such components in isolation, and a literature review on these components is being interrogated. The strategy execution components are as follows (Kaplan & Norton, 1996b, 2004b, 2008b):

- BSC perspectives;
- the strategy map;
- cause-and-effect logic;
- aligning and cascading strategy to business and supporting units;
- assigning measures to strategic objectives;
- assigning strategic initiatives; and
- strategy communication.

This section looks at the synchronisation of all the components to deliver strategy execution. Each component will be discussed in relation to literature by practitioners and authors of the BSC, and how they argue, in terms of their relevance to strategy execution. Shutibinyo (2013) argues that most studies examine only one BSC component at a time, and others focus narrowly on overall benefits and satisfaction. None has explored the perceived benefits of BSC in terms of planning, control and communication (Shutibinyo, 2013).

The review will then consolidate the findings in terms of the relevance of the BSC components to strategy execution. If the majority of the authors and practitioners argue that the BSC is not suitable for strategy execution, and there is no need for improvements, then the research will conclude that the BSC's status to strategy execution is not relevant. Likewise if they argue that the components of the strategy execution are still relevant but may need improvements, then the research will conclude that the BSC status to strategy execution is relevant.

2.4.1.1. BSC perspectives

The BSC allows managers to look at the business from four perspectives and provides answers to four basic questions: “*How do we look to shareholders?*”; “*How*

do customers see us?”; “*What must we excel at?*”; and “*Can we continue to improve and create value?*” (Kaplan & Norton, 1992). Butler, Henderson and Rainborn (2011) have argued that the BSC needs to include sustainability as an additional perspective. This can be done by developing a separate sustainable BSC, called Sustainability BSC (SBSC), or by integrating sustainability measures in the four perspectives of the original BSC (Butler *et al.*, 2011). However, the strongest barriers to incorporating sustainability into financial perspective are: the inability to measure the effects of sustainability on shareholder value; the inability to document the effects on financial performance; and a lack of standard decision-making frameworks that consider environmental factors (Butler *et al.*, 2011:9).

The BSC does have its shortcomings, as articulated by the literature. The BSC is not a representative management tool, because it does not consider rapport between organisational and environmental reality, for example competition and environmental factors (Nørreklit, 2000:82). When the BSC is insulated from the dynamism of the external environment, the measures created will not be reflective of real circumstances. Therefore, targets set will be myopic, in the sense that they will not take cognisance of the external environment (Othman, 2007:261).

Much as the BSC is deemed to be balanced (Sushil, 2008), it needs further balancing in terms of the following: balance of enterprise and customer factors; balance of continuity and change forces; balance of reactive and proactive drivers; balance of internal and external actors; and balance of internal and external processes. Environmental and social perspectives should be added to the BSC (Iselin *et al.*, 2008:78). Bourne & Bourne (2007) argue that lack of suppliers, regulators, community and environment, and competitors in the BSC perspectives; demonstrate one of the shortcomings in terms of external environment. The BSC must respond to external situations of the business environment (Abdullah *et al.*, 2013:138; Flamholtz, 2007). Many authors have become proponents of the BSC, noting however the caveat that the BSC should be further refined (Bourne, Franco & Wilkes, 2003; Bourne, Neely, Platts & Mills, 2002; Bukh & Malmi, 2001; Niven, 2002; Wongrassamee, Gardiner & Simmons, 2003).

The strategic management of change may be better leveraged with a clear understanding of continuity of the organisation. The framework of the BSC is almost silent on dealing with forces of both continuity and change. The drivers of strategy are both proactive and reactive. In a volatile business environment, reactive drivers linked with the prevailing “situation” become very important, so there is a need to incorporate “situation” drivers in the BSC framework (Sushil, 2008:1).

Based on the arguments above, no author has come out in favour of scrapping the perspectives; instead having recommend adding other perspectives. The adoption of more inclusive and relevant perspectives, like the social impact perspective, instead of traditional perspectives of the BSC, is crucial. It is therefore reasonable to infer that the relation between BSC perspectives and strategy execution is strong.

2.4.1.2. The strategy map

A strategy map is a framework illustrating how strategy links intangible assets to value-creating processes. Strategy maps provide a framework by means of which to illustrate how strategy links intangible assets to value-creating processes. They describe the journey towards execution. The strategy map is a one-page document that describes the strategy of an organisation. It consists of strategic objectives by way of BSC perspectives (Kaplan & Norton, 2004b). It describes the process of value creation through a series of cause-and-effect linkages among objectives, in the four BSC perspectives (Kaplan & Norton, 2008a; Sayed, 2013; Niven, 2008; Umashev & Willett, 2008; Taylor & Baines, 2012).

A strategy map is a snapshot of the strategy at a particular point in time. It does not articulate a vision of a future state. Construction of a strategy map entails selecting strategic goals in terms of BSC perspectives. Goals and measures are defined for different perspectives (Othman, 2007; Rich, 2007; Niven, 2008).

Strategy maps are built according to the four perspectives of the BSC interfacing between strategy and the BSC (Wu, 2012). A strategy map presents the way in which the strategy connects the resources of an organisation with existing internal

processes (Markiewicz, 2013). A strategy map is an extremely useful instrument in terms of increasing the possibility of effective strategy execution (Punniyamoorthy & Murali, 2008; Markiewicz, 2013; Niven, 2008).

To increase transparency, each goal may have descriptors (characteristics) of two or three sentences to explain what exactly is understood by each purpose; it must also depict the importance of each goal in the future of an organisation (Markiewicz, 2013; Sartorius, Trollip & Eitzen, 2010). Strategy maps need not be restricted to the four BSC perspectives; each company can tailor the basic structure to fit its organisational needs (Wu, 2012:308).

Umayal Karpagam and Suganthi (2012) argue that the success of BSC implementation for business organisations generated a great deal of interest from non-profit-making organisations. Academic institutions were part of this new group, where the word “customer” was replaced with “student”. The authors have suggested the following perspectives for universities: financial, customer (student), internal processes, and innovation and learning.

Based on the literature review, this research can therefore argue that even if the strategy map concept has been criticised in the literature, many authors are in favour of it. However, the literature review has suggested certain improvements in the strategy maps.

2.4.1.3. Cause-and-effect logic

Nørreklit (2000) points out that there is a cause-and-effect relationship between smoking and lung cancer, as well as between chocolate consumption and life expectancy, but that there is a logical relationship between BSC perspectives. In other words, logical relationships are part of the concepts of a language, but cause-and-effect relationships are part of the structures of the empirical world and can be shown empirically. Logic, on the other hand, cannot be verified, or determined empirically (Nørreklit, 2000).

Assumptions about cause and effect underlying the BSC model are dangerous. Customer satisfaction is considered a lead indicator for financial success, but only on highly profitable customers, who are happy and retained. A sales manager may become desperate to improve customer service and may do this by lowering a price or giving higher quality for the same price. The customer may be happy, but the financial indicators may be negatively affected. If cause-and-effect relationships across perspectives are inappropriate, the BSC system is fundamentally damaged. Its value for making predictions is thus compromised and the system will therefore mislead management (Nørreklit *et al.*, 2008).

It cannot be proven that improvements in one perspective can lead to improvements in another (Nørreklit, 2003). The BSC does not take into consideration timing differences or time lag between cause and effect. That temporality is not an explicit part of the BSC proves problematic (Nørreklit *et al.*, 2008; Johnson, Reckers & Bartlett, 2014). However, despite this aspect receiving criticism, there are several proponents of cause-and-effect logic (Bukh & Malmi, 2001; Perlman, 2013; Dror, 2008; Yu, Perera & Crowe, 2008; Chavan, 2009; De Geuser *et al.*, 2009; Cokins, 2010; Sundin, Granlund & Brown, 2010).

The criticism of cause-and-effect logic revolves around three principal issues: lack of time dimension between proposed change and results realisation; lack of clarity regarding interrelationship between perspectives; and lack of evidence relating to causality of measures (Perkins *et al.*, 2013; Bukh & Malmi, 2001). The metaphor of the jet plane used by the creators of the BSC (Kaplan & Norton, 1996a) to explain the behaviour of the organisations in cause-and-effect logic is misleading, because organisations, it ought to be pointed out, are social systems that do not operate like mechanical systems, where cause-and-effect relationships in social systems are more complex, and often ambiguous (Othman, 2007). Even though developing a causal model of the strategy is a central idea in the BSC, Davis and Albright (2004) argue that 77 % of BSC adopters in the USA failed to develop a causal model of their strategy. Similar findings were reported in studies on BSC adoption in Finland, Austria, Malaysia and Germany (Malmi, 2001; Othman, 2006; Speckbacher, Bischof & Pfeiffer, 2003). Some researchers argue that no specific method is available to

help organisations develop the causal model of their strategy (Malmi, 2001; Speckbacher *et al.*, 2003).

Meanwhile, little empirical work has been done on the relationship and causality or cause-and-effect logic among the BSC perspectives. In many failed BSC projects, cause-and-effect analysis was not tested or verified (Carr & Gratton, 2013). Immense criticism of the cause-and-effect hypothesis has surfaced in arguments across the broader literature. However, cause-and-effect logic differentiates the BSC from other strategy execution frameworks; therefore it must be convincing enough for practitioners, academics, scholars to buy into it. The review concludes that the relevance of the cause-and-effect hypothesis to strategy execution is not convincingly demonstrated.

2.4.1.4. Aligning and cascading strategy to business and support units

To achieve success in strategy execution using the BSC, it is important to ensure that business and support units are aligned (Bloomquist & Yeager, 2008). The BSC system must also be linked to performance management system of the organisation, where there is a relationship between the BSC effectiveness and the organisational culture (Deem, Barnes, Segal & Preziosi, 2010). Business and supporting units' alignment in the organisation is therefore crucial for BSC effectiveness, because it must be aligned to the culture of the organisation (Kaplan & Norton, 2006).

The BSC method of communication of strategy, it is expected to impact job satisfaction (Burney & Swanson, 2010), and aligning employees will help them understand the behaviours desired to execute the strategy (Viator, 2001). Lau and Tan (2003) have argued that the feelings of success that result from employee alignment are related to higher levels of job satisfaction, while Burney and Swanson (2010) are of the opinion that there is a link between the employee alignment by way of the BSC, with job satisfaction in the organisation. If the BSC is used to help develop human capital, it would be necessary that employees affected by its implementation become committed to it (Chen & Jones, 2009).

Although having a good business strategy is critically important, with strategy implementation failure rates of 70 % to 90 %, the execution of strategy is arguably even more critical (Werner & Xu, 2012:89). Strategy execution commences with cascading the organisational strategic objectives to business units for execution. This can be done by cascading identical corporate objectives to business units, or by formulating contributory or new strategic objectives for the business units (Kaplan & Norton, 2008b).

There is not much literature on strategy cascading methods using the BSC, except those emanating from the creators of the BSC. Generally, strategy execution authors agree that strategy must be cascaded to business units, whether using the BSC or other frameworks. This component of the BSC framework is relevant for strategy execution.

2.4.1.5. Assigning measures to strategic objectives

The objective of any measurement system is to motivate managers and employees to implement their strategies successfully (Kaplan & Norton, 2008b). Companies that translate their strategic objectives into measurements are far better able to execute their strategies. Kaplan and Norton (1996b) have used the adage, 'people respond to what is inspected, not what is expected' to underscore this point.

The creators of the BSC concede that they are not experts in what to measure and how to measure (De Waal, 2003). Measures should be categorised as either operational or strategic, because strategic measures do not change on a monthly basis as operational measures do (Kaplan & Norton, 2008b). However, selection of measures is a difficult exercise (Bigliardi & Dormio, 2010).

Pandey (2005) has suggested that measures should fulfil the following criteria. They should be:

- precise and consistent for achieving the desired objective;
- based on objective facts and information, and verifiable and accessible to all interested persons in the organisation;

- simple to grasp and actionable;
- amenable to review and further improvement; and
- not be easily manipulated, because that defeats the purpose of strategy execution.

Selection of measures is a vast topic. Even companies that make smart metrics decisions tend to underestimate the challenges inherent in defining, accessing, collecting and integrating the data. The ease of data accessibility through IT systems is a positive determinant of good performance measurement (Bourne *et al.*, 2002). When selecting measures, manual approaches could be both error-prone, and too labour-intensive. In many cases, implementing a business intelligence solution is more cost-effective than manual labour (Paladino & Williams, 2008).

It can be argued that measures communicate value creation in ways that even the most charismatic CEO's speeches never can (Niven, 2002). The challenge with BSC measures is that one cannot make a quantitative link between non-financial leading indicators and expected financial results (Molleman, 2007). Deciding on the metrics to use is often experienced as one of the most difficult parts of the scorecard. This is a common danger, where measures become an empty ritual (Olve *et al.*, 2003). Measures will change over time, and many organisations will adjust measure descriptions, methods of calculation and frequency of collection as the management system advances in maturity (Niven, 2002).

When multiple measures are used for performance measurement, trade-offs and clashes cannot be avoided. As a result, managers and employees need to know the relative importance of the different measures in order to function confidently. The BSC is silent on the balance of significance across the measurements it incorporates; this may be confusing to users and the system may lead to frustrations. Instead of motivating good performance, it could lead to disillusionment among staff (Nørreklit *et al.*, 2008).

Measures must be tailor-made to meet the organisation's overall goals and the objectives of each individual unit. Measures of the BSC perspectives may not be

mutually exclusive (Wu, 2012). Because of their link to strategy, all measures in the BSC are important, and yet, ensuring that all measures are given proper consideration remains a difficult task (Upton, 2012).

The BSC does not replace all other measurement systems. Measuring something in the BSC doesn't mean it cannot be measured in other places. BSC measures are not set in stone: people get smarter and change while conditions also change. Measures outlive their usefulness, where each perspective need not have the same number of measures (Smith, 2007).

The literature can be found to argue that assigning of strategic measures is the most important phenomenon in the BSC strategy execution framework. Therefore, the status of the relationship of measures to strategy execution is high. Further studies and research opportunities in this area may add value.

2.4.1.6. Assigning strategic initiatives

A strategic initiative is a project designed to fulfil the strategic objectives. A good strategic initiative will have accountability at the leadership level, a clearly defined start date, finish dates and deliverables, a budget, and committed resource allocation (Kaplan & Norton, 2008b).

The last piece in the puzzle of using the BSC as a strategy management system is the development and prioritisation of initiatives. This will help to achieve the strategic objectives. Initiatives are the specific programmes, activities, projects or actions needed to achieve the set objectives. Strategic initiatives must be well-prioritised (Niven, 2002).

Strategic initiatives' impact matrix

Strategic initiatives should be mapped against strategic objectives using initiatives' impact matrix. This matrix identifies gaps, risks and duplication of initiatives against strategic objectives. Overlap occurs when too many strategic initiatives are allocated or mapped against one strategic objective at the expense of other

strategic objectives. A gap occurs when there are no strategic initiatives mapped to a strategic objective, where a strategic objective without an initiative will not be achieved. A risk is implied when one strategic initiative is mapped to many strategic objectives, and is overstretched. One initiative may not achieve all the strategic objectives, and the overall strategy execution is therefore at risk (Kaplan & Norton, 2008b). Figure 2.15 demonstrates a risk, a gap and an overlap. A risk is noted for Initiative 11, which is being used to achieve four strategic objectives. Strategic Objective 8 does not have an initiative and therefore there is a gap. Nine initiatives are employed to achieve only one strategic objective, which is an overlap.

INITIATIVES	Customer				Internal Processes				Learning & Growth						
	Strategic Objective 1	Strategic Objective 2	Strategic Objective 3	Strategic Objective 4	Strategic Objective 5	Strategic Objective 6	Strategic Objective 7	Strategic Objective 8	Strategic Objective 9	Strategic Objective 10	Strategic Objective 11	Strategic Objective 12	Strategic Objective 13	Strategic Objective 14	
Initiative 1								NO INITIATIVE - GAP	DUPLICATION / OVERLAP						
Initiative 2															
Initiative 3															
Initiative 4															
Initiative 5															
Initiative 6															
Initiative 7															
Initiative 9															
Initiative 10															
Initiative 11	RISK - KEY INITIATIVE														
Initiative 12															
Initiative 13															
Initiative 14															

Source: Own compilation.

Figure 2.15: An example of initiatives’ impact matrix demonstrating a gap, risk and overlap

2.4.1.7. Strategy communication

The BSC must serve as a tool to communicate strategy and its components to all levels of the organisation (Kaplan & Norton, 2008b). It provides a common language which encourages a common understanding of the BSC. However, this does not

happen automatically. The BSC must be communicated to all levels to ensure a good understanding of its intentions and benefits (De Geuser *et al.*, 2009). An organisation should also develop an effective organisational communication system to make all its employees understand the common language of the BSC (Pandey, 2005). One of the key critical factors of the BSC is effective communication (Kim & Rhee, 2012). If the BSC is well communicated to all stakeholders, it becomes easy for people to buy into the process (Upton, 2012; Basu, Little & Millard, 2009; Niven, 2006b; Othman *et al.*, 2006). Making use of communication professionals has proved to be effective (Hannabarger *et al.*, 2007).

It is crucial that employees have full access to the corporate BSC to realise which strategic tasks must be performed (Pandey, 2005). This research finds the literature arguing that strategic initiatives and strategy communication are generic strategic processes crucial to strategy execution, as summarised in Table 2.2.

Table 2.2: Literature on the relevance of the BSC components to strategy execution

BSC framework component	Relevance to strategy execution	Literature sources	
BSC perspectives	The BSC perspectives are relevant to strategy execution because they give the overall view of the business value chain.	Kaplan & Norton, 1992; Nørreklit, 2000; Bukh & Malmi, 2001; Bourne <i>et al.</i> , 2002; Wongrassamee <i>et al.</i> , 2003; Othman, 2007; Iselin <i>et al.</i> , 2008, Butler <i>et al.</i> , 2011;	Kaplan & Norton, 1996a; Kaplan & Norton, 2001a; Niven, 2002; Kasurinen, 2002; Bourne <i>et al.</i> , 2003; Bourne & Bourne, 2007; Sushil, 2008; Abdullah <i>et al.</i> , 2013.
The strategy map	The strategy map is derived from BSC perspectives and gives a one-page view of the company's overall status of strategy execution.	Kaplan & Norton, 2004b; Rich, 2007; Punniyamoorthy & Murali, 2008; Umashev & Willett, 2008; Umayal Karpagam & Suganthi, 2012; Taylor & Baines, 2012; Sayed, 2013.	Othman, 2007; Kaplan & Norton, 2008b; Niven, 2008; Wu, 2012; Wu, 2012; Markiewicz, 2013;
Cause-and-effect logic	Relevant to the creators of the BSC, However it has received a lot of criticisms from literature. Literature recommends further research on this subject.	Kaplan & Norton, 1996b, Bukh & Malmi, 2001; Nørreklit, 2003, Nørreklit <i>et al.</i> , 2008; Yu <i>et al.</i> , 2008; De Geuser <i>et al.</i> , 2009; Sundin <i>et al.</i> , 2010; Taylor & Baines, 2012,	Nørreklit, 2000, Kaplan & Norton, 2001c, Othman, 2007, Dror, 2008; Chavan, 2009; Cokins, 2010; Hoque, 2012, Carr & Gratton, 2013;

BSC framework component	Relevance to strategy execution	Literature sources	
		Perlman, 2013; Johnson, <i>et al.</i> , 2014.	Perkins <i>et al.</i> , 2013;
Aligning and cascading strategy to business and supporting units	Business and support units are represented in the four perspectives of the BSC, namely, financial, internal processes, customer and organisational learning. Therefore this component of the BSC is relevant to strategy execution.	Kaplan & Norton, 2008b, Shutibinyo, 2013.	Werner & Xu, 2012,
Assigning measures to strategic objectives	Measures are used to monitor the strategy and therefore this component is relevant to strategy execution	Kaplan & Norton, 1996b; De Waal, 2003; Wongrassamee <i>et al.</i> , 2003; Molleman, 2007; Kaplan & Norton, 2008b; Niven, 2002, 2006, 2008; Joseph, 2008; Upton, 2012;	Bourne <i>et al.</i> , 2002; Olve <i>et al.</i> , 2003; Pandey, 2005; Smith, 2007; Paladino & Williams, 2008; Nørreklit <i>et al.</i> , 2008; Bigliardi & Dormio, 2010; Wu, 2012.
Assigning strategic initiatives	Projects will ensure that the strategy is executed.	Kaplan & Norton; 2008b,	Niven, 2008.
Strategy communication	Employees will execute the strategy if it is clearly communicated to them.	Pandey, 2005; Othman <i>et al.</i> , 2006; De Geuser <i>et al.</i> , 2009; Kim & Rhee, 2012;	Niven, 2006b; Hannabarger <i>et al.</i> , 2007; Basu, <i>et al.</i> , 2009; Upton, 2012.

BSC framework component	Relevance to strategy execution	Literature sources
Overall status of the BSC to strategy execution based on the abovementioned BSC strategy execution components	Most of the BSC components are relevant to strategy execution using the BSCEP	

Source: Own compilation.

2.5. CONCLUSION

The literature review contends the BSC should not be ignored. The creators of the BSC have been robustly improving it and it has survived since 1992. However, there are still challenges and opportunities for further enhancements. The BSC has neglected the external environment, and yet all businesses are shaped by both external and internal environments. It is difficult to link the external environment to shareholder value in terms of measures. This is problematic in the sense that some organisations operate in an environment that is sometimes dictated to by the external environment.

Measures are a challenge, in the sense that there is no guideline for choosing what measures to use for strategic objectives. The creators of the BSC have conceded they have limited knowledge of this area, which is the most important for strategy monitoring. The relationship logic of non-financial measures and financial measures is sometimes not clear. Further research in this area is recommended.

The focus of the BSC must not be not only on the past, or prevailing situations in organisations. It must also be managed in a manner that has implications for future organisational performance. The BSC must allow subjectivity, such as the intuition of the manager, in performance evaluation. When evaluating the performance of business units, common measures for all business units must be adopted to allow uniformity. The BSC can only be successful if there is a supportive culture from top management to low-level workers (Abdullah *et al.*, 2013).

The BSC can never be ignored in the absence of an effective strategy execution tool that can challenge it. Although some studies point out the limitations of the BSC concept, some reveal its usefulness. Reviewing the significant number of adoptions of the BSC in organisations world-wide, it appears that the BSC concept has been a triumphant and winning system since its introduction (Hoque, 2012).

Given that the BSC was initially designed as a performance measurement system, it is not unsurprising that it did not necessarily produce improved performance at

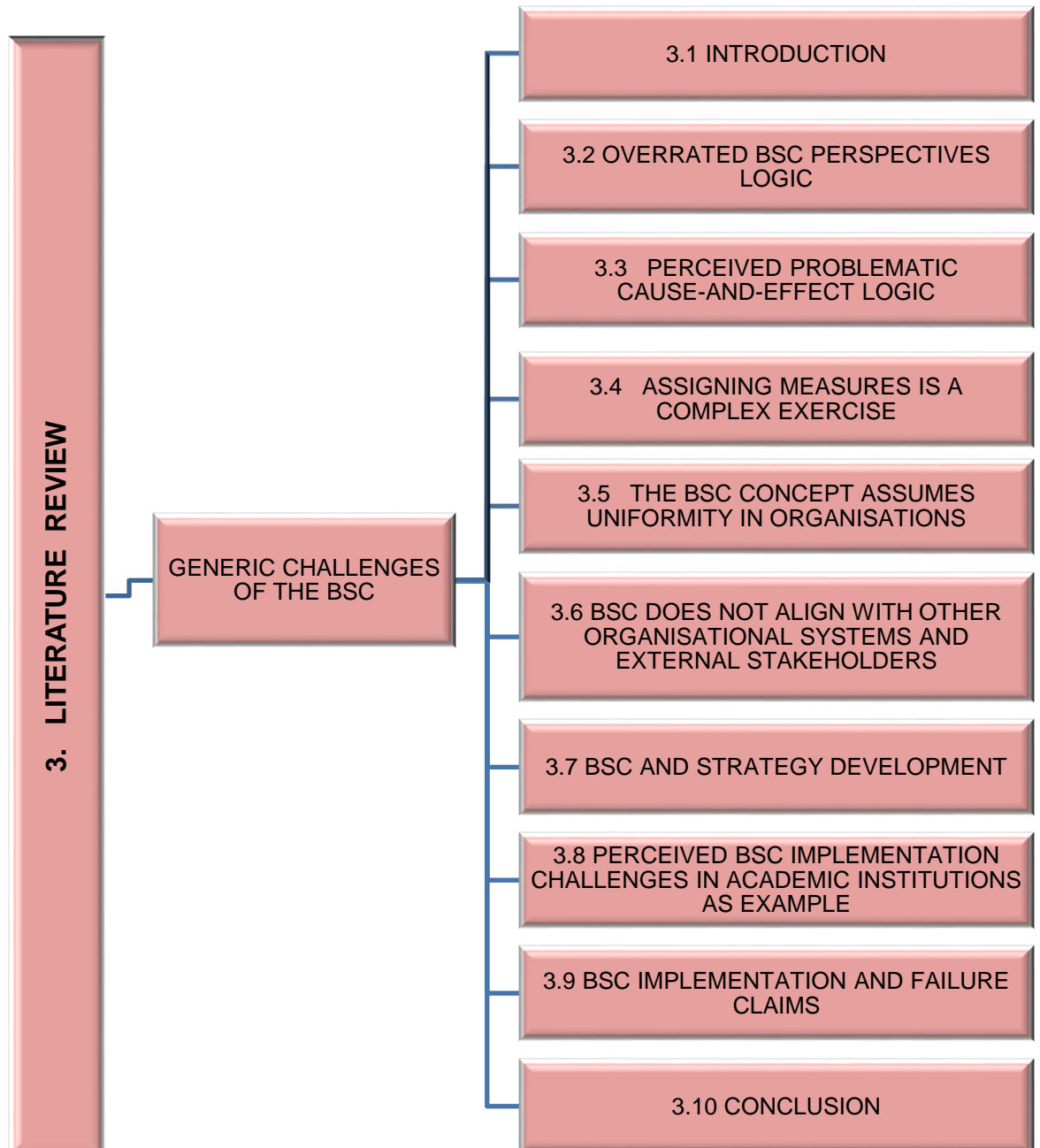
first. It was only when the scorecard began to develop into a more focused performance management system that measuring success via improved performance became an indicator of successful implementation (Perkins *et al.*, 2013). It can be concluded that the BSC is a powerful tool, and when applied in an appropriate manner, may have significant benefits for organisations. However, the BSC cannot be thought of as a miracle tool that will somehow improve the performance of a struggling firm (Perkins *et al.*, 2013:165).

The rise of the BSC in the 21st century is revealed in its overwhelming popularity academics, practitioners and consultants across the globe. Several researchers have pointed out some limitations of the BSC concept. While it was originally designed for multidimensional performance measurement, the concept has now evolved into an organising framework for a strategic management system (Hoque, 2012:21).

The author has used the most pertinent literature to assess the relevance and current status of the BSC, and concludes it still to be relevant for strategy execution. Unless there is another innovative tool, the BSC is the best tool by means of which to execute strategy. The author however concedes that there is room for improvement in the framework.

The BSC management system represents a disciplined approach for managing strategy execution, and has proven to be a robust and innovative framework that has continued to develop in many directions and applications. The development of the new body of knowledge in strategy management – led by Kaplan and Norton – has elevated its value in organisations (Frigo, 2012).

CHAPTER 3: LITERATURE REVIEW: GENERIC CHALLENGES OF THE BSC



Source: Own compilation.

Figure 3.1: Outline of Chapter 3

3.1. INTRODUCTION

Some scholars, academics and strategy practitioners have levelled criticisms against the BSC concept. This has generated more ideas, which have brought about its evolution, as articulated in the history of the framework since its inception. Although the BSC has proved to be a resilient framework, there is still room for improvement, especially with its high failure rate globally (Bourne & Bourne, 2007; Thuy, 2012). Critiques of the BSC have masked the concept's usefulness (Kaplan & Norton, 2008b; Niven, 2008). This section reviews the challenges it poses.

3.2. OVERRATED LOGIC OF BSC PERSPECTIVES

The challenges of the BSC hinges on exaggeration of the concept's perspectives in the organisational setup. There is no empirical evidence that only four perspectives exist in the running of the business or organisation, or that the selection of four perspectives of the BSC is valid (Nørreklit & Mitchell, 2014). The validity of the four perspectives has not been proven. Flamholtz (2007) has argued that there are alternative perspectives to those chosen by Kaplan and Norton. In addition a number of other authors have noted that an organisation comprises different systems internally and externally, and cannot be boxed into only four perspectives (Markiewicz, 2013; Umayal Karpagam & Suganthi., 2012; Sayed, 2013).

Moreover, Nørreklit (2003) challenges the concept of the BSC, and suggests that the BSC did not become such a popular management tool because of its convincing concepts, but rather because of the persuasive style in which the book has been written. Nørreklit goes so far as to describe the arguments proposed in the concept as "unconvincing, untenable and unsound" (Nørreklit, 2003:610). This author further argues that the BSC is based on empiricism. Its creators refer to case studies that are highly complex; this is an indication of a gap between the empirical world and theory (Nørreklit, 2000). There is a need to add other perspectives, such as external and social environments (Iselin *et al.*, 2008; Sushil, 2008; Butler *et al.*, 2011; Nørreklit, 2000, 2008; Othman, 2007; Bourne & Bourne, 2007). Abdullah *et al.* (2013) are of the opinion that the BSC can include other perspectives because organisations operate in an environment dictated to them by both internal and

external factors, where BSC is required to be responsive to external situations of the business environment. An example is the external environment perspective, which includes regulators, competitors, sustainability initiatives that shape the value delivery system of an organisation (Abdullah *et al.*, 2013).

The strategic management of change could be better leveraged with a clear understanding of the continuity of the organisation. The framework of the BSC is almost silent on dealing with forces of both continuity and change. The drivers of strategy are both proactive and reactive, because, in the volatile business environment reactive drivers linked with a prevailing “situation” become very important, and there is a need to incorporate “situation” drivers in the BSC framework (Sushil, 2008:1).

Much as the BSC is deemed to be balanced, it needs further balancing of the following: enterprise and customer factors; continuity and change forces; reactive and proactive drivers; internal and external actors; and internal and external processes (Sushil, 2008:1). Lack of suppliers, regulators, community and environment and competitors in the BSC perspectives demonstrate one of the shortcomings of the BSC in terms of external environment (Bourne & Bourne, 2007:181).

When the BSC is insulated from the dynamism of the external environment, the measures created will be out of touch with reality and targets set will not take cognisance of what takes place within it; in other words, measures will become myopic (Othman, 2007). The BSC is not a representative management tool because it does not consider rapport between organisational and environmental reality, for example competition and environmental factors (Nørreklit, 2000; Neely, Gregory & Platts, 1995).

The BSC needs to include sustainability as an additional perspective. This can be done by developing a separate sustainable BSC called Sustainability BSC (SBSC), or by integrating sustainability measures to the four perspectives of the original BSC (Butler *et al.*, 2011). However, the strongest barriers to the incorporation of sustainability into the financial perspective are the inability to measure the effects of

sustainability on shareholder value, the inability to document the effects on financial performance, and a lack of standard decision-making frameworks that consider environmental factors (Butler *et al.*, 2011:9).

Sundin *et al.* (2010) argue that the word “balanced” reflects an outcome attribute like a “balance sheet”. The assumption is the optimal endpoint and the BSC either enables or reflects this. However, organisations are not outcomes, but social systems or processes (Othman, 2007). Organisations are going concerns, as recognised by the accounting framework. The word ‘balanced’ thus proves problematic, and ‘balancing scorecard’ may be a more appropriate name (Sundin *et al.*, 2010).

A study undertaken by Bedford, Brown and Malmi (2008) found that other perspectives (not necessarily the traditional four) included in the BSC had a high score, with environment scoring 50 %, community 53 %, supplier 47 % and government 49 %. This overt recognition of other stakeholder groups in the design of the BSC provides potential for accommodating objectives from these related stakeholder groups.

Taylor and Baines (2012) question the BSC’s lack of key external and environmental measures, especially the absence of a competitive dimension. The lack of benchmarking with competitors in the BSC concept is a major drawback (Varma & Deshmukh, 2009).

The BSC points the company in the right direction, but does not allow benchmarking of results against those of an industry group or competitors. The BSC has traditionally been applied at either individual or firm level, which prevents comparisons between firms. This shortcoming seriously impairs the flexibility of the model in performance measurement (Varma & Deshmukh, 2009). Nair (2009) posits that it is problematic that the BSC cascades the strategy top-down only, and not bottom-up. Cascading the BSC from the board to employees, Nair (2009) argues, is akin to management taking on the simultaneous task of building planes, flying them, and maintaining the runways all at once.

Abdullah *et al.* (2013) have argued that after an extensive scrutiny of the literature on the BSC, they believe the following recommendations and suggestions are relevant:

- the focus of the BSC must be future-oriented and not look only at past or existing situations in the organisation;
- the approach of the BSC is currently objective. There is a need for subjectivity, for example the manager's intuition can be used in performance evaluation;
- common measures for business units must be used for the sake of uniformity and comparison;
- there must be a receptive culture from top management to lower levels for the BSC to be successfully implemented; and
- the BSC must respond to the external environment, which presently it does not do.

A strategy map is a snapshot of a strategy at a particular point in time, with four perspectives. It does not articulate a vision of a future state (Othman, 2007). More cases and empirical studies are recommended so as to validate the usefulness of the BSC in establishing strategy maps in-depth. Strategy maps need not be restricted to the four BSC perspectives. Companies should tailor their strategy maps to fit their own organisational needs (Wu, 2012). A research opportunity might involve measuring the distance from the strategy map at lower levels of the company and the corporate strategy map, including managers who were not involved in the process of developing the corporate strategy map (Wu, 2012).

3.3. PERCEIVED PROBLEMATIC CAUSE-AND-EFFECT LOGIC

Another feature of the BSC is the perceived cause and effect relationship between the perspectives and measures (Kaplan & Norton, 1996a, 1996b, 2001a, 2001b, 2001c). Organisations are social systems that do not operate like mechanical systems. Therefore, the cause and effect relationships in social systems are more complex, and are often ambiguous (Othman, 2007).

The relationships in the BSC perspectives must not be perceived as generic, but specific to the organisation. Nørreklit (2000) argues that cause and effect can only be realised after a period of time that is when they are measured. However, to assume that there will be a cause and effect during strategy development is dangerous. As mentioned previously, Nørreklit (2000) also argues that there is a time dimension that is not factored into the BSC, where it does not consider the time lag between cause and effect.

Chavan, 2009 points out that one of the challenges of the cause and effect relationship of the BSC is to reflect how strong these linkages are and what time delays they involve. Such sentiments were also echoed by Johnson *et al.* (2014), that wherever cause and effect relationships do involve time lag between the cause and effect, then it stands to reason that it is problematic that the time dimension is not part of the BSC. Furthermore, Rillo (2010) contends that in building up strategy maps according to method presented by Kaplan and Norton, cause and effect relations are built up in a subjective way that does not necessarily consider the time factor, and this is problematic.

The cause and effect relationship may also be criticised on the basis of a neo-classical economic analysis. The price a customer is willing to pay expresses the utility of a product to the customer in terms of a value proposition. From a neo-classical perspective, the relationship between customer satisfaction and financial results is a logical one and not one of cause and effect (Nørreklit, 2000). Likewise, it is questionable as to whether the linkage exists between processes and client satisfaction (Rillo, 2010). Olve *et al.* (1999) for example, have demonstrated

examples of several Swedish companies where the cause and effect relations are not proven.

Francioli and Cinquini (2014) have meanwhile argued that strategic linkages or cause and effect relationships are blurred and uncertain. Wu (2012) posits that there is a lack of articulation of the cause and effect relationships between some of the areas of measurements which makes this logic difficult to apply. This has previously been echoed by other authors (Malina, Nørreklit, & Selto, 2007; Malmi, 2001; Nørreklit, 2000, 2003).

Sharma and Gadenne (2011) have criticised the cause and effect relationship between measures. They argue that such measures may simply be correlated and interdependent, for example, customer satisfaction is assumed to be a precursor of financial performance, when in fact it may be the other way around that is, good results may cause company employees to make positive statements about their customers' views. Bukh and Malmi (2001) suggest that the causal relationships in the BSC should not be perceived as generic, but specific to the organisation, the actual situation and the relevant time dimension. Furthermore, they posit that relationships are not necessarily known for certain, but are based on beliefs and assumptions.

Despite the theoretical concept of the cause and effect aspect of the BSC, there is some recent evidence that such causal relationships may not be found in BSCs in practice (Malina *et al.*, 2007). The authors demonstrated this by econometric validation and found that statistically, significant causal relations could not be found in the BSC applications they studied. However, they found that this did not hinder its use or affect satisfaction with the BSC.

Bukh and Malmi (2001) concluded the following regarding the cause and effect logic of the BSC: The use of the cause and effect principle with BSC may not necessarily prove beneficial under conditions of environmental uncertainty, where this is an area where more empirical studies could be beneficial to an understanding of when the BSC and strategy mapping could be useful. Issues of whether the adoption of the BSC and the attempt to construct measures based on cause-and-effect

relationships has an impact on organisations' strategies are areas which need to be studied in more detail (Bukh & Malmi, 2001).

Burney and Swanson (2010) insist that other studies have demonstrated that managers fail to understand the cause-and-effect relationships inherent in the BSC concept. Banker, Chang and Pizzini (2004) and Malina and Selto (2001) have criticised the complexity of the "assumed" cause-and-effect in organisations, noting that it proves very difficult for employees and managers to understand and implement.

3.4. ASSIGNING MEASURES IS A COMPLEX EXERCISE

Expanding the cause-and-effect argument, the objective of any measurement system is to compel managers and employees to implement their strategies successfully. Companies that translate their strategic objectives to measurements are far better able to execute their strategies.

Validation of measures is critical in assigning strategy measures to strategic objectives (Kaplan & Norton, 2008b). The success of any performance measurement system lies in choosing the appropriate measures for strategic objectives (Niven, 2006b). Kureshi (2014) argues that comprehensiveness of assigning measures allows for complexity, thus bringing about the following organisational challenges:

- organisation-wide understanding of performance metrics;
- integrating the performance management system with the legacy reporting systems already in use; and
- collection of data to establish metrics' baselines and ethics and how reliable the reported data will be.

Such challenges can be time-consuming, costly, complicated, misleading and mechanistic. Organisations that focus their performance management efforts on only the good-enough rather than the detail see their business in 'simple terms', and can relate success to their good understanding of key drivers of their business

(Kureshi, 2014). Lack of decision-making aids for generating measures and targets is one of the limitations of the BSC (Kureshi, 2014).

Brown (2007) has reported the following list of BSC measurement-related problems with most scorecards:

- most metrics are lagging;
- scorecards cannot measure ethics;
- alignment of goals, strategies and metrics remains a problem;
- customer satisfaction metrics are rudimentary; and
- human resource metrics are least effective.

Measures must be precise and consistent for achieving the desired objective. They should be based on objective facts and information, and they should be verifiable and accessible to all interested persons in the organisation. They should be simple to grasp, and should be actionable. They should be amenable to review for further improvement. Measures should furthermore not be easily manipulated, as this defeats the purpose of strategy execution (Pandey, 2005:64).

Metrics selection is a vast topic. Even companies that make smart metrics decisions tend to underestimate the challenges inherent in defining, accessing, collecting, and integrating the data. When selecting measures manual approaches could be error-prone and too labour intensive. In many cases, implementing a business intelligence solution is more cost effective than manual labour (Paladino & Williams, 2008:17).

Measures communicate value creation in ways that even the most charismatic CEO's speeches never can (Niven, 2002:114). The challenge with BSC measures is that one cannot make a quantitative link between non-financial leading indicators and expected financial results (Molleman, 2007). Deciding on the metrics to use is often experienced as one of the most difficult parts of the scorecard. Olve *et al.* (2003) assert that the common danger is when metrics do not measure what they are supposed to measure, and instead become 'an empty ritual'. Measures will change over time. Many organisations will adjust measure

descriptions, methods of calculation and frequency of collection as the management system advances in maturity (Niven, 2002:178).

When multiple measures are used for performance measurement, trade-offs and clashes cannot be avoided. As a result, managers and employees need to know the relative importance of the different measures to function confidently. The BSC is silent on the balance of significance across the measurements it incorporates, and this may be confusing to the users and the system may lead to frustrations. Instead of motivating good performance, it might lead to disillusionment among staff (Nørreklit *et al.*, 2008:66).

Wu (2012) points out that measures should be tailor-made to meet an organisation's overall goals and the objectives of each individual unit. Measures of the BSC perspectives may not be mutually exclusive. A degree of inter-dependence among measures exists (Wu, 2012).

The BSC does not replace all other measurement systems. Measuring something in the BSC does not mean it cannot be measured in other places. BSC measures are not set in stone: people become smarter and change, conditions change. Measures outlive their usefulness. Each perspective does not need to have the same number of measures (Smith, 2007:169).

“It is interesting to notice that neither David Norton nor I [am] an expert in measurement techniques. David says: ‘We are experts in what to measure, not in how to measure ...’” (De Waal, 2003:33). The success of the BSC depends on the strategic measures, and Kaplan and Norton (1992:71) have stated: “What you measure is what you get”. Molleman (2007) meanwhile indicates that the challenge with BSC measures is that one cannot make a quantitative link between non-financial leading indicators and expected financial results. This is crucial, because the shareholders hold the executives accountable for measures based on financial statements.

Varma and Deshmukh (2009) argue that there are two major shortcomings of the BSC regarding measures:

- The BSC does not define the relative importance of metrics in terms of weighing them and acknowledging their interaction and trade-offs. In other words, although it covers various performance criteria, it does not, in itself, provide any quantification regarding the relative importance of either the four perspectives or the criteria underlying these perspectives.
- The BSC does not allow dissimilar metrics to be combined: it involves four perspectives and several criteria under each of these perspectives. However, it does not give any information on how to combine dissimilar measures into an overall appraisal of performance. In other words, the BSC cannot be used to arrive at a single numerical value that can be considered as a measurement of the performance.

3.5. THE BSC CONCEPT ASSUMES UNIFORMITY IN ORGANISATIONS

The BSC assumes that organisations are the same across all industries. The model does not monitor technological and competitive factors, in other words, it does not take into consideration the risk involved in executing the strategy. The effects may differ depending on the industry or company. The BSC contains control features that are not rooted in a dynamic environment. In turbulent times, BSCs tend to fail (Nørreklit, 2003; Bourne & Bourne, 2007). The BSC is an effective strategy execution tool, but it cannot correct a strategy that is flawed from the outset (Atkinson, 2006).

Molleman (2007) challenges Kaplan and Norton regarding the fact that nowhere in their books and articles do they describe the conditions at which the organisation must be, in order to be able to apply the BSC, noting that the way they describe organisations that applied the BSC in numerous examples suggests that this method is universally applicable, is flawed.

Madsen and Steinheim (2014) assert that the BSC is a good populist concept but it doesn't ameliorate implementation difficulties. The concept provides a theoretical frame of reference, but the adaptation to your organisation is solely your own job.

For the BSC to be an effective strategic management tool, it must be embedded in the management practice of every individual organisation (Nørreklit, 2000).

