CHAPTER TEN: SUMMARY, CONCLUSION AND RECOMMENDATIONS

> All you need is Ubuntu. Society is important because of Ubuntu. If we were the most beautiful, the most intelligent, the most wealthy, the most powerful person - and then found all of a sudden that we were alone on the planet, it wouldn't amount to a hill of beans.
>
> (Bill Clinton, in BBC, 2006).

10.1 INTRODUCTION

This is the last chapter of the thesis. This chapter presents the highlights of the study in a summary of the research areas in terms of the problem statement, the research objectives and the research questions and how those have been addressed by the study; a summary of the main issues in the study; and thereafter a conclusion for the study. Based on the conclusion and research findings, the researcher formulates several recommendations, including ones on possible areas for further study.

10.2 RESEARCH SUMMARY

The Balanced Scorecard model developed by Kaplan and Norton (1992) remains the most popular management model among corporate planning and performance measurement systems (Bourguignon *et al.*, 2004). This model was developed in the United States of America and has been popularised by its inventors. The Balanced Scorecard model has been adopted by many organisations worldwide, including many in Africa.

10.2.1 Background

The Balanced Scorecard model balances financial and non-financial measures by focusing on the financial, customer, business processes, and learning and growth perspectives. The financial measures act as lagging indicators, whereas the non-financial measures are leading indicators of corporate performance.

Industrial experiences of the application of the Balanced Scorecard model have been varied, with some organisations registering success stories (Bradford, 2010:162; Kohnen, 2008:76-77; Niven, 2008:x-xii; Paladino & Williams, 2008), whilst others registered failures (DeBusk & Crabtree, 2006). The reasons for success and failure stories may be found in the conceptualisation of the model and the socio-cultural frameworks governing the users of the Balanced Scorecard model.

The literature review suggests that the Balanced Scorecard model was conceptualised for a Western society that is capitalist in nature (Bourguignon *et al.*, 2004). The model is premised on the exclusive "maximisation of shareholders' wealth" idea, which does not conform with the ideologies of other societies, including most in Africa, for example. African society is premised on a humanist, community-based and socialist framework (Mangaliso, 2001; Mbigi & Maree, 2005). It was therefore necessary to carry out research that would ascertain perspectives surrounding the Balanced Scorecard model, especially in Africa.

The literature review revealed that there was a need for successful management models to synchronise societal dimensions with corporate planning and performance measurement systems. To a large extent, management tools should be congruent with the local briefs and ideologies in the society of origin (Binedell, 1994; McFarlin *et al.*, 1999; Bourguignon *et al.*, 2004:109; Gichure, 2006:39). To some extent, locally developed management models tend to be aligned with the specific beliefs of the local society. Thus, the socio-cultural assumptions of a management model transferred from one place to another may be more or less congruent with the ideologies of the target society.

Similarly, Western philosophical theories and management systems transferred to an African society are likely to encounter some serious socio-cultural mismatches and may ultimately not succeed in providing lasting solutions to the local business challenges faced by an organisation based in Africa. The Balanced Scorecard model is not excepted from the challenges faced in the application of foreign business models in Africa. It was felt that there was a possibility that the socio-cultural divergence between the Western and African environments might have direct implications for the implementation of the Balanced Scorecard model in an African framework.

Conceptually, the Balanced Scorecard model is founded on the premise of maximisation of shareholders' wealth (Bourguignon *et al*., 2004; Voelpel *et al*., 2006). This shareholder maxim disregards other stakeholders who have a direct influence on and contribute to the success of a corporation. The model tends to be individualist and mechanistic, in that it over-emphasises the prime importance of shareholders, thereby sidelining other critical stakeholders, such as suppliers, government, competitors, the local community and the natural environment.

Socially and demographically, Africa is different from Western countries in such dimensions as infrastructural systems, literacy levels, markets and customers, sources of capital and capital structures, government interventions, and socio-cultural frameworks. In an African environment, the local socio-cultural underpinnings are critical and the African Umunthu or Ubuntu (humanness) philosophies are present throughout the continent. Therefore, the Ubuntu socio-cultural dimensions should be considered critical ingredients of performance in any organisation based in Africa (Mbigi & Maree, 2005).

Based on the African Ubuntu philosophy, an African society considers the community to be paramount and the solidarity among community members is a prerequisite for teamwork and overall survival (Tutu, 2004). Therefore, according to the Ubuntu philosophy, different stakeholders would be regarded as members belonging to one community, an organisation (Lutz, 2009). Thus, the socio-cultural diversity premised on the use of Western ideologies, including those of the Balanced Scorecard model should still pose great challenges in an African environment.