3.6. BSC DOES NOT ALIGN WITH OTHER ORGANISATIONAL SYSTEMS AND EXTERNAL STAKEHOLDERS

The BSC has been criticised widely for not aligning with other organisational systems, such as the budgetary system. Atkinson (2006) argues that significant concerns have been expressed in terms of challenges in attaining congruence between the BSC and other organisational control systems. Aligning the organisational systems to the strategy and the BSC has been explored by the creators of the BSC in their book *Alignment: using the BSC to create corporate synergies* (Kaplan & Norton, 2006).

Whether the balanced scorecard can achieve the co-ordination and integration necessary for successful strategy implementation 'alone' can be assessed alongside the extent to which the 'support' of other management tools, such as budgets and forecasts, and focused reward systems may be required (Atkinson, 2006). One inhibitor to successful strategy implementation using the BSC is the impact of an organisation's existing management controls (Langfield-Smith, 1997), particularly its budgeting systems (Reed & Buckley, 1988; Otley, 2001; Marginson, 2002).

Well-established budget control systems can easily overwhelm or dominate strategic control systems like the BSC to the extent that they can derail strategic goals (Neely & Mitcheli, 2005). Organisational strategic goals are executed at operational level (Kaplan & Norton, 2004b; 2008b; Niven, 2006b), and therefore the BSC advocates the development of individual or personal goals aligning to the organisational goals, so as to make strategy everyone's job (Kaplan & Norton, 2006; 2008b). It is therefore important that employee performance management systems should align to the BSC, and in many instances it is not the case (Goold & Quinn, 1990; Giles, 1991; Mooraj *et al.*, 1999; Nørreklit, 2000).

In case of organisations with different systems for each division, the BSC fails to deliver strategic execution according to a top-down approach, because it is not aligned to those systems (Iltner, Larcker & Meyer, 1997; Lipe & Salterio, 2000; Neely & Mitcheli, 2005). Organisations operate within internal and external environments, including competition, as demonstrated by Porter's five forces. The BSC does not take those external systems into consideration. This is problematic because due to globalisation the world has become a global village and organisations work collaboratively for sustainable competitive edge (Porter, 2008; Drury & McWatters, 1998).

The BSC ignores the multi stakeholder approach to performance management (Voelpel, Liebold & Eckhoff, 2006; Atkinson, Waterhouse & Wells, 1997). Other critical stakeholders like the government and the community are, however, not recognised by the BSC. The framework is concerned with the ultimate goal of maximising the shareholders' wealth in a profit-making organisation. Environmental perspective is absent in the traditional BSC, which ignores the links between environmental and organisational settings (Martin, 2007). In South Africa, the King III report on governance has made social and environmental reporting mandatory (Institute of Directors in Southern Africa, 2009).

3.7. BSC AND STRATEGY DEVELOPMENT

The BSC execution premium claims that the BSC can develop the strategy (Kaplan & Norton, 2008b) but Tapinos, Dyson and Meadows (2011) posit that the strategy development using the BSC appear to be neither efficient, nor effective. This counters the view that BSC is a comprehensive tool, showing that it has conceptual limitations as an end-to-end strategy management tool (Tapinos *et al.*, 2011).

3.8. PERCEIVED BSC IMPLEMENTATION CHALLENGES IN ACADEMIC INSTITUTIONS AS EXAMPLE

Educational institutions are experiencing challenges, such as increased competition, globalisation, emerging technology, resource constraints, and the

consequences of unethical behaviour (Beard, 2009). The application of the BSC in the business sector is well-documented, but little research has been reported regarding the adaptation or application of the BSC in academic institutions (Beard, 2009).

Taylor and Baines (2012) point out the constraints of using the BSC at the academic institutions as follows:

- It requires significant work and costs to embed at all levels of an organisation; and
- Its use of metrics to measure each of the four strategies necessitates a supporting commentary; hence it cannot 'stand alone'.

The context of the BSC in universities raises some significant issues (Taylor & Baines, 2012): for some staff in universities, there is a resistance to use the techniques from the corporate world, and equally, for others there is positive attraction to simulate the corporate world. There are more practical issues of translating the language and methodology of the business world into the context of public universities.

Literature reveals that the BSC has been applied successfully to private-sector companies, non-profit organisations, government agencies, for example (Umayal Karpagam & Suganthi, 2012). The BSC needs to be customised for academic institutions. Umayal Karpagam and Suganthi suggest that future studies look at academic institutions and create strategy maps for specific strategic groups.

As universities struggle to adapt the BSC approach to fit their needs, questions have been raised as to whether the BSC is an appropriate strategic management tool for universities. Adoption of the BSC by universities with significant changes raises many questions and provides areas for further research (Sayed, 2013).

Table 3.1: An example of a proposed BSC for academic institutions

Use of BSC in universities: Holistic view		
Perspectives	Key success factors	Performance indicators
Stakeholder's perspective (to be successful how must universities look to their stakeholders?)	Student's perspective	Skill development, educational experience, student outcome
	Business community's perspective	Employer rating
	Board's perspective	Mission appropriateness, leadership, accountability
	Public's perspective	Resource management, resource diversity, educational diversity (extra curriculum activities)
	Faculty and staff's perspective	Faculty and staff well-being, workplace environment
Internal business process perspective (to satisfy stakeholders, what must universities excel at?)	Teaching and learning	Learning outcome, teaching diversity, teaching effectiveness, university environment
	Operational efficiency	Operational processes and turnaround time, stakeholder's involvement and satisfaction, resource availability, resource utilisation
	Institutional management	Organisational controls, programme diversity, student recruitment and composition, student's use of university resources, service outcome (student retention rate, degree completion rate, student satisfaction, post-degree performance/satisfaction)
Learning and growth perspective (how must universities excel at what they do?)	Research and scholarly activity	Productivity, quality, collaborations
	Curriculum/programme	Curriculum innovation, curriculum quality
	Faculty and staff	Opportunities for professional growth, workplace diversity
Financial perspective (what must universities do to be financially sustainable?)	Revenue sources	Source productivity, source quality, source diversity, growth
	Resource management	Fiscal responsibility, resource efficiency, resource quality

Source: Sayed, 2013:214.

Universities may demonstrate significant commitment toward implementation and be prepared to improve their information systems by committing significant financial

resources, for which they are already wanting. If this is not done, BSC is likely to be of little value (Gautreau & Kleiner, 2001).

3.9. BSC IMPLEMENTATION AND FAILURE CLAIMS

The implementation of the BSC takes a long time, and has proved not to be useful (Bourne & Bourne, 2007). The BSC is not useful when the company is in crisis, and in a particularly turbulent environment. A KPMG management consultant estimates the failure rate of BSC implementation to be as much as 70 % (DeBusk & Crabtree, 2006). Chan (2006) confirmed that the failure of more than 70 % of BSC interventions is due to lack of information management systems. McCunn (1998) estimates that nearly 70 % of BSC implementation projects suffer from major failure. McCunn (1998) has attributed this failure to factors including the following:

- top-down control;
- shortage of BSC understanding before its implementation;
- lack of coordination;
- lack of middle-management involvement;
- lack of effectively translated divisional and functional scorecards linked to incentive programmes.

This has been echoed by Bourne and Bourne (2007), who have claimed that 70 % of BSC initiatives fail due to the following reasons:

- when a company picks the wrong measures;
- when the measures are not aligned with the strategic goals;
- the system is too complex;
- people do not understand the system;
- not enough time is put into training and education;
- there is a lack of top management support;
- if there is resistance to change; or

- if there is no strategy, where poorly communicated and well understood by lower levels then there is no strategy.

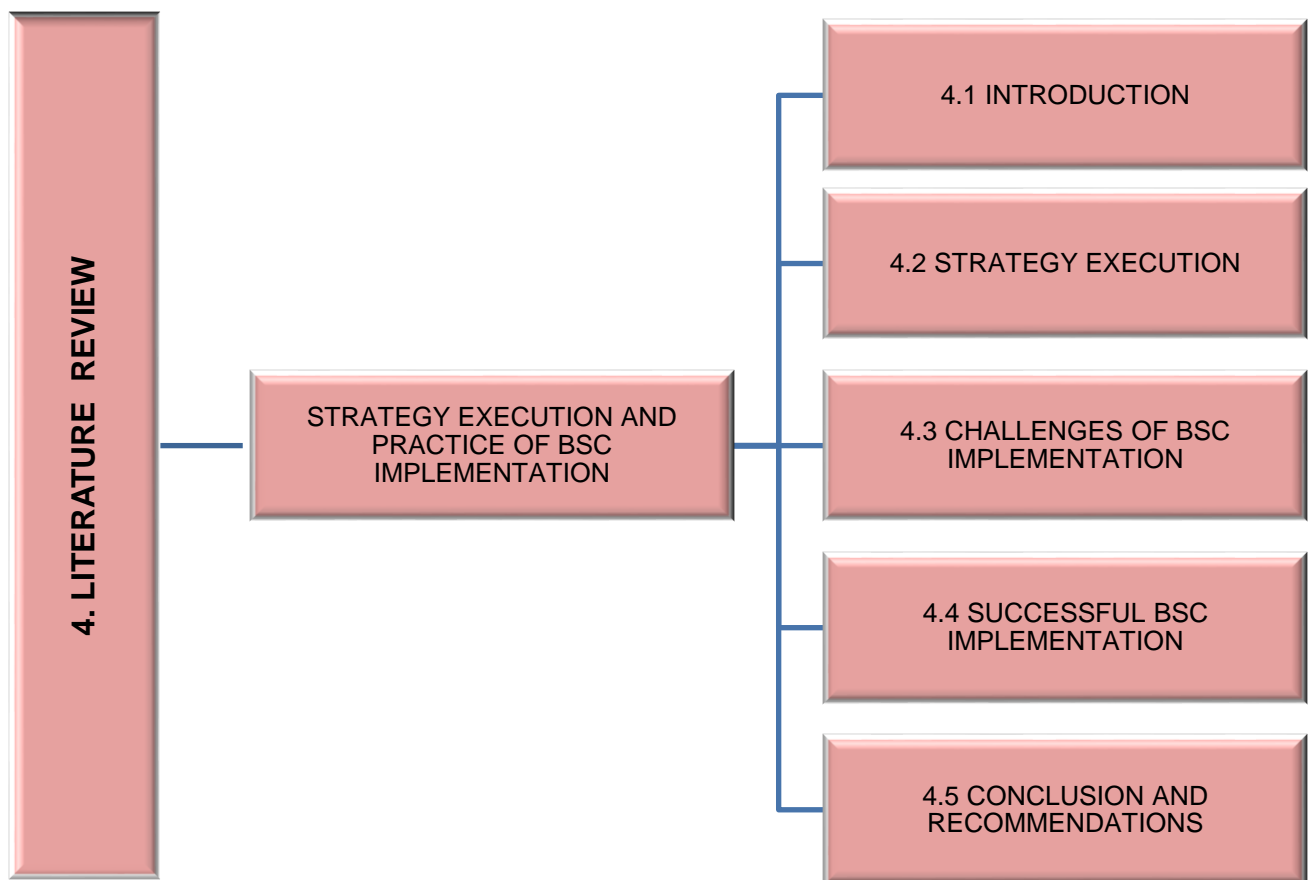
3.10. CONCLUSION

The BSC creators have been robust in their continual improvement of the BSC; however, there are still challenges. Many criticisms relate to the period before the publication of *The Execution Premium* (Kaplan & Norton, 2008b).

There are a number of criticisms of BSC, many of which are in the following particular areas of the BSC:

- metrics and measures are very difficult to compile because there are no guidelines for this;
- cause-and-effect logic is complex and difficult to understand;
- the absence of external environmental considerations in the BSC, such as green strategy and competition, is problematic, in the sense that an organisation's strategies are influenced by such external shaping forces; and
- the high rate of failure.

CHAPTER 4: LITERATURE REVIEW: STRATEGY EXECUTION AND PRACTICE OF BSC IMPLEMENTATION



Source: Own compilation

Figure 4.1: Outline of Chapter 4

4.1. INTRODUCTION

In business, strategy formulation and implementation have become important to remaining competitive. What is most important, however, is the proper execution of the strategy to remain competitive (van Zyl, 2004). Higgins (2005) opines that, as the business environment becomes more complex and everchanging, the need to reformulate strategy also becomes more frequent. Yet, management teams spend a lot of time formulating excellent strategies which are not well executed. In a survey conducted by Neilson, Martin and Powers (2008) employees at three out of five companies surveyed rated their organisation as being weak in strategy execution.

Research has shown that strategy execution is more important than strategy formulation in achieving superior business performance (Holman, 1999). Many business initiatives fail because of poor strategy implementation, not strategy formulation (Kaplan & Norton, 2004b; Hrebiniak, 2005). Strategy execution frameworks are few. There are more strategic analysis and strategy development frameworks than strategy execution frameworks (Minarro-Viseras, 2005; Okumus, 2003). More research is needed on strategy execution frameworks to enable strategy execution, which has become problematic in many companies. The balanced scorecard is one such strategy execution framework. The successful implementation of the BSC as a strategy execution tool is crucial to enable strategy execution.

4.2. STRATEGY EXECUTION

Strategy execution is an integral component of the strategic management process and is defined as the process that turns the formulated strategy into action, which in turn ensures the achievement of the organisational vision, mission and strategic objectives. (Thompson, Strickland & Gamble, 2003). Strategy execution is a key requirement for superior business performance (Kaplan & Norton 2001a). The gap between strategy formulation and strategy execution has become problematic. Zook and Allen (2001) argue that 90 % of all companies never realise their strategies. There are a number of strategy formulation models, such as the SWOT (strengths, weaknesses, opportunities and threats) analysis, Porter's five forces and value

chain analysis. There are, however, few strategy execution frameworks available. say the lack of frameworks could be a contributing factor to poor execution.

4.2.1. Why do strategies fail?

There are various reasons strategy execution is a challenge globally. Kaplan and Norton (2005) argue that 95 % of company employees do not understand or are unaware of the organisation's strategy. Kaplan and Norton (2001d; 2004b) opine that 85 % of executive leadership teams spend less than an hour per month reviewing strategy. For many years, strategy execution has been acknowledged as the key weakness in strategic management, yet there is relatively less research done on strategy execution (Atkinson, 2006).

The Wharton-Gartner Survey of 2003 conducted by Hrebiniak (2005) revealed the following 12 obstacles to strategy execution:

- Inability to manage change effectively or to overcome internal resistance to change
- Trying to execute a strategy that conflicts with the existing power structure
- Poor or inadequate information sharing between individuals or business units responsible for strategy execution
- Unclear communication of responsibility and/or accountability for execution decisions or actions
- Poor or vague strategy
- Lack of feelings of “ownership” of a strategy or execution plans among key employees
- Not having guidelines or a model to guide strategy execution efforts
- Lack of understanding of the role of organisational structure and design in the execution process
- Inability to generate “buy-in” or agreement on critical execution steps or actions

- Lack of incentives or inappropriate incentives to support execution objectives
- Insufficient financial resources to execute the strategy
- Lack of upper-management support of strategy execution.

4.2.2. Other strategy execution frameworks

1. 8-S model

To enhance strategy execution, Higgins, (2005) introduced the 8-S model, an adaptation of the 7-S model, which was first introduced in 1982 by Thomas J. Peters and Robert H. Waterman, Jr (Peters & Waterman, 1982). In the 8-S framework, the author emphasises a cross-functional way of thinking about the execution of a strategy across an organisation, described as follows (Higgins, 2005):

2. Strategy

Most companies are familiar with the hierarchy of strategic intent, which is the formulation of corporate, business, functional and operational level strategies after evaluating scenarios through internal and external environmental scanning.

3. Structure

The organisation's structure consists of five parts:

- jobs;
- the authority to do those jobs;
- the grouping of jobs in a logical fashion, for example, into departments or divisions;
- the manager's span of control; and
- the mechanisms of coordination.

Structural harmony can be created through promoting policies of internal customer and cross-functionalism.

4. Systems and processes

Within the organisational system are sub-systems such as strategic planning systems, information systems, capital budgeting systems, manufacturing processes, reward systems and processes, quality-control systems and processes, and performance measurement systems. These systems and processes enable an organisation to get things done from day to day. Therefore, the change in strategy envisaged by organisational planners should be compatible with these day-to-day practices.

5. Style (leadership/management style)

Management style is the consistent pattern of behaviour exhibited by leaders or managers when relating to employees. Management styles includes the way leaders or managers present and communicate, and how they control people or a situation. The following four management styles are noted:

- Authoritarian style
- Consultative style
- Consensus-oriented style
- Democratic style

Management style is crucial in driving strategy execution.

6. Staff

The number and types of employees together with individual and group competencies the firm needs to meet its strategic purposes. Staffing means filling positions in the organisation structure. The main issue is creating an appropriate management inventory or human asset in an organisation.

7. Resources

The extent to which the organisation has adequate resources to achieve its strategy – people (staff), technology and financial resources. Resources may include funding for divisions such as R&D, for technology, such as software, or for systems such as those used for knowledge management and organisational learning.

8. Shared values (organisational culture)

Shared values are the values shared by members of the organisation that make it different from other organisations. Managing values and organisational culture is critical to successfully leading organisational change and strategy execution.

9. Strategic performance

Strategic performance is possessed by an organisation as a whole. Performance can be measured at any level. Financial performance measurements are critical barometers of strategic performance.

4.3. CHALLENGES OF BSC IMPLEMENTATION

Implementation of any framework in organisations is a challenge, and can be a complex process, depending on how it is launched and subsequently adopted by the stakeholders. The BSC concept or framework is not immune to these challenges. The successful adoption of the BSC determines successful implementation which underpins strategy execution. Seventy percent of CEOs are dismissed as a result of failure to execute strategy (Charan & Colvin, 1999). It is crucial to identify barriers at the initiation or set-up process and at roll-out, and during on-going use (Kaufmann & Becker, 2005). Challenges of implementation present themselves in two stages; during initial development, and during continuous process or on-going use of the BSC (Olve *et al.*, 2003).

According to Olve *et al.* (2003), challenges during initial development include:

- the BSC is perceived as unnecessary, a temporary project and less important than previous control methods;
- scorecards are not linked to strategy;
- there is suspicion and fear;
- measurements are too many and too difficult;
- there is lack of support from the top management;
- people who are not committed are taking part;
- the initiative was not introduced, so not everyone understands their part in it; and
- there is an excessive workload.

Challenges during continuous process or on-going use of the BSC include (Olve *et al.*, 2003):

- other duties outcompete the BSC initiative so it does not receive enough attention; and
- that the BSC is not used for learning.

Kaplan and Norton (2001a) have cited the following causes of BSC implementation failures: there is a lack of senior management commitment; there are too few individuals involved; keeping the BSC at the top stifles its implementation; an overly long development process; treating the BSC as a systems project; hiring inexperienced consultants; and introducing the BSC only for compensation. In many organisations, the implementation of the BSC is a difficult process (Molleman, 2007). Although scorecard proponents have begun to address it, little academic research has been done on BSC implementation issues (Tayler, 2010). Although many organisations have adopted the BSC, a great number of them have encountered problems when trying to introduce the concept in their business (Pujas, 2012).

Shutibinyo (2013) has argued that other determinants and quantitative impacts of BSC implementation must be examined in future research, with greater emphasis given to each of the BSC attributes, namely:

- translating strategy into operational terms;
- aligning the organisational units to the strategy;
- communicating strategy to employees, providing feedback and learning;
and
- top management support.

Kaplan and Norton (2006, 2008) show some successful BSC implementation achievements, which are a result of their several studies conducted in many different industries, such as the banking and insurance industries. They show how the BSC successfully translate their strategies into actions. They also present some evidence on how companies balance financial and non-financial perspectives. They have also demonstrated how some organisations have successfully communicated the BSC throughout the organisation (Kaplan & Norton, 2001c). The cause-and-effect relationship has been confirmed as a crucial dynamic system in applying BSC. The creators of the BSC have claimed that the companies that correctly applied the cause and effect relationship were more likely to achieve the strategy. However, a number of organisations have failed to implement the BSC due to certain challenges. Literature suggests that BSC is sometimes implemented unsuccessfully. Lingle and Schiemann (1996), Scheiderman (1999), Malina and Selto (2001) and Nørreklit (2000) claim that BSC implementation has never been successful. This section examines other challenges of implementing the BSC.

4.3.1. Business environment stability

In recent years, the BSC has attracted the attention of both practitioners and academics as a popular management system for developed countries. One of the factors that contribute to successful implementation of the BSC is the business environment itself. Introducing the BSC into a turbulent environment seems to be a far more challenging task (Kaufmann & Becker, 2005). After the 9/11 attacks on the World Trade Centre, aeroplanes were grounded for several days. One airline had just implemented the BSC; where it was forced to abandon it to focus on only three issues, namely: passenger numbers, fuel and cash flow. In a turbulent environment, BSC is difficult to implement (Bourne & Bourne, 2007:33).

No two BSC implementations are completely alike. Organisations that decide to implement the BSC must do so in a way that fits the organisation's culture, current management processes, and readiness for such a major change initiative (Niven, 2006b). Various studies on the use of the BSC have been conducted in developed countries with relatively stable environments. Nevertheless, research on the implementation and use of the BSC in the highly dynamic and complex environments of developing countries is still rare (Kaufman & Becker, 2005).

4.3.2. Leadership involvement

The BSC is not a panacea; it is meant to be part of an integrated system of corporate leadership (Catucci, 2003). The BSC is a long-term process and it takes time to develop, therefore organisations need serious management support, a receptive culture, and good communication across all levels (Bourne & Bourne, 2007:113). Without executive sponsorship, the BSC implementation effort is most likely doomed, making leadership involvement the number one BSC implementation issue (Niven, 2002).

Platts (1994) proposed four enablers of a successful BSC implementation which include:

- point of entry;
- good participation;
- good project management; and
- effective procedures.

At “point of entry”, obtaining the understanding and commitment of the top management and getting buy-in are important. Top management must also explain the relationship of the BSC to other projects, where, without the support of the firm and top management, it is difficult to implement BSC (Olve *et al.*, 1999).

Kaufmann and Becker (2005) posit that management support is needed right from the beginning because, if it is lacking, it signals to the employees that the initiative is not that important. If top management does not show support and, more

importantly, does not appreciate its role in solving real-life problems, the BSC will show mediocre results, and will probably fail (Pujas, 2012). If top management believes that BSC implementation benefits the firm, they will also allocate sufficient resources and time to it, act as a change catalyst, and encourage others in the organisation to participate (Shutibinyo, 2014).

4.3.3. Role clarification

For successful BSC implementation, definition of the scorecard and dashboard roles and responsibilities is crucial. The leadership team roles and responsibilities are to be clear, unambiguous, and complementary regarding the establishment and monitoring of the BSC. The BSC steering committee is recommended to give direction and the BSC must be planned and executed rigorously. The BSC can easily be interpreted as just another three-letter acronym and seen as just one of those “flavour of the month” concepts (Hannabarger *et al.*, 2007).

Challenges can surface during initial development of the BSC when it is perceived as an unnecessary temporary project and less important than previous methods. Sometimes there is fear and suspicion, because ‘the wrong people’ are perceived to be taking part in the project. It is thus important that time is taken for the BSC to be introduced to all the stakeholders so all can understand their part in it (Olve *et al.*, 2003).

4.3.4. Validating critical success factors

The experiences of companies that have implemented the BSC show that there are certain conditions necessary for its successful implementation. Some prerequisites for successful implementation of the BSC are the following: top management commitment and support; and determining the critical success factors and setting up a sound organisational communication system to harness the advantages of the BSC (Pandey, 2005). Niven (2002), Hannabarger *et al.* (2007) and Olve *et al.* (1999) have identified critical success factors in BSC implementation, such as

leadership commitment, BSC communication, BSC level of understanding and the presence of other tools in the organisation.

4.3.5. BSC complexity

Niven (2002), Hannabarger *et al.* (2007), Olve *et al.* (1999) and other authors have also noted the complexity of the BSC as a challenge to successful implementation. The creators of the BSC have been biased on this issue, in the sense that they do not view it as a challenge. Out of seven BSC implementation barriers cited by the creators, the complexity of the framework is not mentioned (Kaplan & Norton, 2001c). Although the creators of the BSC acknowledge that implementation failures do occur, they posit that most of these are organisational in nature (Kaplan & Norton, 2001c).

4.3.6. External consultants' involvement

Niven (2002:323) cites issues that arise when using consulting firms to develop a BSC for a company, namely BSC experience, cultural fit, inadequate knowledge transfer and the compatibility of range of skills of the consultants with those of employees of the company. Relying only on consultants may lead to the development of a BSC that will hardly be applied in practice, and will scarcely bring about the desired results (Olve *et al.*, 2003).

4.4. SUCCESSFUL BSC IMPLEMENTATION

BSC implementation challenges are claimed to be mitigated and thereby enhance successful implementation by adhering to the following (Olve *et al.*, 1999):

- Support and participation: Without the firm's support and support of top management, it is difficult to implement BSC. It also takes a long time to cascade to other levels of the organisation. The BSC should establish participation and communication concerning the firm's strategic aims. It is crucial that participation should be at all levels of the organisation.

- Priority: The BSC can easily be interpreted as another three-letter acronym and be seen as just one of those “flavour of the month” concepts. Proper explanation of the purpose of the project is essential, where it is incumbent on top management to also explain the relationship of the BSC to other projects.
- Composition of the project group: The BSC represents the picture of the whole organisation; therefore the composition should reflect different parts of the organisation;
- Coverage of the project: It must not be overburdened and consume a lot of resources to its detriment;
- Basing BSC on the company’s strategy: if the BSC is not based on strategy, there is the danger of sub-optimisation, with different parts of the organisation working at cross-purposes;
- Clearly and consistently defined measures: measures used in the BSC should be defined precisely and in the same way throughout the organisation. Corporate measures should talk to business units’ measures for good cascading to take place;
- Balance and cause-and-effect relationship between measures: non-financial measures are omitted in error;
- Setting goals (targets): goals must be set for each measure, in other words, targets must be set. A company needs both short-term and long-term goals;
- Relationship to existing control systems: the BSC must be aligned to other systems like budgetary, reporting and incentive systems;
- Training and information: training and information on the BSC may be available on the intranet, in manuals or at seminars. The BSC must be easily understood; and
- Development of a learning organisation: organisations must do goal-achievement analysis in terms of what is going well, what is not going well, and what can be improved. The company can do analysis using three methods, namely force-field analysis, change responses and benefit-effort analysis.

Catucci (2003) suggests the following ten BSC implementation lessons to management:

- Take personal ownership: actively participate and provide guidance to the team. Be relentless and send consistent messages throughout the organisation;
- Develop a core group of champions: populate the core group with diverse group of champions from the organisational major discipline. Spend time educating the team;
- Educate team members: discuss the organisational mission, vision and strategic objectives. Explain what the BSC is and what it can do for the organisation;
- Keep it simple: Avoid making the BSC an academic exercise. It must be understood by all stakeholders and users.
- Be ruthless about implementation: be prepared to be countered, and come prepared to BSC meetings;
- Integrate the BSC into the leadership system: be consistent, focused and disciplined. When the top management is there, it makes a significant statement that the leadership is committed;
- Orchestrate the dynamics of BSC meetings: establish and rigorously observe meeting guidelines and make meetings fun and use them to provide timely information;
- Communicate the BSC widely: share the BSC with all employees, customers, analysts and other stakeholders;
- The BSC implementation must not be delayed;
- Look beyond the numbers: the BSC is more than a measurement tool. If implemented properly, the BSC can be a catalyst for cultural transformation.

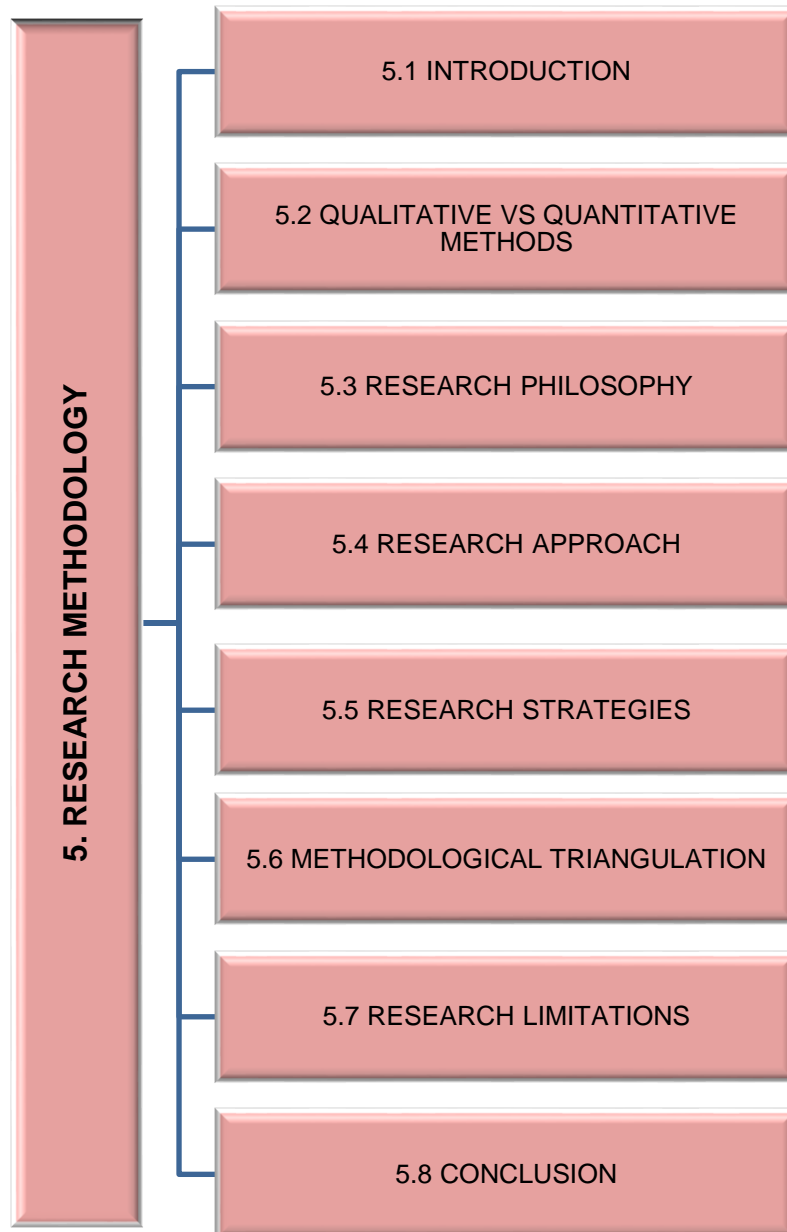
4.5. CONCLUSION

The literature review revealed that the BSC framework is not universally applicable. Most of the issues that surfaced were organisational issues, which mean that they

will differ from one organisation to another and cannot be generalised. However, this research identified the issues and will propose actions to address these based on the research outcomes in Chapter 8. This can reduce BSC interventions implementation failure, which is estimated to be 70 % (Bourne & Bourne, 2007; Chan, 2006; DeBusk & Crabtree, 2006; McCunn, 1998).

Lack of BSC understanding should be taken seriously by organisations, where theoretical training in the form of online intranet courses is recommended. BSC training should be made compulsory before the BSC is implemented. Senior leadership, led by the CEO, must be in the forefront during the BSC initiation stage, as this will motivate other stakeholders and encourage buy-in. The naysayers must be identified and lobbied first to become the opinion leaders. The BSC plan should be led by the CEO to underline the seriousness of the initiative and the importance of its implementation. Communication may go hand-in-hand with a well-defined plan that includes all responsibilities, the availability of resources and the deadline for every step in the creation of the BSC. The success of the BSC depends greatly on the level of communication achieved throughout the company.

CHAPTER 5: RESEARCH METHODOLOGY



Source: Own compilation.

Figure 5.1: Outline of Chapter 5

5.1. INTRODUCTION

This chapter discusses the research methodology and research design for the study. Yin (2011) defines research design as a logical blueprint plan to answer or set a conclusion for the initial research questions. Hence, the research design articulates what data is required, what methods are going to be used to collect and analyse data, and how these will answer the research question. In other words, the research design is the strategy, plan, or the structure determining the process of dealing with a research problem. Furthermore, a research design describes a flexible set of guidelines that connect theoretical paradigms to strategies of inquiry and methods for collecting empirical material (Yin, 2011). De Vaus (2001) considers the main purpose of the research design to be a reduction of the ambiguity of research evidence.

Research design components (Yin, 2003) such as research problem, research questions, phenomenon investigated and unit of observation are discussed in this chapter. The stated research questions were addressed by using three qualitative research methods, namely a case study, auto-ethnography and a phenomenological study. Qualitative research methods are recommended by Marshall and Rossman (2006) for the following situations:

- if the research elicits tacit knowledge and is based on subjective understandings and interpretations of the event;
- if the research delves into deep complexities and processes; and
- if the research is on informal processes in an organisational setup.

5.2. QUALITATIVE VS. QUANTITATIVE RESEARCH METHODS

Qualitative research describes the perceptions of people experiencing a phenomenon or to develop an emerging theory based on observed data. Quantitative research can take place in a controlled environment, although not all quantitative research can be considered experimental. This research has utilised phenomenology, auto-ethnography and case study as qualitative research methods. These research methods are demonstrated in Table 5.1 where the

differences between qualitative and quantitative methods are reflected. This study has chosen the qualitative method and it has employed phenomenological study, an ethnographic account and a case study, as reflected in Table 5.1.

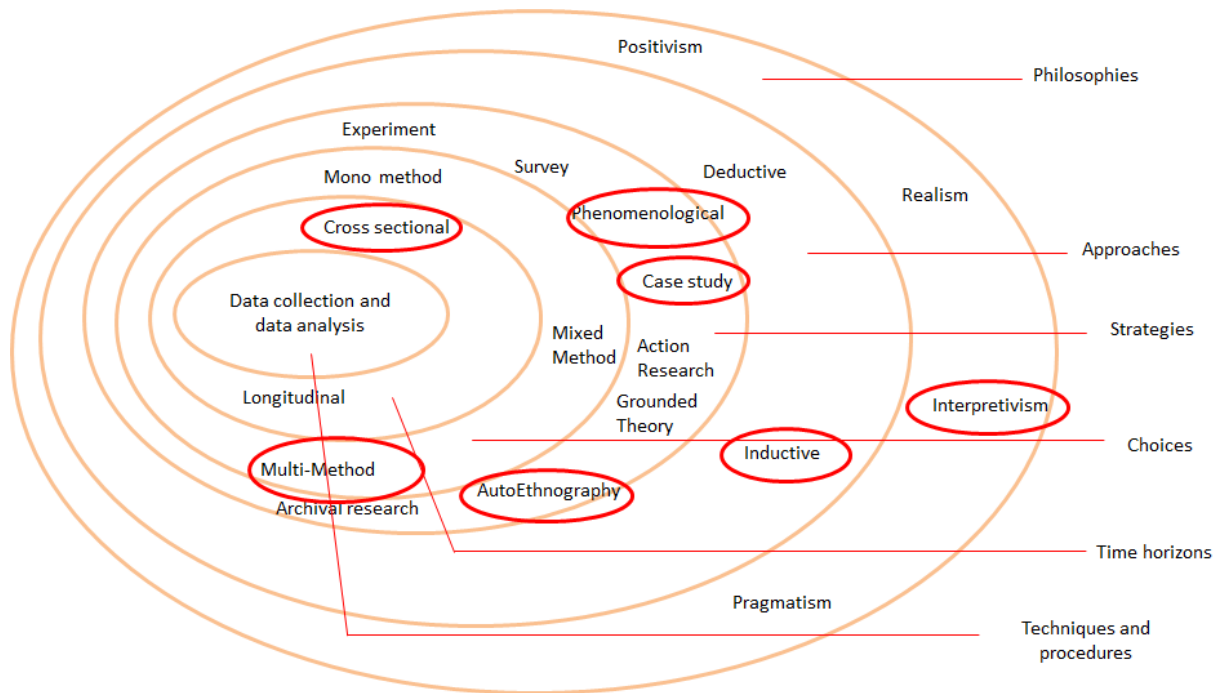
Table 5.1: Differences between qualitative and quantitative methods

	Qualitative method	Quantitative method
Philosophy	Phenomenology, critics	Positivism
Goal	Understand, meaning	Prediction, test hypothesis
Method	Ethnography/action research, case study	Experiments / models
Data collection	Interviews, observation, documents, artefacts	Questionnaire, secondary data
Research question	Comparative, broad or central questions, complex, use to grounded theory	Descriptive, comparative, and relationship
Research design	Flexible, emerging	Structured, predetermined
Sample	Small, purposeful	Large, random, representation
Generalisation	Unique case selection	Generalisation
Analysis	Inductive	Deductive

Source: Bryman & Bell (2008).

In this chapter, research philosophies, approaches, strategies, choices, time horizons and techniques and procedures, as per Saunders' Onion (Saunders, Lewis & Thornhill, 2009), are explored and explained. The researcher used Saunders' Onion, shown in Figure 5.2, to demonstrate the research process. This study has adopted the following elements of the Saunders' Onion:

- A.** Interpretivist research philosophy.
- B.** Inductive research approach.
- C.** Case study, phenomenology and auto-ethnographic research methods.
- D.** Multi-method research choices.
- E.** Cross-sectional time horizon.



Source: Saunders *et al.* (2009)

Figure 5.2: Saunders' Onion

The Saunders' Onion is relevant for this study because it illustrates the stages that are articulated when developing a research strategy. Viewed from the outside, each "layer" of the onion describes a more detailed stage of the research process. Saunders' Onion provides a progression through which a research methodology can be designed. It helps ensure that the core of data collection techniques and analysis procedures used in the research undertaken are both appropriate and coherent (Saunders *et al.*, 2009).

5.3. RESEARCH PHILOSOPHY

Research philosophy relates to the development of knowledge and the nature of that knowledge (Saunders *et al.*, 2009). Business and management researchers need to be aware of the philosophical commitments they make through their choice of research strategies to understand what they are investigating (Johnson & Clark, 2006).

5.3.1. Ontology, epistemology and axiology

“Ontology” is concerned with the nature of reality and the assumptions we make about the way in which the world works. “Epistemology” refers to the acceptable knowledge in a particular field of study (Saunders *et al.*, 2009). The researcher is a senior manager in the office of strategic management. She is an objective realist, aware of her own beliefs and philosophical assumptions about the BSCEP, operating under the awareness that knowledge comes from facts as laid out by people who have experienced the phenomenon. Epistemologically, the researcher is well-immersed, with a certificate in the BSC Strategy Execution Premium (BSCEP) endorsed by Kaplan and Norton, the creators of the BSC, and has attended the BSCEP boot camp offered by the Kaplan and Norton consulting firm. The researcher is a part-time Strategic Management lecturer in a South African university, lecturing on the BSCEP in strategy execution. As an expert on BSCEP, this afforded the researcher the ability to have an informed position, from which to avoid bias in extracting facts from the participants.

The standard BSC framework is not an easy process to implement because its complexity makes it difficult to understand (Niven, 2006b; Bourne & Bourne, 2007). So is the BSCEP, and this is the researcher’s view. However the researcher chose to avoid the dominance of subjectivity by actively avoiding the imposition of her own views on the subject. The researcher was employed by the case company to implement the BSCEP. Table 5.2 demonstrates ontology, epistemology and axiology utilising four research philosophies in management research as proposed by Saunders *et al.* (2009). This study has followed the interpretivism philosophy, which is reflected in bold print in Table 5.2.

Table 5.2: Comparison of four research philosophies in management research

	Positivism	Realism	Interpretivism	Pragmatism
Ontology: the researcher's view of the nature of reality or being.	External, objective and independent of social actors.	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realism).	Socially constructed and subjective and may change. Multiple.	External, multiple, view chosen to best enable answering of research question.
Epistemology: the researcher's view regarding what constitutes acceptable knowledge.	Only observable phenomena can provide credible data, facts. Focus on causality and law-like generalisations, reducing phenomena to simplest elements.	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts.	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions.	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data.
Axiology: the researcher's view of the role of values in research.	Research is undertaken in a value-free way; the researcher is independent of the data and maintains an objective stance.	Research is value laden; the researcher is biased by world views, cultural experiences and upbringing. These will impact on the research.	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective.	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view.

Source: Saunders *et al.* (2009).

5.3.2. Interpretivism

“Interpretivism” is an epistemology that advocates that it is necessary for the researcher to understand differences between humans as social actors. This emphasises the difference between conducting research among people, rather than objects. The legacy of this strand of interpretivism comes from two intellectual traditions: “phenomenology” and “symbolic interactionism” (Saunders *et al.*, 2009). “Phenomenology” refers to a person’s meaning of an event as opposed to the event as it exists external to the person (Leedy & Ormrod, 2010). Researchers involved in phenomenological studies attempt to understand the “lived experiences” of their participants.

Interpretivistic researchers follow small numbers of people extensively and intensively for sustained period of time (Lee, 1999:27). Through such in-depth study, Creswell (1998) suggests, researchers can come to understand more fully their patterns, relationships, interpretations, attitudes and behaviours (Creswell, 1998; Lee, 1999). A typical size of the population is five to twenty-five individuals, all of whom have had direct experience with the phenomenon being studied (Cresswell, 1998). Crucial to the interpretivist epistemology is that the researcher has to adopt an empathetic stance, where the challenge is to enter the social world of the research subjects and understand their world from their point of view (Saunders *et al.*, 2009).

In relation to ontology and epistemology, interpretivists believe that reality is both multiple, and relative (Hudson & Ozanne, 1988). Lincoln and Guba (1985) have argued that such multiple realities depend on other systems for meanings; as a result, it makes it difficult to interpret in terms of fixed realities (Neuman, 2000). The knowledge acquired in this discipline is socially constructed, as opposed to objectively determined (Carson, Gilmore, Perry & Gronhaug, 2001).

Interpretivists adopt more personal and flexible research structure that is receptive to capturing meanings in human interaction (Black, 2006). The researcher and the subjects are interdependent and mutually interactive (Hudson & Ozanne, 1988).

The researcher remains open to new knowledge throughout the study, and lets it develop with the help of his subjects. Therefore, the goal of interpretivist research is to understand and interpret the meanings in human behaviour. For an interpretivist researcher, it is important to understand the lived experiences, motives, meanings, and reasons that are time and context bound (Hudson & Ozanne, 1988; Neuman, 2000).

The researcher followed a small sample, with in-depth investigations throughout the process, utilising formal and informal discussions regarding the process. The researcher is part of what is being researched, and seeks to understand the lived experiences, motives, meanings and reasons which are time and BSCEP context-bound.

5.4. RESEARCH APPROACH

The research project involves the use of theory. The extent to which the researcher is clear about the theory at the beginning of the research raises an important question as to the design of the research project, namely as to whether a researcher uses a deductive approach in which a theory and hypothesis is developed, where a research strategy is designed to test the hypothesis. A researcher can alternatively use an inductive approach, where the research will collect data, and develop theory from data analysis (Saunders *et al.*, 2009).

Table 5.3 demonstrates major differences between deductive and inductive research approaches. This research has adopted the inductive research approach.

Instead of generalising, this study has adopted the induction approach, using the scientific principle of gaining an understanding of the meanings participants attach to this phenomenon. It uses the lived experiences of people who have used the BSC and who have gained an understanding of the phenomenon. The researcher is part of the research process and the collection of data is qualitative in nature, as demonstrated in Table 5.3.

Table 5.3: Major differences between deductive and inductive approaches

Deduction emphasis	Induction emphasis
Scientific principles.	Gaining an understanding of the meanings humans attach to events.
Moving from theory to data.	A close understanding of the research context.
The need to explain causal relationships between variables.	The collection of qualitative data.
The collection of quantitative data.	A more flexible structure to permit changes of research emphasis as the research progresses.
The application of controls to ensure validity of data.	A realisation that the researcher is part of the research process.
The operationalisation of concepts to ensure clarity of definition.	Less concerned with the need to generalise.
A highly structured approach.	
Researcher independence of what is being researched.	
The necessity of selecting samples of sufficient size in order to generalise conclusions.	

Source: Saunders *et al.* (2009:127).

5.4.1. Inductive versus deductive research approaches

Determining the research philosophy helps to facilitate the research strategy to either build a theory or test hypotheses (Saunders *et al.*, 2009). Researchers need to be clear about the theory so as to distinguish between deductive and inductive approaches. In the deductive approach, researchers develop a theory and hypothesis (Veera, Balaji & Phil, 2008). Then, they design a research strategy to test the hypothesis. On the contrary, in the inductive approach researchers collect data and develop a theory as a result of data analysis. Veera *et al.* (2008) define

the deductive approach as moving from the general to the particular. Saunders *et al.* (2009) and Robson (2002) define inductive research as a study in which theory is developed from the observation of empirical reality. This is contrary to the deductive method. The inductive approach is likely to be concerned with the context in which such events were taking place. Easterby-Smith, Golden-Biddle and Locke (2008) have argued that the inductive approach is more likely to work with qualitative data, and that a variety of methods should be used to collect this data in order to establish different views of the phenomena.

In an inductive approach, the following process takes place: collection of data, analysis of the patterns in the data, followed by theorising from the data. A researcher begins by collecting data that is relevant to his or her topic of interest. Once a substantial amount of data has been collected, the researcher will then take a breather from data collection, stepping back to get a 'bird's eye view'. At this stage, the researcher looks for patterns in the data, working to develop a theory that might serve to explain those patterns (Saunders *et al.*, 2009).

In this research, the researcher followed the inductive approach, by collecting data that is relevant to the to-date under-researched BSCEP, analysed it, and looked at the patterns in the data. The researcher then developed a theory that explained those patterns.

5.5. RESEARCH STRATEGIES

Three research strategies have been employed in this study, namely, case study, auto-ethnography and phenomenological study.

5.5.1. Case study

According to Saunders *et al.* (2009), research strategy is defined as a general plan of how the researcher will go about answering the research questions and meeting the research objectives. The case study is a social phenomenon, which is carried

out within the boundaries of one social system, or within the boundaries of a few social systems (Gerring, 2004; Peter, 2010).

In a case study, a particular phenomenon is studied in-depth for a defined period of time. The researcher focused on a single case because of its unique characteristics, which were identified as promoting insight into the phenomenon (Leedy & Ormrod, 2010). A case study method is appropriate where the unit or an organisation proves to be either an excellent or pristine example, or a rare occurrence of excellence (Richards & Morse, 2013:205).

The case company used the consulting firm founded by Dr Norton and endorsed by Professor Kaplan, the creators of the BSC, to implement the BSCEP. The researcher worked for the case company while collecting the data. Doing research in your own organisation is not only valid and useful, but also provides important knowledge about what organisations are like, which traditional approaches may not be able to uncover (Saunders *et al.*, 2009).

In a case study, a particular phenomenon is studied in-depth for a defined period of time. The researcher focused on a single case, because it is unique, and has exceptional qualities that can promote understanding of the phenomenon (Leedy & Ormrod, 2010). This case study is unique and exceptional in the sense that the BSCEP was implemented by a consulting firm from Kaplan and Norton's stable. A case-study method is appropriate where the unit or organisation proves to be an excellent instance or pristine example of a phenomenon, or a rare occurrence (Richards & Morse, 2013).

The focus of this study is the BSCEP implementation. The researcher wanted to understand the challenges that the case organisation encountered when the BSCEP was implemented. Implementation challenges can have an adverse effect in strategy execution using the BSCEP, where, if it is not well-implemented, it will not fulfil its purpose.

5.5.1.1. Research design

By definition, all research studies have an implicit blueprint or design, whether planned or not. The blueprint does not have to be created at the beginning of the study. Qualitative research has no fixed designs, as might appear in doing experiments (Yin, 2011). In this study, the researcher used the research design components based on the adapted design description of Yin (2003) for both case study interviews and the phenomenological study. There is limited literature on BSCEP implementation, as opposed to standard BSC implementation. Literature reveals that different companies in different countries encountered different issues during the standard BSC implementation process (Thuy, 2012). There are barriers to standard BSC implementation during the implementation stage (Kaufmann & Becker, 2005). This research investigates barriers to BSCEP implementation, because poor BSCEP implementation could result in poor strategy execution.

Table 5.4 explains the research design in a summarised format as described by Yin (2003).

Table 5.4: Research design components based on the adapted design description of Yin (2003:21)

Component	Description
Problem	<ul style="list-style-type: none"> • BSCEP implementation is ongoing. • There are problems and questions asked about its implementation.
Research question	What are the material issues to be considered at the proposal of the BSCEP process in the implementation stage?
Context	This paper is exploring the BSCEP implementation in a case organisation.
Propositions*	<ul style="list-style-type: none"> • There are material issues that affect the implementation of the BSCEP in an organisation. • These issues can be identified. • The issues will inform the hindrances and drivers of strategy execution using the BSCEP.
Phenomenon investigated	Material issues encountered during BSCEP implementation.
Unit of observation	Executives, Senior management, Junior Management (strategy execution) and General staff (strategy execution) with BSC experience.
Method	<ul style="list-style-type: none"> • Eleven interviews were conducted. • The subjects have different backgrounds and all of them have experience with BSCEP implementation in a case company.
Logic linking the data to the propositions	<ul style="list-style-type: none"> • Strategy execution is acknowledged as the key weakness in strategic management. • BSCEP claims to address this. The study investigates the material issues in the BSCEP implementation.
Criteria for interpreting the findings	Issues identified by subjects that in their perception materially influence the BSCEP implementation.
*The propositions were set to structure the research process and support the research question.	

Source: Yin (2003:21).

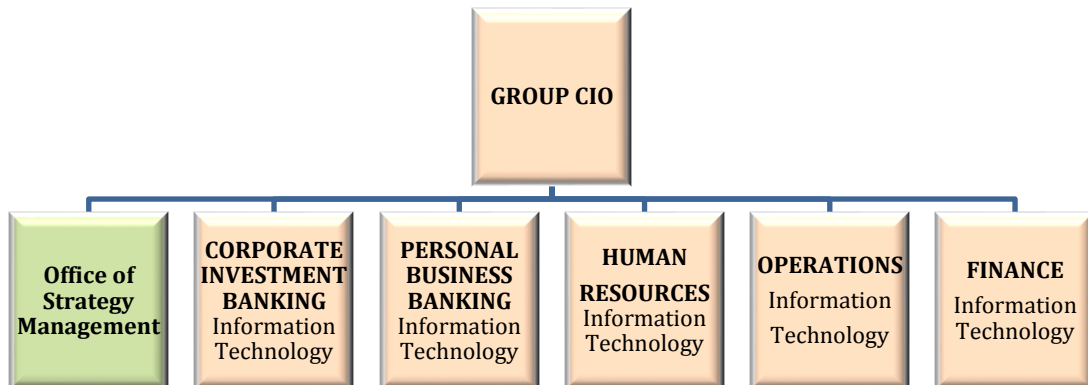
5.5.1.2. A synopsis of the case company

This thesis applies the case study approach to a division in one of the banks listed on the Johannesburg Stock Exchange. This bank division employs about 2,500 employees. The bank employs about 50,000 employees in Africa and other countries across the globe. During this case study, the researcher was employed by the company as a Strategy Manager to implement the BSCEP in the division. The standard BSC has been in existence in the bank as a performance management tool, and not as a strategy execution tool. The researcher was recruited to the office of strategy management (OSM) solely to implement the BSCEP. The researcher worked with Kaplan and Norton's consulting firm employed by the case company to implement the BSCEP.

The implementation team comprised 18 members from the OSM, as well members from the business units. Members of the implementation team were representative of all levels of management in the organisation. This team was tasked with ensuring seamless BSCEP implementation. The team was responsible for conducting BSCEP workshops throughout the organisations at all levels. The division employs about 2,500 employees and the implementation team was expected to reach out to all employees through BSCEP workshops, formal communication and meetings.

The division has been battling with strategy execution and the decision to employ Kaplan and Norton's consulting firm was a bold one, due to the expense involved. The consulting firm was consulting in South Africa for the first time and, hence, was chosen as a pristine example or rare occurrence deserving of a case study method (Richards & Morse, 2013).

Figure 5.3 illustrates the position of the office of strategy management in the organisational structure. Kaplan and Norton (2008b) argue that this office must be in the CEO's office because the CEO has a line function to all the business and supporting units. If strategy management is in the CEO's office, the process of executing strategy using the BSCEP will be taken seriously. In the case company, the office of strategy management was fulfilling a staff or advisory function; as a result, some units did not give the expected commitment to the BSC intervention.

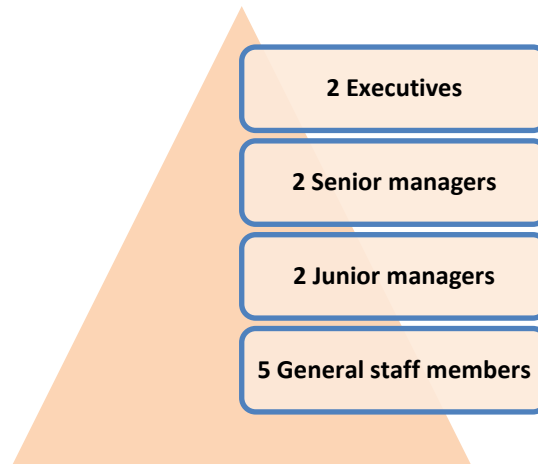


Source: Case company.

Figure 5.3: The case company's organisational structure

5.5.1.3. The sample

The concept of implementation of a framework depends on the communication between the senior management and staff. If there is a communication gap, implementation will be negatively affected. Eleven subjects across all levels of management in the organisation were interviewed. Their levels in the organisation were: two executives, two senior managers, two junior managers and five general staff members. The management levels of subjects interviewed are illustrated in Figure 5.4. Guest, Bunce and Johnson (2006) argue that after six interviews, a certain level of data saturation is reached, which gives an indication of how many interviews are enough. Most of the subjects come from lower levels of the organisation, because the research concerns strategy execution. The researcher has not tried to influence the views of the subjects, although the researcher is employed by the case company. After the eighth interview, signs of data saturation emerged.



Source: Own compilation.

Figure 5.4: A diagram demonstrating the sample representativeness

The 11 individual interviews lasted one hour each. Altogether, the interviews took up at least 660 minutes. The strategy formulation in the case company is mainly a top-down approach. In other words, the executives and the senior managers are mainly strategy formulators. The junior managers and the general staff members are mainly strategy executors. The sample therefore covered all levels to identify gaps that may manifest as a result of poor communication. Some subjects were part of the BSCEP implementation team, and exchanged feedback with all employees in the division. Others were receivers of feedback from the BSCEP implementers. The analysis of the experience in the sample is:

- **Executives:** managers who have been tasked with strategy formulation in the case company.
- **Senior managers:** managers who have been tasked with strategy formulation and translation once the strategy has been formulated.
- **Junior managers and general staff:** tasked with strategy execution.

The sample demographic representation in terms of strategy involvement and qualifications is reflected in Table 5.5.

Table 5.5: Demographic representation of the sample for case study

Participant	Age (years)	Involvement: Strategy execution or formulation	Which do you find easier? (Formulation or Execution)	Qualification
Executive	48	Formulation	Formulation	MBA
Executive	50	Formulation	Formulation	NSEAD
Senior Manager	30	Both	Formulation	Degree
Senior Manager	35	Both	Formulation	Master's
Junior Manager	35	Execution	Formulation	Honours
Junior Manager	30	Execution	Formulation	Degree
General staff	30	Execution	Formulation	Degree
General staff	28	Execution	Formulation	Degree
General staff	25	Execution	Don't know	Degree
General staff	26	Execution	Don't know	Degree
General staff	23	Execution	Don't know	Degree

Source: Own compilation.

5.5.1.4. The semi-structured interview

The qualitative phase of this study applied a semi-structured interview, as reflected in Appendix 2. Semi-structured interviews can be very helpful in an exploratory approach, because they can determine what is happening, and seek new insights not given by a questionnaire (Saunders *et al.*, 2009; Robson, 2002). Tashakkori and Teddlie (2003) argue that semi-structured interviews can be used to explain themes that have emerged from the use of a questionnaire. This type of an interview can

also be used as part of mixed-method research to validate findings from questionnaires (Bryman & Bell, 2008).

Saunders *et al.* (2009) posit that the main goal of this type of interview is to seek to understand in-depth the experiences of the subjects. A mixture of open-ended and close-ended questions (Appendix 2) concerning the subject's perception of the BSCEP was included in the semi-structured interview. Yin (2009) has argued that in the case of a focused interview, the interview may still remain open ended, and assume a conversational manner, but the researcher is more likely to be following a set of questions derived from the case study protocol. The interview style was flexible and the mood was relaxed, allowing open dialogue that extended beyond the themes set by the interview schedule. The researcher established an open environment in which the interviewee could reflect on issues related to the interview schedule (Broom, 2005).

5.5.1.5. Interview procedures

Access to interviews was arranged via meeting requests on Microsoft Outlook. Subjects were given the interview protocol to read, and a confidentiality clause was signed by the subjects and the researcher. The interview protocol is reflected in Appendix 3. The case-study company was aware of the research, as the researcher was an employee from the office of strategy management. The researcher reviewed a draft of the interview schedule prior the interview. In addition, the researcher conducted pilot interviews so as to determine whether interview questions were likely to retrieve the data that the researcher needed. The interviewer used a voice recorder with the permission of the interviewees to facilitate transcription of the data for analysis. The researcher also used field notes.

From a practical perspective, the researcher began each interview by introducing herself to the subject as a researcher, and also re-iterated the purpose of research, even if it was included on the interview protocol. The researcher made sure that the subjects understood the study that they were participating in before proceeding. As the interview protocol used a semi-structured format, the interviewer also asked

follow-up questions so as to obtain additional or supplementary information based on the interviewee's responses.

5.5.1.6. Data collection procedures

To speak of data as being “collected” or “gathered” is to imply that data pre-exists. If it pre-exists, it is ready to be picked like apples from a tree. “Making data” is a collaborative, on-going process in which data is interactively negotiated by the researcher and subjects (Richards & Morse, 2013).

However, the researcher decided to use “data collection”. An interview protocol guideline using both closed and open-ended questions was developed as a collection tool. There were standard questions, but when the subject had an interesting issue to discuss, the researcher explored these by asking more questions. The aim was to increase the understanding around the phenomenon. It is good for an interviewer to ask the same questions of all participants, but he or she may supplement the main questions with other unplanned probes (Richards & Morse, 2013). Throughout the case-study interview, one may follow a line of enquiry as reflected by case-study protocol, but also ask other conversational questions in an unbiased manner (Yin, 2009).

The researcher listened without imposing her knowledge on the subjects. It is essential that people being studied should know the nature of the study and be willing participants. The subjects were reassured of confidentiality and privacy, and none of the data collected could be traced back to particular individuals (Leedy & Ormrod, 2010).

To conclude the interview, the researcher conducted a debriefing session and asked if the interviewee had any additional information to add. The researcher then compiled notes with additional information about observations of the interviewees. Data were then transcribed, allowing for it to be recorded precisely, and stored in a word-processing document. Data were backed up and stored in a secure place.

5.5.1.7. Data analysis

Data were disassembled using coding as a method. Yin (2011) proposes that it remains the researcher’s prerogative as to whether or not to code. The researcher can disassemble in many ways, because there is no fixed routine (Yin, 2011). An inductive, qualitative approach led to the development of topics that were coded. Through topic coding, themes were formed from the data collected from the subjects. Coding was split into three levels. **Level 1** coding involved identifying patterns that were common from the data collected and grouping them into topics. The topics were then categorised into themes, namely **Level 2** coding, and the frequency of occurrence was recorded. The frequency of occurrence was not attributed to importance of the topic. Topics were sorted in terms of their relevance to BSCEP implementation. Only topics that related to BSCEP implementation were considered to be critical. After grouping into themes, **Level 3** entailed categorising themes as either implementation barriers or implementation enablers, as reflected in Table 5.6. This enabled the researcher to begin the analysis (Richards & Morse, 2013).

Table 5.6: An example of qualitative data coding process employed in this research

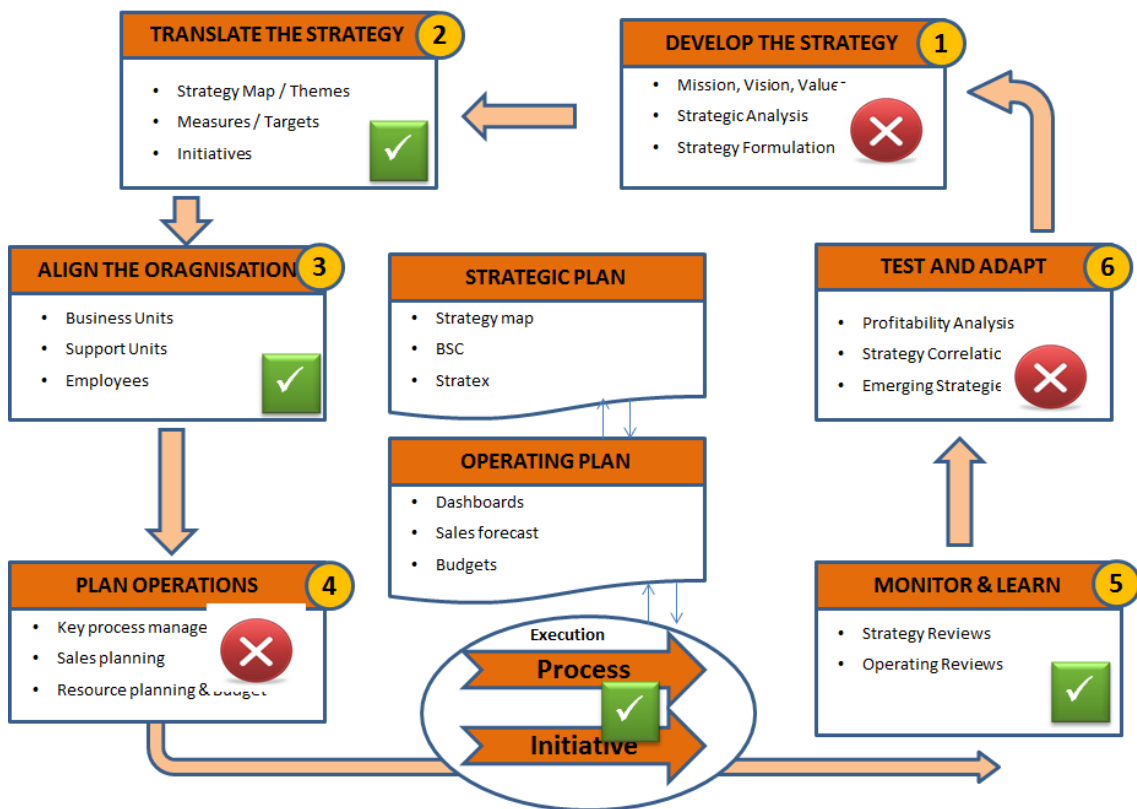
Illustrative words from original data	Topic code (Level 1)	Theme code (Level 2)	BSC implementation Barriers or enablers (Level 3)
Executive leadership does not show enough support for the BSCEP.	Executive leadership.	No support from leadership.	Implementation barrier/issue.

Source: Yin (2011).

5.5.2. Phenomenological study

A phenomenological study was used to determine the drivers and hindrances of the BSCEP. Figure 4.5 illustrates Kaplan and Norton’s BSCEP. The first stage, developing the strategy, is not covered in this report because the current study concerns strategy execution. The researcher has included the strategy translation as a cornerstone of strategy execution (Kaplan & Norton, 2008b). The fourth stage,

namely the planning of operations, has also been omitted. In the case company, the BSCEP was implemented after the business planning and the budgeting processes. The test and adaption stage is also omitted for the purpose of this research since it occurs after strategy execution. Figure 5.5 demonstrates stages of the BSCEP used for this research. The green “tick” marks represent the stages used for this research and the red “cross” marks represent stages not relevant for strategy execution and therefore not used in this research.



Source: Kaplan & Norton (2008b).

Figure 5.5: Stages of the BSCEP used for this research

A phenomenological study that sought to understand the lived experiences of the subjects that used the BSCEP was conducted. A phenomenological study seeks to understand people’s lived experiences, perceptions, perspectives and understanding of a particular phenomenon or situation (Leedy & Ormrod, 2010). Researchers involved in phenomenological studies attempt to understand the lived experiences of their participants by following small numbers of people extensively and intensively for a sustained period of time (Lee, 1999). In-depth interviews of the subjects informed this transcendental phenomenological study for a period of

12 months. The researcher was employed by the case study organisation during that period.

Four existentialisms guide phenomenological reflection, namely temporality (lived time), spatiality (lived space), corporeality (lived body) and communality (lived human relations). Human behaviour occurs in the context of the four existentialisms mentioned, namely: relationship to things, people, events and situations (Richards & Morse, 2013). In this study, these four existentialisms are pursued to gain an understanding of how people (corporeality), events and situations (communality) as well as relationships (spatiality) contributed to the findings.

The researcher has had personal experience with the phenomenon, together with the people interviewed. The interviews were detailed, unstructured and mostly informal, sometimes triggered by events taking place in the workplace. Phenomenologists subscribe to the belief that being human is a unique way of being, and human experiences and actions follow from their self-interpretation (Richards & Morse, 2013).

The approach taken in this research is a transcendental phenomenological approach. The interpretation is without presupposition, and based on intentionality (all conscious awareness are intentional awareness) and eidetic reduction (vivid and detailed attentiveness to description). Transcendental phenomenology explores the way knowledge comes into being, and knowledge is based on insights, rather than on objective characteristics, which constitute meaning (Richards & Morse, 2013).

There are two major assumptions that underlie phenomenology. Firstly, perceptions present us with the evidence of the world – not as it is thought to be – but as it is lived. Secondly, human existence is meaningful and of interest in the sense that we are always conscious of something. Existence as being in the world is a phenomenological phrase, and people are embedded in their worlds and understandable only in their contexts (Richards & Morse, 2013). It is through the lived experiences of people that the research study captured the hindrances and drivers of strategy execution using the BSCEP.

Although it is not possible to completely suspend preconceived notions, the researcher made every effort to minimise anything that may have unduly influenced the responses from the participants. The researcher has suspended any preconceived notions or personal experiences that may unduly influence the responses from the participants. Phenomenological researchers depend on exclusively lengthy interviews after following a selected sample of participants over a period of time. Interviews may take one to two hours and a typical sample is from five to twenty-five participants (Leedy & Ormrod, 2010). Table 4.7 demonstrates the research design components based on the adapted design description of Yin (2003) for the phenomenological study conducted.

5.5.2.1. Research design

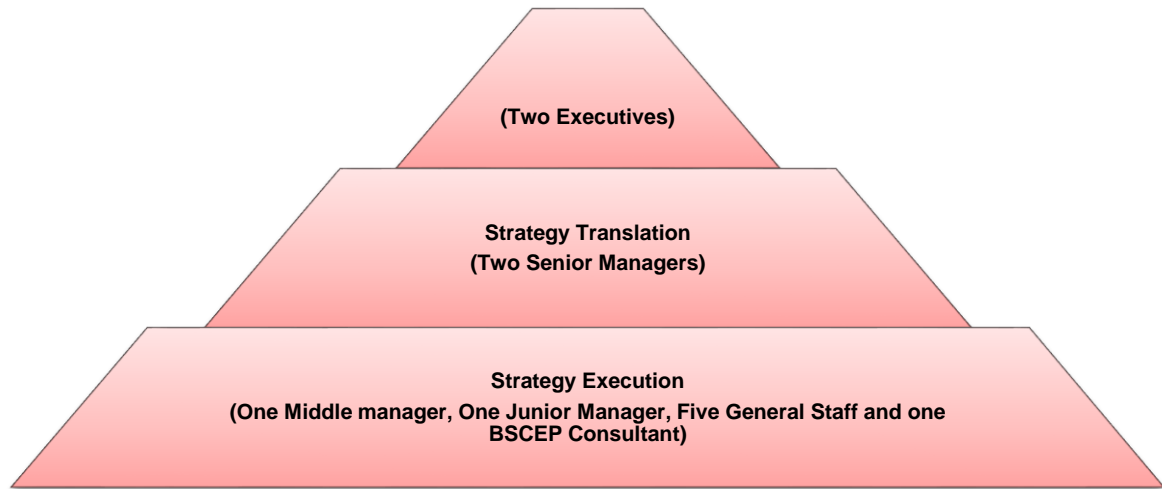
In this phenomenological study, the researcher used the research design components based on the adapted design description of Yin (2003) as reflected in Table 5.7.

Table 5.7: Research design components based on the adapted design description of Yin (2003:21). Phenomenological study of the lived experiences of people with BSCEP experience

Component	Description
Problem	Strategy execution remains resiliently problematic. BSCEP utilisation claims to address this. Despite these claims, there are problems and challenges associated with strategy execution using the BSCEP.
Research question	What are the perceived hindrances to and drivers of strategy execution using the BSCEP?
Propositions*	The subjects' lived experiences will inform the hindrances to and drivers of strategy execution using the BSCEP.
Phenomenon investigated	Hindrances and drivers (issues, frustrations barriers, joys) in executing strategy while using the BSCEP.
Unit of observation	Senior management (strategy formulators), junior management (strategy translators and executors) and general staff (strategy executors) who have had involvement with the BSC as a strategy execution tool.
Method	A transcendental phenomenological study conducted over a period of 12 months. The research captured the lived experiences of people who were using the BSCEP. It is free of presuppositions and based on the intention to understand people's perceptions, perspectives and understanding of using the BSCEP as a strategy execution tool. The study context was guided by the BSCEP and subjects related their experiences of the BSCEP.
Logic linking the data to the propositions	<ul style="list-style-type: none"> • Phenomenological studies allow participants to tell their own stories and experiences based on their perceptions and perspectives. • Perceptions present evidence to the world, not as it is thought to be but as it is lived.
Criteria for interpreting the findings	<ul style="list-style-type: none"> • Hindrances identified by subjects and associated insights from observing and following the subjects. • Drivers identified by subjects and associated insights from observing and following the insights. • A recommended framework for strategy execution.
* The propositions were set to structure the research process and support the research question.	

Source: Yin (2003:21).

5.5.2.2. The sample



Source: Own compilation.

Figure 5.6: Make-up of the representative sample in this study

The sample consisted of 12 subjects, at different levels of the organisation, where this research employed a non-probability sampling technique called purposeful sampling method to create a sample as reflected in Figure 5.6. A non-probability sampling technique is that samples are selected based on the subjective judgement of the researcher, rather than random selection (Saunders *et al.*, 2009). Purposeful sampling of a phenomenological study ranges from five to twenty-five participants (Leedy & Ormrod, 2010). A phenomenological study involves in-depth interviews or conversations with a small number of usually six to ten participants (Richards & Morse, 2013). In a phenomenological study the researcher attempts to understand the lived experiences of the participants by either following and observing, or conducting in-depth interviews with a small number of persons (Lee, 1999).

The breakdown of the sample organisational levels was:

- Two Executives – Mainly strategy formulators
- Two Senior Managers – Strategy formulators and strategy translators
- One Middle Manager – Strategy translators and strategy executors
- One Junior Manager – Strategy executors
- Five Junior Staff Members – Strategy executors

- One External Consultant – BSCEP implementer.

The demographic representation of the phenomenological study sample is illustrated in Table 5.8.

Table 5.8: Demographic representation of the sample for the phenomenological study

Participant	Age (years)	Qualification
Executive	48	MBA
Executive	51	Degree
Senior Manager	45	Degree
Senior Manager	37	Degree
Middle Manager	38	Degree
Junior Manager	30	Degree
General staff	29	Diploma
General staff	35	Diploma
General staff	40	Degree
General staff	32	B.Tech
General staff	25	Degree
Consultant	33	MBA

Source: Own compilation.

From the sample, 67 % comprised junior managers and staff, because these are the levels tasked with strategy execution. Strategy execution succeeds if strategy is well-cascaded (Niven, 2005). BSCEP cascading success depends on a good understanding of the strategy, enhanced by strategy communication across all levels of the organisation (Kaplan & Norton, 2008b). The sample, therefore, covered all levels so as to identify gaps that might manifest as a result of poor strategy communication and cascading.

5.5.2.3. Data collection procedures

Data were made by means of note taking and a voice recorder. Permission was obtained for using the recording device. Using recording devices of any sort requires you to obtain the permission of those who are to be recorded (Yin, 2011). Subjects had to sign a confidentiality document so as to confirm that information given would be treated as confidential, and the participation was voluntary. Data were transcribed and compiled into a formal database using Microsoft Word™. A regular back-up of data files was made to avoid loss of data. Data were made over a 12-month period. It is important that the researcher manages data in terms of the amount and data records to avoid drowning in data (Richards & Morse, 2013). The researcher followed the subjects for a period of 12 months, during which she was employed by the case study company. Interviews were conducted and participant observation style of data collection was also employed. The researcher observed processes, BSCEP meetings and other BSCEP events, as and when they occurred. From time-to-time, the researcher would retract from the event, and write down field notes.

1. Interview process

The lived experiences were unveiled through in-depth interviews, with the subjects regarding the application of the framework to execute the strategy. Although the researcher worked with the subjects for the period of 12 months, the study was free of presuppositions and was based on intention to understand people's perceptions, perspectives and understanding of using the BSCEP. Subjects had to sign a confidentiality document, as reflected in Appendix 1, to confirm that information given would be treated as confidential and the participation would be voluntary. The study context was guided by the BSCEP and subjects related their experiences on the BSCEP. Interviews occurred after every stage of the strategy execution process. Table 5.9 indicates the time spent on formal interviews.

Table 5.9: Time spent on formal interviews

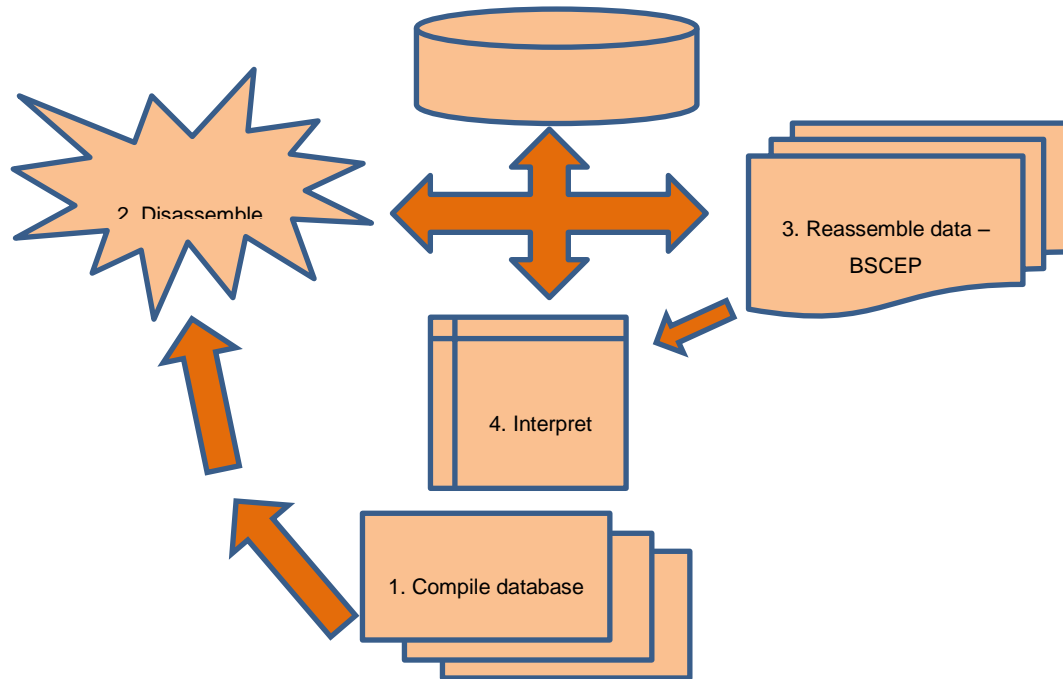
Stages of BSCEP process	Time spent
Translate the strategy: Compiling strategic objectives and strategy maps	30 minutes
Translate the strategy: Assigning measures to strategic objectives	30 minutes
Align the organisation: Cascading strategy to business units using strategy maps	30 minutes
Execute the strategy: Assigning initiatives to support strategic objectives	30 minutes
Execute strategy: Cascading strategic objectives to personal contracts	30 minutes
Monitor and learn: Strategic review meetings management	30 minutes
Total time spent: 3 hours x 12 = 36 hours	36 hours

Source: Own compilation.

This research took 36 hours to collect data, using formal interviews, and spent some time using the informal conversations in a period of 12 months. Informal processes comprised time in terms of workplace conversations as the researcher followed the 12 individuals, gathering insights from BSCEP events and meetings as and when they occurred.

5.5.2.4. Data analysis

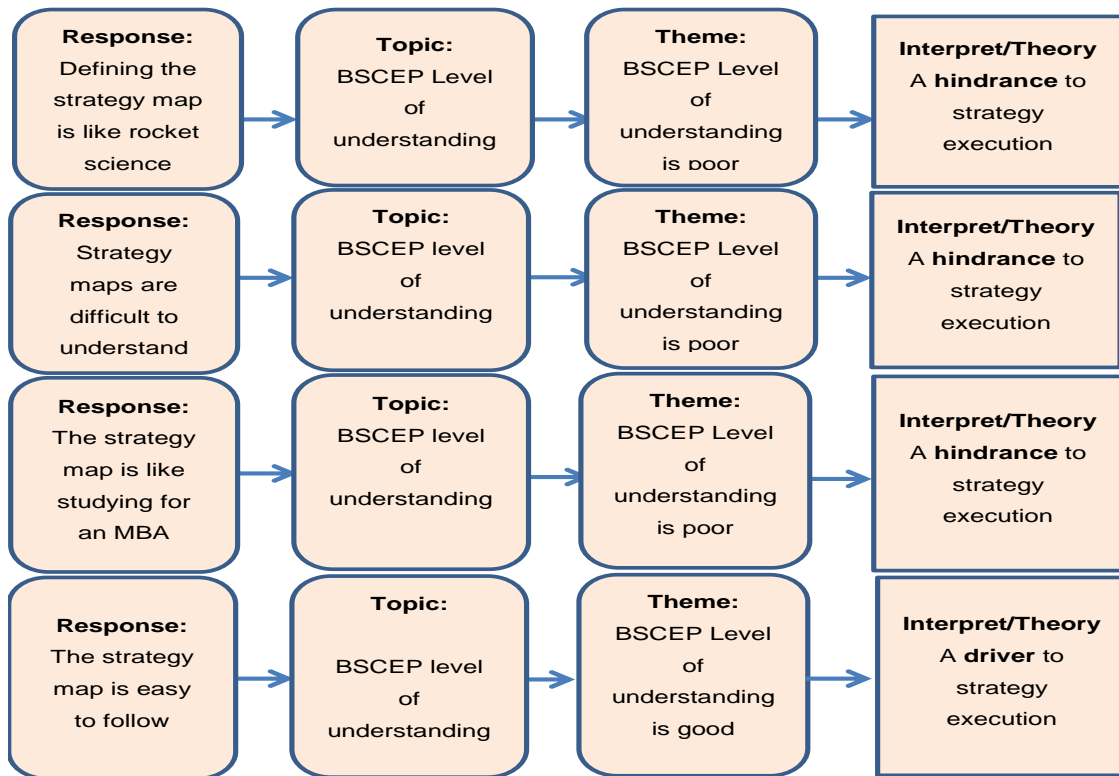
Being aware of her preconceived notions about the BSCEP, and due to the proliferation of data, the researcher used the BSCEP to analyse and interpret data. This approach also helped to give insight into the stages that had more hindrances, or drivers. The research used the five-stage process of data analysis and interpretation developed by Yin (2011) demonstrated in Figure 5.7.



Source: Yin (2011:178).

Figure 5.7: Five stages of analysis and their interactions

Preparing data before analysis is a process of transformation (Richards & Morse, 2013). The compiled database was disassembled into fragments or pieces and reorganised into substantive themes. The data was then reassembled in a tabular form to create themes. The data was then interpreted, based on the substantive themes, into which it was organised. This entailed extracting illustrative words from the raw data, and coding them into meaningful narratives. Then, meaningful themes were further analysed as drivers or hindrances of strategy execution using the BSCEP. The themes were presented in a tabular form. Figure 5.8 demonstrates the stages of analysis employed by this study.



Source: Own compilation.

Figure 5.8: The process of disassembling data into topics and themes to formulate theory, as employed by this research

2. Compiling the database

The research approach focused on understanding hindrances to and drivers of execution when using the BSCEP. The approach merged the BSCEP and the practical lived experiences of the subjects in the case study organisation. Collected data stored in voice recordings and in the form of notes were transcribed verbatim into a Word document. It was compiled for each stage of the strategy execution process:

- Translating the strategy – compiling strategic objectives and strategy maps.
- Translating the strategy – assigning measures to strategic objectives.
- Aligning the organisation – cascading strategy to business and support units using strategy maps.

- Executing the strategy – assigning initiatives to support strategic objectives.
- Executing the strategy – cascading strategic objectives to personal contracts.
- Monitoring and learning – strategic review meetings management.

3. Disassembling data into topics

The second phase involved breaking down the compiled data into smaller fragments representing similar topics for analysis, which may be considered a disassembling procedure (Yin, 2011). Data were recorded in tabular form, where one column represented responses from the subjects and another column represented the topics emerging from the responses.

4. Reassembling data into themes

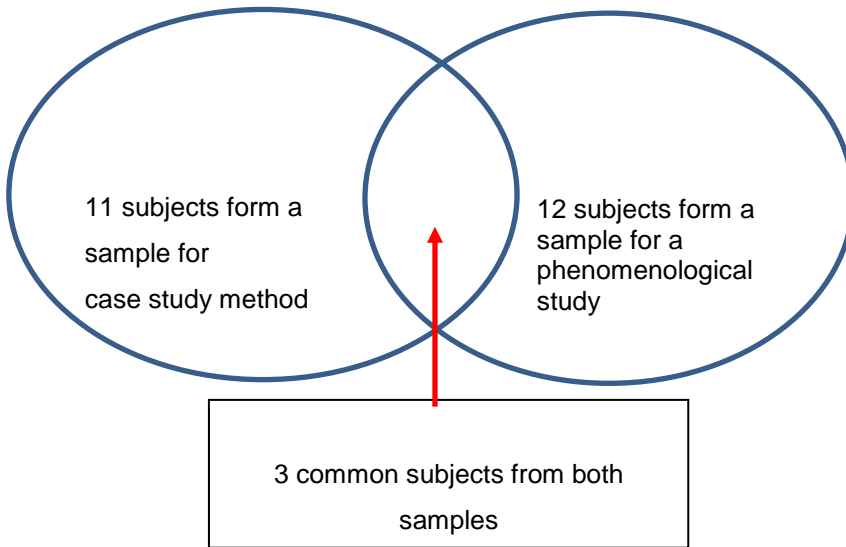
The third phase involved consolidating topics into themes. This third phase may be considered a re-assembling procedure. Data were rearranged and recombined. The rearrangement and recombination of data facilitates results in the creation of a new narrative called a “theme”.

5. Interpreting data

Each insight was subjected to interpretation. Interpretation of data was constructed in a tabular form. One column was headed “themes” and the other “hindrance or driver”. A conclusion was drawn as to whether the theme was a “hindrance” or a “driver”, and “hindrances to”, and “drivers of”, strategy execution using the BSCEP were unveiled and recorded. The results were then sorted in terms of hindrances and drivers and ready to be discussed.

5.5.2.5. Sample analysis using case study and phenomenological study methods

A total of 20 subjects was used for the case study and phenomenological study, of whom three were common from both samples as demonstrated in Figure 5.9 and Table 5.10.



Source: Own compilation.

Figure 5.9: Common subjects from both samples

The research analysed the demographics of the common subjects from both samples and is illustrated in Table 5.10.

Table 5.10: Table showing common subjects from both case study and phenomenological study samples

Participant	Age (years)	Qualification
Executive	48	MBA
Junior manager	30	Degree
General staff	25	Degree

Three subjects were common from both samples. All of them were part of the implementation team. The “executive” is from the OSM team, and the “junior manager” and the “general staff” members are from the business units. The research needed to unveil hindrances and drivers of strategy execution from the time the BSCEP was implemented, to the time strategy was executed. The three subjects gave their end-to-end lived experiences.

5.5.3. Auto-ethnography

The methodology used for this part of the research is the qualitative research method known as auto-ethnography. In auto-ethnography, the researcher is the subject, and the researcher’s interpretation of the experience is the data (Ellis & Bochner, 2000). In some ethnographic studies, the researchers engage in participant observation (Leedy & Ormrod, 2010). I was a participant observer. This has its own advantages and disadvantages, where it is incumbent upon the researcher to understand the requirements for good participant observation required (Richards & Morse, 2013).

An auto-ethnographer enjoys the advantage of good knowledge of the organisation as an insider (Saunders *et al.*, 2009). Another advantage is the researcher’s easy access to the primary data source, which is the researcher. This easy access makes the researcher’s perspective more privileged over that of other researchers in data collection and analysis (Chang, 2008). However, there are disadvantages as well. The researcher can become so emotionally involved that he or she may lose the ability to assess the situation accurately and objectively (Leedy & Ormrod, 2010).

The ethnographer is always a “participant observer”, which is a role with its own literature and its own challenges (Richards & Morse, 2013). Participant observation can vary from a situation in which the researcher is a “complete participant”, to one in which the researcher is a “complete observer”. If a researcher is a “complete participant”, they are fully participant in all that is observed (Richards & Morse, 2013). In this research, the researcher was a “complete participant”, where it was understood that this would be my role when I joined the researched company.

Richards and Morse (2013) have argued that it is important for the researcher to be upfront with this role, especially if you are entering a workplace in which you may well be expected to assist.

Richard and Morse (2013) have highlighted three phases that a researcher may go through before gathering data. In this study, the researcher went through the same phases. The **first phase**, called the “getting in”, is the phase during which the researcher joined the case company and introduced herself as a researcher in using the BSC as a strategy execution tool. At this stage, the researcher acquainted herself with identifying the roles in the case company. This was done without delay, because the researcher was required to commence with the study immediately on becoming employed by the company.

In the **second phase**, the researcher became better acquainted with the routines in the setting and the participants became more comfortable with her. The researcher started identifying key participants. The **third phase** was marked by cooperation and acceptance, and the researcher felt relaxed and integrated into the setting. It was easy for the researcher to be well-accepted, because she was new in the case company, and had not been involved in the politics of the company.