10.2.2 Research problem statement

The research problem of the study took cognisance of such disparities between the Western and African environments, in terms of economic provisions, perceptions, and socio-cultural values. Thus the problem statement was

> ***The generic Balanced Scorecard model, which is conceptualised for a predominantly capitalist Western society, is not fully reconcilable with an African environment that is more humanist, community-based and socialist*.**

10.2.3 Primary research objective

From the underlying problem statement of the study, research objectives were formulated. The primary objective of the study was:

> ***To establish whether or not there is a need for a different perspective on or understanding of the generic Balanced Scorecard model that is to be conceptualised, developed and adapted specifically for organisations based in Africa. Based on the study findings, the new African Balanced Scorecard (ABSC) model incorporating African perspectives would be developed***.

Initially, a conceptual framework depicting the interrelationships of the organisation and stakeholders was developed. Out of the conceptual framework, six strategic themes guiding the research emerged.

10.2.4 The conceptual framework

The first strategic theme of the conceptual framework is the relationships and culture theme. This theme recognises the need for continued dialogue between an organisation and its stakeholders.

The second is the stakeholder strategic theme, which focuses on the recognition of contributions by different stakeholders to the success of an organisation. Such stakeholders include suppliers for their provision of production inputs; competitors for benchmarking and continuous process improvements; government for the provision of grants and debt capital financing, infrastructure and legislation; the local community for labour and final consumers; and the natural environment for the raw materials for production.

The third strategic theme is the business processes and practices theme, which emphasises how an organisation can improve its internal operations through economy, efficiency and effectiveness.

The fourth theme is the intellectual capital strategic theme, which looks at issues involving human capital in the form of innovations. Intellectual capital integrates all four forms of capital (financial, debt, labour, and human resources capital).

The conceptual framework also focused on value creation as the fifth major strategic theme. Under the value creation, major elements that are perceived to make a direct contribution toward profitability were assessed.

Finally, the conceptual framework also aimed to assess issues involving the allocation and distribution of organisational wealth. Within African society, corporate conscience can be equated to the application of the Ubuntu philosophy, which is omnipresent on the continent. Issues relating to the allocation and distribution of wealth were discussed under the corporate conscience strategic theme.

The formulation of statements for the structured questionnaire for primary data collection focused on the six strategic themes of the conceptual framework, as summarised above.

10.2.5 Research design and methodology

Based on the conceptual framework, the study used a quantitative research design and methodology in order to address the research problem statement and the research objectives. The research design process came up with a blueprint for the study to conduct it successfully. Research methodology refers to the research process with the methods and tools that a scholar uses in the study (Babbie & Mouton, 2007:74).

During this research, primary data was collected by means of a structured questionnaire (see Appendix A). A quantitative research method was used, as it is more objective and scientifically valid than a qualitative research method, which is by nature subjective (Babbie & Mouton, 2007; Cooper & Schindler, 2006; Field, 2009; Welman *et al.*, 2005). The design of the structured questionnaire as a research instrument was based on the Likert scale rating method. Research participants had to indicate their level of agreement with 52 statements on a five-point scale, ranging from 1 representing “Strongly disagree” to 5 representing “Strongly agree”. After the pre-testing and revision processes, the final questionnaire was submitted to the Research Ethics Committee of the University of Pretoria for approval and clearance (see Appendix D).

The study targeted big corporations from the commercial sector that are registered with the Malawi Chamber of Commerce and the Malawi Stock Exchange in Malawi and companies registered with the Johannesburg Stock Exchange and the Johannesburg Chamber of Commerce in South Africa. Some companies from other African countries were reached through their diplomatic missions, resident in either Malawi or South Africa. In this case, Malawi and South Africa were chosen as the main research geographic areas because the researcher is based in Malawi and works at the University of Malawi, and this PhD thesis was done in South Africa at the University of Pretoria. Simple random sampling of the targeted organisations was done.

To maintain the homogeneity of the sample, the study targeted business executives in the randomly selected corporations. In social research, the homogeneous composition of participants reduces the amount of survey variation and makes survey results more comparable and conclusive (Bryman & Bell, 2007:19). Thus, the participants of the study included business executives, such as board members, chief executive officers (CEOs), chief financial officers (CFOs) or financial directors and financial controllers, management accountants, financial managers, and company secretaries. It was felt that this target sample would represent a fairly homogenous group that is conversant with issues on corporate planning and performance measurement systems.

Questionnaires were administered in hard copy and in electronic format. A total of 620 questionnaires were dispatched, and a total of 387 responses were received back from the participants, giving a response rate of 62.4%. As a rule of thumb, correlational studies, such as like this one, give conclusive results when the sample size is at least 100 (Field, 2009). Therefore, the 387 responses represent a better and more acceptable number.