5.5.3.1. Researcher qualities

In attempting to answer the research questions, I was aware of my own values, beliefs and philosophical assumptions. The theory of knowledge (epistemology) of a researcher does not only describe how one can discover underlying principles about social phenomena, but also how one can demonstrate such knowledge. As such, although I accept that the literature review is an important component of any study, I believe it is a priority to establish from the outset my personal epistemology and ontology.

As a BSCEP expert I may have held bias towards the methodology. To mitigate my biases and subjectivity, I made notes in recording milestone events as they

occurred. I utilised my seasoned strategy experience to detach myself from the subjectivity and applied objectivity in analysing the phenomena as they unfolded.

5.5.3.2. Research design

Table 5.11 demonstrates how this research has utilised research design components (Yin, 2003) to arrive at the research design for the Auto-ethnographic research method.

Table 5.11: Research design components based on the adapted design description of Yin (2003:21)

Component	Description
Problem	Strategy execution resiliently remains problematic. BSCEP utilisation claims to address this. Despite these claims, there are problems and challenges associated with strategy execution using the BSCEP.
Research questions	<ul style="list-style-type: none"> • What are the perceived hindrances of strategy execution using the BSCEP? • What are the perceived drivers of strategy execution using the BSCEP?
Research aim	<ul style="list-style-type: none"> • To enhance strategy execution, as this is a global challenge in many organisations' strategic agendas. • Research on this phenomenon can avoid resource wastage emanating from failed BSCEP if hindrances of strategy execution using the BSCEP are mitigated. • To understand the phenomenon better and stimulate more debate (which is currently scarce) around the phenomenon. • The BSCEP execution premium is the lens of the investigation.
Propositions*	My lived experiences will inform the hindrances and drivers of strategy execution using the BSCEP.
Phenomena investigated	Hindrances and drivers (issues, frustrations, barriers, joys) in executing strategy while using the BSCEP execution premium method.
Unit of observation	The researcher.
Methodology	Analytic auto-ethnography for a period of 12 months.
Logic linking the data to the propositions	My lived experiences could lead to a conceptual framework, which can be used to successfully execute the strategy.
Criteria for interpreting the findings	<ul style="list-style-type: none"> • Hindrances identified by the researcher's lived experience in using the BSCEP. • Drivers identified by the researcher's lived experience in using the BSCEP. • A recommended framework for strategy execution.
*The propositions were set purely to structure the research process and support the research question.	

5.5.3.3. Data collection procedures

I ran BSCEP workshops in the organisation and requested feedback at the end of each workshop. I had conversations with participants at different phases of the BSCEP. I made use of quarterly strategy review meetings with relevant stakeholders to collect data, and mainly used field notes to record because, in formal meetings, I was not allowed to use a recorder for confidentiality purposes. I used a recorder only in formal interviews after obtaining permission from interviewees to do so.

5.5.3.4. Data collection

Data were collected over a period of 12 months, concurrently with the case study and phenomenological study conducted. This was done through analysis of events, periodical meetings with the BSC implementation team, and the relevant stakeholders, and conversations with business and support units, who shaped my thinking and understanding of the phenomenon. I used: personal notes taken during meetings with business and support units; BSCEP workshops that I ran; certain events (like CEO presentations on the BSCEP); experiences in cascading the BSCEP to the business units; weekly meetings with the BSCEP consultants; weekly meetings in the office of strategic management; and executive committee (EXCO) quarterly strategic review meetings.

As an analytic realist, I compared theory gained from my lived experience when attending the international BSCEP boot camp conducted by Kaplan-Norton consulting firm, with practical experience at the workplace. Data from feedback sessions on the BSC within the organisation were also collected. As an auto-ethnographer, I used a process described by Richards and Morse (2013), by observing a setting and thereafter quickly retreating to a quiet place to record and reflect on the observations. In terms of the categories of observer described Richards and Morse (2013), namely: complete observer, complete participant, and observer-as-participant, I can be best described within the study frame as a “complete” participant. The different sources of data enabled the checking and

rechecking of data to mitigate the risk of becoming emotionally involved to the extent that I lose the ability to assess the situation accurately (Leedy & Ormrod, 2010).

5.5.3.5. Data analysis

Data collection and data analysis in an auto-ethnographic study occurs somewhat simultaneously (Leedy & Ormrod, 2010). I used Wolcott's method (Wolcott, 1994) to perform the data analysis. Wolcott (1994) describes three stages of auto-ethnography data analysis. **Stage 1** is the description stage where the information is organised into a logical structure describing the events in chronological order, a typical day in the life of an ethnographer, focusing on a critical event and developing a story. I have described critical events in a chronological order from the time I joined the organisation until the end of my research period of 12 months.

The **Stage 2** is when the data are categorised into their meanings where patterns and regularities are identified. Experienced ethnographers admit that it is virtually impossible to analyse the data with total objectivity (Leedy & Ormrod, 2010). Wolcott (1994) has suggested that the researcher should aim for balance, fairness and sensitivity in the final analysis and interpretation of data. When categorising data and looking for patterns, I looked for what could be the barriers to strategy execution.

I put the organisation first and looked at what the organisation was trying to achieve in terms of strategy execution. Sometimes for "member checking" I requested one of the BSC consultants to look at my narratives to confirm the accuracy of my judgement. Kaplan and Norton consultants are experts in the BSC, and they have vast experience in determining whether the BSC intervention will fail or be successful, simply by analysing the situation. **Stage 3** is the interpretation of data, where nature of the situation is inferred from the categories meanings and patterns identified in **Stage 2**. I then recorded patterns identified in **Stage 2** and grouped similar patterns. I then coded similar patterns into themes.

5.6. METHODOLOGICAL TRIANGULATION

Triangulation refers to the use of more than one approach to the investigation of a research question in order to enhance confidence in the ensuing findings (Schneider, Elliot, Lobiondo-Wood & Haber, 2003). Denzin (1970) extended the idea of triangulation beyond its conventional association with research methods. He further distinguished the following four forms of triangulation:

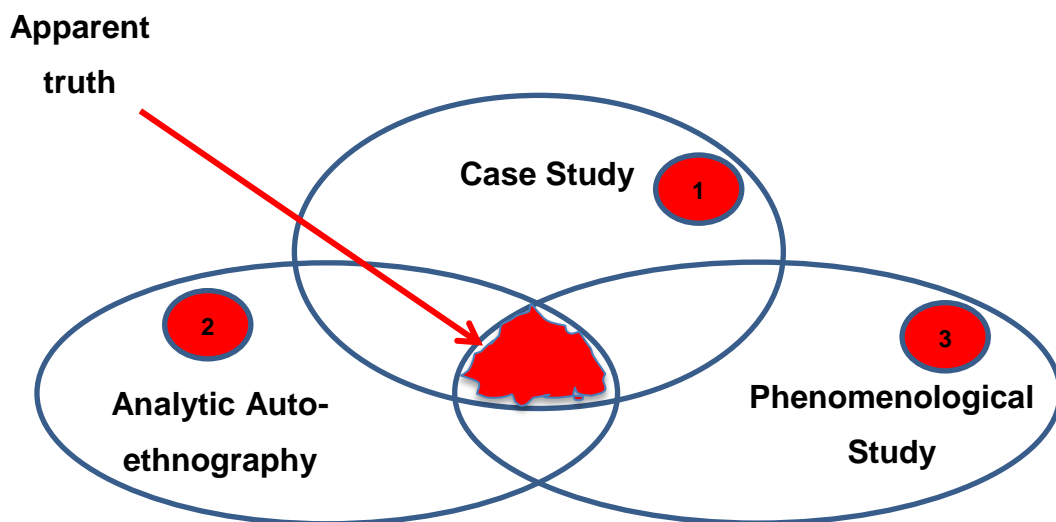
- data triangulation, which entails gathering data through several sampling strategies, slicing of data at different times and social situations, as well as on a variety of people;
- investigator triangulation, which refers to the use of more than one researcher in the field to gather and interpret data;
- theoretical triangulation, which refers to the use of more than one theoretical position in interpreting data; and
- methodological triangulation, which refers to the use of more than one method for gathering data.

This research utilised methodological triangulation for the gathering of data. However, Thurmond (2001) lists the following main challenges of applying the triangulation approach:

- it needs more time for comparison;
- there could be difficulty in dealing with the vast amount of data;
- there is potential disharmony based on investigator bias;
- there can be conflicts because of theoretical frameworks; and
- there could be lack of understanding as to why triangulation strategies were used.

Roberts and Taylor (2002) define data triangulation as the use of multiple sources of data at different times, in different places, and with different persons to obtain different views about a situation in one study. In this research the case study method was used at a different time, in other words at the implementation stage of the BSCEP. The phenomenological study was used during the strategy execution stage

using the BSCEP. Different people were also utilised to gather data. The auto-ethnographic method utilised the researcher as a data-gathering instrument. Halcomb and Andrew (2005) argue that data from multiple sources is to be used for cross-checking and validating findings. As a result, the depth and quality of the results are improved. Data triangulation provides in-depth data, where increasing confidence in the research results (Barbour, 1998). Multiple data sources help to validate the findings through exploring different views (Taylor, Kermode & Roberts, 2007). An example of methodological triangulation is shown in Figure 5.10.



Source: Own compilation.

Figure 5.10: An example demonstrating methodological triangulation

5.7. RESEARCH LIMITATIONS

5.7.1. Case study

A criticism of using a single case study is that it is insufficient towards a general conclusion (Yin, 2009). However, the BSCEP implementation was done by experts from the creators of the BSC's consulting firm. For this reason, the risk of insufficient information to provide a general conclusion was mitigated.

5.7.2. Phenomenological study

It is difficult to detect or to prevent researcher-induced bias in a phenomenological study. There can be difficulty in ensuring pure bracketing and this can lead to interference in the interpretation of the data. Because the samples are generally very small, it is difficult to say the experiences are general (Richards & Morse, 2013).

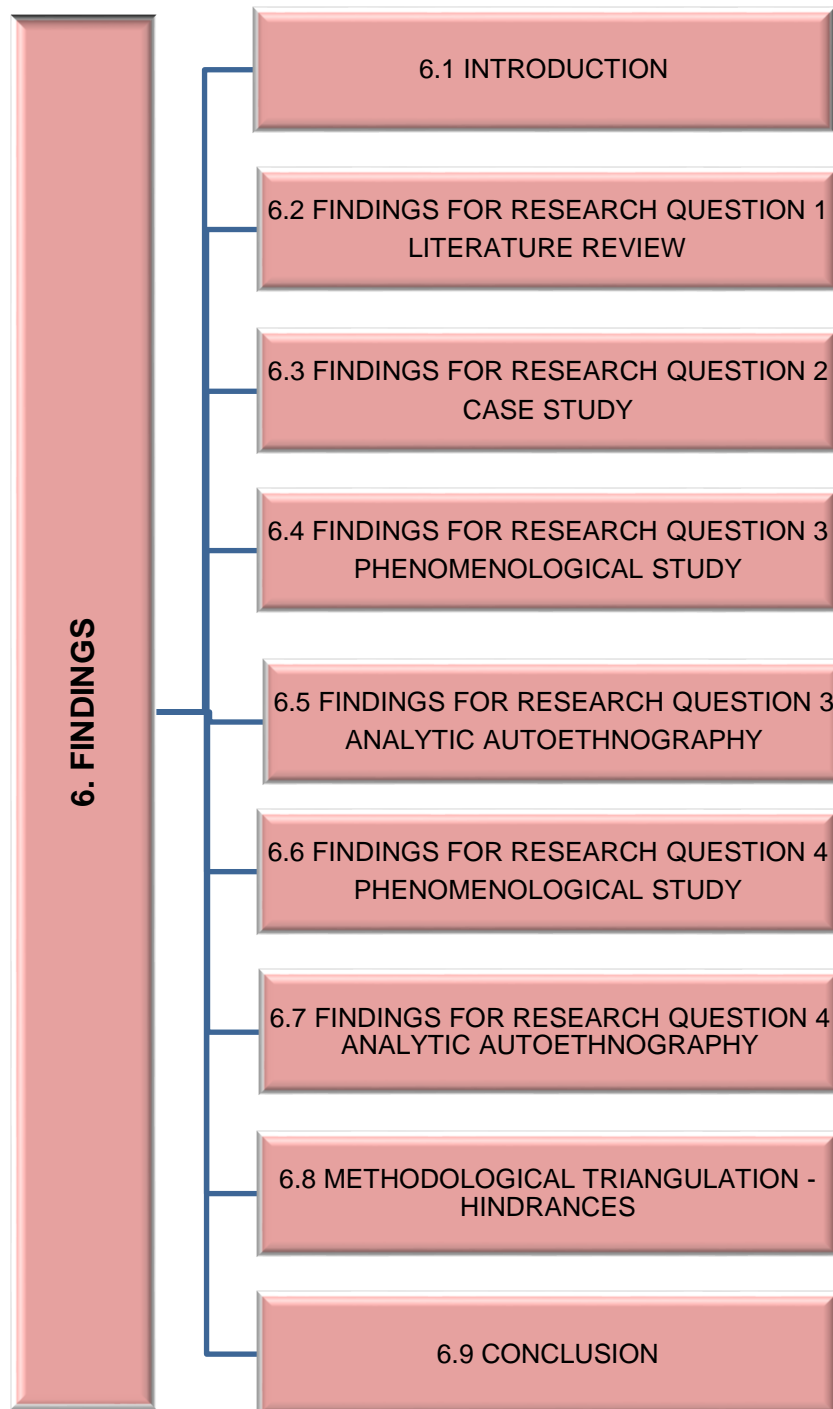
5.7.3. Auto-ethnography

Auto-ethnography requires a significant use of self-disclosure and honesty, which may be distressing or difficult for the researcher (Johnstone, 1999). Self-narratives may also pose a threat to the audience, where reading of the narrative results in uncomfortable feelings on the part of the reader (Bochner & Ellis 1996). The process of auto-ethnography further requires the researcher to be willing to experience vulnerability, recall previous experiences and emotions, and articulate them in an evocative way (Ellis & Bochner 2000; Wilkins 1993). Writing about the self also presents restrictions in terms of understanding the 'other'. As a form of interpretation, it does not allow us to completely understand the inner life of another (Tierney, 1998)

5.8. CONCLUSION

Utilising three research methods to arrive at strategy execution challenges when using the BSCEP as an execution tool has given this research depth in terms of analysis. The case-study method gives insight in terms of readiness of the organisation for the BSCEP implementation. The phenomenological and auto-ethnographic studies give insight in terms of strategy execution using the BSCEP.

CHAPTER 6: FINDINGS



Source: Own compilation.

Figure 6.1: Outline of Chapter 6

6.1. INTRODUCTION

This chapter presents the data as obtained from the mixed methodological approach described and discussed in Chapter 5. The triangulation approach presented comprises a case study, a phenomenological study and auto-ethnographic data. Results were obtained through data collection and analysis as described in Chapter 5. The data analysis was designed to answer the research questions described in Chapter 1. To answer research Question 1, Chapter 2 in the literature review demonstrated that the standard BSC and its attributes are relevant to strategy execution. To answer Question 2, the case-study results will be presented. To answer research Questions 3 and 4, a phenomenological study and auto-ethnography results will be presented.

6.2. FINDINGS FOR RESEARCH QUESTION 1 – LITERATURE SOURCES

Research Question 1

Research Question 1 underpinning this study is: “*How relevant is the standard BSC framework and its attributes to strategy execution using the BSCEP?*” This question seeks to understand the relevance of the BSC standard framework and its components to strategy execution. The BSC components utilised to answer this research question are: BSC perspectives, the strategy map, cause-and-effect logic, aligning and cascading strategy to business and supporting units, assigning measures to strategic objectives, assigning strategic initiatives, and strategy communication. The answer to this research question assists in assessing the ability of the BSC to execute strategy when used in the BSCEP process.

Literature sources have been utilised to explore the relevance of the standard BSC framework to strategy execution using the BSCEP. Practitioners, academics and scholars have noted the strengths and pitfalls of the standard BSC framework. There is comment on the standard BSC framework in a substantial volume of literature (Niven, 2002, 2005; Carr & Gratton, 2013; Bourne *et al.*, 2002; Pandey, 2005; Cavalluzzo & Ittner, 2004; Beard, 2009; Chavan, 2009; Catucci, 2003). Most of the literature has commented on the attributes of the standard BSC in isolation.

Few academic commentators, if any, have combined these attributes in writing about the role of the BSC in strategy execution (BSCEP) (Kaplan, 2012). Kaplan (2012) opines that little research, if any, has been conducted on the BSCEP. Commenting on each attribute in isolation does not help strategy execution, which is a global dilemma. It is more theoretical than practical. This is a gap the researcher has noted.

The approach of the study followed a synthesis review and interrogation of literature. Literature has been sourced from scholars, academics and strategy practitioners who have either used the standard BSC framework or have conducted research on the same. The findings of the literature review have demonstrated that the standard BSC framework is relevant for strategy execution in using the BSCEP. Table 6.1 demonstrates relevance of standard BSC attributes to BSCEP for strategy execution as per literature.

Table 6.1: Relevance of standard BSC attributes to BSCEP for strategy execution

BSC framework component	Relevance to strategy execution	Literature sources	
<p>BSC perspectives:</p> <p>There are four BSC standard framework perspectives, namely:</p> <ul style="list-style-type: none"> • organisational learning, • internal processes, • customer and • financial perspectives. 	<p>The BSC perspectives are relevant to strategy execution because they give an overall view of the business value chain.</p>	<p>Kaplan & Norton, 1992; Nørreklit, 2000; Bukh & Malmi, 2001; Bourne <i>et al.</i>, 2002; Wongrassamee <i>et al.</i>, 2003; Othman, 2007; Iselin <i>et al.</i>, 2008, Butler <i>et al.</i>, 2011;</p>	<p>Kaplan & Norton, 1996a; Kaplan & Norton, 2001a; Niven, 2002; Kasurinen, 2002; Bourne <i>et al.</i>, 2003; Bourne & Bourne, 2007; Sushil, 2008; Abdullah <i>et al.</i>, 2013.</p>
<p>The strategy map:</p> <p>describes how an organisation will create value using the BSC framework's four perspectives.</p>	<p>The strategy map is derived from BSC perspectives and gives a one-page view of the company's overall status of strategy execution. Therefore it is relevant to strategy execution.</p>	<p>Kaplan & Norton, 2004b; Rich, 2007; Punniyamoorthy & Murali, 2008; Umashev & Willett, 2008; Umayal Karpagam & Suganthi, 2012; Taylor & Baines, 2012; Sayed, 2013.</p>	<p>Othman, 2007; Kaplan & Norton, 2008b; Niven, 2008; Wu, 2012; Wu, 2012; Markiewicz, 2013;</p>
<p>Cause-and-effect logic:</p> <p>describes how a strategy map will create value for shareholders using the logic of defining the organisational</p>	<p>Relevant according to the creators of the BSC. However, it has received a lot of criticisms from authors. Literature recommends further research on this subject.</p>	<p>Kaplan & Norton, 1996b, Bukh & Malmi, 2001; Nørreklit, 2003, Nørreklit <i>et al.</i>, 2008; Yu <i>et al.</i>, 2008; De Geuser <i>et al.</i>, 2009;</p>	<p>Nørreklit, 2000, Kaplan & Norton, 2001c, Othman, 2007, Dror, 2008; Chavan, 2009; Cokins, 2010;</p>

BSC framework component	Relevance to strategy execution	Literature sources	
learning and internal processes as the cause and customer and financial perspectives as the effect in creating value.		Sundin <i>et al.</i> , 2010; Taylor & Baines, 2012, Perlman, 2013; Johnson, <i>et al.</i> , 2014.	Hoque, 2012, Carr & Gratton, 2013; Perkins <i>et al.</i> , 2013;
Aligning and cascading strategy to business and supporting units: This is Stage 3 of the BSCEP process.	Business and support units are represented in the four perspectives of the BSC, namely, financial, internal processes, customer and organisational learning. Therefore this component of the BSC is relevant to strategy execution.	Kaplan & Norton, 2008b, Shutibinyo, 2013.	Werner & Xu, 2012,
Assigning measures to strategic objectives.	Measures are used to monitor the strategy and therefore this component is relevant to strategy execution	Kaplan & Norton, 1996b; De Waal, 2003; Wongrassamee <i>et al.</i> , 2003; Molleman, 2007; Kaplan & Norton, 2008b; Niven, 2002, 2006, 2008; Joseph, 2008; Upton, 2012;	Bourne <i>et al.</i> , 2002; Olve <i>et al.</i> , 2003; Pandey, 2005; Smith, 2007; Paladino & Williams, 2008; Nørreklit <i>et al.</i> , 2008; Bigliardi & Dormio, 2010; Wu, 2012.
Assigning strategic initiatives: These are projects for executing the strategy.	Projects will ensure that the strategy is executed.	Kaplan & Norton; 2008a,	Niven, 2008.

BSC framework component	Relevance to strategy execution	Literature sources
Strategy communication: In the whole organisation at all levels of management.	Employees will execute the strategy if it is clearly communicated to them.	<p>Pandey, 2005; Othman <i>et al.</i>, 2006; De Geuser <i>et al.</i>, 2009; Kim & Rhee, 2012;</p> <p>Niven, 2006b; Hannabarger <i>et al.</i>, 2007; Basu, <i>et al.</i>, 2009; Upton, 2012.</p>
Overall status of the BSC framework to strategy execution process (BSCEP) based on the above-mentioned BSC strategy execution attributes.	Most of the BSC components are relevant to strategy execution using the BSCEP	

Source: Own compilation.

6.3. FINDINGS FOR RESEARCH QUESTION 2 – CASE STUDY

Research Question 2

What are the barriers to BSCEP implementation?

The BSCEP, like any other framework, will experience implementation barriers. Such barriers differ from one framework to another at each workplace, depending on factors such as the popularity of the framework within the industry, the complexity of the framework, and employees' prior experience with the framework. This question will assist in understanding such barriers as this may affect the strategy execution if implementation barriers are not resolved or mitigated. The BSCEP, like the standard BSC, can fail at the implementation stage (Kaufmann & Becker, 2005). Kaplan and Norton posit that there are BSCEP implementation barriers, but argue that most of them are organisational, and have nothing to do with the BSCEP (Kaplan & Norton, 2008b). This research will test that claim.

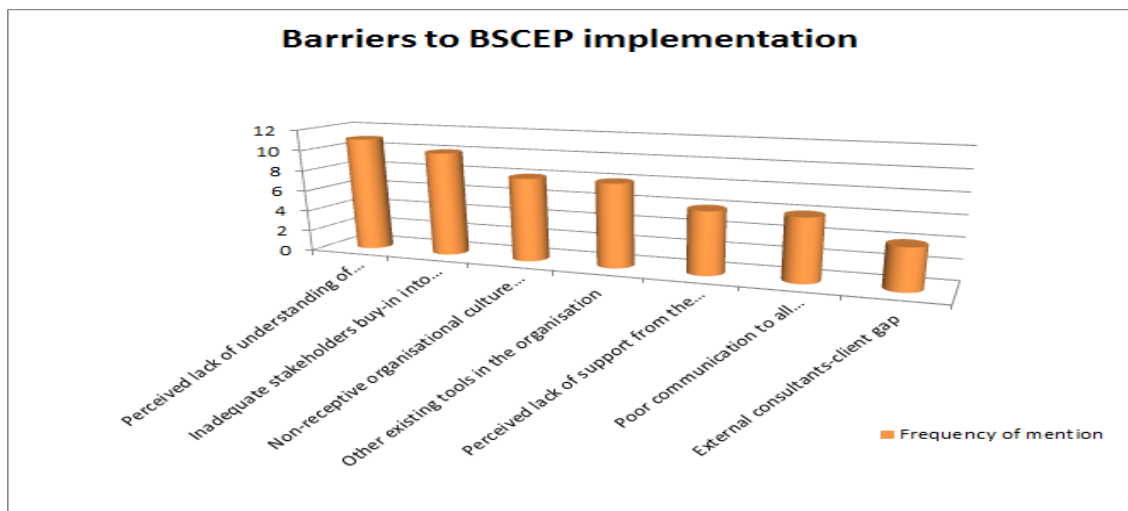
6.3.1. Case study findings

The study unveiled seven material issues that can be barriers to successful BSCEP implementation as demonstrated in Table 6.2 and Figure 6.2. These include: Lack of understanding of the BSCEP principles, no stakeholders buying into the framework, a non-receptive organisational culture, other existing tools in the organisation, poor communication with all stakeholders, a gap between external consultants and clients, caused by using external consultants instead of organisational staff and support from the CEO and leadership.

Table 6.2: Perceived barriers to BSCEP implementation

Theme	Frequency of mention
Perceived lack of understanding of the BSCEP principles	11
Inadequate stakeholders buy-in into the BSCEP process	10
Non-receptive organisational culture to change	8
Other existing tools in the organisation	8
Perceived lack of support from the CEO and leadership	6
Poor communication to all stakeholders	6
External consultants-client gap	4

Source: Own compilation.



Source: Own compilation.

Figure 6.2: Graphic representation of unveiled perceived barriers to BSCEP implementation

6.3.2. Analysis of data

Implementation of any framework is an unpredictable process that occurs in a complex and dynamic environment (Bourne, Mills, Wilcox, Neely & Platts, 2000). The subjects were well aware of the complexity and challenges of the phenomenon in question. They felt strongly about the barriers that were inhibiting the BSCEP implementation in their respective business units. Every business unit had its own challenges; some were unique to a business unit, and some were common. The findings demonstrated that most of the issues were organisational in nature, because they involved people and processes.

6.3.2.1. Theme 1: Perceived lack of understanding of the BSCEP principles

All subjects mentioned a fair understanding of the BSCEP as crucial if the implementation was to be successful as demonstrated in Table 6.3. Participants complained that the BSCEP is complex, highly theoretical and not in touch with reality. They found the translation of BSCEP into practical terms difficult, especially for someone who has never worked with it before. Participants and some of the executives found the BSCEP difficult to understand.

Some subjects demonstrated a lack of sound knowledge of the BSCEP despite claiming different. Their answers were indicative of the fact that they don't have a good understanding of the BSCEP. One executive mentioned the fact that he has never been involved in implementing the BSCEP before and consequently he had underestimated the process.

Table 6.3: Responses that informed Theme 1: Perceived lack of understanding of the BSCEP principles

Related responses from the subjects	Theme	Frequency of mention
BSCEP is too comprehensive as a process.	Perceived lack of understanding of the BSCEP principles	11
BSCEP is too academic, too theoretical and not in touch with reality.		
BSCEP is too complex and [uses] “professor speak”.		
BSCEP translation into practical terms is difficult.		
BSCEP can be confusing for someone who has never worked with the BSC before.		
The BSCEP is difficult to understand.		
BSCEP stages are a ‘box-[ticking]’ exercise; no-one can say they understand them [with certainty].		
[It is not clear] why BSCEP are used.		
People can only implement something that is easy to understand. The BSCEP is complex.		
BSCEP is too comprehensive to be easily understood by junior people.		
You can see even some of the executive members have a limited understanding of the BSCEP. What about me, being junior?		

Source: Own compilation.

6.3.2.2. Theme 2: Inadequate stakeholders buy-in into the BSCEP process

Ten subjects mentioned buy-in to the framework as crucial for implementation. Table 6.4 reflects responses that informed Theme 2. It refers to everyone in the organisation who was impacted by the BSCEP. The implementation of the BSCEP was top-down in the case study company. The opinions of lower-level staff were not

invited, and yet, they were expected nonetheless to adopt the BSCEP rigorously. This did not go down well with some of the subjects.

There was perception from some participants that “some important stakeholders showed no interest in the BSCEP intervention” and yet their support was needed. As a result, the BSCEP implementation was perceived as a project from the Office of Strategic Management. Some business units leaders perceived the BSCEP as “a waste of money”.

**Table 6.4: Responses that informed Theme 2:
Inadequate stakeholders buy-in into the BSCEP process**

Related responses from the subjects	Theme	Frequency of mention
Some important stakeholders show no interest in this intervention and we need their support.	Inadequate stakeholders buy-in into the BSCEP process	10
The BSCEP is not supported by the supporting units because they [are not informed] about the implementation of the BSCEP.		
I get the impression that stakeholder buy-in could have been better.		
Buy-in from some departments is not adequate, because they perceive this as an OSM project, [which they perceive as] having nothing to do with them.		
Within the business units themselves, some of the stakeholders perceive this as a waste of money.		
There are challenges in terms of buy-in at lower levels of which the executives are not aware.		
The BSCEP has been a top-down approach. With interventions like these, you need to get buy-in from lower levels of the organisation through change management.		
Change management has always been done by the Change Management Department and not the OSM. The BSCEP recommends that [instead], change management be done by OSM, and hence there is no buy-in from other departments.		
[The] Change Management Department has never been invited to participate in this project. How do we expect people to buy into the BSCEP implementation?		
I wish this organisation could understand that [a] top-down approach when implementing interventions like this will never work. We need buy-in from everyone!		

Source: Own compilation.

6.3.2.3. Theme 3: Non-receptive organisational culture to change

The culture in the case company was found not to be receptive to using innovative frameworks and processes like the BSCEP. Eight subjects attested to this view. Related responses that informed this theme are reflected in Table 6.5. The case company was perceived by subjects as lacking strategy execution culture. However, like one of the subjects noted, “Rome was not built in one day”. The responses showed that the organisational culture was a barrier to successful BSCEP implementation. Participants complained about lack of faster, robust change and agility in the organisation. Interventions like the BSCEP, according to them, demand that type of culture.

Table 6.5: Responses that informed Theme 3: Non-receptive organisational culture to change

Related responses from the subjects	Theme	Frequency of mention
The culture of this organisation does not allow us to try new things.	Non-receptive organisational culture to change.	8
This organisation is not agile. This has been a challenge for some time. That’s why our competitors are outwitting us in terms of time-to-market. New innovative processes like BSCEP will not stand a chance.		
It’s all about culture. We need to include culture as one of our strategic objectives and then “unpack” it in terms of how we want it to be.		
The culture in this organisation is not receptive to dynamic interventions like the BSCEP. We are too slow!		
The culture of embracing change and innovation simpler, better and faster has not been cultivated adequately in this organisation.		
They should have looked at the organisational culture first to determine whether this organisation is ready for this BSCEP or not.		
We have been talking about the culture of this organisation for how long now? No one wants to take the lead in terms of what culture is needed for this organisation. Maybe we should start there.		
Being an old organisation like this one, the culture of faster, robust change and agility still needs to be fostered. Interventions like the BSCEP demands that type of culture.		

Source: Own compilation.

6.3.2.4. Theme 4:

Other existing tools in the organisation

There was an existing strategy execution tool in the organisation when the BSCEP was implemented. The tool had not been seen as successful when the BSCEP was implemented. Some subjects were not satisfied with answers in terms of why the other tool was abandoned. Eight subjects viewed other existing tools in the organisation as a barrier to BSCEP implementation as demonstrated in Table 6.6. Participants were starting to get used to the existing tool when the BSCEP was introduced.

**Table 6.6: Responses that informed Theme 4:
Other existing tools in the organisation**

Related responses from the subjects	Theme	Frequency of mention
We are still using XYZ framework and we are now being told to abandon it and use the BSC. Who decided XYZ framework is not needed now? Tomorrow it will be something else?	Other existing tools in the organisation	8
Why don't we track the benefits of XYZ framework first, before we move to the BSCEP?		
The organisation has spent money in procuring the XYZ framework for strategy execution. Although it does not instil the discipline that the BSCEP is [in] stilling, especially with sign off after every stage, there was [however] money spent.		
From [an] HR point of view, the BSC does not align with [the] performance system in place at the moment. Maybe I'm jumping the gun; we will have to wait and see.		
I hear we have to implement the BSCEP database system called Executive Strategy Manager as well. This will put pressure on us from Finance, because there are existing reporting tools already. Does it mean we must do away with our existing tools? [That's] not sustainable.		
What is wrong with XYZ framework now? Consultants that sold us this framework were as confident and their story was as compelling as the story of the BSCEP.		
Why don't we use the BSCEP and the XYZ framework in a parallel run? Then we will see which one is better.		
I am not happy that we have to stop using the XYZ framework.		

Source: Own compilation.

6.3.2.5. Theme 5: Perceived lack of support from the CEO and leadership

Executive support, particularly by the CEO, is the most important factor in successful implementation of BSC interventions (Niven, 2002). Generally, many

subjects saw leadership as crucial to drive BSCEP implementation. Table 6.7 demonstrates that six out of eleven subjects perceive lack of support from the leadership as a barrier to BSCEP successful implementation.

**Table 6.7: Responses that informed Theme 5:
Perceived lack of support from the CEO and leadership**

Related responses from the subjects	Theme	Frequency of mention
Support from CEO as a sponsor and decisiveness of a CEO was a challenge.	Perceived lack of support from the CEO and leadership	6
Leadership commitment is very important and that was not enough. "Executives should learn how to walk the talk, for the BSCEP to be successful in this organisation!"		
Leadership should have been charged with execution of strategy. They would have been more supportive.		
According to the BSCEP the board should have its own BSC framework for performance management and the CEO should be put in charge of execution. I don't see that commitment from the CEO in this organisation.		
There is not enough support from the top management.		
Leadership support is very important and we have not seen that.		

Source: Own compilation.

6.3.2.6. Theme 6: Poor communication to all stakeholders

Hannabarger *et al.* (2007:344) have noted that "for the BSC interventions to be successful, communicate, communicate, communicate and don't forget to talk". Six participants as reflected in Table 6.8, felt that communication could have been better. Participants' perception of a lack of good strategic communication was

eminent when they complained about the non-inclusive engagement approach. They also complained about the BSCEP internal online course and exam, which were not well organised or well communicated.

According to participants, the communication plan in the case study company was not satisfactory. Communication was supposed to be facilitated by the Change Management department, but the OSM had its own communication plan. This left some stakeholders in the Change Management department concerned about the success of the BSCEP implementation. The communication plan as executed by the OSM did not meet the expectations of some of the stakeholders in the organisation.

**Table 6.8: Responses that informed Theme 6:
Poor communication to all stakeholders**

Related responses from the subjects	Theme	Frequency of mention
Delivering of strategic messages and communication was not adequate. My manager was not inclusive in terms of engaging everyone like other departments.	Poor communication to all stakeholders	6
Good communication enhances strategy execution. The website used to communicate the BSCEP was most of the time dysfunctional until late in the process.		
The BSCEP light course and the exam that was proposed to enhance communication did not prove to be successful. Not everyone wrote that BSCEP exam and there was no follow-up.		
Most senior managers wrote and passed the BSCEP online exam, but there was poor communication [regarding the fact] that everyone was supposed to write the exam.		
BSCEP communication at all levels in the organisation was not satisfactory. In other departments, it went well, but in my department it did not go well. Generally, there were pockets of excellence in the organisation.		
Communication from some executives could have been better. Even if they supported the BSCEP, communication could have been better.		

Source: Own compilation.

6.3.2.7. Theme 7: External consultants-client gap

External consultants were tasked with implementing the BSCEP in the case company. Four subjects noted that there was a gap in terms of business understanding by the consultants and by the employees of the case company. Four subjects as reflected in Table 6.9, suggested that internal staff should have implemented the BSCEP and not external consultants. They perceived strategy execution belonged to the company and its employees and not to the strategy consultants, as employees understand the business better than the consultants.

**Table 6.9: Responses that informed Theme 7:
External consultants-client gap**

Related responses from the subjects	Theme	Frequency of mention
The BSCEP has been sold to us as a strategy execution tool. This organisation has always tasked consulting firms with strategy formulation and us with strategy execution. Now why do we get external consultants to implement the BSCEP instead of internal staff?	External consultants-client gap	4
Implementing an intervention like this requires the internal staff and not external consultants. We will be left with the BSCEP to execute the strategy when they are gone.		
We [participated] in implementing the XYZ framework, but the organisation has hired the BSCEP consultants for its implementation. How are we going to learn?		
My stance on strategy execution and its framework has always been that it belongs to the organisation and not [to] external consultants.		

Source: Own compilation.

6.4. FINDINGS FOR RESEARCH QUESTION 3 – PHENOMENOLOGICAL STUDY

This section reports on the outcome of the data collection using the phenomenological study research method. The primary research was conducted by means of lengthy interviews with participants who had lived experiences of the phenomenon. This section discusses the results and the qualitative analysis of the research findings to answer research Question 3: What are the drivers of strategy execution when using the BSCEP as a strategy execution process?

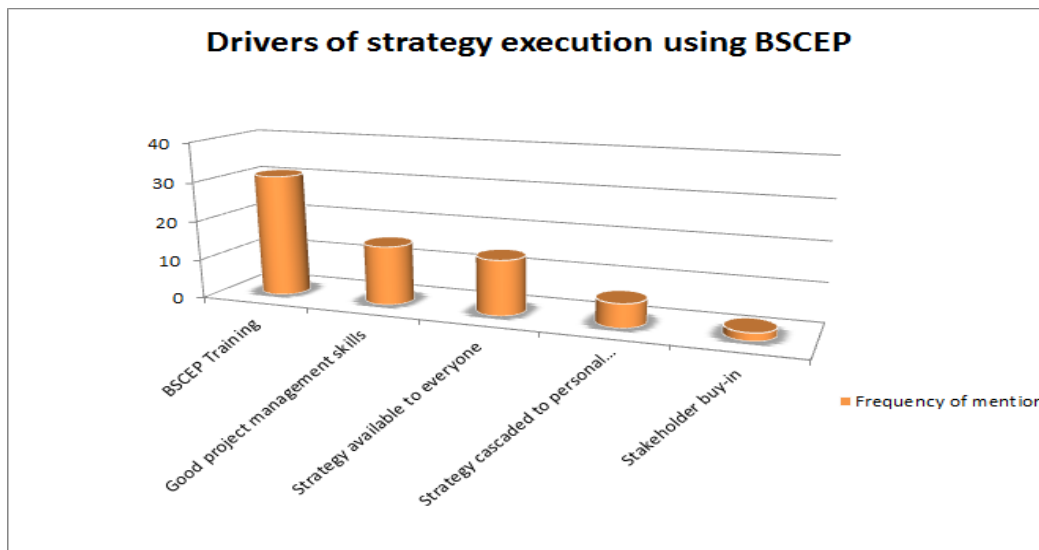
6.4.1. Drivers of strategy execution using the BSCEP process

Table 6.10 and Figure 6.3 demonstrate a consolidated view of drivers of strategy execution at all stages of the BSCEP process. Thereafter drivers will be split per each BSCEP stage. The frequency of mention represents the sum frequency of mention at all stages of the BSCEP. The study unveiled five drivers of strategy execution using the BSCEP. These include: BSC training; good project management skills; strategy available to everyone; strategy cascaded to personal contracts; and stakeholder buy-in. BSCEP training received the highest frequency, which is an indicator that the BSCEP is not easy to understand.

Table 6.10: Drivers of strategy execution using the BSCEP (consolidated view)

Theme	Frequency of mention
BSCEP Training	31
Good project management skills	16
Strategy available to everyone	14
Employee performance management system and processes	9
Stakeholder buy-in	2

Source: Own compilation.



Source: Own compilation.

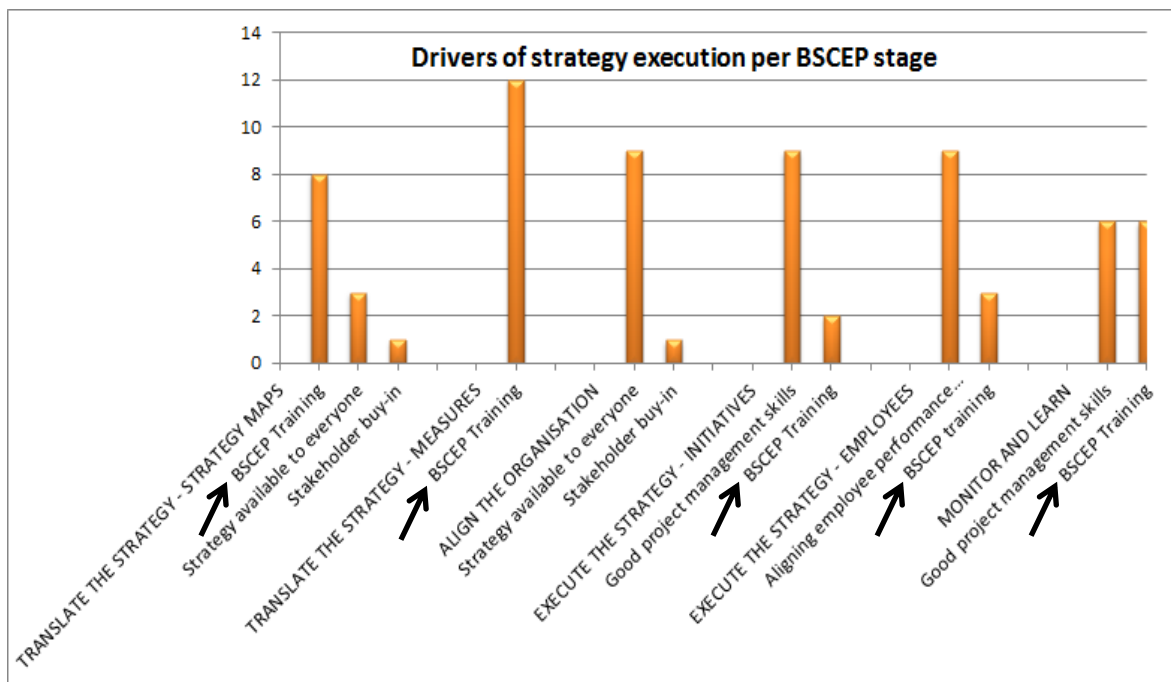
Figure 6.3: Graphical representation of frequency of mention of drivers of strategy execution using the BSCEP process (consolidated view)

6.4.2. Analysis of data – drivers of strategy execution using the BSCEP

The research used Yin’s five stages of data analysis to analyse data (Yin, 2011). After the responses were coded into topics and analysed for similarities, data was then reassembled using the BSCEP stages for interpretation. In the case company there was a sign-off after each stage, and the BSCEP was managed like a project.

The researcher analysed data after each stage of the BSCEP. Themes were then formed and frequency of theme appearances was noted. Importance was linked to the frequency. The more frequently the theme appeared, the more importance was assigned to the theme. Drivers were then presented in order of their importance, as per frequency of mention.

Consolidation was then performed using the frequency of mention of the topic for each BSCEP stage. Results were consolidated and presented in order of the frequency from each stage of strategy execution. Themes were then rearranged in order of their importance. BSCEP training appears in almost all the stages of the BSCEP as reflected by the arrows in Figure 6.4. This driver should be taken particularly seriously. The following section will unpack in detail drivers of strategy execution per BSCEP stage as perceived by subjects.



Source: Own compilation.

Figure 6.4: Graphical presentation of drivers of strategy execution per BSCEP stage. BSCEP training appears in five stages, as depicted by the arrows

6.4.3. Drivers of strategy execution at the ‘translate the strategy’ stage: compiling strategic objectives and strategy map

Strategy translation stage constitutes compiling strategic objectives and strategy maps. Table 6.11 and Figure 6.5 reflect drivers of strategy execution during the compilation of strategic objectives and strategy map. ‘BSCEP training’ was highlighted as crucial. Eight out of 12 subjects perceived BSCEP training to be the most important driver if strategy execution using the BSCEP is to be realised. Other drivers that featured at this stage of the BSCEP are ‘strategy available to everyone’ and ‘stakeholder buy-in’.

Table 6.11: Drivers of strategy execution during translation of strategy in compiling strategic objectives and strategy maps

BSCEP STAGE: TRANSLATE THE STRATEGY		
Compiling strategic objectives and strategy maps		
Topic coding	Theme	Frequency of mention
Good BSCEP knowledge	BSCEP training	8
Training before the project starts		
Training on strategy maps		
Training on strategic objectives		
Good expertise		
Willingness to learn		
Learning and development needed		
Simple language and avoid big words found in strategy jargon		
Everyone must be involved	Stakeholder buy-in	1
Regular communication with senior management regarding strategy	Strategy available to everyone	3
Availability of strategy to everyone		
Availability of strategy of the organisation to all levels in the organisation		

Source: Own compilation.



Source: Own compilation.

Figure 6.5: Graphical presentation of drivers of strategy execution when compiling strategic objectives and strategy maps

6.4.4. Drivers of strategic execution at the ‘translate the strategy’ stage: assigning measures to strategic objectives

During the “strategy translation stage” measures are assigned to strategic objectives and drivers to strategy execution at this stage are reflected in Table 6.12. Assigning measures to strategic objectives was the most difficult stage. Many subjects expressed their vulnerability in terms of subject matter expertise. The concern pertained to the specialised nature of measurements. Accountants were expected to lead the process and yet the BSCEP prescribes that everyone impacted by this stage of the BSCEP to assign measures to their strategic objectives. Subjects felt it was unfair to generalise that everyone could understand and manage numbers.

Even Kaplan and Norton conceded that they were not experts in terms of how to measure, but were experts in terms of what to measure (De Waal, 2003). This stage highlighted the participants’ vulnerability in terms of BSCEP knowledge. They felt that many people struggled with this stage, which also required financial expertise, which some of them did not have. The BSCEP training gap could not be ignored as 12 participants highlighted this driver as “very important”.

Table 6.12: Drivers of strategy execution during translation of strategy in assigning measures to strategic objectives

BSCEP STAGE: TRANSLATE THE STRATEGY		
Assigning measures to strategic objectives		
Topic Coding	Theme	Frequency of mention
BSCEP stage dubbed as complicated and difficult to understand.	BSCEP Training	12
BSCEP stage complexity which requires good training.		
[Requires] financial expertise which is not available to anyone.		
Many people struggled with this stage.		
Sign-off delayed due to lack of understanding.		
BSCEP-trained subjects found it less complicated than those not trained.		
This stage of the BSCEP is well understood after the BSCEP boot camp.		
This BSCEP stage cannot be successful without training.		
This BSCEP stage [requires] good training.		
No-one can [attempt] this stage without proper training.		
Even the creators of the BSC are battling with this BSCEP stage.		
Boot camp facilitators already warned about the complexity of this BSCEP stage.		

Source: Own compilation.

6.4.5. Drivers of strategic execution at the “align the organisation” stage: cascading strategy to business units

“Aligning the organisation” constitutes cascading strategy to business and support units using strategy maps and drivers of strategy execution during the cascading stage are demonstrated in Table 6.13. Strategy communication came out strongly

as a driver to organisational alignment. Eleven subjects mentioned that strategy ought to be communicated so as to be available to everyone in the organisation. Units that understood the strategy were able to cascade strategy without major challenges.

One of the subjects noted that, “you can only cascade something that you know”. Corporate strategy was developed by EXCO members in a top-down approach. The strategy executive then communicated the strategy to certain stakeholders in the organisation. Not all stakeholders in the organisation were invited to the strategy communication session. This caused concerns among those who were not invited and yet were expected to execute the strategy. However, stakeholder buy-in was mentioned once at this BSCEP stage.

Table 6.13: Drivers of strategy execution during the “Align the Organisation” in cascading strategy to business units, using strategy maps

BSCEP STAGE: ALIGNING THE ORGANISATION		
Cascading strategy to business units using strategy maps		
Topic coding	Theme	Frequency of mention
Cascading the strategy requires [knowledge of] the organisational strategy.	Strategy available to everyone	11
Strategy availability [required for] everyone for it to be cascaded.		
Availability of organisational strategy to units on time for cascading.		
Familiarity with the corporate strategy enhancing strategy cascading.		
Organisational strategy knowledge enhancing cascading.		
Corporate strategy availability to everyone.		
Business units needing more clarity around corporate strategy.		
Corporate strategy communication to everyone before strategy cascading.		
Transparency of corporate organisational strategy vital for cascading.		
Stakeholder buy-in was a major issue.	Stakeholder buy-in	1

Source: Own compilation.

6.4.6. Drivers of strategic execution at the stage ‘execute the strategy: assigning strategic initiatives to support strategic objectives’

To execute the strategy, certain initiatives or projects are assigned to strategic objectives to drive strategy execution. Drivers of strategy execution at the assigning of strategic initiatives stage are demonstrated in Figure 6.6. and Table 6.14.

Strategic initiatives are projects designed to execute the strategy (Kaplan & Norton, 2008b). Subjects mentioned that assigning projects to strategic objectives required project management skills, because this also requires a high level of assessment of the feasibility of a project. Most people were not equipped in this regard. Ten subjects pointed out this fact. Some subjects were also not equipped in differentiating between strategic projects and operational projects. Again, this was attributed to a need for good project management skills. Assigning initiatives to strategic objectives also demanded high-level thinking regarding the way in which benefits would be tracked to prepare for strategy monitoring during strategic review meetings. BSCEP training was also mentioned.



Source: Own compilation.

Figure 6.6: Graphical presentation of drivers of strategy execution when assigning strategic initiatives to support strategic objectives

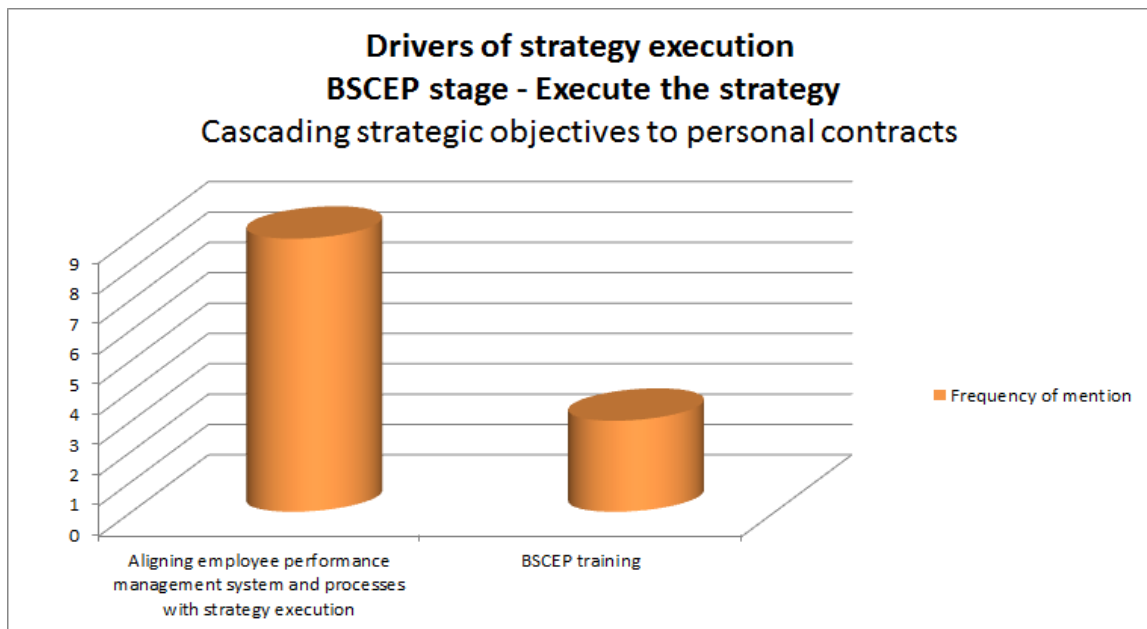
Table 6.14: Drivers of strategy execution in assigning initiatives to support strategic objectives

BSCEP STAGE: EXECUTE THE STRATEGY		
Execute the strategy: Assigning initiatives to support strategic objectives		
Topic coding	Theme	Frequency of mention
Clean-up of projects not aligned to strategic objectives needing project management knowledge.	Good project management skills	10
The assigned initiatives needed follow up and good project management skills.		
This stage is about project management and benefits tracking, therefore project management skills are needed.		
Business units with good project managers did not battle with this stage.		
This stage is about projects and needs project management skills.		
Assigning initiatives needed project management knowledge.		
Understanding what a strategic project is was a challenge, especially if one is not in the project management space.		
Differentiating between operational projects and strategic projects was a challenge.		
New identified projects not clear whether they were operational or strategic.		
There were too many projects and that needed good project management skills.		
There was a lot of force[d] allocation of existing projects to strategic objectives not in line with BSCEP principle.	BSCEP Training	2
Force[d] allocation of existing initiatives was confusing and against BSCEP.		

Source: Own compilation.

6.4.7. Drivers of strategic execution at the stage “execute the strategy: cascading strategic objectives to personal contracts”

Cascading strategic objectives to personal contracts helps to align employees’ roles to strategy for strategy execution purposes. Drivers of strategy execution in cascading strategic objectives to personal contracts are reflected in Figure 6.7 and Table 6.15. Nine subjects mentioned aligning the employee performance management system and processes with strategy execution as crucial to drive strategy execution. BSCEP training was also mentioned by three subjects.



Source: Own compilation.

Figure 6.7: Graphical representation of drivers of strategy execution when cascading strategic objectives to personal contracts

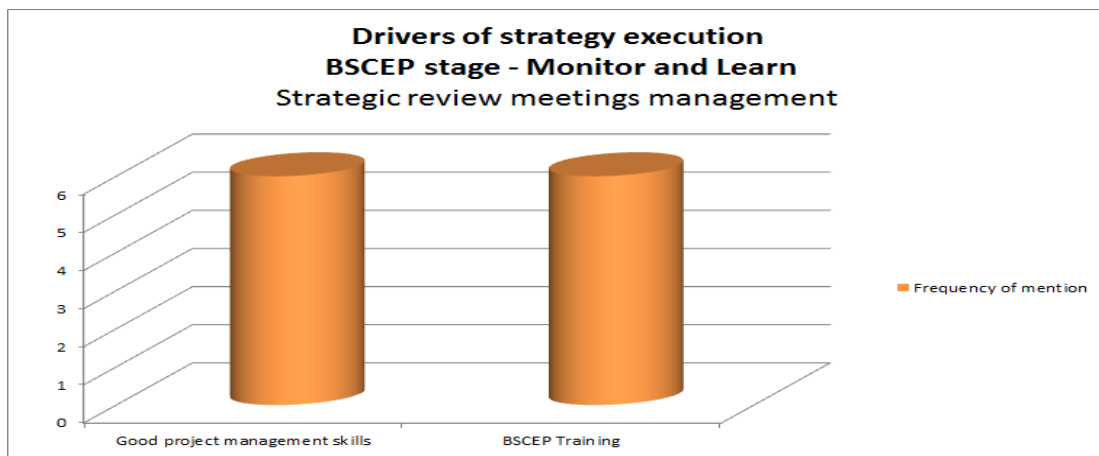
Table 6.15: Drivers of strategy execution in cascading strategic objectives to personal contracts

BSCEP STAGE: EXECUTE THE STRATEGY		
Execute strategy: Cascading strategic objectives to personal contracts		
Topic coding	Theme	Frequency of mention
Individual performance management systems should align with the BSC performance management system.	Aligning employee performance management system and processes with strategy execution	9
The human resource calendar regarding performance management processes during the year [was] well-aligned with BSCEP process.		
Personal KPI's aligning with organisational/ business units' measures.		
Strategic objectives aligning with organisational/business units' strategic objectives.		
Performance management system should allow both strategic goals and operational goals in the performance contract.		
Personal target setting aligned to organisational and business units' target setting.		
Performance management systems are not compatible with the BSC system.		
Performance management systems should be a driver, [rather than] cascading objectives to personal contracts.		
Performance management systems should drive this stage.		
[Requires] BSCEP training, [such as] assigning measures to strategic objectives stage.	BSCEP training	3
This stage cannot be successful if assigning measures to strategic objectives is not [successful]. Needs BSCEP training.		
It needs training, like assigning measures to strategic objectives.		

Source: Own compilation.

6.4.8. Drivers of strategy execution at the “monitor and learn” stage: strategy review meetings management

Good project management skills at the “monitor and learn” stage are important to ensure that strategy execution is on track. However, BSCEP training was mentioned as equally important as demonstrated in Table 6.16 and graphically in Figure 6.8. Good project management and BSCEP training themes were equally articulated by the subjects. The organisation had never had strategy review meetings before. Conducting strategy review meetings was a learning curve for the organisation. Therefore, subjects suggested more BSCEP training is needed for this stage. During strategic review meetings, strategic initiatives were discussed in detail in terms of benefit tracking, milestones and their contribution to strategy execution. Subjects asserted that reporting on projects requires good project management skills. Most of the subjects maintained that the two drivers were equally important to execute the strategy. Some units did not have enough project management expertise.



Source: Own compilation.

Figure 6.8: Graphical representation of drivers of strategy execution during strategic review meetings

Table 6.16: Drivers of strategy execution in strategy review meetings' management

BSCEP STAGE: MONITOR AND LEARN		
Strategy review meetings management		
Topic coding	Theme	Frequency of mention
Reports on strategic projects during strategy review meetings needed project management skills.	Good project management skills	6
Benefits tracking to measure strategy execution results was what needed skills in project management.		
Strategy review meetings were mostly [held] around strategic projects and their progress.		
Strategy review meeting focused on the Red status of projects.		
Allocating a R(ed) A(mber) G(reen) (RAG) status to strategic objectives requires project management skills.		
Project management skills were very important and our projects were going well.		
Discussing matters of strategic importance was a challenge because most discussions turned operational.	BSCEP Training	6
Measures were a challenge and BSCEP training was needed.		
Too many initiatives not aligned to strategic objectives made the review meetings unpleasant.		
This is new to the organisation that is not mature enough to handle these meetings. Therefor BSCEP training is needed.		
This organisation is not mature [enough] to handle these strategic meetings. Training is important.		
This organisation is used to operational meetings even at EXCO level. Strategy review meeting management needs BSCEP training.		
BSCEP training needed to differentiate strategy review meetings from operational review meetings.		

Source: Own compilation.

6.5. FINDINGS FOR RESEARCH QUESTION 3: ANALYTIC AUTO-ETHNOGRAPHY

I met several executives, senior managers, middle and junior managers on a one-on-one basis to find out how they felt about the BSCEP. They were selected randomly. I then consolidated their responses as demonstrated below:

Executives:

- It's a very good philosophy; we need to move with times;
- we need to explore more models and I liked it;
- we need more models for the dilemma that we are facing in this organisation, that of strategy execution;
- it was too academic, too theoretical and not in touch with reality;
- it was enforced without much consultation;
- the consulting firm that introduced the BSCEP was too intimidating. We were told this has been successful in Europe and it has been tried and tested. We are a third world country, and they made us feel like we know nothing;
- some of us resisted it, because of the way it was presented;
- we have our own models that have worked previously – why this one?;
- I was irritated by their foreign accents;
- they persisted in quoting Kaplan and Norton as their previous bosses, and I think there was a little bit of bragging there, which put me off; and
- I was using my own tried and tested model and I did not need the BSC – that's why I was the only one viewed as “problematic”.

Senior Managers:

- This philosophy can work if there is enough support from the executive team;
- it looked like the executive members were divided on this matter – some liked it and some hated it;

- our executives gave us the impression that they had bought into this, but their actions were rather disappointing;
- I really thought some of our executives were trying to impress our CEO by pretending to be buying into this philosophy;
- BSCEP needs someone that has done some academic study; and
- it's a good methodology when the organisation is mature enough for it, but when it's immature, it can easily be a disaster.

Junior/Middle Managers:

6. Senior management agreed to BSCEP implementation in the organisation without consulting us;

- it's easy to agree when you are not responsible for execution;
- I'm too junior to understand this – it needs someone who has the big picture of an organisation – such matters are not communicated to us;
- they must just tell us what to do instead of forcing us to understand the BSCEP methodology;
- we are the executors of strategy, but only a few of us know about this BSCEP philosophy; and
- they must break it down into tasks and language we understand – I'm not interested in the big words of strategy.

6.5.1. Drivers of strategy execution using the BSCEP

This research has unveiled the following drivers of strategy execution using the BSCEP: strategy communication to all employees, BSCEP training and good project management skills.

6.5.1.1. Strategy communication to all employees

If the strategy is not well communicated and well understood by lower levels, then it can be said that indeed, there is no strategy (Bourne & Bourne, 2007). It then becomes impossible to cascade a non-existent strategy. Strategy cannot be executed if it cannot be understood; it cannot be understood if it cannot be described, and it cannot be described if it is not known (Kaplan & Norton, 2001c). In the case company, some employees received strategy communication. Feedback from such communications revealed that it was inspiring to those employees. The strategy map depicted a one page strategy for the organisation. Communication is crucial here, because everyone should understand his or her role, as well as how it is impacted by strategy (Hannabarger *et al.*, 2007). Meet **Tommy**, who, after a strategy communication session, communicated the following:

Researcher: *How do you feel after the presentation?*

Tommy: *Wow! Are we doing away with the 300-pager strategy documents that are compiled by other consulting firms every year? Sometimes one doesn't even understand the flow of those presentations that end up in the dustbins! Here I can see the whole strategy on one page! I communicated the strategy through workshops and those employees who received my strategy communication gave good feedback. "Now we can internalise the strategy to our own roles" said one of the employees after the workshop conducted by the researcher.*

6.5.1.2. BSCEP training

The case company sent the entire BSCEP implementation team including the researcher to the Kaplan and Norton BSCEP boot camp. However, the training was not adequate. The BSCEP boot camp was a five-day event, where there was a great deal to cover in five days. The boot camp was exhausting and overly-detailed. We, the implementation team, had to come back to the organisation to conduct

workshops and training for all the stakeholders. Workshops conducted by the team were short, and there was a lot to cover.

6.5.1.3. Good project management skills

The manner in which the BSCEP was presented to the case company revealed a need for good project management skills. It was necessary for responsible executives to sign off every stage of the BSCEP of the business units. The OSM was required to ensure governance and compliance. Departments that had good project managers managed the stages well in terms of governance. The BSCEP recommends that it should take at least 12 weeks to implement the BSCEP. The case company gave OSM only four weeks to implement the BSCEP, due to the expense. The project schedule was tight, and required elevated project management skills, and proved itself to be challenging.

The project had to be done in one quarter of the recommended time. I had a conversation with the strategy executive and expressed my concerns regarding this issue. I was told “there was nothing we could do” as “we needed to save money because consultants charged exorbitant [sic] fees.” There were no BSCEP skills available in the organisation, other than amongst those that were trained, who were obliged to learn from the consultants in order to gain practical experience before we could relinquish those consultants. Below is my conversation with a strategy executive:

Researcher: If I compare our project schedule with the recommended schedule by the consultants, I realise that we are running the risk of not meeting the target date and that will affect strategy execution negatively. Our schedule has been reduced to four weeks against 12 weeks. We are looking for trouble here! [sic]

Strategy executive: I hear you, but we cannot always “go by the book” [sic]. We need to customise the BSCEP to suit our organisational needs. Let’s forget about the textbook stuff [sic]. This framework is too intensive, complex and time-consuming! Unfortunately, we don’t have the luxury of time and these consultants

must leave... they are too expensive. The BSCEP does need project management skills, because each stage is detailed and the success of the BSCEP is dependent on the success of all the stages.

6.6. FINDINGS FOR RESEARCH QUESTION 4 – PHENOMENOLOGICAL STUDY

What are the hindrances to strategy execution when using the BSCEP as a strategy execution process?

Hindrances are factors that prevent, deter or obstruct strategy execution when using the BSCEP as perceived by subjects who have used the BSCEP process.

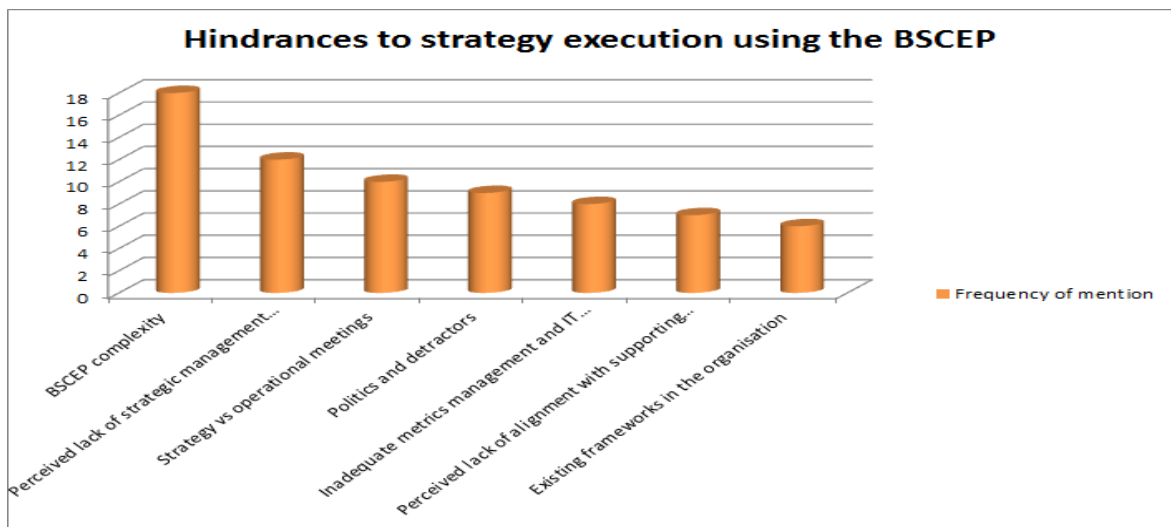
6.6.1. Hindrances to strategy execution using the BSCEP

Seven hindrances of strategy execution using the BSCEP were mentioned by subjects. Table 6.17 and Figure 6.9 demonstrate the consolidated view of hindrances to strategy execution at all stages of the BSCEP process. Thereafter hindrances will be split per each BSCEP stage.

Table 6.17: Perceived hindrances to strategy execution using the BSCEP (consolidated view)

Hindrance	Frequency of mention
BSCEP complexity	18
Perceived lack of strategic management knowledge	12
Strategic vs. operational review meetings	10
Politics and detractors	9
Inadequate metrics management and IT systems	8
Perceived lack of alignment between supporting units' scorecards and corporate scorecard	7
Other frameworks in the organisation	6

Source: Own compilation.

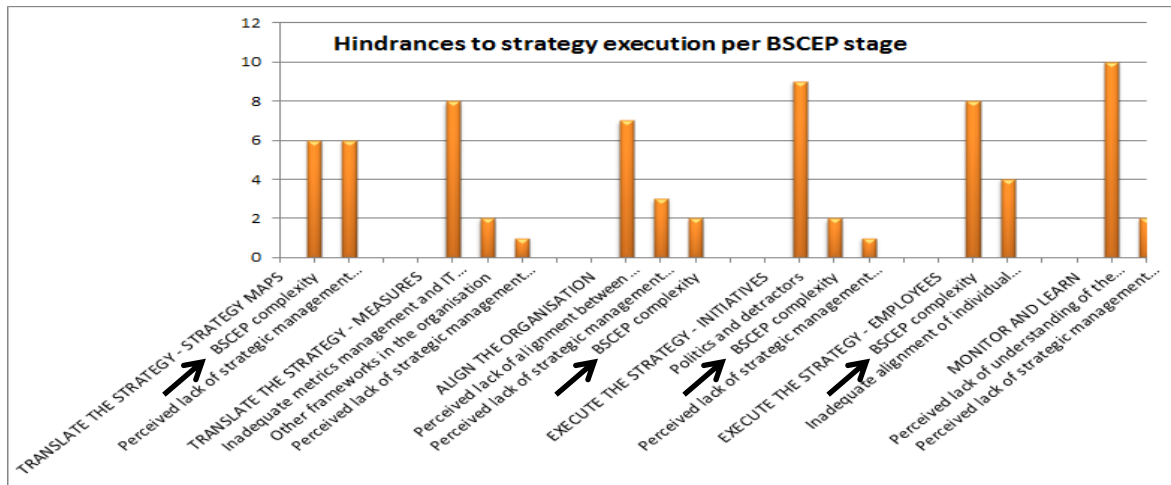


Source: Own compilation.

Figure 6.9: Graphical representation of hindrances to strategy execution using the BSCEP

BSCEP complexity had the highest frequency, at 18. Subjects felt that it is difficult to understand BSCEP process and its principles. This theme is congruent with the driver that received the highest frequency, namely BSCEP training. This demonstrates the fact that the BSCEP is not an easy framework to follow when conducting strategy execution. The following section unpacks the results based on

each stage of BSCEP. The BSCEP complexity also appeared at four stages of the BSCEP process and its frequency is demonstrated using the arrows in Figure 6.10.

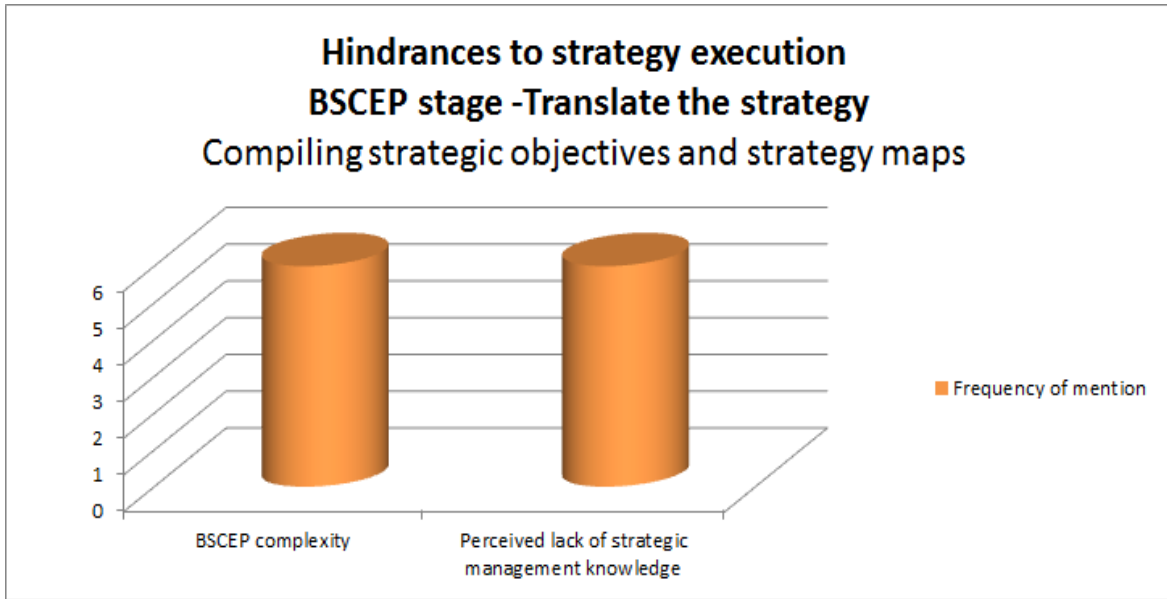


Source: Own compilation.

Figure 6.10: Graphical representation of hindrances to strategy execution per BSCEP stage. BSCEP complexity appears in four stages, as depicted by the arrows

6.6.2. Hindrances to strategy execution at the “translate the strategy” stage: compiling strategic objectives and strategy maps.

Two hindrances of strategy execution at compiling strategic objectives and strategy maps were mentioned by subjects as demonstrated in Figure 6.11 and Table 6.18. These are BSCEP complexity and perceived lack of strategy management knowledge which were equally perceived as hindrances to strategy execution in compiling the strategic objectives and strategy maps. This was worse at the lower levels of the organisation.



Source: Own compilation.

Figure 6.11: Graphical representation of hindrances to strategy execution in compiling strategic objectives and strategy maps

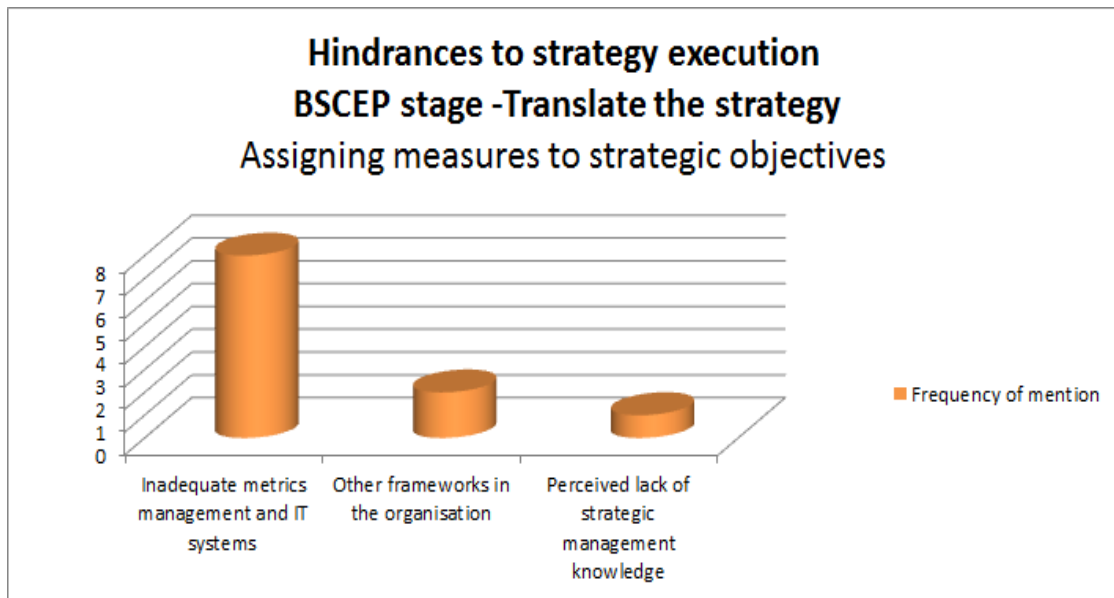
Table 6.18: Hindrances in compiling strategic objectives and strategy maps

BSCEP STAGE: TRANSLATE THE STRATEGY		
Compiling strategic objectives and strategy maps		
Topic coding	Theme	Frequency of mention
[A] strategy map is a complex concept.	BSCEP complexity	6
Not everyone has an ability to understand strategy maps.		
Strategy maps [are] to be compiled by executives only, it's too complex for ordinary staff members.		
Compiling strategy maps is the hardest stage of the BSCEP process.		
Not enough time [is] given to understand this process because it's difficult.		
The complexity of strategy maps made this stage difficult.		
It was difficult to differentiate operational objectives and strategic objectives.	Perceived lack of strategy management knowledge	6
Not everyone is a strategist; people were not equipped with strategy knowledge.		
Even some executives revealed their lack of strategy knowledge.		
Lack of strategy knowledge made this process difficult.		
At lower levels of the organisation there was confusion because of lack of strategic knowledge.		
This needs good understanding of strategy, which was lacking in our business unit.		

Source: Own compilation.

6.6.3. Hindrances to strategy execution at the ‘translate the strategy’ stage: assigning measures to strategic objectives.

Figure 6.12 and Table 6.19 reflect three hindrances of strategy execution at the assigning measures to strategic objectives namely, inadequate metrics management and IT systems, existing frameworks in the organisation and perceived lack of strategic management knowledge. Poor data, metrics and IT systems were perceived as the biggest hindrance in assigning measures to strategic objectives. However other frameworks in the organisation also appeared as a hindrance, especially within Human Resources and Finance units. These units we concerned that their frameworks were not aligning with the BSCEP framework and that as a result, it would make strategy execution difficult for them.



Source: Own compilation.

Figure 6.12: Graphical representation of hindrances to strategy execution in assigning measures to strategic objectives

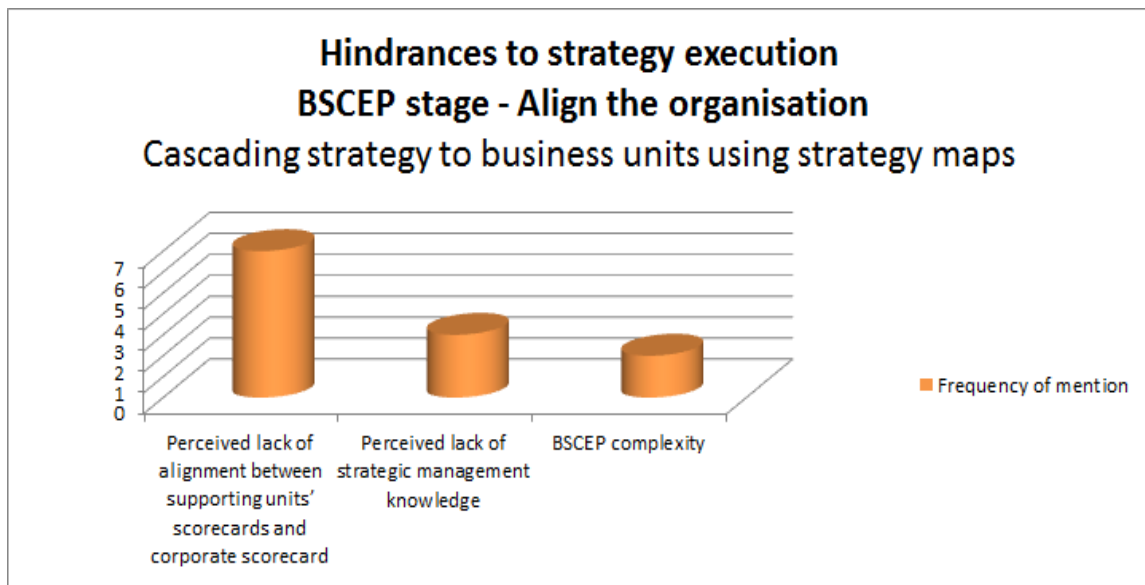
Table 6.19: Hindrances of strategy execution during assigning measures to strategic objectives

BSCEP STAGE: TRANSLATE THE STRATEGY		
Assigning measures to strategic objectives		
Topic coding	Theme	Frequency of mention
It was not pleasant, especially due to lack of financial background.	Inadequate metrics management and IT systems	8
It's not everyone that understands figures [sic]. Accountants also battled a bit.		
This is complex and requires a special boot camp [...].		
It is not supposed to be done at unit level; it must be done by accountants because data was not available.		
Our IT systems are not ready for this.		
[The] wrong measures were allocated to [the] wrong strategic objectives and we only realised during strategic review meetings.		
Metrics poorly managed due to lack of financial background		
Not much training was given on this.		
[There was a] lack of support from [the] Finance Department because Finance systems were not aligned to the BSC.	Existing frameworks in the organisation	2
Financial frameworks were not talking to [sic] the BSC framework.		
There was a lack of strategy knowledge that made this stage difficult.	Perceived lack of strategic management knowledge	1

Source: Own compilation.

6.6.4. Hindrances to strategy execution at the ‘align the organisation’ stage: cascading strategy to business units using strategy maps

Figure 6.13 and Table 6.20 present three hindrances of strategy execution at the ‘cascading strategy to business units using strategy maps’ stage of the BSCEP process. Lack of alignment with supporting units’ scorecards appeared seven times in this stage. This is indicative of challenges faced by alignment problems in the supporting units. Other hindrances in this stage were a perceived lack of strategic management knowledge, and BSCEP complexity.



Source: Own compilation.

Figure 6.13: Graphical representation of hindrances in cascading strategy to business units using strategy maps

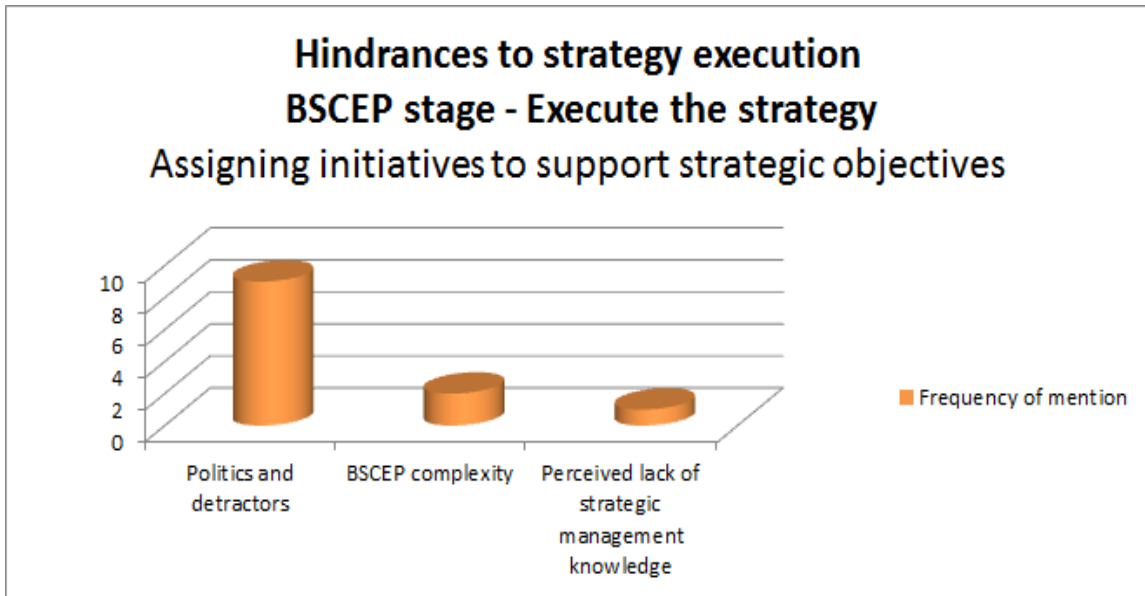
Table 6.20: Hindrances of strategy execution in cascading strategy to business units using strategy maps

BSCEP STAGE: ALIGN THE ORGANISATION		
Cascading strategy to business units using strategy maps		
Topic coding	Theme	Frequency of mention
The challenge was [with regards to] supporting units' scorecards that are not aligning with corporate scorecard.	Perceived lack of alignment between supporting units' scorecards and corporate scorecard	7
Supporting units wanted to have their own strategies, different to that of corporate or parent strategy, and their own scorecard.		
Some supporting units did not see a need to align to corporate scorecard.		
Some supporting units perceived the BSCEP as [being] for business units only.		
Some supporting units did not see how they fit into the bigger picture.		
Focus was more on business units and not on supporting units.		
Some supporting units were reluctant to attend strategy meetings for alignment purposes.		
It was a complex exercise.	BSCEP complexity	2
Cascading strategy maps was complex.		
Some business units' understanding of strategy was inadequate.	Perceived lack of strategic management knowledge	3
Some business units battled with strategy knowledge and cascading was difficult.		
Lack of strategy knowledge especially with supporting units.		

Source: Own compilation.

6.6.5. Hindrances to strategy execution at the ‘execute the strategy’ stage: assigning initiatives to support strategic objectives

At the “assigning initiatives to support strategic objectives” stage, three hindrances of strategy execution were mentioned: namely, politics and detractors, BSCEP complexity, and perceived lack of strategic management. Such hindrances to strategy execution are demonstrated in Figure 6.14 and Table 6.21.



Source: Own compilation.

Figure 6.14: Graphical representation of hindrances to strategy execution in assigning initiatives to support strategic objectives

Politics and detractors featured prominently at this stage, simply because there were a number of initiatives in the organisation, which were long overdue for revision, where certain project sponsors had held onto them in an action perceived by subjects as political. BSCEP complexity and perceived lack of strategic management knowledge were perceived as hindrances to strategic execution at this stage.

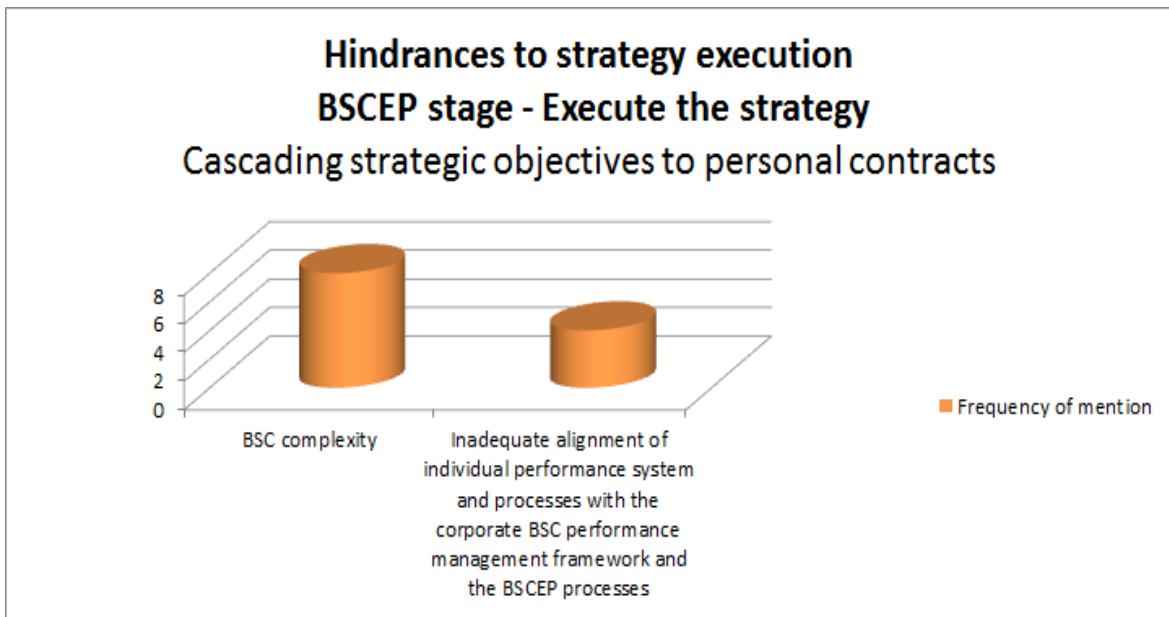
Table 6.21: Hindrances of strategy execution in assigning initiatives to support strategic objectives

BSCEP STAGE: EXECUTE THE STRATEGY		
Assigning initiatives to support strategic objectives		
Topic coding	Theme	Frequency of mention
Some project sponsors did not want to give more information on certain projects in fear of them being canned [sic].	Politics and detractors	9
Some projects were supposed to be canned [sic] long ago and it was seen as political.		
Some project sponsors did not like this stage because it exposed a lot of inefficiencies in the system.		
People were overprotective in terms of their own projects.		
Sometimes it turned political as if some people were witch-hunted [sic] and they were scared for their jobs.		
There were a lot of initiatives that were not linked to strategic objectives, and that brought discomfort and was seen as political.		
There was less cooperation from units whose initiatives were questioned.		
New initiatives that came with new strategic objectives were not welcome[d] by other project sponsors.		
This stage was seen as empire-building and a vehicle to get more projects approved.		
It was a cumbersome, complicated exercise.	BSCEP complexity	2
It was too complex.		
The organisation has not reached the level of maturity that initiatives can be easily assigned to strategic objectives.	Perceived lack of strategic management knowledge	1

Source: Own compilation.

6.6.6. Hindrances to strategy execution at the “execute the strategy” stage: cascading strategic objectives to personal contracts

Two hindrances emerged at the “cascading strategic objectives to personal contracts” stage as reflected in Figure 6.15 and Table 6.22. These are: Inadequate alignment of individual performance system and “processes with the corporate BSC performance management framework and the BSCEP processes as well as BSCEP complexity.