The sampling statistics show that the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.824, which is a “great” value for the verification of sampling adequacy for the analysis, according to Field (2009:659). Thus, statistics confirm the factorability of items and the adequacy of the sample for conclusive results (Chenhall, 2005; Field, 2009; Hanafizadeh, 2008). Furthermore, the results of the analysis indicate that there are uniformly high communalities among variables (see Appendix F) that are all above 0.5, and that there was an average communality of 0.705, which is “good” news, according to Field (2009). The above statistics indicate that the sample was adequate and that it can be relied upon.

The statistical analyses on the data collected during this study were conducted using SPSS Version 16.0. Analytical techniques used during the data analysis include univariate analysis (conducted through frequency tables and graphs), bivariate correlation analysis (using Pearson correlation analysis), and multivariate analysis (using factor analysis).

10.2.6 Secondary research objectives

The primary objective of the study was supported by the secondary objectives. The first secondary research objective was the following:

> ***To review related literature on corporate planning and performance measurement systems in order to gain more insight into and knowledge on the topic. The related literature includes studies on corporate measurement systems, the use of traditional financial measures, the Balanced Scorecard model, socio-cultural systems and the African Ubuntu philosophy, sustainability scorecards and the triple bottom line (3BL) reporting systems, business ethics and corporate governance.***

The literature review constitutes five chapters of the thesis – from Chapter Two to Chapter Six, as outlined in Figure 2 (on p. 20). Chapter Two reviews corporate performance and financial measurement systems; Chapter Three analyses the perspectives surrounding the generic Balanced Scorecard model; Chapter Four reviews the African Ubuntu philosophy; Chapter Five reviews the sustainability scorecards and the triple bottom line reporting systems; and finally Chapter Six analyses issues on business ethics and corporate governance.

The literature review in Chapter Two indicates that most organisations in Africa depend on financial measurement systems to assess their corporate performance. It is a statutory requirement that all registered companies must produce annual audited financial statements that can be accessed by different stakeholders, including shareholders (Malawi Government, 1986; South Africa, 1973). Traditionally, the corporate performance measures used by most African organisations, including the public sector, are based on the financial achievements of the individual entities.

The use of traditional financial measures cascades from the organisational level to the lower levels. For instance, employee performance measurement is based on financial measures that are linked to the manager's area of responsibility (Drury, 1996; Horngren & Foster, 1991). Staff reward systems are largely based on financial performance by individuals or departments over which they have direct control within an organisation.

Although the primary intention is to enhance motivation for better productivity, in many organisations, the financial performance-based measurement systems tend to encourage negative behaviours by employees, who may be enticed into engaging in the realisation of short-term rewards at the expense of long-term corporate sustainability (Niven, 2006; Punniyamoorthy & Murali, 2008; Sandhu *et al*., 2008). The scenario is also true even at the senior management level, where financial managers and chief executives tend to sacrifice long-term projects in order to realise selfish short-term gains (Kaplan & Norton, 2004a; Smith, 2005).

There have also been cases of window dressing financial information, where business executives have concealed the true picture of corporate performance by manipulating the financial figures in order to portray a better picture to different stakeholders of the company (Newman, 2007). Through window dressing, senior executives mislead stakeholders, especially shareholders, regarding the performance and status of a company. In the long run, non-disclosure of the true picture of the company can culminate in corporate failure. Instances of the apparently sudden bankruptcy of giant companies such as the Enron Corporation and other corporate scandals engender extreme distrust of the morality of some corporate executives (also discussed in Chapter Six, "Business ethics and corporate governance").

It is out of such frustration with the use of financial measures that the Balanced Scorecard model was developed (see Chapter Three). While it maintains the financial measures as one perspective, the Balanced Scorecard model adds three non-financial perspectives. Thus, the four perspectives in the model are the financial, customer, internal business processes, and innovation (learning and growth) perspectives. The Balanced Scorecard model advocates that there should be a balance between the financial and non-financial measures, lagging and leading indicators, and the short-term and long-term approaches for an organisation to succeed.

However, the main challenge with the Balanced Scorecard model application in Africa is that the four perspectives are likely to give different messages to the users of the model, because of socio-cultural disparities between the Western country of origin and Africa. The four perspectives of the Balanced Scorecard model are not fully representative of the African socio-cultural framework, which is founded on the community-based Ubuntu philosophy (Chapter Four). It is this lack of synchronisation between the African socio-cultural frameworks and the current Balanced Scorecard model perspectives that necessitated the redesign of the model so that it can be effectively used as a corporate planning and performance measurement tool in Africa. In its current form, the Balanced Scorecard model is limited in its application, especially in Africa.