Source: Own compilation.

Figure 6.15: Graphical representation of hindrances to strategy execution in cascading strategic objectives to personal contracts

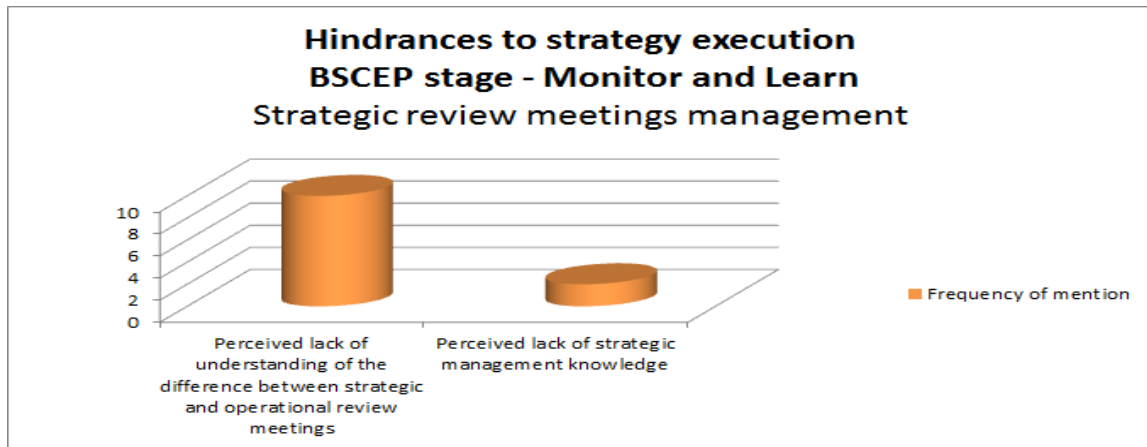
Table 6.22: Hindrances of strategy execution in cascading strategic objectives to personal contracts

BSCEP STAGE: EXECUTE THE STRATEGY		
Cascading strategic objectives to personal contracts		
Topic coding	Theme	Frequency of mention
[There was] no congruence between the BSC framework and the performance system.	Inadequate alignment of individual performance system and processes with the corporate BSC performance management framework and the BSCEP processes	4
[The] performance system [was] not suited for the BSC framework.		
It ended up being a Microsoft excel exercise because of performance system challenges.		
Individual performance management system [was] not suited for strategy.		
[There was a] lack of strategy cascading knowledge as required by the BSCEP.	BSCEP complexity	8
At lower levels this stage was seen as complicated.		
[There is a] lack of BSCEP understanding on how this is done.		
[There is a] perceived lack of understanding of the difference between strategic and operational objectives.		
[The] difference between operational and strategic personal goals [is] not clear.		
Not everything to be cascaded to personal contracts is strategic.		
[There was a challenge in adding strategic goals to personal performance contracts. [This was] perceived as difficult.		
[There is a] failure to understand why strategy should be cascaded to personal contracts at lower levels.		

Source: Own compilation.

6.6.7. Hindrances to strategy execution at the “monitor and learn” stage: strategic review meetings management

Two hindrances as demonstrated in Figure 6.16 and Table 6.23, namely, perceived lack of understanding of the difference between strategic and operational review meetings and perceived lack of strategic management knowledge were unveiled.



Source: Own compilation.

Figure 6.16: Graphical representation of hindrances to strategy execution in strategic review meetings management

Table 6.23: Hindrances of strategy execution in strategic review meetings' management

BSCEP STAGE: MONITOR AND LEARN		
Strategic review meetings management		
Topic coding	Theme	Frequency of mention
Differentiating between strategic review meeting and operational meeting was a challenge.	Perceived lack of understanding of the difference between strategic and operational review meetings	10
[I] cannot tell the difference between strategic review and operational review meetings.		
[There is] confusion between what's strategic and operational.		
Most of the measures were operational measures.		
[A] majority of measures were operational measures.		
Some strategic initiatives were not strategic but operational.		
EXCO usually discusses operational [issues] instead of matters of strategic importance.		
The operational culture with some [...] EXCO members makes it a hindrance to see the difference between operational and strategic issues.		
More training is needed to teach people about the difference between the two.		
Meetings became mostly operational.		
[A] lack of strategy knowledge was a hindrance.	Perceived lack of strategic management knowledge	2
[A] lack of strategy knowledge was a hindrance in differentiating the two.		

Source: Own compilation.

6.7. RESULTS FOR RESEARCH QUESTION 4: ANALYTIC AUTO-ETHNOGRAPHY

What are the hindrances to strategy execution when using the BSCEP as an implementation process?

6.7.1. Hindrances to strategy execution using the BSCEP

Analytic-autoethnography study unveiled six hindrances to strategy execution using the BSCEP

6.7.1.1. Complexity of the BSC strategy execution framework

The researcher had conversations with other employees in the organisation who perceived BSCEP as too complex, and as a lot of work. It was also perceived as theoretical, academic and abstract. One of the employees opined, “the consultants will not be here when we execute the strategy. All they want is money!” Compilation of a Strategy Map was perceived as a complex exercise. Some even suggested that the BSCEP will never work in the case company, due to its complexity. Others were willing to give it the benefit of the doubt going forward, others rejected it from the onset.

BSCEP users found the BSC cause and effect concept difficult to understand. Unfortunately, the cause and effect logic is what separates the BSCEP from other strategy execution frameworks, but it is difficult to understand, and several authors have criticised it (Bukh & Malmi, 2001; Nørreklit, 2000, 2003; Othman, 2007; Nørreklit *et al.*, 2008:67; Perkins *et al.*, 2013). From a practical point of view, the stakeholders in the case company refused to accept that there is a causal relationship among the perspectives, with one executive referring to it as “professor speak” [sic].

Paul (pseudonym) below, one of the vocal business unit executives, said the following in a conversation with a BSCEP consultant:

External Consultant: *The BSC's 'cause-and-effect' logic is critical and must be understood by everyone in the organisation for strategy execution to be successful and yield required financial results.*

Paul: *I have looked at the 'cause-and-effect' logic critically. It does not make sense, it's 'professor speak!' [sic] The average level of education in this organisation is a junior degree and few MBAs. This is really complicating things [sic]. This business has been run for 150 years without 'cause and effect'. What value will this complex concept add to my business?*

6.7.1.2. The external consultants-client gap

The consulting firm that implemented the BSCEP was founded by Kaplan and Norton, the creators of the standard BSC framework and the BSCEP. The firm is based in Europe, and are BSCEP experts across the globe. Some employees from junior levels were a bit intimidated by the manner in which the firm handled the BSCEP implementation. There were complaints that the consultants were arrogant and, would tend to refer back to Kaplan and Norton as their “previous bosses.”

François and **Laurel**, cited below, who are in the BSCEP implementation team, and who have been dealing with the consultants since the consultants joined the organisation:

Researcher: *How do you find the implementation so far?*

François: *Look, [sic] it's not the first time we have used consultants in this organisation. In the strategy department we use a lot of consultants, but these ones! Oh, no! [sic] They have a 'chip' on their shoulders [sic].*

Laurel: *They are from Europe, and I know they are BSC experts, but they do not understand the [sic] South African business. They have never done consulting in South Africa. We are the first bank to hire them. This BSC philosophy will never work in Africa. Forget it! [sic]*

6.7.1.3. Existing frameworks in the organisation

The BSCEP consultants recommended the use of the BSCEP software called the Executive Strategy Manager (ESM) to manage strategy execution and performance. The software was not compatible with existing frameworks in the case company. The BSCEP also recommended that personal strategic objectives be cascaded to personal contracts in the standard BSC format for performance management purposes. The organisational performance management tool was not in the standard BSC format. Therefore, the Human Resources support unit expressed their concern at the fact that there was no alignment of frameworks.

Another framework that was not compatible with the ESM was the existing dashboard framework used by Finance department for performance monitoring. The recommended ESM software was expensive, and it was configured for strategy monitoring only and not for operational performance management. The organisation preferred to have one monitoring framework for both.

Kgalema, in charge of financial reporting and dashboards, did not like the proposed ESM software and had this to say in response to the researcher's question:

Researcher: *The BSCEP consultants recommend their strategy monitoring dashboard framework called the ESM for seamless strategy execution. What's your take? [sic]*

Kgalema: *This will be a waste of money to have an extra dashboard framework for strategy only! We have been successfully using our business performance management tool. Why must we have an ESM dashboard framework?*

6.7.1.4. Establishment of the Office of Strategy Management as a staff function

The BSCEP recommended the establishment of a special office called the Office of Strategy Management (OSM). The organisation had just gone through a major structural change that resulted in a number of retrenchments. In the current structure, the strategy was decentralised to business units, where business unit strategy managers reported directly to their functional executives. The establishment of the OSM suggested that only a few strategy managers ought to have been employed in the OSM, and there were potential retrenchments. This did not was not well-received by the business units. The OSM's role is to integrate strategy governance processes, to shape the executive agenda, and to use the BSCEP to lead and manage. The idea of integration sparked fears of retrenchments in a climate that was still sensitive to such issues.

6.7.1.5. Lack of buy-in from the leadership

Lack of leadership buy-in was twofold, namely, from some executives and from the CEO.

Lack of buy-in from executives: The apparent fear of the results of non-delivery by some executives was evident. The BSCEP stringent governance principles posed a major threat to some executives. Certain executives were not in favour of strategy review meetings as a separate vehicle to monitor strategy execution. This was mainly because their strategy execution performance was challenged by the OSM and their bonuses were linked to strategy execution. There was a conflict of critical interest. Strategy review meetings were tense, with some executives not accepting the process.

Lack of CEO support: The researcher perceived the CEO as not supportive of the OSM agenda. He did not attend 70 % of the meetings to which we invited him. I expected the CEO to manage executive “naysayers”. Nair (2009) argues that a lack of buy-in caused by naysayers can destroy the momentum of the BSC interventions very easily, although they help to harden the process of its

implementation. The naysayers should either be dismissed from the process, or exposed (Nair, 2009). One executive at the OSM felt that the CEO could have done better in dealing with resistant executives. Although the CEO managed to sell the BSCEP well at EXCO level, when it came to giving support at the business unit level, he was not effective. This led to certain frustration as I was tasked with the implementation of the BSCEP.

The researcher did not enjoy satisfactory support from the CEO and some executives, who underestimated the challenges of the BSCEP, as they themselves did not have a good understanding of the process.

6.7.1.6. Inadequate metrics management and IT systems

BSCEP success depends on measurement. Assigning measures to strategic objectives was the most challenging step in the translation stage of the BSCEP, in fact, more challenging than strategy map development. This is the most important step in the BSCEP. The management information department was slow to obtain the strategic data. This appeared to be due to lack of understanding of the importance of data to monitoring strategy. The number of measures per strategy map was also an issue. The BSCEP recommends about 25 strategic objectives per strategy map (Kaplan & Norton, 2008b). Some business unit strategy maps appeared to have too many measures that adversely affected the development of insights.

Assigning measures to strategic objectives requires a certain level of metrics understanding, where the exercise is facilitated by a general knowledge of metrics. In the researched organisation, the BSCEP consultants had good knowledge of metrics; hence the allocation of measures at the parent strategy map level was fluid. Challenges surfaced at the business unit level, however, where measures for business units' strategic objectives had to be assigned, where an exchange of blame ensued between the management information department and the business units. It later emanated that there had been a communication breakdown between the two departments.

Kagiso, the business unit strategy manager responsible for his unit's strategy map, was frustrated after a long exercise of assigning measures to the strategic objectives:

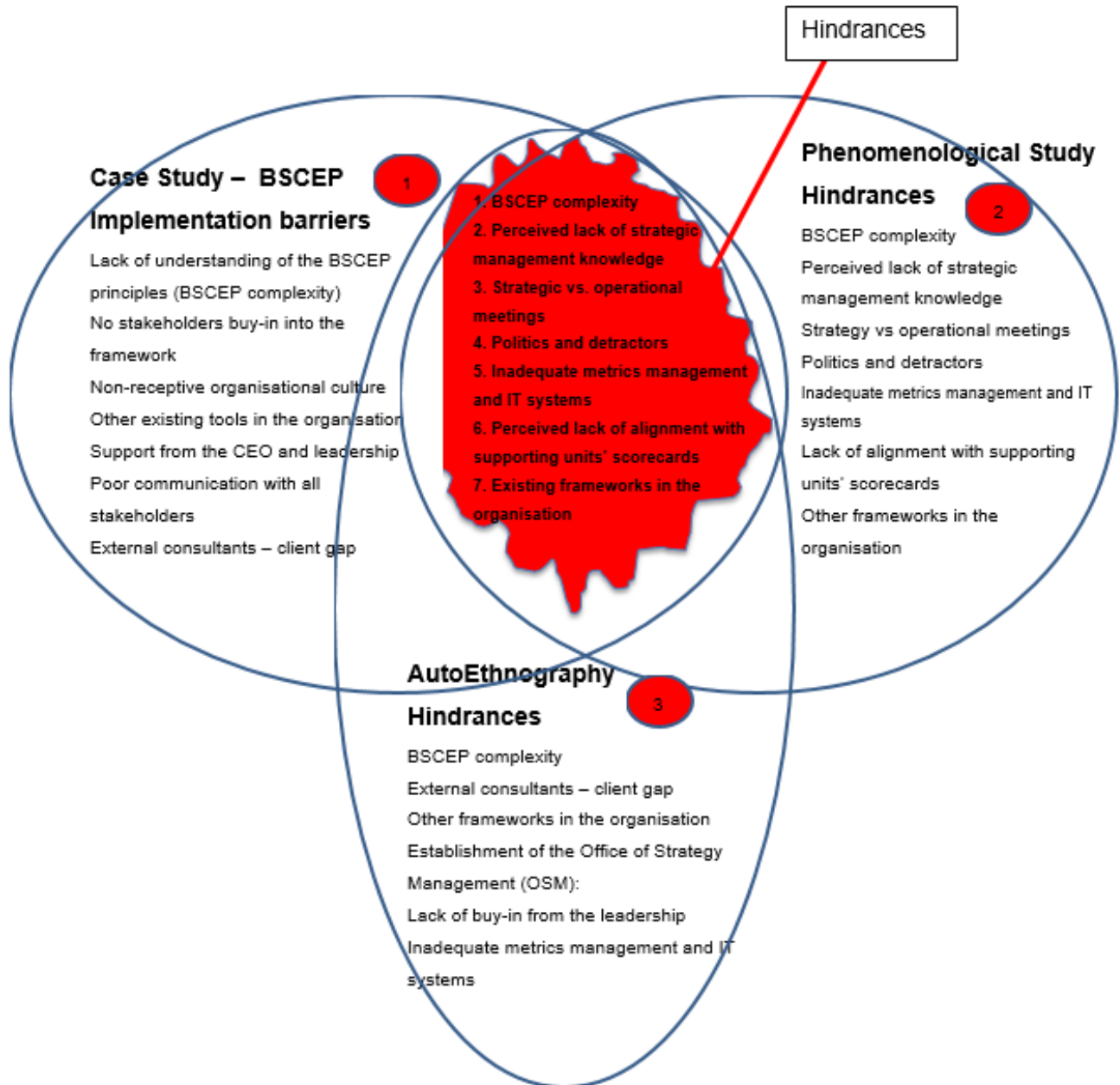
Researcher: *How would you describe the stage of assigning measures to the strategic objectives?*

Kagiso: *Firstly, I find it difficult to differentiate between strategic measures and operational measures. Strategy is executed at operational level, now why must we have strategic measures at operational level? Can someone help me here? [sic]*

Secondly, this exercise needs someone with a metrics background. We do meet with guys from the management information department but they don't seem to understand our needs. This is frustrating. Those meetings have not yielded results yet, and yet we are close to our first quarterly strategic review meeting since the BSCEP was implemented. What do I do?

6.8. METHODOLOGICAL TRIANGULATION – HINDRANCES

Methodological triangulation was applied to arrive at the main hindrances of strategy execution using the BSCEP as discussed in Chapter 5 and demonstrated in Figure 5.10. Figure 6.17 is a graphical representation of methodological triangulation.

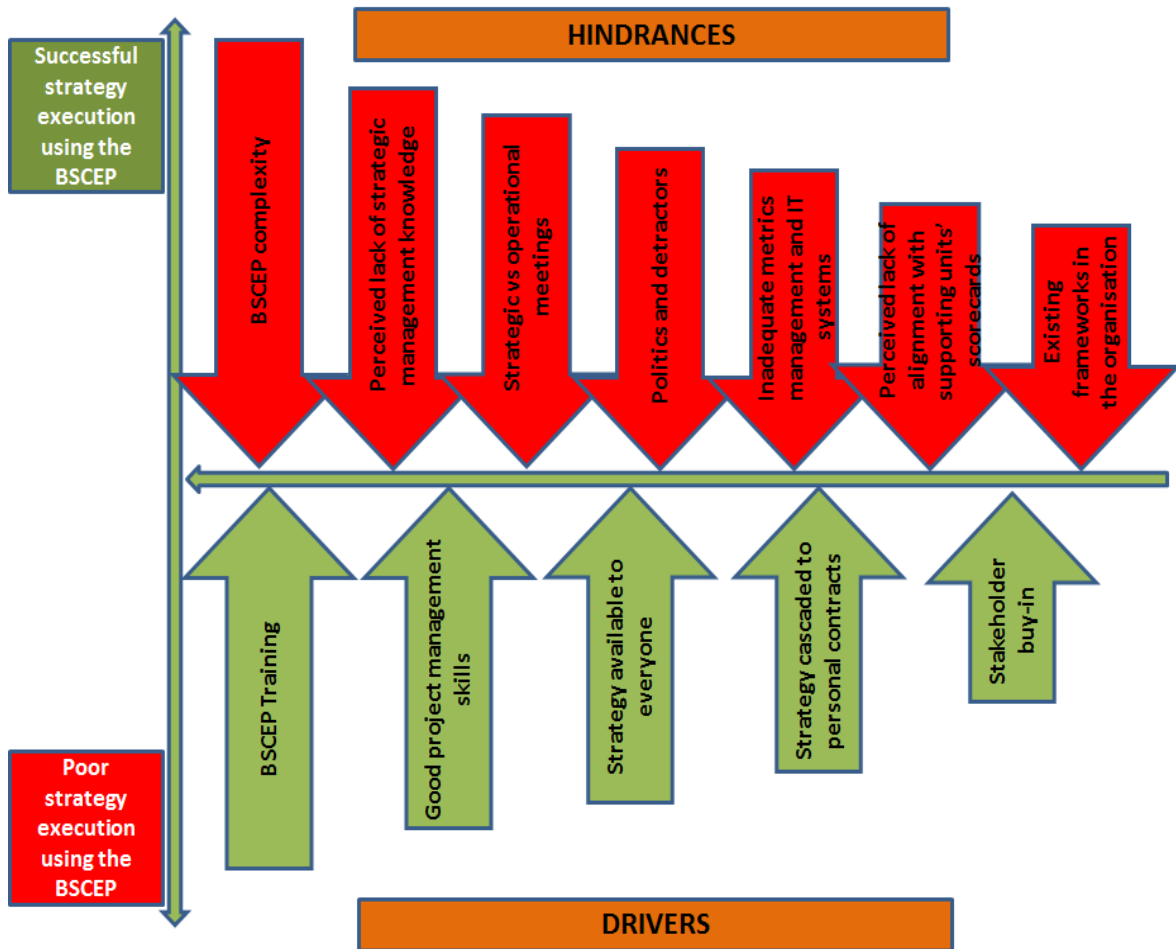


Source: Own compilation.

Figure 6.17: Graphical representation of methodological triangulation to arrive at hindrances of strategy execution using the BSCEP

The triangulation method involves combining research strategies. In this case, three research strategies, namely: case study, phenomenological study and analytic autoethnography, are combined. In answering Research Question 1 regarding barriers to BSCEP implementation; such barriers can inform the hindrances of strategy execution using the BSCEP, as illustrated in Figure 6.18. If the BSCEP fails at implementation, there will not be strategy execution.

6.8.1. Presentation of findings



Source: Own compilation.

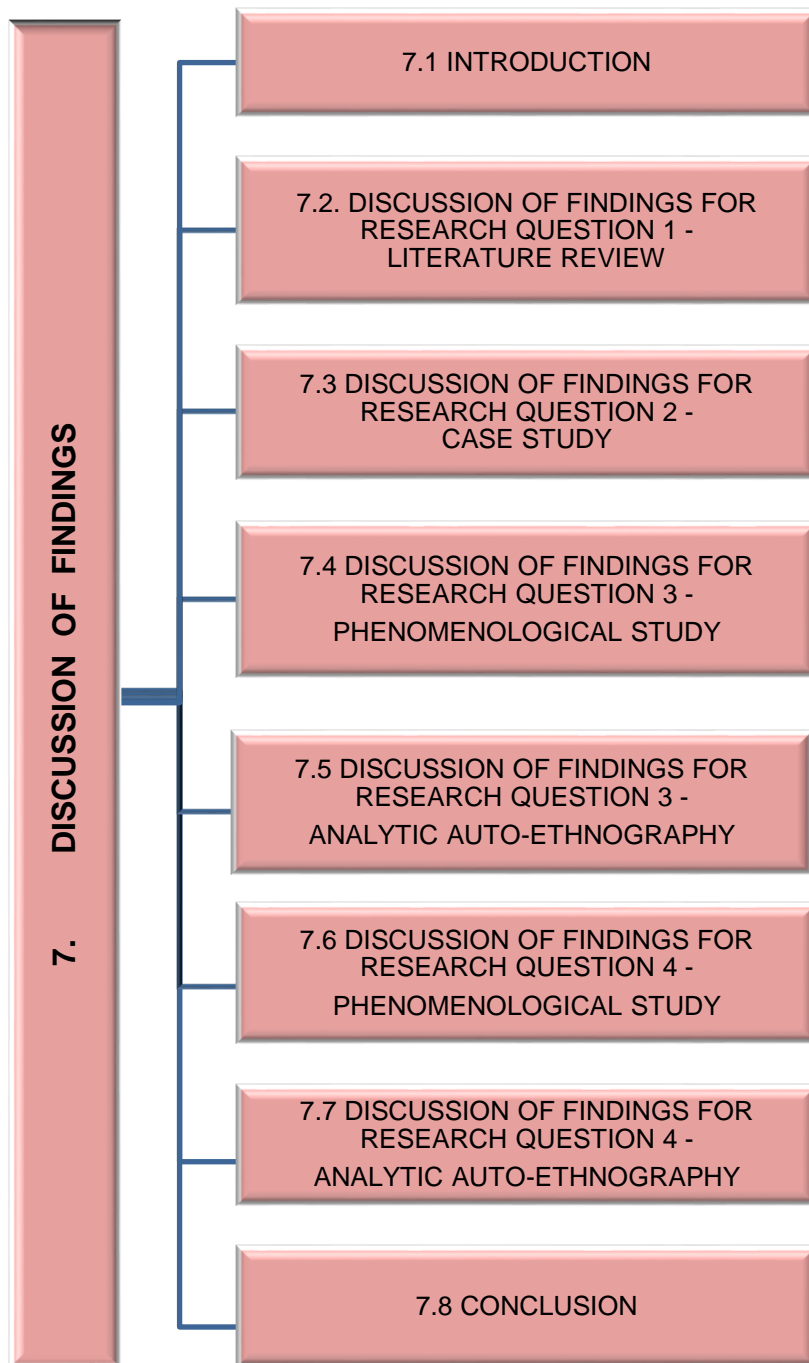
Figure 6.18: Perceived hindrances and drivers of strategy execution using the BSCEP process

The researcher used force-field analysis to present the findings. Force-field analysis (Brager & Holloway, 1992) is a technique used to evaluate forces that could impact on the desired state, which in this case, is strategy execution. The four drivers and seven hindrances perceived by the subjects were used to construct the force-field analysis. The importance of each factor, as indicated by its frequency, is represented by the length of the relevant arrow. Strategy executors need to put more focus on the drivers, and mitigate hindrances at the same time, to achieve good results in strategy execution using the BSCEP.

6.9. CONCLUSION

This research has unveiled seven hindrances and five drivers of strategy execution using the BSCEP process. The biggest hindrance is the BSCEP complexity and the biggest driver is the BSCEP training. The biggest hindrance is congruent with the biggest driver of strategy execution using the BSCEP. This demonstrates the fact that the BSCEP process is not an easy framework to follow when conducting strategy execution. Chapter 7 will discuss the findings outlined in this chapter.

CHAPTER 7: DISCUSSION OF FINDINGS



Source: Own compilation.

Figure 7.1: Outline of Chapter 7

7.1. INTRODUCTION

This chapter aims to discuss the findings of Chapter 6, which presented the results from the qualitative research methods employed. Chapter 7 analyses and interprets these results. This chapter also provides insights into the research questions and evidence that the research questions were answered.

7.2. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 1: LITERATURE REVIEW

How relevant is the standard BSC framework and its attributes to strategy execution using the BSCEP?

The answer to this question assisted in soliciting the relevance of the BSC to strategy execution, not to be seen as a performance management tool only. To answer this question, literature has been reviewed and interrogated in terms of the content analysis of the BSC framework, cause and effect relationship of the BSC perspectives, strategy map, and content analysis of the BSC strategy execution premium.

7.2.1. Content analysis of the BSC framework

The BSC framework comprises BSC framework component BSC perspectives, the strategy map, cause-and-effect logic, aligning and cascading strategy to business and supporting units, assigning measures to strategic objectives, assigning strategic initiatives and strategy communication. Results of each BSC framework component will be discussed.

7.2.1.1. BSC perspectives

The BSC perspectives' relevance to strategy execution is demonstrated in Table 7.1. The four BSC perspectives are: "organisational learning", "internal processes", "customer perspectives" and "financial perspectives".

Table 7.1: BSC perspectives and their relevance to strategy execution: arguing for the use of literature

BSC framework component	Relevance to strategy execution	Literature sources	
<p>BSC perspectives:</p> <p>There are four BSC standard framework perspectives, namely:</p> <ul style="list-style-type: none"> • organisational learning, • internal processes, • customer and • financial perspectives. 	<p>The BSC perspectives are relevant to strategy execution because they give an overall view of the business value chain.</p>	<p>Kaplan & Norton, 1992; Nørreklit, 2000; Bukh & Malmi, 2001; Bourne <i>et al.</i>, 2002; Wongrassamee <i>et al.</i>, 2003; Othman, 2007; Iselin <i>et al.</i>, 2008, Butler <i>et al.</i>, 2011;</p>	<p>Kaplan & Norton, 1996a; Kaplan & Norton, 2001a; Niven, 2002; Kasurinen, 2002; Bourne <i>et al.</i>, 2003; Bourne & Bourne, 2007; Sushil, 2008; Abdullah <i>et al.</i>, 2013.</p>

Source: Own compilation.

The BSC allows managers to look at the business from four perspectives. It provides answers to four basic questions: “**How do we look to shareholders?**”; “**How do customers see us?**”; “**What must we excel at?**”; and “**Can we continue to improve and create value?**” (Kaplan & Norton, 2001b; 1996b). Table 7.2 shows the main objectives of each BSC perspective and the relevant stakeholders they relate to, for strategy execution to be successful.

Table 7.2: BSC: four perspectives and their main objectives

BSC perspective	Main objective	Stakeholder
<ul style="list-style-type: none"> Financial perspective 	Maximise profitability and wealth for shareholders	Shareholder
<ul style="list-style-type: none"> Customer perspective 	Increase market share	Customer
<ul style="list-style-type: none"> Internal process perspective 	Productivity, operational excellence, other stakeholders including shareholders, vendors, dealers, distributors, and communities	Customer and shareholders
<ul style="list-style-type: none"> Learning and growth perspective 	Human resource development, employee well-being and employee engagement	Organisational Employees

Source: Own compilation.

The broader literature reveals that the BSC perspectives are relevant to strategy execution because they include components needed to execute the strategy. However, more perspectives need to be added for a holistic view of the business to be reached (Butler *et al.*, 2011). These include both environmental and sustainability perspectives. Literature suggests that the BSC should consider rapport between organisational and environmental reality – for example, competition and environmental factors (Nørreklit, 2000).

When the BSC is insulated from the dynamism of the external environment, the measures created appear to be out of touch with reality. To avoid the BSC being seen as myopic, targets set must take cognisance of the external environment (Othman, 2007). There must be responsiveness of the BSC to external situations of the business environment (Abdullah *et al.*, 2013). Much as the BSC is deemed to

be balanced, it needs further balancing in terms of: enterprise and customer factors; continuity and change forces; reactive and proactive drivers; internal and external actors; and internal and external processes (Sushil, 2008:1). Environmental and social perspective should be added to the BSC (Iselin *et al.*, 2008:78). Lack of suppliers, regulators, community and environment, as well as competitors in the BSC perspectives, demonstrates one of the shortcomings in terms of external environment (Bourne & Bourne, 2007).

Strategy maps have attracted considerable interest among practitioners and some firms are developing their BSC based on strategy mapping (Bukh & Malmi, 2001; Kasurinen, 2002). Vision and strategy must be actionable, and true drivers for each perspective ought to be identified for the BSC to execute the strategy successfully (Bourne *et al.*, 2002; 2003). A major strength of the BSC is the emphasis that it places on linking the performance measures with the business unit's strategy (Wongrassamee *et al.*, 2003; Niven, 2002).

Amongst the arguments of the authors above, no author has come out in favour of scrapping the BSC perspectives, where instead, they recommend adding other perspectives. This research proposes therefore that the BSC perspectives are relevant to strategy execution.

The cause and effect concept is based on the relationship that appropriately links the four balanced scorecard perspectives. Learning and growth, as well as internal business processes, represent the cause. Customer and financial perspectives represent the effect. In other words, the company will equip its people (learning and growth perspective) to build strategic capabilities (business processes) needed to excite the customer (customer perspective) to drive financial success (financial perspective) (Kaplan & Norton, 1996b; Chavan, 2009). Determining strategic success, the cause and effect hypothesis utilises a bottom-up approach, from the learning and growth perspective to the financial perspective.

Nørreklit (2000) points out that as there is a cause-and-effect relationship between smoking and lung cancer and between chocolate consumption and life expectancy, but there is too a logical relationship between BSC perspectives. In other words,

logical relationships are part of the concepts of a language, but cause-and-effect relationships are part of the structures of the empirical world and can be shown empirically. Logic, on the other hand, cannot be verified, or determined empirically (Nørreklit, 2000).

Nørreklit *et al.* (2008) have argued that cause-and-effect assumption underlying the BSC model is dangerous (Nørreklit *et al.*, 2008). They posit that customer satisfaction is considered a lead indicator for financial success but only on high profitable customers, who are happy and retained. An example of a sales manager who may get desperate in improving customer service measure and may do so in lowering the price, or give higher quality for the same price. The customer may be happy, but the financial indicators will be negatively affected. If cause-and-effect relationships across perspectives are inappropriate, the BSC system is fundamentally damaged and its use for prediction is thus compromised. The BSC system will therefore mislead management (Nørreklit *et al.*, 2008).

Bukh and Malmi (2001) argue that the view on “cause and effect” is mistaken, and given an alternative interpretation, the BSC can be a practical approach. They also question the impression Kaplan and Norton create, which implies that cause and effect would be a proper starting point for strategy scorecards in all circumstances. Malmi (2001) found that although most companies stated that they have derived their measures from strategy, based on cause-and-effect reasoning, they claimed that the link between strategy and measures appeared to be weak in most companies.

Nørreklit (2003) argued that it cannot be proven that improvements in one perspective can lead to improvements in another perspective. Scholars also debate temporality. The BSC does not take into consideration timing difference or time lag between cause and effect, where it appears problematic that temporality is not an explicit part of the BSC in the cause and effect logic (Nørreklit *et al.*, 2008:67). Dror (2008) has argued that the limitations of the balanced scorecard include simultaneous and complex feedback from the financial perspective to the customer, and the processes perspectives and no consideration of the time lag between causes and their effects. The criticism of cause and effect logic revolves around

three principal issues, namely: lack of time lag between proposed change and results realisation; lack of clarity regarding the interrelationship between perspectives; and lack of evidence relating to causality of measures (Perkins *et al.*, 2013).

Yu *et al.* (2008) conducted a study regarding the cause and effect using the organisations who have adopted the BSC. The study showed that most organisations who claim to adopt the BSC do not seem to recognise the importance of incorporating cause and effect in their BSCs. Of the 44 firms in their sample, only 15 (34 %) firms and eight (18 %) firms paid a high level of attention to incorporating strategy and causal links, respectively, when designing their BSCs. It appeared that managers considered the strategy link relatively more than the cause and effect links when developing the BSC and this could be due to managers' limited understanding of the meaning and importance of the cause and effect links (Yu *et al.*, 2008).

The use of the jet plane by the creators of the BSC, (Kaplan & Norton, 1996b:1) as a metaphor to explain the behaviour of the organisations in the cause and effect logic, proves misleading. Organisations are social systems that do not operate like mechanical systems. **Therefore, the cause-and-effect relationships in social systems are more complex, and are often ambiguous** (Othman, 2007). There is little empirical work done on the relationship and causality or cause and effect logic among the balanced scorecard perspectives. Future studies should look at how the cause and effect between BSC perspective could be the effect of facilitating strategic organisational and employee learning (Hoque, 2012:16).

One of the weaknesses of the BSC is that it contains cause and effect logic, which achieves higher currency than empirical evidence in decision-making (Taylor & Baines, 2012). Johnson *et al.* (2014) have also argued that a potential source of evaluator reliance on cause and effect in the BSC use is the absence of a time dimension in the BSC with regards to strategy implementation and results. A critical element of the BSC in guiding strategic improvement is recognition that strategic inputs do not immediately yield strategic outputs: actions take time to yield the planned results (Johnson *et al.*, 2014). Carr and Gratton (2013) have warned of the

signs of BSC failure, and one of these is the difficulty in testing cause and effect linkage. Despite the theoretical potential of the cause and effect aspect of the BSC, there is some recent evidence that such causal relations may not be found in BSCs in practice (Sundin *et al.*, 2010).

However, a study conducted by Perlman (2013) revealed that the cause-and-effect relationship is valid. The author observed that organisational learning perspective substantially improved internal processes in the same year, finding that the organisation's growth, which was manifested in development and production of innovative and technologically-advanced products, was associated with increased sales in the following year; and observing that customer service associated with customer perspective improved profit in the same year (Perlman, 2013). There are also proponents of the BSC who believe in the cause-and-effect relationship (De Geuser *et al.*, 2009; Cokins, 2010).

Based on the arguments and immense criticism of the cause-and-effect hypothesis demonstrated above, it can be concluded from this review that, although the creators of the BSC believe in cause and effect, the literature has levelled serious criticisms against it.

7.2.1.2. Strategy Map

A “strategy map” is a framework that illustrates how strategy links intangible assets to “value-creating” processes. Strategy maps provide a framework to illustrate how strategy links intangible assets to value-creating processes. They describe the journey towards execution. A strategy map is a brief outline that describes the strategy of an organisation. It consists of strategic objectives for each BSC perspective in turn (Kaplan & Norton, 2004b). It describes the process of value creation through a series of cause-and-effect linkages among objectives, in the four balanced scorecard perspectives (Kaplan & Norton, 2008b). Table 7.3 demonstrates literature sources used to argue the relevance of a strategy map to strategy execution.

Table 7.3: Relevance of a strategy map to strategy execution, as argued in the literature

BSC framework component	Relevance to strategy execution	Literature sources	
<p>The strategy map describes how an organisation will create value using the BSC framework's four perspectives</p>	<p>The strategy map is derived from BSC perspectives and gives a one-page view of the company's overall status of strategy execution. Therefore, it is relevant to strategy execution.</p>	<p>Kaplan & Norton, 2004b; Rich, 2007; Punniyamoorthy & Murali, 2008; Umashev & Willett, 2008; Umayal Karpagam & Suganthi, 2012; Taylor & Baines, 2012; Sayed, 2013.</p>	<p>Othman, 2007; Kaplan & Norton, 2008b; Niven, 2008; Wu, 2012; Wu, 2012; Markiewicz, 2013;</p>

Source: Own compilation.

A “strategy map” is a snapshot of the strategy at a particular point in time. It does not articulate a vision of a future state (Othman, 2007:260). Construction of a strategy map covers a selection of perspectives and definition of goals within each of these. When creating a strategy map, the following process is advisable: determination of perspective; defining goals for selected perspectives; configuration of strategy map concept; and defining measures for selected perspectives (Markiewicz, 2013:162).

A strategy map presents the way in which the strategy connects resources of an organisation with existing internal processes. Goals presented in particular perspectives are combined by means of cause-and-effect relationships. It is thus an extremely useful instrument in terms of increasing the possibility of effective strategy implementation. Strategy maps are very important and the use thereof should not merely be fashionable, but rather one of the core implementation concepts of the prepared strategy (Markiewicz, 2013; Rich, 2007; Punniyamoorthy & Murali, 2008; Niven, 2008).

The adoption of more inclusive and relevant perspectives like social impact perspective is crucial, instead of traditional perspectives of the BSC. To increase transparency, each goal may have two or three sentence descriptions (characteristics) for an explanation of what exactly is understood by each purpose, and it must also depict the importance of each goal in the future of an organisation (Markiewicz, 2013).

Strategy maps need not be restricted to the four BSC perspectives, where each company can tailor the basic structure to fit its organisational needs (Wu, 2012:308). The researcher supports the thinking around determination of the perspectives as the first step in the compilation of a strategy map. Other perspectives must be added to give the holistic view of the business. This will give a more inclusive BSC framework, as needed by businesses today.

The success of BSC implementation for business organisations generated a lot of interest by non-profit making organisations. Academic institutions were part of this

new group. The word “customer” was replaced with “student” (Umayal Karpagam & Suganthi, 2012:9). They have suggested the following perspectives for universities: financial; customer (student); internal processes; and innovation and learning.

Future studies can look at academic institutions and create maps for specific ‘strategic groups’. Such maps can act as dashboards for an academic institution. In order to do this, further research has to be carried out, first in terms of identifying measures, and then in following it up with creating generic maps, thereafter narrowing them down into different groups of institutions (Umayal Karpagam & Suganthi, 2012; Taylor & Baines, 2012).

It is then easier for the academic institution to accomplish its strategic goals. Each academic institution needs to brainstorm its framework and which measures will best suit it. Academic institutions have discovered that the classic BSC approach and, for that matter, a modified approach suited for non-profit organisations, had to be further modified to suit their unique circumstances. As universities struggle to adapt the BSC approach to fit their needs, questions have been raised as to whether the BSC is an appropriate strategic management tool for universities (Sayed, 2013).

Institutions like universities which are ‘organised anarchies’, show certain challenges, and are ultimately the least qualified candidates for the applicability of the BSC. The challenges were shown to stem from those academics that have strong resistance and scepticism about the possibility of introducing quantitative measures into the process of evaluating how well universities perform (O’Neil *et al.*, 1999).

The literature review has revealed that the strategy map concept is not heavily criticised. If the four perspectives enjoy high status in terms of strategy execution, then it can be inferred that the strategy maps are relevant to strategy execution. However, a literature review has suggested certain improvements or enhancements in strategy maps.

7.2.1.3. Aligning and cascading strategy to business and supporting units

Strategy execution commences with cascading the organisational strategy to business units for execution. There is not much literature on this BSC framework component as reflected in Table 7.4.

Although to have a good business strategy is critically important, it is safe to say that with strategy implementation failure rates of 70 % to 90 %, the execution of strategy is even more critically important (Werner & Xu, 2012:89). Corporate strategic objectives are cascaded to the business units. This is done by cascading identical corporate objectives, formulating contributory strategic objectives or formulating new strategic objectives in the business units (Kaplan & Norton, 2008b; Shutibinyo, 2013).

7.2.1.4. Assigning measures to strategic objectives

This research contends that this is the most important step in the BSC strategy execution. Therefore the relationship status to strategy execution is high as demonstrated in Table 7.5.

The objective of any measurement system is to motivate managers and employees to implement their strategies successfully. Companies that translate their strategic objectives to measurements are far better able to execute their strategies. The creators of the BSC conceded that they are not to be taken as experts in what to measure and how to measure (De Waal, 2003:33). There is a difference between operational and strategic measures in the sense that strategic measures do not change on a monthly basis like operational measures do (Kaplan & Norton, 2008b).

Table 7.4: Aligning and cascading strategy: testing relevance to strategy execution using literature

BSC framework component	Relevance to strategy execution	Literature sources
Aligning and cascading strategy to business and support units	Business and support units are represented in the four perspectives of the BSC namely, financial, internal processes, customer and organisational learning. Therefore, this component of the BSC is relevant to strategy execution.	Kaplan & Norton, 2008b; Shutibinyo, 2013. Werner & Xu, 2012;

Source: Own compilation.

Table 7.5: Assigning measures to strategic objectives: testing relevance to strategy execution using literature

BSC framework component	Relevance to strategy execution	Literature sources
Assigning measures to strategic objectives	The BSC framework was first created for performance measurement and in the BSCEP; measures are for strategy monitoring, which is Stage 6 of the BSCEP. This component is relevant to strategy execution	Kaplan & Norton, 1996b; De Waal, 2003; Wongrassamee <i>et al.</i> , 2003; Molleman, 2007; Kaplan & Norton, 2008b; Niven, 2002, 2006, 2008; Joseph, 2008; Upton, 2012; Bourne <i>et al.</i> , 2002; Olve <i>et al.</i> , 2003; Pandey, 2005; Smith, 2007; Paladino & Williams, 2008; Nørreklit <i>et al.</i> , 2008; Bigliardi & Dormio, 2010; Wu, 2012.

Source: Own compilation.

Measures should be precise and consistent for achieving the desired objective (Bourne *et al.*, 2002). They should be based on objective facts and information, and they should be verifiable and accessible to all interested persons in the organisation (Upton, 2012; Joseph, 2008). They should be simple to grasp and should be actionable. They should, furthermore, be amenable to review and further improvement. Measures should not be easily manipulated, because that defeats the purpose of strategy execution (Pandey, 2005:64).

Metrics selection is a vast topic. Even companies that make smart metrics decisions tend to underestimate the challenges inherent in defining, accessing, collecting, and integrating the data. When selecting measures, manual approaches could be error-prone and too labour intensive. In many cases implementing a business intelligence solution is more cost effective than manual labour (Paladino & Williams, 2008:17).

Measures communicate value creation in ways that even the most charismatic CEO's speeches never can (Niven, 2002). The challenge with BSC measures is that one cannot make a quantitative link between non-financial leading indicators and expected financial results (Molleman, 2007). Deciding on the metrics to use is often experienced as one of the most difficult parts of the scorecard (Bigliardi & Dormio, 2010). The common danger is the "KPI syndrome", where metrics become an empty ritual (Olve *et al.*, 2003). Measures will change over time. Many organisations will adjust measure descriptions, methods of calculation and frequency of collection as the management system advances in maturity (Niven, 2002; 2006; 2008).

When multiple measures are used for performance measurement, trade-offs and clashes cannot be avoided. As a result, managers and employees need to know the relative importance of the different measures to function confidently. The BSC is silent on the balance of significance across the measurements it incorporates, and this may be confusing to the users and the system may lead to frustrations. Instead of motivating good performance, it might lead to disillusionment among staff (Nørreklit *et al.*, 2008).

Measures should be tailor-made to meet organisations' overall goals, as well as the objectives of each individual unit (Wongrassamee *et al.*, 2003). Measures of the BSC perspectives may not be mutually exclusive, where a degree of interdependence among measures exists (Wu, 2012).

The BSC does not replace all other measurement systems. Measuring something in the BSC does not mean it can't be measured in other places. BSC measures are not set in stone: people get smarter and change, conditions change. Measures outlive their usefulness. Each perspective does not need to have the same number of measures (Smith 2007:169).

7.2.1.5. Allocating strategic initiatives

A strategic initiative is considered to be a project designed to fulfil the strategic objectives. A good strategic initiative will have accountability at the leadership level, a clearly defined start, finish dates and deliverables, a budget and committed resource allocation (Kaplan & Norton, 2008b). Kaplan and Norton (2008) and Niven (2008) have been used as literature sources to argue this phenomenon as reflected in Table 7.6.

The last piece in the puzzle of using the balanced scorecard as a strategy management system is the development and prioritisation of initiatives. This will help to achieve the strategic objectives. Initiatives are the specific programmes, activities, projects, or actions needed to achieve the set objectives. Strategic initiatives must be well-prioritised (Niven, 2008).

7.2.1.6. Strategy communication

The BSC should be communicated to all levels to ensure good understanding of its intentions and benefits (Niven, 2006b; Othman *et al.*, 2006). Literature sources regard this BSC framework as important and it is reflected in Table 7.7.

Table 7.6: Assigning strategic initiatives to strategic objectives: testing relevance to strategy execution using literature

BSC framework component	Relevance to strategy execution	Literature sources	
Assigning strategic initiatives	Projects will ensure that the strategy is executed, therefore they are relevant to strategy execution	Kaplan & Norton, 2008b;	Niven, 2008.

Source: Own compilation.

Table 7.7: Strategy communication: testing relevance to strategy execution using literature

BSC framework component	Relevance to strategy execution	Literature sources	
Strategy communication	Employees will execute the strategy if it is known to them through communication	Pandey, 2005; Othman <i>et al.</i> , 2006; De Geuser <i>et al.</i> , 2009; Kim & Rhee, 2012;	Niven, 2006b; Hannabarger <i>et al.</i> , 2007; Basu, <i>et al.</i> , 2009; Upton, 2012.

Source: Own compilation.

The BSC should serve as a communication tool to communicate strategy and its components to all levels of the organisation. It provides a common language, which encourages the common understanding of the BSC. However, this does not happen automatically. An organisation should also develop an effective organisational communication system to make all employees understand the common language of the BSC (Pandey, 2005:64).

If the BSC is well-communicated to all stakeholders, it becomes easy for people to buy into the process. BSC communication is crucial, because everyone should understand his or her role, and how it is impacted by strategy. The personalised four-leg approach should be communicated to everyone. Feedback and feed-forward loop in communicating is crucial, especially regarding trends to be able to adjust actions proactively (Hannabarger *et al.*, 2007:327). Communication should be centralised so that one message is published. The message must be discussed at leadership level and conveyed to all employees. Making use of communication professionals has proved to be effective in this regard (Hannabarger *et al.*, 2007:337). Integrated communication campaigns help the employees to understand the BSC and their role in strategy execution (Basu *et al.*, 2009).

The BSC enables employees to understand strategy, and link strategic objectives to their day-to-day operations. Therefore, it is crucial that employees should have full access to the corporate BSC for them to realise what strategic tasks to be performed (Pandey, 2005:65). The BSC should be tied to communication, action plans and incentives (De Geuser *et al.*, 2009; Upton, 2012). Kim and Rhee (2012) argue that one of the critical success factors of the BSC implementation is good communication across all levels in the organisation.

7.2.2. Conclusion

The BSC has neglected the external environment, and yet all businesses are shaped by both external and internal environments. It is difficult to link the external environment to shareholders' value in terms of measures. This is problematic in the

sense that some organisations operate in an environment that is sometimes dictated by the external environment.

Measures are a challenge and there is no guideline in terms of choosing what measures to use for strategic objectives. This is the most important area for strategy monitoring and the creators of the BSC concede they have limited knowledge of this area. The relationship between non-financial measures and financial measures is sometimes not clear: sometimes non-financial measures can be good, but financial measures can be less so. The research recommends further research in this area.

It ought to be noted that the BSC can never be ignored in the absence of an effective strategy execution tool to challenge it. Although some studies point out the limitations of the BSC concept, others have revealed its usefulness. Reviewing the significant number of adoptions of the BSC in organisations worldwide, it appears that the BSC concept has been a triumphant and winning system since its introduction (Hoque, 2012).

It must be understood that the BSC cannot be thought of as a miracle tool that will somehow improve the performance of a struggling firm (Perkins *et al.*, 2013). The BSC management system represents a disciplined approach for managing strategy execution, and has proven to be a robust and innovative framework that has continued to develop in many directions and applications. The development of the new body of knowledge in strategy management that Kaplan and Norton have led has elevated what can be taken for value in organisations (Frigo, 2012).

The rise of the BSC in the 21st century is revealed in its overwhelming popularity among academics, practitioners and consultants across the globe. While the BSC was originally designed for multidimensional performance measurement, the concept has now evolved into an organising framework for a strategic management system (Hoque, 2012:21).

7.3. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 2: CASE STUDY

What are the material BSCEP implementation barriers to be considered when implementing the BSCEP? This takes cognisance of the fact that the BSCEP can fail at the implementation stage.

The BSCEP, like the standard BSC framework, experienced implementation barriers. Such barriers as reflected in Table 6.2 are analysed and they have been found to be organisational in nature, through empirical evidence. They will have a negative impact on strategy execution using the BSCEP.

7.3.1. Lack of understanding of the BSCEP principles

Eleven participants indicated that the BSCEP concept is too academic in nature and is only understood by those possessing a certain level of education. Others acknowledged that with good training, the BSCEP is not particularly difficult to understand. However, all of them asserted that it was not easy to understand. The fact that it was created by well-known academics was an intimidating factor to them. The subjects suggested the BSCEP should be further refined, and made simpler.

The BSCEP was perceived as too theoretical and as a result, difficult to implement, although this can be mitigated by good training and workshops. Some practitioners in the case company attended a BSCEP boot camp offered by an international consulting firm, founded and endorsed by Kaplan and Norton, the creators of the BSC. The workshop offered a five-day detailed BSCEP facilitation. Those practitioners who did not attend the BSCEP boot camp struggled to understand the process, while those practitioners who attended the boot camp became the champions in their respective business units. Training on BSCEP must, therefore, be available through intranet, manuals and seminars to enhance successful implementation (Kaplan & Norton, 2008b).

Some subjects in this study were concerned with the fact that the standard BSC has always been known as a performance management tool, and wondered what was

new about BSCEP implementation, because the BSC framework was already used in the company as a performance management tool. They did not understand the difference between the BSCEP as a strategy execution process and the standard BSC framework, which is utilised by the BSCEP to execute the strategy. “This is a bit of an exaggeration!” commented one of the subjects. It was still early at the implementation stage, and some of them underestimated the BSCEP process, especially those that did not attend the BSCEP boot camp. One of the subjects had this to say: “the BSC appears to be impractical, maybe my statement is a bit premature but, it does not really encapsulate my world!” [sic].

Translating the BSCEP into practical terms was regarded as difficult because of the perceived theoretical nature of the process, some referring to it as the process as “professor speak”. When the BSCEP was introduced, the employees at the case company were informed about the stages of the BSCEP and the sign-off after each stage. The process was perceived as a formality in this sense, as it was still in the early stages of implementation subjects were prepared to give it a chance. The level of BSCEP understanding was perceived as very low among junior staff members by certain subjects. Some subjects mentioned that even some executives did not demonstrate a satisfactory level of understanding of the process:

It, therefore, appears that the BSCEP contributed to confusion instead of assisting implementation due to lack of understanding of the BSCEP principles.

7.3.2. Insufficient stakeholder buy-in into the BSCEP process

Ten subjects mentioned buy-in into the process as crucial for implementation. They indicated that buy-in does not necessarily refer to buy-in by the executives only; it also refers to all stakeholders who use the BSCEP. The implementation of the BSCEP was top-down in the case organisation: the opinions of the lower-level staff were not invited and yet they were expected to adopt the BSCEP relentlessly.

The mistake of implementing the BSCEP according to a top-down approach will lead to a lack of commitment from the rest of the firm other than the project team and top management, and therefore it will be poorly understood. According to Othman *et al.* (2006), involving front-line employees when implementing any framework is important because they have the most telling and timely input. They understand the customers well and such human judgement can never be replaced by an IT system. Initiatives like the ones involving the BSC that do not fully engage employees may actually be counterproductive to the intended aims of the firm (Chen & Jones, 2009).

As much as the subjects felt strongly that everyone should buy into the BSCEP implementation, they were also wary of naysayers, that is, people who were against the implementation of the BSCEP. Nair (2009) argues that naysayers can destroy the momentum of the BSC intervention very easily. He suggests that the naysayers must either be excluded, or exposed. In this case, the organisation's naysayers were easy to identify, because they did not give support to the BSCEP implementation process.

Some supporting units were the last to be consulted regarding the BSCEP. Subjects indicated that such units found it difficult to support the intervention because they perceived this as being undermined. Although it was still at the initiation phase, it was easy to determine who was buying in, or not. This required a robust communication plan to be persuasive. At lower levels of management, the resistance was due to ignorance regarding the process. The fact that it was a top-down approach was not well accepted by lower levels of management. Higher levels of management underestimated the process because they never linked the standard BSC to strategy execution.

Subjects strongly felt that the BSCEP is a new concept, and the fact that there is not much knowledge about it adds to a lack of familiarity with the process. There was also a concern that the BSCEP was a waste of money, because it was an expensive intervention. Insufficient stakeholder buy-in was also influenced by a change management process that was perceived by subjects to be inadequate. Change management was done by the OSM and not the Change Management

Department. The OSM was perceived as not having enough skills to run change management processes for a large-scale intervention like the BSCEP:

Insufficient stakeholder buy-in to the BSCEP slowed down the BSCEP implementation process. If everyone bought into the process at the same time, the BSCEP implementation would have been quicker.

7.3.3. Organisational culture non-receptive to change

The participants raised the concern that the culture in the case study organisation was not receptive to new innovative ideas and processes. It is difficult to implement the BSCEP in such a culture. The organisation has grown experience over 150 years, and some executives were of the opinion that they did not need new frameworks. “This is a dangerous position in terms of embracing global change”, said one of the subjects. Strategy execution has been a challenge in the case company for many years. Based on this, some subjects argued that new ways of dealing with strategy execution ought to be explored. For this to happen, an organisational culture receptive to change is crucial. The subjects pointed out that the organisation is too slow, and less agile in the face of change.

The case company is also not a strategy-focused organisation. The BSC framework has been in the organisation for many years, used for performance management and not strategy execution. One of the reasons why the BSCEP was introduced was to build a culture that is strategy-focused and to enhance strategy execution in the organisation. Some employees expressed their frustrations about the case company being conservative and less agile. Some people had been with the financial institution for more than 30 years. Convincing such people to change is difficult, especially because the organisation has been accruing profits, regardless of the BSCEP.

Applying the BSCEP requires a new business culture at all levels of organisation. This entails people developing new attitudes and behaviours. The BSCEP is a cultural change initiative (Kaplan & Norton, 2008b). Subjects alluded to the fact that

employees who were with the case company for many years perceived this as waste of money, and not as an opportunity for cultural change. The successful use of BSCEP assists in the creation of a culture of improved understanding of strategy formulation, execution, monitoring and adaptation (Kaplan & Norton, 2008b).

The researcher's thematic analysis takes cognisance of the fact that the case company used a European consulting firm, which has a different culture in the way they do business. The external consultants also raised a concern regarding the sluggishness of the BSCEP implementation in the case company when compared with other companies they had worked for in Europe:

The BSCEP process is an innovative intervention and therefore culture is important for the process to be successful. The culture in the case company was not receptive to transformational and innovative interventions like the BSCEP process.

7.3.4. Other existing tools in the organisation

There was an existing strategy execution tool in the organisation when the BSCEP was implemented. The BSCEP instilled more discipline with each stage signed off by the responsible executives than the existing tool. The external consultants did not understand the existing tool well enough to explain the difference to employees. They were perceived as not interested in the existing tool and were perceived as arrogant. The subjects maintained that the consultants should have provided good reasons why the existing tool was not welcome, and wanted to see the results of the existing tool first before they moved to the BSCEP. There were suggestions to do a parallel run to manage transition. There was no time to do that, because that would have meant that the external consultants ought first to learn the existing tool, and then to explain the difference to employees. This is not ordinarily the role of external consultants when they arrive at organisations to implement frameworks or processes.

The concern was the money spent on the existing tool, which did not yield any return on investment. The threat or risk of BSCEP failing was perceived as serious in the light of the existing tool, which also failed. There was money spent on the existing tool and the BSCEP was by far more expensive than the existing tool. Although it was too early for the subjects to draw conclusions, the Human Resources Department had always complained about the standard BSC used in the company, which does not align with its performance management systems. Introducing the BSCEP without solving the problem first was adding another problem, because the BSCEP uses the standard BSC to monitor the organisational strategy. The problem of aligning the two systems had not been solved, and yet the organisation was now introducing the BSCEP.

The Finance Department also pointed out the proposed use of Executive Strategy Manager System, which was recommended by BSCEP consultants to monitor the strategy as an overlap to already existing Finance systems. It was perceived as a duplication of systems. Since it was early on in the process, the subjects acknowledged that they might have been pre-emptive in their judgements. However, their concern remained in place:

Change management is crucial if stakeholders have to abandon one tool to adopt another. Change was not well managed in the case company and that's why certain stakeholders held on to the existing tool.

7.3.5. Perceived lack of support from the CEO and leadership

The OSM and the external consulting firm were tasked with the BSC initiation stage of implementation. One of the subjects, who happened to be an executive in the Office of Strategic Management, described the lack of support from the CEO as disappointing, and it was also noted by other subjects. The CEO sold the concept well at the executive level before implementation but fell short in giving support during implementation.

However, some subjects did not see this barrier as more important than other barriers, maintaining that, due to the nature of the dynamics in the organisation, the Office of Strategic Management would feel the lack of CEO support more than the lower levels of staff would. In the case company, the CEO was perceived as not visible enough by the non-executive staff members, and his absence was expected anyway.

One of the subjects shared expectations of leadership support, emphasising that “the executives should learn how to walk the talk, for the BSCEP to be successful in this organisation!” Leadership that is exemplary to staff members is of course a good driving factor. Other subjects expressed their disappointment with certain executives who did not follow the principles they espoused, where interventions like the BSCEP required a change management component, well supported by leadership. Subjects mentioned that the BSCEP has the ability to transform the organisation and that, therefore, strong leadership support is the answer to successful BSCEP implementation:

Lack of leadership support contributed to challenges encountered during the BSCEP implementation. This research contends that if leadership was in the forefront during the BSCEP process implementation, junior employees would have been more motivated and embraced the BSCEP as their own.

7.3.6. Poor communication with all stakeholders

Niven (2006b) explains that a communication plan will enhance the likelihood of employees adopting the BSC, which will make it easier for it to become a tool for making real business decisions. The communication plan in the case study company was perceived to be inadequate. Communication ought to have been facilitated by the Change Management Department, but the OSM had its own communication plan. This was unusual in the organisation, as the Change Management Department was not tasked with that job.

Different business and supporting units experienced communication differently. Some were happy about communication, while others were disgruntled that communication was inadequate. The case company used the intranet website to communicate BSCEP. There were complaints that, half the time, it was dysfunctional. As part of communication regarding BSCEP implementation, the case company devised a short online course about the BSCEP. The BSCEP course was thereafter followed by an examination, where the pass mark was 80 % and above. Unfortunately, not everyone wrote the examination, due to poor communication over the fact that it was being held, which meant that it was not possible to measure the degree to which they had internalised the material presented:

The case company missed the opportunity of quick and effective communication by not ensuring that everyone writes and passes the BSCEP online module. It was an effective way of getting the organisation to speak one language.

7.3.7. External consultants-client gap

The fact that the BSC was implemented by consultants bothered certain subjects. The consulting firm is from Europe and there was a perceived cultural distance in terms of the manner in which they related to staff members. Some subjects felt that there was arrogance on the part of consultants and a lack of cultural fit within the organisation. Some practitioners were intimidated by the consultants, because they were from the Kaplan and Norton stable, the creators of the BSCEP. They indicated that they did not want to make fools of themselves by providing a critique of what they were imparting, because they were dealing with perceived experts. A certain level of perfection was anticipated by the consulting firm, which was somewhat overwhelming for certain strategy practitioners and employees. Some subjects were concerned that the South African market was different from the market to which they were accustomed. Therefore, there was a perceived lack of understanding of the South African market by the consultants. In contrast, the external consultants were

confident of the BSCEP, due to success they had witnessed in other countries. It was thus a challenge to match the two expectations.

Niven (2002:323) has cited certain issues when using consulting firms to develop a BSC for a company, namely BSC experience, cultural fit, inadequate knowledge transfer, and the compatibility of the range of skills of the consultants with those of employees of the company. Relying only on consultants may lead to the development of a BSC that will seldom be applied in practice and will scarcely bring about the wanted results (Olve *et al.*, 2003).

The case company had used external consultants before, but mainly for strategy formulation, where strategy execution would be left with employees to perform. The organisation had never hired external consultants to conduct strategy execution, and it was happening for the first time. This caused discomfort and confusion from the employees' point of view:

Bringing external consultants especially from Europe for strategy execution was viewed by some stakeholders as invasive. Internal staff members were concerned that external consultants did not understand the case company's business and the South African market.

7.3.8. Conclusion

Speaking of the standard BSC, Molleman (2007) has argued that nowhere in their books and articles do Kaplan and Norton suggest the conditions conducive to a successful implementation of the BSC. The way they describe organisations that applied the BSC in numerous examples suggests that this method is universally applicable (Molleman, 2007). This study has revealed that even with the BSCEP, is not universally applicable.

No two BSC implementations are completely alike. Organisations that decide to implement the BSC should do so in a way that fits the individual culture, current management processes and the readiness for such a major change initiative at the

given organisation (Niven, 2006b). The same applies to the BSCEP. The researcher will recommend that there must be a pre-implementation 'health check' before the BSCEP is implemented. If the organisation is not ready, mitigation interventions must be implemented first.

A lack of BSCEP understanding had a negative impact in the initial stages of the BSCEP implementation in the case company, resulting in the company not gaining maximum benefits. Theoretical learning in the form of online intranet courses is recommended. BSCEP training should be done by everyone, and should be made compulsory before the BSCEP is implemented.

Senior leadership, led by the CEO, should be at the forefront during the BSCEP initiation stage. This will motivate other stakeholders and encourage buy-in. Those who are naysayers must be identified and lobbied first, so as to become opinion leaders. The BSCEP plan should be led by the CEO to underline the seriousness of the initiative and the importance of its implementation. Communication must go hand-in-hand with a well-defined plan that defines all responsibilities, assesses the availability of resources, and sets the deadline for every stage of the BSCEP. When using the BSC or any other business model, organisations must be prepared for some difficult learning curves, substantial culture change, and a lot of hard work, especially for those who champion such a change (Chavan, 2009).

7.4. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 3 – PHENOMENOLOGICAL STUDY

What are the drivers of strategy execution when using the BSCEP as an execution tool?

The research outcomes applicable to this question are demonstrated in Table 6.10. The question sought to understand the key driving forces for effective strategy execution using the BSCEP as a strategy execution tool. Five forces were unveiled as key drivers and they will be discussed in detail in this section.

7.4.1. BSCEP training

Compiling a business unit strategy map entails first assigning strategic objectives to the business or supporting unit. Then, the strategic objectives are plugged into a strategy map. This might sound easy, but the study unveiled that it was not that easy. Employees who underwent BSCEP training performed better than those who did not. Strategic objectives were well-cascaded by trained employees. The concept of a strategy map was new in the organisation; because compiling business units' strategy maps is generally a difficult exercise; the consulting firm (the experts) compiled the parent strategy map for the organisation. This was done mainly with the executives and was well received by them. At a business unit level, trained employees became facilitators of the BSCEP in the workshops, training other employees to compile strategy maps.

The study also unveiled that the BSCEP training as a driver appeared in almost all the stages of the BSCEP. This driver is a key driver for the BSCEP to be successful. Training needs were identified, and all stakeholders were required to undergo BSCEP training within the company. The researched company implemented an intranet online BSCEP course, for which the pass mark was 80 %. For those that passed the course, it was a major breakthrough in terms of BSCEP understanding. Some employees did not have the opportunity of doing the course, and hence, the BSCEP training has been revealed as a major driver. Through training, the stakeholders were able to overcome their fear of the perceived complexity of the BSCEP.

Translating strategy using the strategy map was perceived as difficult by the subjects. The strategy map also involved assigning strategic objectives, which was also perceived as a complex task. However, employees that attended the BSCEP training were in a much better position to perform it than those that did not attend the boot camp. Although workshops were conducted to make training available to everyone, more training was needed. This marked the first inception of the BSCEP training or boot camp in South Africa since the BSCEP was unveiled by Kaplan and Norton, the creators of the BSC. The next training was expected to take place in Botswana the following year.

The BSCEP has its own “jargon”, which was perceived by the subjects as difficult to comprehend by an ordinary person who is not in strategy, or does not possess a strategy qualification. Being a cultural change catalyst, the BSCEP assumes that everyone in the organisation is strategy-focused, which is not the case in some organisations. If well-understood, the BSCEP instils a culture of speaking a universal language of strategy execution, which is needed by many organisations across the globe. However, BSCEP training plays a vital role in achieving that. Some of the subjects even suggested using everyday English instead of using the BSCEP jargon, to make it easier to understand.

Some executives underestimated the complexity of the BSCEP and a need to invest in BSCEP training in the researched company. The assigning of measures to the strategic objectives featured as the most complex exercise. Subjects challenged the view that each business unit must come up with measures for their strategic objectives. They were of the view that it was the Finance Department’s job, because not everyone in the organisation understands financial data. They posited that no one can understand assigning of measures to strategic objectives without undergoing BSCEP training.

Kaplan and Norton have conceded that as much as they know what to measure, they are not experts when it comes to how to measure. Those subjects that attended the BSCEP boot camp, including the researcher, assert that assigning of measures is the most difficult and yet the most important stage in the strategy execution process. Strategy review and strategy monitoring is dependent on this stage, and if it is not properly done, it will impact negatively on the strategy monitoring stage.

The BSCEP training driver also featured in the assigning of initiatives to strategic objectives. In the researched company, many initiatives were not linked to strategic objectives. As a result, the assigning of existing strategic initiatives to strategic objectives was a cumbersome exercise. The researched company did not have a culture of linking strategic initiatives to strategic objectives.

The monitoring and learning stage of the BSCEP may not be too complex, but the culture of strategy review meetings in the researched company had a low maturity

state. Many meetings that were deemed strategic were actually operational in nature. The BSCEP states clearly that operational issues should not be discussed in strategy review meetings. Subjects pointed out that BSCEP training on strategy review meetings was needed.

Another area where the BSCEP training is needed to drive strategy execution is the cascading of strategy into employees' contracts using the key performance indicators. It was difficult for some managers to help their subordinates in distinguishing the operational from strategic key performance indicators.

7.4.2. Good project management skills

The BSCEP process needs to be managed like a project or an initiative. The manner in which it was presented to the researched company revealed a need for good management skills. Every stage of the BSCEP framework had to be signed off by the responsible executives of the business units and the OSM had to ensure compliance.

This driver featured prominently in the assigning of initiatives to strategic objectives stage. This is the strategy execution stage of the BSCEP. Good project management skills help in assessing the feasibility of an initiative or a project in delivering the required or expected results. This stage is about assigning projects that will yield results in terms of benefits tracking and without good management skills, this stage is negatively impacted. The clean-up of strategic initiatives not linked to strategic objectives depended heavily on project management skills. Some business units assigned that duty to their project managers.

Strategic initiatives, of which the BSC is one, require good project management skills from the start (Platts, 1994). Good project management skills also incorporate good reporting on the status of the project. Good reporting will enhance good management and decision-making. Departments that had good project managers delivered superior results in terms of timelines. Such skills play a pivotal role in the BSCEP intervention. In the strategy monitoring stage of the BSCEP, good management skills also featured. Strategy review meetings involved producing a

report of portfolio performance status of each strategic initiative in terms of scope, budget and benefits tracking. This is over and above the measures used to track the strategy. The business units with good project managers did well in the strategy monitoring stage, using portfolio performance status reports. The opposite was true with business units that did not have good project managers.

Understanding the difference between a strategic initiative or project and a business as usual project was a challenge. This also required project management skills.

7.4.3. Strategy available to everyone

This driver featured in two stages of the BSCEP: namely, translation of strategy using the strategy map and aligning the organisation by cascading the strategy into business units. Strategy should be available to all levels in the organisation. If the strategy is not well-communicated and well-understood by lower levels, then there is no strategy (Bourne & Bourne, 2007). The BSCEP instils discipline in terms of making strategy everyone's job, where strategy cannot be executed if it cannot be understood, cannot be understood if it cannot be described, and cannot be described if it is not known (Kaplan & Norton, 2008b). Employees who knew the organisational strategy did not find it difficult to align their strategic objectives with it, and therefore, cascading strategic objectives to their business units went well in those business units.

The reverse was true with employees who did not know the organisational strategy. They felt left out and even commented on the fact that they thought the strategy was for executives only. Therefore, it became impossible to cascade a strategy that was not in existence. Those employees performed poorly in their strategy maps in the sense that there was no alignment with the parent strategy. Communication is an important driver to make strategy available to all, and if strategy communication is not well-managed, it might result in resistance on the part of the employees. Communication is crucial because everyone should understand his or her role, and how it is impacted by strategy (Hannabarger *et al.*, 2007). Individual participation in

the form of workshop management-style meetings is recommended in BSC interventions, and all levels of management should be involved (Platts, 1994).

Transparent and timeous availability of corporate strategy is crucial for the organisational alignment stage to be successful, as mentioned by 11 out of 12 subjects.

Strategy communication should not be limited to compiling a strategy map. The status of strategy execution should be discussed at all levels of the organisation to make strategy everyone's job. The researched company had a strategy forum, which was largely representative of all the business units. The representatives were tasked with giving a strategy execution status report to everyone in their respective business units. This was done after the quarterly strategy review meetings.

7.4.4. Aligning employee performance management systems and processes with strategy execution

Nair (2009) contends that one of the nine “deadly sins” of the BSC is forgetting the strategic objectives at a personal level. However, the systems and processes of performance management should enhance the strategy execution stage. Human Resources processes were aligned with BSCEP processes, but performance management systems were not aligned with the BSC for strategy performance management.

All executives were owners of their respective strategic objectives, which were cascaded to their personal contracts. That was not the case with some employees at the lower levels of the organisation. Two business units that cascaded their strategic objectives to all the employees were the top achievers in the results achieved by strategy execution. All employees in those business units knew how they fitted into the strategy of the organisation. However, the incompatibility of the systems was mitigated by using excel spread sheets in those business units.

The most successful BSCEP implementations have occurred when organisations have cascaded the company's strategic objectives to the employees' personal

scorecards. Development of employees' competencies to execute the strategy is also important (Kaplan & Norton, 2008b:149).

7.4.5. Stakeholder buy-in

This driver appeared twice, namely, in the translation of strategy using strategy maps and aligning of the organisation through strategy cascading to business units. The strategy map belongs to the business unit, and it must resonate well with all stakeholders involved. Buy-in becomes crucial for strategy execution to be successful.

7.5. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 3 – ANALYTICAL AUTO-ETHNOGRAPHY

7.5.1. Strategy communication to all employees

The researcher communicated the strategy through workshops, and those employees who received the researcher's strategy communication gave good feedback. "Now we can internalise the strategy to our own roles", said one of the employees after such a workshop.

It proved to be a step in the right direction. As for the standard BSC framework implementation, for the BSCEP implementation to be successful, communication is crucial (Hannabarger *et al.*, 2007:344). A communication plan must be developed so as to enhance the likelihood of employees adopting the tool (Niven, 2006b).

Intensive communication is needed so as to ensure that all users and potential users of the BSCEP understand any new requirements placed on them. If employees understand the requirements and perceive the benefits, they will be more likely to cooperate, rather than merely cope (Chen & Jones, 2009).

7.5.2. BSCEP training


Like the standard BSC framework, Niven's (2002) observation that in their haste to build scorecards, many organisations sacrifice the effort of providing good, detailed and meaningful training to those who are expected to use the BSC system. The researcher shares the same sentiments regarding the BSCEP.

Training on BSCEP must be available on the intranet, through manuals and seminars to be easily understood, and to enhance successful implementation (Kaplan & Norton, 2008b). Support training must be extended to all stakeholders who will be using the BSCEP.

7.5.3. Good project management skills


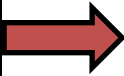


Good project management skills in the organisation made it possible to meet the target date. The case company had good project managers, and they were called in to assist with ensuring that the project was on track, which certainly helped. Although there were delays in assignment of measures, that was compensated for in other stages that were quicker than expected, through the help of project managers in the team. An example of a typical BSCEP project schedule is reflected in Table 7.8 and Table 7.9.

Table 7.8: An example of a typical BSCEP project schedule

Step	Week	1	2	3	4	5	6	7	8	9	10	11	12
1	Kick-off meetings												
2	Translate the strategy												
3	Align the organisation												
4	Monitor and learn												

Source: Own compilation.

Table 7.9: Shortened version of BSCEP project schedule for the case company

Week	1	2	3	4
Kick-off meetings and workshops				
Translate the strategy				
Align the organisation				
Monitor and learn				

Source: Own compilation.

The BSCEP needs project management skills, because it is a six-stage process, where each stage is detailed, and the success of the BSCEP is dependent on the success of all the stages. There was an overestimation of organisational competency on the part of leadership, regarding implementing an intervention like the BSCEP. Matching complexity and competency is a prerequisite for a successful implementation of the BSCEP.

7.6. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 4 – PHENOMENOLOGICAL STUDY

What are the hindrances to strategy execution when using the BSCEP process as an implementation tool?

Hindrances are factors that prevent, deter or obstruct strategy execution when using the BSCEP, as perceived by subjects who have used the BSCEP process as a strategy execution tool.

7.6.1. BSCEP complexity

It is claimed that 70 % of standard BSC initiatives fail because of their complexity (Bourne & Bourne, 2007:90). The BSCEP is one of them. Many subjects were of the opinion that the BSCEP was too complex. Some of the executives referred to it as a “professor-speak” initiative and complained that it was highly academic. They felt that the framework needed to be simplified to be well understood by everyone. Employees from junior levels of the organisation maintained that the BSCEP needed people to have certain qualifications in order to understand it. At this level, they wanted to be told what to do in everyday English.

Strategy maps were difficult to compile by those who did not attend the BSCEP boot camp. This made the translation stage of the process challenging. The concept of strategy map was perceived as complex. Cascading the strategy to business and support units using strategy maps was also perceived to be difficult. The organisation had never been exposed to strategy maps, and it was a new concept to many within it.

The cause-and-effect concept of the BSC was generally poorly received by the majority of the employees, who argued that the concept added to their frustrations. They did not see what difference it made in their respective businesses, which had been running for years without need of it. Those that did not agree with the concept chose to ignore it. Subsequently, there was an agreement to omit cause-and-effect arrows on strategy maps, because they were causing confusion. Supporting units found the cause-and-effect concept too academic, because they were not profit-making units. In the cause-and-effect concept, it cannot be proven that improvements in one perspective can lead to improvements in another (Nørreklit, 2003).

Cascading strategy to personal contract, which is the strategy execution stage of the BSCEP process, was also not easy. The personal contract had operational and strategic goals. To define the difference between the two was difficult for lower levels of the organisation. The organisation’s performance management system

was also not geared for the BSCEP process, and that added a greater degree of complexity.

7.6.2. Perceived lack of strategic management knowledge

Senior employees who took part in the study expressed their disappointment and embarrassment at the perceived lack of strategy knowledge by some members of the executive committee, which resulted in such executives displaying resistance to the process. Subjects felt that executive committee (EXCO) members were expected to have a certain level of strategic management understanding because they were tasked with formulating the organisation's strategy. At EXCO level, a lack of strategy understanding is perceived to be an embarrassment. Those executives found it difficult to cascade strategic messages to the lower levels of their business units, which hindered strategy execution.

In translating strategic objectives of the parent or corporate strategy required a good understanding of the corporate strategy. Executives were expected to lead in their respective business or support units. Those that did not understand strategy well, did not take the initiative to lead. Instead, they left everything to their subordinates.

Assigning strategic initiatives to strategic objectives required knowledge in terms of the definition of a strategic initiative. There was confusion with differentiating strategic initiatives to business as usual initiatives. The researched company had many strategic initiatives that did not have strategic objectives assigned to them. The BSCEP recommends that assigning of strategic initiatives should be done after assigning the strategic objectives. There were many initiatives in the researched organisation that needed to be assigned to strategic objectives. Some business-as-usual initiatives were allocated to strategic objectives because there was perceived lack of knowledge regarding the difference between strategic and operational initiatives.

7.6.3. Strategy versus operational meetings

The strategic meetings must concentrate on debating strategic issues, not operational issues (Kaplan & Norton, 2008b). Such meetings must serve as a forum for discussion and taking strategic decisions. According to the BSCEP, in strategy review meetings, 60 % of the time should be spent on polishing strategic issues, 30 % on discussing implications and 10 % on reviewing strategy understanding (Kaplan & Norton, 2008b). Most strategy review meetings were hijacked by operational short-term issues. Each executive was an owner of one or two strategic objectives. The meetings were supposed to discuss the status of strategic objectives in terms of strategy execution. Operational issues crept in from time to time in those strategic review meetings. The monitoring process was governed by the OSM, and subjects from this office were concerned that the CEO did not lead the strategy review meetings, but instead allowed more operational issues to be discussed.

Each executive was supposed to give a report on the status of strategic objectives, but in most strategy review meetings operational issues were confused with strategic issues. Some executives were not in favour of strategy review meetings, because such meetings exposed their lack of understanding of strategy discussions in strategy monitoring. Strategy execution results were linked to executives' incentives and they saw this as a threat to their end-of-year bonuses. Fear of non-delivery was evident in almost all the executives.

The BSCEP recommends that strategic measures should be used to monitor strategy. Some strategic objectives were given operational measures, which made strategy monitoring difficult. This was detected during the first quarterly review and respective executives had to change the measures.

7.6.4. Politics and detractors

This hindrance was prominent in the assigning of initiatives to strategic objectives. The researched company had to revisit all the initiatives in the organisation to decide on their relevance to strategy. Owners of certain initiatives that were likely to be

discontinued perceived this as political and as a “witch-hunt”. As a result, politics threatened to stifle strategy execution during the BSCEP process. The CEO was aware of this, but failed to deal with the situation proactively. Business units that had initiatives that were questioned started hoarding information regarding those initiatives, fearing for their jobs.

In the quest to fight for their jobs that were threatened, certain individuals developed detracting tendencies. They started questioning the BSCEP and its relevance in an organisation like the researched company. To avoid power struggles between business units or within hierarchies, there must be a clear plan defining accountabilities and responsibilities for strategy execution (Raps, 2005). The stage of assigning initiatives was seen as empire-building, with some individuals assigning more strategic initiatives to one strategic objective, which resulted in overlaps when the initiatives matrix map was compiled.

Some project sponsors did not like this stage, because it exposed some inefficiencies in the system.

7.6.5. Poor data/metrics management and IT systems

Assigning measures to strategic objectives is important, because ‘what gets measured gets managed’ (Willcocks & Lester, 1996). There was a perceived lack of collaboration between the business units and the management information department. The metrics department is responsible for producing most of the metrics for the business units. Compiling measures for strategic objectives was a challenge: some of the measures were new, and data was not readily available. As a result, there was a delay in reporting on those metrics that affected strategy monitoring adversely. For those metrics that had data, the strategy was monitored immediately. The number of measures per strategy map was also an issue. The BSC framework recommends about 25 measures per strategy map (Kaplan & Norton, 2008b). Some strategy maps had too many measures and that affected development of insights adversely.

Assigning measures to strategic objectives requires a certain level of metrics understanding. In the case study organisation, the BSCEP consultants had a good knowledge of metrics, so the allocation of measures at the parent strategy map level was easy. Challenges surfaced at the business unit level, where measures for business units' strategic objectives had to be assigned. Blame was exchanged between the Management Information Department and the business units, and it later transpired that there was a communication breakdown between the two departments. The Management Information Department did not understand the strategic objectives, and such understanding is crucial when assigning measures.

Lack of differentiation between strategic and operational objectives had a negative impact on the assigning of measures. The difference between strategic objectives and operational objectives is crucial when it comes to measurement. Strategic objectives are measured by strategic measures, as are operational objectives (Kaplan & Norton, 2008b). Focus on the operational measures will not drive strategy execution. Some of the business units made use of operational measures because data was already in existence. Matching new strategic objectives with existing operational measures proved to be a futile exercise, where those business units were required to start all over again, and time was wasted.

Metrics reporting entails extensive systems interrogation. The creators of the BSC concede that they are not experts in what to measure and how to measure (De Waal, 2003:33). Good IT systems play a pivotal role in metrics management. In the case study organisation, systems were disintegrated and as a result, data was sometimes inconsistent, where data reliability and validity became an issue. This challenge came under the spotlight at the executive level and received attention.

7.6.6. Lack of alignment with supporting units' scorecards

This was mainly due to a lack of proper engagement with supporting units (HR, Marketing and so on). Supporting units in the case study organisation are those units that are not profit-making centres, but which support business units to achieve their goals. Subjects from supporting units felt excluded from the strategy; they felt

that they had a lot to offer in terms of support which was not sufficiently explored. More attention was instead given to profit-making business units than supporting units.

7.6.7. Existing frameworks in the organisation

There were other frameworks in the case study organisation. The BSCEP was seen as just another framework, and there was a lack of understanding as to why it should get preference. This also involved the change management component, and subjects were not happy with the way in which change management was done. Some subjects had just got used to their frameworks when they were instructed to stop using them and move to the BSCEP. The strategy executors did not see why they should abandon other strategy execution frameworks and use the BSCEP. Therefore, there was resistance from those who were still waiting for the other frameworks to deliver. Change was sudden and not well-managed; to complicate matters further, different business units used different frameworks that were not compatible. Strategy review meetings were not based on the same frameworks and, basically, business units were self-monitoring.

The strategic objectives should be cascaded to personal scorecards for effective execution. The framework that is used for performance management should be compatible with the BSC. In the case study organisation, the two frameworks were not compatible, which hinders strategy execution.

7.7. DISCUSSION OF FINDINGS FOR RESEARCH QUESTION 4 – ANALYTIC AUTO-ETHNOGRAPHY

To enhance meaningful coverage of the findings, this section deliberates each aspect of the findings as they appeared in the narratives of Chapter 6, using the BSCEP as its lens. In other words, in this chapter, the findings are discussed in the light of theoretical pronouncements of the BSCEP. The findings are then elaborated on for improved understanding to guide the proposal of an enhanced BSCEP, as well as improved BSCEP implementation strategies.

7.7.1. Complexity of the BSCEP process

From the researcher's auto-ethnographic point of view, certain stages of the BSCEP are complex. They require a lot of time and in a practical situation, time is not available. The BSCEP states that it can take a period of up to 12 weeks to do the strategy translation stage of the BSCEP, but that the researcher was given only four weeks to undertake it. The researcher perceives this stage as complex, even if it is done in 12 weeks. Expectations to do this in four weeks were a bit unrealistic. The researcher understood the cause and effect logic well, because she had undergone BSCEP training. However, if there was no training provided, the researcher may have struggled to understand it. Compiling a strategy map in the translation stage of the BSCEP was difficult, even for the researcher, after attending a five-day BSCEP boot camp.

There is not much literature on the BSCEP implementation challenges. However, there is extensive literature on the standard BSC framework. It is claimed that approximately 70 % of standard BSC framework initiatives fail due to their complexity (Bourne & Bourne, 2007). Several authors have also discussed this challenge (for example, Niven, 2002; Hannabarger *et al.*, 2007; Olve *et al.*, 1999; Nørreklit, 2000, 2003). The creators of the BSC admit that implementation failures do occur, but posit that most of them are organisational in nature (Kaplan & Norton, 2001d).

The most complex phenomenon that makes BSCEP difficult to understand is the strategy execution using the "cause and effect" logic, as perceived by the creators of the standard BSC (Kaplan & Norton, 1996b). The strategy execution using the BSCEP is also based on the standard BSC framework cause and effect logic. Othman (2007) has criticised the origin of the "cause and effect" logic by Kaplan and Norton. He posits that the use of the jet plane by Kaplan and Norton (1996b:1) as a metaphor to explain the behaviour of the organisation is misleading.

Organisations are social systems that do not operate like mechanical systems. Therefore, the "cause and effect" relationships in social systems are more complex and often ambiguous (Othman, 2007; Nørreklit *et al.*, 2008; Niven, 2008). The

relationships in the BSC perspectives should not be perceived as generic, but specific to the organisation, and are based on beliefs and assumptions (Bukh & Malmi, 2001). Nørreklit (2000:74) argues that cause and effect can be realised only after a period of time, that is, when they are measured. However, to assume that there will be a cause and effect during strategy development is dangerous (Nørreklit, 2000:70).

Malina *et al.* (2007) have argued that despite the theoretical concept of the 'cause and effect' aspect of the standard BSC, there is some recent evidence that suggests such causal relations may not be found in BSCs in practice. These authors demonstrated by econometric validation and found that statistically, significant causal relations could not be found in the BSC they studied. However, this did not hinder its use or affect satisfaction with the BSC.

According to the researcher's observation, BSCEP complexity can be mitigated through extensive and inclusive training.

7.7.2. The consulting firm's role in implementing the BSCEP – the external consultant-client gap

I started following conversations about the consultants and can confirm that the company staff were not used to consultants who would stay and oversee strategy execution. They were used to consultants that handled the formulation or development aspect, and left the execution to the organisation. Consultants were to stay for a year, because they are strategy execution consultants, and that's how they position themselves. I also noted certain cultural barriers: "Those Spanish guys with a Spanish accent think they can come and tell us how to do things! [sic] They don't listen when we tell them that this organisation is not a strategy-focused organisation," said one of members of the BSCEP implementation team.

The implementation of BSCEP is time-consuming and requires intense training. Therefore, the consultants tasked with this job should understand the organisation very well. Niven (2002) has cited issues when using consulting firms to develop a standard BSC framework for a company. These issues are no different from the

issues of implementing the BSCEP, namely, BSC experience, cultural fit, inadequate knowledge transfer and the compatibility of the range of skills of the consultants with those of the employees of the company.

7.7.3. Existing frameworks in the organisation

If there are other frameworks in the organisation, alignment and change management are crucial (Bloomquist & Yeager, 2008; Kaplan & Norton, 2006). People must be convinced as to the reason why they ought to abandon one framework for another, otherwise there will be no buy-in for a new framework (Nair, 2009; Othman *et al.*, 2007; Chen & Jones, 2009; Shutibhinyo, 2014).

Based on the researcher's analytic auto-ethnographic point of view, the ESM had the potential to enhance strategy execution, in the sense that the organisation was going to have all strategic initiatives measured and reported upon in one database, together with strategic objectives, for the first time in the organisation. That was going to be easier to manage strategy.

The BSCEP process needs to be flexible enough to align as is necessary with existing frameworks in the organisation.

7.7.4. Establishment of the Office of Strategy Management as a staff function

Based on the researcher's auto-ethnographic account, this was an opportunity to strengthen the OSM and strategy execution, as well as monitoring. Business and support units were required to exhibit accountability of strategy execution, and as a result, they must not be self-monitoring. The researcher was tasked with strategy execution governance through strategy review meetings with all business and support units. Some business units were uncomfortable with being monitored externally.

Establishment of the OSM is a good intervention and it drives strategy execution. I argue that this as an organisational issue, and not a BSCEP process issue. Being a staff function, the OSM was less effective in line function.

7.7.5. Lack of buy-in from leadership

Lack of buy-in from executives: Apparent fear of the results of non-delivery by some executives was evident. The BSCEP's stringent governance principles posed a major threat to some executives who were not in favour of strategy review meetings as a separate vehicle for monitoring strategy execution. This was mainly because their strategy execution performance was challenged by the Office of Strategy Management, and their bonuses were linked to strategy execution. They could, therefore, not 'mark their own homework'. Strategy review meetings were tense, with some executives not buying in.

7.7.6. Inadequate data/metrics management and IT systems

Workshops conducted by the researcher proved that this was the most difficult stage of the BSCEP. The researcher also struggled with this stage at the BSCEP boot camp. Lack of understanding as to the difference between strategic and operational measures had a negative impact on the assigning of measures. Strategic objectives should be measured by strategic measures, and the same with operational objectives (Kaplan & Norton, 2008b). Focus on the operational measures will not drive strategy execution. The differentiation is, therefore, important in strategy monitoring. Some of the business units made use of operational measures, because there was already extant data. Matching new strategic objectives with existing operational measures proved to be a futile exercise. The business units concerned were required to start all over again, and there was time wasted.

Metrics reporting entails high levels of systems interrogation. The creators of the BSC conceded that they were not experts in what to measure, nor in how to measure it (De Waal, 2003:33). Good information technology systems play a pivotal role in metrics management. Companies that are able to translate their strategic objectives to measurements are far better able to execute their strategies.

Selection of metrics is a vast topic. Even companies that make smart metrics decisions tend to underestimate the challenges inherent in defining, accessing, collecting, and integrating the data (Paladino & Williams, 2008:17). Measures communicate value creation in ways that even the most charismatic CEO's speeches never can (Niven, 2002:114). Good BSCEP training is required in order to master this stage of the BSCEP process, because it is this stage that can make or break strategy execution.

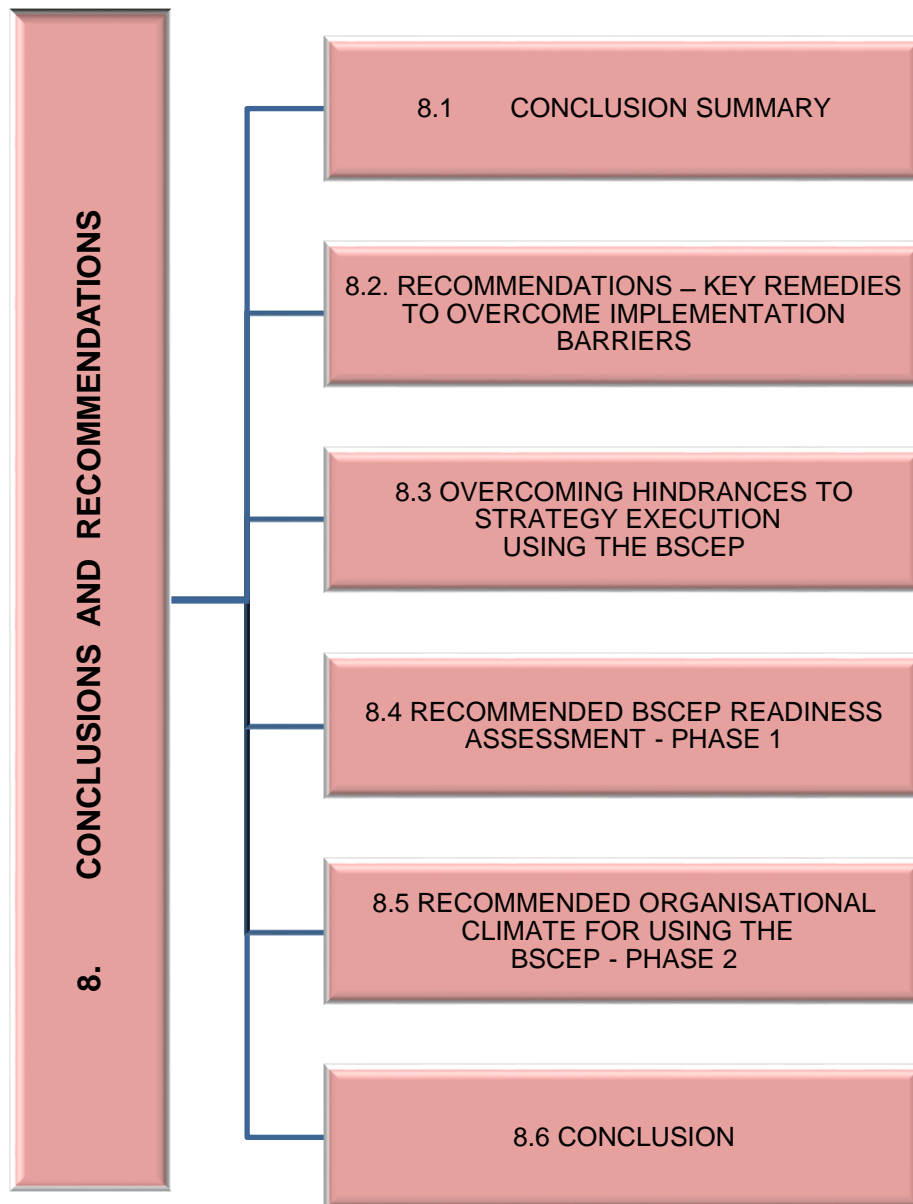
7.8. CONCLUSION

The research revealed that there are more hindrances than there are drivers of strategy execution using the BSCEP as an implementation tool. The research also revealed that the BSCEP is not a "fit one, fit all" framework, but depends on the organisation. The BSCEP should take into consideration the people, technology, capabilities, culture and resources of an organisation. Certain groundwork assessment should be done before the BSCEP is implemented. This is what is missing with the BSCEP process. If a pre-assessment project is conducted on an organisation before the implementation of the BSCEP, many hindrances can be identified and potentially avoided. Change management intervention is crucial to making the ground fertile for BSCEP process implementation.

Most strategy execution hindrances were to organisational processes and due to people. It is therefore imperative that an assessment on the organisation be done before the BSCEP is implemented. This must be part of the BSCEP framework. As the research has revealed that there are more hindrances than drivers of strategy execution using the BSCEP, there is a need for an improved BSCEP process. The hindrances to strategy execution using the BSCEP process must be mitigated.

This research concludes that the BSCEP is still relevant in strategy execution. Its complexity and other hindrances to strategy execution must be mitigated. Chapter 8 will unveil the way in which the hindrances to strategy execution using the BSCEP can be mitigated. Chapter 8 will also unveil the improved BSCEP process that can be used by organisations.

CHAPTER 8: CONCLUSIONS AND RECOMMENDATIONS



Source: Own compilation.

Figure 8.1: Outline of Chapter 8

8.1. CONCLUSION SUMMARY

The research has unveiled that the challenges of the BSCEP begin at the initiation stage when the BSCEP is implemented. Therefore, there are **two phases** that have been identified. The **first phase** is BSCEP process preparation stage where groundwork assessment should be done to test the organisational readiness for the BSCEP process. The **second phase** is the BSCEP strategy execution phase using the BSCEP stages.

This study concludes that the BSCEP can be a beneficial strategy execution tool, if made simpler. The study has identified that certain pre-conditions must exist before the BSCEP can be implemented. Such conditions depend on an organisation that wants to implement the BSCEP. Molleman (2007:3) has argued that

nowhere in their books and articles do Kaplan and Norton describe the conditions an organisation must comply with in order to be able to apply the standard BSC. The way they describe organisations that applied the BSC in numerous examples suggests that this method is universally applicable.

This study provides evidence on the fact that the BSCEP required certain pre-conditions if it is to be successful. **Firstly**, this research will recommend an intervention before the BSCEP is implemented. **Secondly**, it will table recommendations to deal with strategy execution hindrances using the BSCEP process. **Thirdly**, it will propose an improved BSCEP process.

8.2. RECOMMENDATIONS – KEY REMEDIES TO OVERCOME BSCEP IMPLEMENTATION BARRIERS

This study has demonstrated that it is crucial to identify barriers to BSCEP implementation at the initiation or set-up stage. Key remedies for the implementation barriers identified during the initiation stage are proposed, as shown in Table 8.1.

Table 8.1: Identified BSCEP implementation barriers and key remedies

Identified barriers	Recommended remedies
<ul style="list-style-type: none"> • Perceived lack of understanding of the BSCEP principles 	<ul style="list-style-type: none"> • Hold BSCEP awareness workshops before implementation.
<ul style="list-style-type: none"> • Inadequate stakeholders buy-in into the BSCEP process 	<ul style="list-style-type: none"> • Employ stringent measures for dealing with the naysayers.
<ul style="list-style-type: none"> • Non-receptive organisational culture to change 	<ul style="list-style-type: none"> • Give BSCEP education and training on the process's benefits.
<ul style="list-style-type: none"> • Other existing tools in the organisation 	<ul style="list-style-type: none"> • Investigate other tools in the organisation first.
<ul style="list-style-type: none"> • Perceived lack of support from the CEO and leadership 	<ul style="list-style-type: none"> • The BSCEP process execution should be on the CEO and leadership's performance contract.
<ul style="list-style-type: none"> • Poor communication to all stakeholders 	<ul style="list-style-type: none"> • Set up tailor-made communication with all stakeholders.
<ul style="list-style-type: none"> • External consultants-client gap 	<ul style="list-style-type: none"> • Train internal staff members as champions.

Source: Own compilation.

8.2.1. BSCEP awareness workshops before implementation

This study argues that awareness programmes can help alleviate the challenge of poor levels of understanding of BSCEP principles. It is therefore important for all employees to be informed of the BSCEP principles before attempting implementation.

People who are tasked with running the workshops must and have legitimacy and the workshops must be inclusive, where all users and potential users of the BSCEP should attend. The workshops should cover an overview of the BSCEP, its purpose, and why it was chosen above other frameworks. The strategy executors at operational level must develop a good understanding of the BSCEP before it is implemented. Another platform that can be used as an awareness intervention is the intranet website. The BSCEP principles can be available for access by all the employees as pre-reading material, before the workshop commences. An evaluation may be considered for the candidates after attending the workshop.

8.2.2. Stringent measures for dealing with the naysayers

As in standard BSC, naysayers can destroy the momentum of the BSCEP, and therefore, the organisation should expose their behaviour or get rid of them (Nair, 2009). Catucci (2003) is of the opinion that in the standard BSC implementation process, the organisation must be ruthless about implementation and ought to be prepared for naysayers. As with every corporate initiative worldwide, the BSC initiative like the BSCEP will be successful if people who develop and work with it are able to be convinced that it is worth the effort (Kaufmann & Becker, 2005). This research suggests that this problem with naysayers should be addressed through deliberate conversation and debate in order to mitigate its effects.

Examples of organisations that have implemented the BSCEP successfully must be shared with the employees and achievements of the BSCEP in the same industry must be communicated to convince the naysayers. Fears of being strictly monitored because of the discipline that the BSCEP process is known for must be allayed. A supportive “marketing concept” is needed before the BSCEP is implemented. This could be in the form of a robust change management intervention. The employees must be reassured that the BSCEP is not being implemented solely to control their personal efficiency, which is something they might perceive as a threat to their careers and jobs. All positive measures must be exhausted first to try and convince the stakeholders of the importance of adopting the BSCEP.

8.2.3. Education and training regarding the BSCEP benefits

Strategy execution does not take place in a vacuum, but rather, contextual, cultural and interpersonal communication plays an important role (van Zyl, 2004). A culture of using frameworks in the organisation may enhance the use of the BSCEP process. Kaplan and Norton (2004a) have argued that companies that successfully implement the BSC have a culture in which people are deeply aware of the mission, vision and core values needed to execute the company's strategy.

To induce buy-in, the company's culture must be one in which there is mutual trust between managers and their subordinates. Management must promote new

methods and frameworks, because their subordinates will not automatically trust them when asked to carry out new initiatives. If the organisational culture is one in which management is generally distrusted, employees will view extra responsibilities with disdain (Chen & Jones, 2009).

8.2.4. Prior investigation of other tools in the organisation

Sometimes organisations use different tools for strategy execution. Employees may find those tools easier to use than the BSCEP; if so, there will be resistance to abandoning those tools to adopt the BSCEP. Pre-implementation investigations should be launched regarding the existing tools in terms of their objectives, why there is a change from one tool to another, and, most importantly, what those tools have or have not delivered. This will give the employees an informed direction on why they should adopt the BSCEP as opposed to other tools.

8.2.5. The BSCEP should be on the CEO and leadership's performance contract

This study has specifically demonstrated that CEO support is critical to BSCEP success. A high level of support from the CEO plays an influential role in encouraging stakeholders to become committed to the initiative. Top management support is needed at the outset, because if it is lacking at any stage, it signals to the employees that the initiative is not of high importance (Kaufmann & Becker, 2005). If top management does not show support, and more importantly, does not appreciate its role in solving real-life problems, the BSCEP will show mediocre results and will probably fail (Pujas, 2012). This study goes so far as to argue for the CEO to have the clause "success of the BSCEP initiative" included as a personal objective on his or her performance contract with the board.

8.2.6. Set up tailor-made communication amongst all stakeholders

Communication with the stakeholders should be tailor-made to the extent that each employee should understand his or her role in the BSCEP. Workshops conducted

should target different audiences. Running a workshop for an audience of both executives and lower-level members of staff might defeat the purpose. Some staff members may not be at liberty to acknowledge that they do not understand, because they do not wish to appear foolish in front of their managers.

Clear and consistent communication is needed to ensure that all users and potential users of the BSCEP understand any new requirements placed on them. If employees understand the requirements and perceive the benefits, they will be more likely to cooperate rather than merely cope (Chen & Jones, 2009).

8.2.7. Train internal staff members as process champions

The use of consultants has its advantages and disadvantages. One of the advantages is the fact that they are neutral; they do not carry the political baggage of the organisation and they usually find audience. However, a disadvantage is the difficulty internal staff members have buying into what the consultants say, because they are perceived to lack a good understanding of the business or the organisation. The “train-a-trainer” method will enable the internal staff members to be trained by their peers, and that could enhance the buy-in that is critical for the adoption of the process. For the BSCEP to be successful, a core group of champions must be developed that is sufficiently diverse, and this group should develop the BSCEP (Catucci, 2003).

8.3. OVERCOMING HINDRANCES TO STRATEGY EXECUTION USING THE BSCEP

Table 8.2 shows recommended remedies to deal with hindrances to strategy execution using the BSCEP as unveiled by this research.

Table 8.2: Identified strategy execution hindrances and key remedies

Identified hindrances	Recommended remedies
<ul style="list-style-type: none"> • BSCEP complexity 	<ul style="list-style-type: none"> • BSCEP training.
<ul style="list-style-type: none"> • Organisational politics and detractors 	<ul style="list-style-type: none"> • Cascade the BSCEP to everyone's personal contracts.
<ul style="list-style-type: none"> • Perceived lack of strategic management knowledge 	<ul style="list-style-type: none"> • Ensure all stakeholders have the same understanding of strategy.
<ul style="list-style-type: none"> • Inadequate metrics management and IT systems 	<ul style="list-style-type: none"> • Include stakeholders from IT from the beginning of the initiative.
<ul style="list-style-type: none"> • Strategic vs. operational meetings 	<ul style="list-style-type: none"> • Hold separate meetings for strategy reviews and operational reviews.
<ul style="list-style-type: none"> • Perceived lack of alignment with supporting units' scorecards 	<ul style="list-style-type: none"> • Engage and communicate with both the business units and the supporting units regarding the strategy and the BSCEP.
<ul style="list-style-type: none"> • Existing frameworks in the organisation 	<ul style="list-style-type: none"> • Check the compatibility of the BSC with other frameworks in the organisation for strategy execution purposes.

Source: Own compilation.

8.3.1. BSCEP training

According to this research, the complexity of the BSCEP is the number one hindrance to strategy execution. The researcher contends that the BSCEP is not easy to implement. The compilation of a strategy map is one of the areas perceived by the subjects as academic and complex. The use of a strategy map should not be just a “fashion”, but an important implementation concept of the prepared strategy (Markiewicz, 2013). For the sake of sustainability and a quick grasp of the framework, the researcher recommends that the identified internal champions of the BSCEP should receive external training first. This could be done in the initiation stage, as part of BSCEP health check interventions. The external consultants, together with the internal champions, may then run training workshops in the organisation. This would work faster and improve the BSCEP implementation significantly.

Another area in the BSCEP that has been unveiled by the research as complex is the allocation of measures to the strategic objectives. The BSC was developed in response to the challenges of sole reliance on financial measures (Kaplan & Norton, 1992, 1996b, 2001a). Developing a set of measures in the context of a cause and effect concept is not easy; some scholars have criticised the creators of the BSC on this concept. In the case study organisation, strategy practitioners are not necessarily financial people. Although some metrics are called non-financial measures, they are still numeric in nature and require numeric skills when allocating them.

Training across all levels enhances the level of understanding of the BSCEP, from the executives to lower levels of an organisation. Employees are the main users of the system, and also the key element in the strategy execution. At lower levels, enhanced understanding can raise staff's awareness and willingness to devote time and effort in building personal BSCs. At higher levels, increased understanding and awareness will strengthen the sponsorship process which, in turn, will encourage lower-level employees to commit to the new process (Thuy, 2012).

8.3.2. Cascade the BSCEP and strategy to everyone's personal contracts

The BSCEP must be aligned with the Human Resources (HR) processes in terms of cascading the corporate objectives to personal objectives on the personal scorecards. When individuals can construct their own balanced scorecards, the organisation has produced the clearest mechanism aligning individual objectives to business unit and corporate objectives (Kaplan & Norton, 2001b). Alignment of the BSCEP with HR processes eliminates politics and detractors, because what gets measured is recorded by HR. Employees, regardless of their level in the organisation, will be bound by their personal contracts.

8.3.3. Ensure all stakeholders have a high level understanding of strategy

Perceived strategy knowledge plays a major role in the perceived understanding of the strategy execution framework. Stakeholders must have the same understanding of strategy to begin with, and the strategy must be developed and provided to participants before the BSCEP workshops (Kaufmann & Becker, 2005). Online intranet courses on strategy can be run, giving everyone access to the strategy and a good understanding of what is expected of them.

This research also revealed perceived poor strategy understanding at the executive level. The assumption made by employees at lower levels is that executives understand strategy better than anyone in the organisation; they were perceived as strategy formulators. It came as a shock to discover that some executives did not comprehend the principles of strategy as a discipline in the manner or to the degree expected by staff. Some of them did not understand what was expected of them as executives in terms of strategy execution.

Niven (2005) is of the opinion that company strategy should not only be understood by executives, but should be transformed into simple objectives and measures that are understood by all the people in the company. This should lead them to achieve real results.

Many companies fail to execute strategy because not everyone in the organisation understands it. Managers and employees at lower levels are far removed from the process of determining strategy so they are sometimes unaware of the strategy that top management has formulated (Werner & Xu, 2012) and may not be working to execute the strategy because they do not know what it is. Even if they are fully aware of the strategy, they may feel they are too low in the organisation to really make a difference, and that their actions will have little or no impact on whether the company adequately executes its strategy or not. Sometimes employees are aware of the strategy and feel their actions could contribute to strategy execution, but do not know what to do (Werner & Xu, 2012).

8.3.4. Include stakeholders from information technology (IT) in BSCEP implementation plans

Allocating measures to strategic objectives can be challenging. Strategy monitoring using measures depends highly on the availability of data and the reliability thereof. The objective of any measurement system is to motivate managers and employees to implement their strategies successfully. Companies that translate their strategic objectives into measurements are far better able to execute their strategies. As Kaplan & Norton (1996b:147) have phrased it, “people respond to what’s inspected, not what’s expected”. Although the creators of the BSC have conceded that they are not experts in the measurement field, this phenomenon is critical in monitoring strategy (De Waal, 2003).

Involvement of stakeholders from IT saves time in terms of speeding up the reporting process. The researcher can confirm that sometimes, data is not available, and the measures allocated to strategic objectives take time to derive insights to monitor strategy. A delay in obtaining the required insights translates into a delay in strategy execution.

IT should play a facilitating role to support the BSCEP initiative. IT should be involved in preparing the initial stages of the BSCEP project, linking measures to strategic objectives and observing performances as they are in control of data (Olve *et al.*, 2003).

The processes of collecting, analysing and reporting on data can be labour-intensive and time-consuming. These processes may create problems, especially if the organisation is large and complex. Such problems may be overcome by automating the collection of data and reporting. This involves interrogating many systems, where IT should play a pivotal role (Olve *et al.*, 2003).

8.3.5. Hold separate meetings for strategy reviews and operational reviews

Topics discussed in strategic review meetings should be different from topics discussed in operational review meetings (Kaplan & Norton, 2008b). Operational meetings are usually held monthly, whereas strategic meetings should be held quarterly.

Table 8.3 depicts the typical agenda for operational review meetings and strategic review meetings.

Table 8.3: Proposed operational and strategic review meeting's agenda

Operational review meetings	Strategic review meetings
<ul style="list-style-type: none"> Focus on solving short-term problems 	<ul style="list-style-type: none"> Focus on the big picture and longer-term issues
<ul style="list-style-type: none"> Meet more frequently, typically monthly 	<ul style="list-style-type: none"> Less frequently, typically quarterly
<ul style="list-style-type: none"> Data-driven 	<ul style="list-style-type: none"> Analysis and graphs
<ul style="list-style-type: none"> Focus on details 	<ul style="list-style-type: none"> Focus on BSC report
<ul style="list-style-type: none"> Backward-looking 	<ul style="list-style-type: none"> Forward-looking
<ul style="list-style-type: none"> Budget and profit and loss review 	<ul style="list-style-type: none"> Strategic risks review
<ul style="list-style-type: none"> Forecasts and variance analysis 	<ul style="list-style-type: none"> Strategic issue review
<ul style="list-style-type: none"> Little decision-making 	<ul style="list-style-type: none"> Decision-making

Source: Own compilation.

8.3.6. Engage and communicate with both the business units and the support units regarding the strategy and the BSCEP

Enterprises create shareholder value by not only aligning their business units with their corporate strategies, but also by aligning their support units with their business units' strategies (Kaplan & Norton, 2006). Support units in an organisation should support the business unit's strategy. Business units' strategy sessions should include support unit stakeholders. Support units include HR, Marketing, Finance, Legal and Compliance. Engaging and communicating with the support units in strategic review meetings will clarify the roles of the support units in strategy.

Organisations consist of numerous business units and specialised departments, each with its own operations and often its own strategy. Support units have their own bodies of knowledge, language and culture. Functional silos arise and become a major barrier to strategy implementation, since most organisations have great difficulty communicating and coordinating across these speciality units. For organisational performance to be more than the sum of its parts, individual strategies must be linked and integrated (Kaplan & Norton, 2006).

8.3.7. Check the compatibility of the BSCEP with other frameworks in the organisation for strategy execution purposes

In the case study organisation, the BSCEP framework and the performance appraisal framework were not compatible. The performance appraisal framework did not cater for strategic goals and the manner in which it was structured was highly operational. Strategy execution should be monitored at the level of personal contracts. The researcher recommends that the performance appraisal framework should cater for both strategic and operational goals to enhance strategy execution.

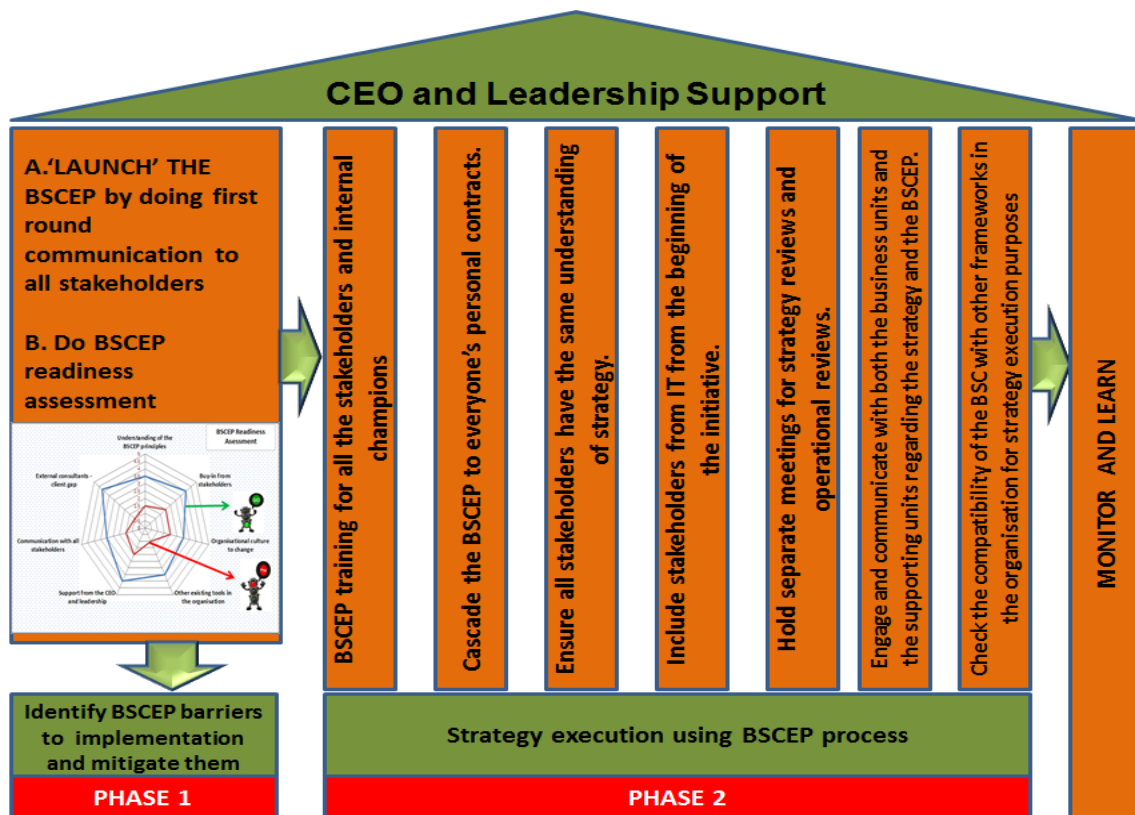
8.3.8. Conclusion

Based on what has been unveiled by this research regarding barriers to BSCEP implementation due to low state of organisational readiness, this research recommends an enhanced BSCEP process. **Firstly**, it is recommended that the

BSCEP be launched by high level communication to all stakeholders. **Secondly**, it is recommended that organisations do BSCEP readiness assessment which will be **Phase 1**. **Thirdly**, hindrances to strategy execution have been found to be both BSCEP related and organisational in nature. Therefore this research recommends creating a good climate for strategy execution using the BSCEP which will be **Phase 2**.

8.4. RECOMMENDED BSCEP READINESS ASSESSMENT – PHASE 1

This research has revealed that the challenges of the BSCEP begin at the initiation stage. As mentioned previously, two phases have been identified: **Phase 1** is BSCEP process preparation stage where groundwork assessment should be done to test the organisational readiness for the BSCEP process. **Phase 2** is the BSCEP strategy execution phase. Therefore, this research proposes a BSCEP pre-implementation assessment and health check, as reflected in Figure 8.2.



Source: Own compilation.

Figure 8.2: Recommended enhanced BSCEP process

8.4.1. BSCEP readiness assessment – health check

This study proposes that organisations appear to have different states of BSCEP implementation organisational readiness. For any organisation to be ready for BSCEP implementation, certain pre-conditions should be met. Such pre-conditions involve mitigating BSCEP implementation barriers as unveiled by this study. For this reason, BSCEP readiness assessment is proposed. The organisational readiness assessment should be conducted before the implementation of the BSCEP.

8.4.1.1. Recommended BSCEP implementation assessment instrument

The proposed readiness assessment requires managers to judge and evaluate basic statements associated with each of the barriers discussed. Each barrier has three statements to agree or not agree on. Averages of three statements are calculated for each barrier and plotted in the spider graph. A 4-point Likert scale is used where “1 = *strongly disagree*” and “4 = *strongly agree*”.

BSCEP Readiness Assessment

Purpose

This tool is designed to determine organisational readiness for BSCEP implementation. It takes a forward look at issues critical for the successful implementation of the BSCEP.

Instructions

Before completing the questionnaire, please spend a few moments thinking about your business unit’s (BU’s) state of readiness regarding the BSCEP implementation based on the questions in the questionnaire. This assessment will take at most about 30 minutes.

1. Understanding of the BSCEP principles

1.1. My BU has a good level of understanding regarding assigning of strategic objectives.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

1.2. My BU has a good level of understanding regarding assigning measures to strategic objectives.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

1.3. My BU has a good level of understanding regarding assigning initiatives to achieve strategic objectives.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

2. Buy-in from stakeholders

2.1. All stakeholders in my BU embrace the BSCEP as their framework.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

2.2. All stakeholders in my BU are committed to the BSCEP intervention.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

2.3. All stakeholders in my BU have demonstrated buy-in for the BSCEP intervention.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3. Organisational culture to change

3.1. In this organisation the current stakeholder response to change is good.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.2. In this organisation the culture of engaging in new interventions is receptive.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.3. In this organisation the culture of using frameworks is well embraced.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4. Other existing tools in the organisation

4.1. The BSC is compatible with other tools used in my BU.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4.2. The BSCEP process is the most important strategy execution tool compared to other existing strategy execution tools in the organisation.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4.3. All stakeholders prefer BSCEP compared to other existing tools in the organisation.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

5. Support from the CEO and leadership

5.1. The leadership shares a common vision regarding the BSCEP implementation.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

5.2. The leadership demonstrates personal commitment for the BSCEP through their actions.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

5.3. The leadership is creating a sense of urgency regarding the BSCEP intervention.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

6. Communication with all stakeholders

6.1. The inclusive BSCEP communication plan for the organisation exists.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

6.2. The BSCEP communication plan reaches all levels in the organisation.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

6.3. Change management has been done before BSCEP implementation.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

7. External consultants – client gap

7.1. The organisation is used to engaging external consultants.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

7.2. Employees in the organisation see the need for using external consultants.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

7.3. There is generally good understanding between the organisational employees and external consultants.

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

8.4.1.2. Interpretation of average assessment scores

Very low score (1): This score is interpreted as high risk for the BSCEP to be successfully implemented. This score may be achieved due to all attributes performing badly in the assessment. Therefore, to turn a company around towards implementation readiness will require more effort. The BSCEP must not be implemented until signs of improvement are noted.

Low score (2): This score demonstrates relatively low readiness state. One or two attributes may have performed well but the majority have performed badly. In this case, change management needs to focus on those attributes that performed badly. The BSCEP must only be implemented after a successful change management intervention.

High score (3): This score demonstrates a fertile ground for BSCEP implementation. The BSCEP may be implemented immediately, however, the implementation team must be cautious of the attributes that did not perform well, and must address them.

Very high score (4): This demonstrates very good ground for BSCEP implementation. Risk of BSCEP implementation success is low, and the BSCEP may be implemented immediately.

Niven, (2006) asserts that even in standard BSC, no two BSC sets of pre-conditions are completely alike. Organisations which decide to implement the BSC should do so in a way that fits the individual culture, current management processes, and readiness for such a major change initiative (Niven, 2006b). This study has confirmed the same for the BSCEP. Although the findings of this study may not be generalised and taken by other organisations, this study argues that there ought to be pre-implementation preparatory work. If the organisation is not ready, risk mitigation interventions should then be implemented.

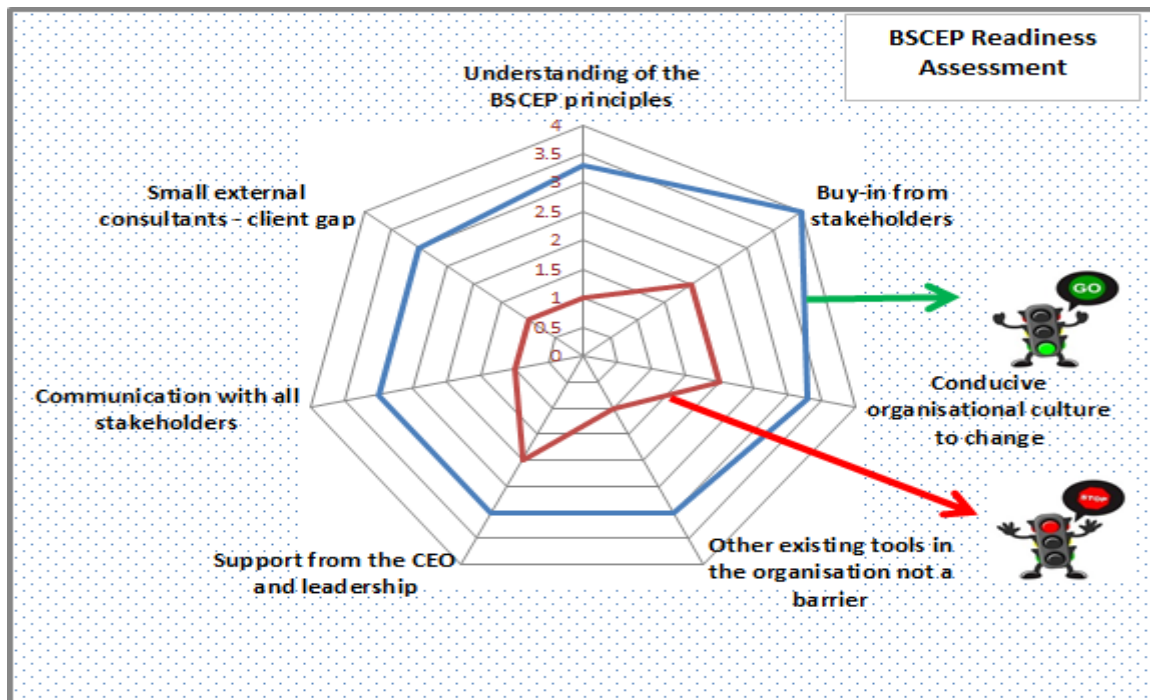
Organisations should rather delay the BSCEP implementation by executing preparatory change management initiatives that will improve the environment and make the ground fertile for its implementation. Implementing the BSCEP in an organisation that is not ready constitutes a waste of resources. Organisations can save money by introducing the BSCEP readiness assessment.

Results can then be plotted in a radar graph representing key attributes rated by everyone who will be impacted by the BSCEP implementation. On a scale from 0 to 4, with 4 being the optimum score, to indicate the readiness state of the organisation. Each attribute will be rated separately and the average of the three statements informing the attribute will be calculated. The calculated average will be plotted on a radar graph to produce the assessment results. An example of a readiness assessment score is given in Appendix 4.

8.5. RECOMMENDED ORGANISATIONAL CLIMATE FOR STRATEGY EXECUTION USING THE BSCEP – PHASE 2

Phase 2 (Figure 8.3) relates to strategy execution and implementation of key remedies to hindrances of strategy execution using the BSCEP process demonstrated in Table 8.2. The hindrances to strategy execution using the BSCEP are both BSCEP specific and organisational in nature. Once the BSCEP is made less complex and employees understand it through effective training and education, the challenges emanate from the manner in which strategy is executed using the BSCEP. While Tavana *et al.* (2013) have agreed that recent BSC systems are substantial improvements over the original concept; they still posit that there is room for improvement.

The framework in Figure 8.3 has two phases. **Phase 1** is the BSCEP pre-implementation readiness check. When barriers to BSCEP implementation have been identified, they must be mitigated or eliminated in preparation for **Phase 2**, which is the strategy execution phase using the BSCEP. Both phases should enjoy support from the CEO and the leadership.



Source: Own compilation.

Figure 8.3: An example of a graphical representation of an outcome for BSCEP implementation readiness assessment

8.6. CONCLUSION

Until another improved innovative tool is developed, the BSC creators may continue to provide organisations with valuable options like the BSCEP process. The BSCEP can never be ignored in the absence of an effective strategy execution tool that can challenge it (Hoque, 2012).

It must be noted that the generic BSCEP, which includes cascading strategic objectives using a strategy map; assigning measures to strategic objectives; assigning initiatives to support strategic objectives; strategic review management; and cascading the BSC to personal scorecard, will not be altered. The researcher can assert that it is a good methodology. However, enablers have been added, which include BSCEP training for all the stakeholders and internal champions; strategy communication to all stakeholders; engaging with both business units and supporting units during strategy review meetings; checking the compatibility of the BSCEP with other frameworks in the organisation; and compiling a strategic review meeting agenda that excludes operational issues.

Enablers will enhance strategy execution. The BSC creators do not mention the complexity of the BSCEP as a hindrance. The researcher perceives this as myopic, because many authors have agreed that the standard BSC is a complex framework, and this research has unveiled that the BSCEP is also complex. The recommended framework suggests that BSCEP training must be compulsory, and that training internal staff members as champions will mitigate the potential perils of using external consultants.

Inviting support units to attend strategy review meetings will make strategy a joint effort. Such meetings should be highly strategic, as demonstrated in Table 8.3. Checking for compatibility with other tools in the organisation will help enhance strategy execution.

APPENDICES

APPENDIX 1: CONSENT TO PARTICIPATE IN THE STUDY



Faculty of Economic and Management Sciences

Informed consent for participation in an academic research study

Department of Business Management

TITLE OF THE STUDY:

HINDRANCES AND DRIVERS OF STRATEGY EXECUTION USING THE BALANCED SCORECARD EXECUTION PREMIUM (BSCEP) PROCESS

Research conducted by:

Mrs Thembi Masekela

Cell: 082 903 7001

To: _____

This is a letter requesting the participation of (full name) in an academic research study conducted by Thembi Masekela, a PhD student from the University of Pretoria. This is in partial fulfilment of the requirements for Mrs Masekela's degree: *PhD in Business Management*.

The purpose of the research is to investigate the drivers and hindrances of strategy execution using the balanced scorecard.

Please note the following:

- Participation is voluntary. Participation and the data will be kept confidential. No names will be revealed.
- Your participation in this study is very important; however, you may choose not to participate and you may also stop participating at any time without any negative consequences.
- The results of the study will be used for academic purposes only and may be published in an academic journal, in which case the focus will be on contemporary management and not on the organisation.

If you have any concerns, please contact me or my supervisor. Details are provided below:

Researcher: Samukelisiwe Thembisile Masekela

E-mail address: thembi.masekela@standardbank.co.za

Cell: 082 903 7001

Research Supervisor: Prof. Marius Pretorius

E-mail address: Marius.Pretorius@up.ac.za

Tel: +27 12 420 3394

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

Signature

Date

APPENDIX 2: CASE STUDY QUESTIONNAIRE

Case study semi-structured interview questions

1. As a BSCEP implementer, have you encountered problems in implementing the BSCEP as a framework in your division?
“Yes” or “No”.
2. What were the problems?
3. What were the causes of such problems?
4. What are the things you think you would have done better given another chance to implement the BSCEP?
5. Is there anything you would like me to incorporate regarding the implementation of the BSCEP as a framework in this organisation?
6. What went well in the BSCEP implementation?
7. Why?

APPENDIX 3: RESEARCH PROTOCOL

RESEARCH PROTOCOL – HINDRANCES AND DRIVERS OF STRATEGY EXECUTION USING THE BSCEP PROCESS	
Date	
Subjects	Executives, senior managers, middle managers, junior managers and general staff members
Interviewed by	Thembi Masekela
<p>This financial institution has employed the consulting firm to implement Balanced Scorecard Execution Premium (BSCEP) process. This consulting firm has been endorsed by Professor Robert Kaplan and Dr David Norton, the creators of the BSC. Dr Norton is a founding member of this consulting firm. Strategy execution is resiliently problematic in this division. Consulting firms formulate the strategy and the execution thereof is left to the company to manage. A methodology is needed, and the company has decided to implement the BSCEP to execute the strategy. The purpose of this interview is to ascertain the implementation issues of the BSCEP process and the hindrances to and drivers of strategy execution using the BSCEP process. Research reveals that only 10 % to 30 % of well-crafted strategies are implemented. This is not only a problem for this company but a global challenge. Insights obtained from this study will help many strategy practitioners and companies using the BSCEP to resolve strategy execution problems.</p> <p>All information will be kept confidential. Nothing will be personally attributed to you in any reports that result from this interview. All reports will be written in such a manner that no individual comment can be attributed to a particular person. Your participation in this focus group is totally voluntary. Are you willing to answer our questions? Do you have any questions before we begin?</p> <p>Topics and protocol questions</p> <p>A. Compiling strategic objectives and strategy maps. Tell me about your lived experience with compiling strategic objectives and strategy map for your unit.</p>	

What are the negative factors that have contributed to potentially not achieving good results?

What are positive factors that have contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

B. Assigning measures to strategic objectives.

Tell me about your lived experience with assigning measures to strategic objectives for your unit.

What are negative factors that contributed to potentially not achieving good results?

What are positive factors that contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

C. Assigning initiatives to support strategic objectives.

Tell me about your lived experience with assigning initiatives to support strategic objectives for your unit.

What are negative factors that contributed to potentially not achieving good results?

What are positive factors that contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

D. Cascading strategy to business units/departments using strategy maps.

Tell me about your lived experience with cascading strategy to business units / department using strategy maps for your unit.

What are negative factors that contributed to potentially not achieving good results?

What are positive factors that contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

E. Strategic review meetings management.

Tell me about your lived experience with strategic review meetings for your unit.
What are negative factors that contributed to potentially not achieving good results?

What are positive factors that contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

F. Cascading strategic objectives to personal contracts.

Tell me about your lived experience with cascading strategic objectives to personal contracts for your unit.

What are negative factors that contributed to potentially not achieving good results?

What are positive factors that contributed to achieving good results?

What else can you tell me about this phase of strategy execution using the BSCEP?

APPENDIX 4: BSCEP READINESS ASSESSMENT

1. Understanding of the BSCEP principles

1.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

1.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

1.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.3 Average

2. Buy-in from stakeholders

2.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

2.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

2.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4.0 Average



3. Conducive organisational culture to change

3.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.3 Average

4. Other existing tools in the organisation not a barrier

4.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

4.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.0 Average

5. Support from the CEO and leadership

5.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

5.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

5.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.0 Average

6. Communication with all stakeholders

6.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

6.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

6.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.0 Average

7. Small external consultants – client gap

7.1

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

7.2

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

7.3

1	2	3	4
Strongly disagree	Disagree	Agree	Strongly agree

3.0 Average

Figure 7.3 indicates a **high** and **low state of readiness** to implement the BSCEP in an organisation. This study recommends that an overall 4 readiness score may not need mitigation interventions. Any element that measures below 2 needs to be investigated and addressed.

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