Furthermore, the literature on scorecards focusing on sustainability (Chapter Five) reveals that corporations have to pay special attention to economic, social and environmental sustainability elements (Epstein & Wisner, 2001; Pedersen & Neergaard, 2008). In order to remain competitive and self-sustaining, organisations should focus on sustainability issues that have become more pronounced in contemporary management systems. Sustainability issues have been highlighted, for example, in the King III Report (Institute of Directors in Southern Africa, 2009:109). Different sustainability concepts and models apply and these include the triple bottom line concept, the Carroll model, the Senge model and the sustainability balanced scorecard models.

The most prominent concept within the corporate sustainability discussion is the triple bottom line concept, which takes cognisance of the need to combine and achieve three elements, by focusing on economic, environmental and social reporting systems. The reasoning for adopting a sustainability approach is founded on the premise that corporations must be run within the continuity framework, where current operations do not negatively affect future activities through the destruction of the natural environment and society. Sustainability can only be achieved by pursuing a stakeholder-centred approach, where all the interested parties, including society, are partners of the organisation. Involvement by and in the society and with the natural environment is paramount, especially in the African framework, as discussed in Chapter Four. However, the Balanced Scorecard model does not address such societal and natural environmental elements fully.

The literature review included literature on business ethics and corporate governance (Chapter Six). Different general theories governing ethics were analysed. These include Aristotle's virtue theory, which states that the integrity of an individual's character determines his or her ethical behaviour; Kant's deontological theory, which argues that there are objective ethical standards of behaviour that everyone should respect, hence the development of ethical codes; and John Stuart Mill's utilitarian theory, which focuses on the practical consequences of an action in order to determine whether that action was right or wrong, depending on the result experienced.

In order to understand governance issues, there was an analysis of both the shareholder-centred and stakeholder-centred approaches in business ethics and corporate governance. The shareholder-centred approach is founded on utilitarianism, where results in the form of the maximisation of shareholders' wealth are considered to be the primary objective of a corporation and its purpose for existing. Under this phenomenon, benefits to other stakeholders are just the result of the "trickle-down" effects of the "invisible hand" as advocated by Adam Smith (1790). The current Balanced Scorecard model was developed on the premise of utilitarianism.

By contrast, a stakeholder-centred approach accommodates all organisational stakeholders, including shareholders, customers, suppliers, management and employees, the community and the natural environment. Furthermore, the literature also establishes that stakeholder theory is in conformity with the African Ubuntu philosophy, where an organisation is seen as a community consisting of different interested members (stakeholders). This implies that all stakeholders have to be treated equally in terms of wealth creation and wealth distribution.

The literature review also shows that issues of corporate social responsibility and corporate citizenship are paramount in modern management systems, especially in organisations based in Africa. It has been demonstrated that corporate governance guidelines in Africa (apart from Nigeria) are "inclusive", in that they take a stakeholder-centred approach, unlike the Western approach, which is "exclusive" and shareholder-centred.

10.2.7 Results and analysis of research findings

The discussion of the results and analysis of research findings are linked to the achievement of the research objectives, as summarised below.

a) Univariate analysis (frequency tables and graphs)

The second secondary research objective of the study was the following:

> ***To assess and validate the extent of agreement by survey participants on individual statements in the structured survey questionnaire***.

Generally there were varied responses on each of the 52 statements that were formulated during the research design process. One notable observation from the univariate analysis is that the majority of organisations (albeit by a relatively small margin) indicated that they do not put more emphasis on the maximisation of shareholders' wealth than on other stakeholders' wealth. The analysis reveals that only 45.5% agree that their organisations put more emphasis on the maximisation of shareholders' wealth than on that of other stakeholders' wealth. The results indicate that while some organisations are still geared towards satisfying the maximisation of shareholders' value requirement than the value for other stakeholders, other companies have already embraced a stakeholder-centred approach in their corporate visions and missions.

The other significant finding is that the natural environment is not regarded as a main stakeholder by most organisations in Africa. An overwhelming majority of 69.3% indicated that they do not consider the natural environment as their main stakeholder in their planning and performance measurement systems. Further analysis shows that this response is prevalent amongst the service industries, such as the tourism and hospitality, real estate, and financial and insurance industries. However, the majority of organisations from the manufacturing, mining and quarrying, and transport and storage industries indicate that they see the natural environment as their main stakeholder. The industrial analysis by country shows that most organisations in Malawi (76.5%), South Africa (60.7%) and other African countries (71.9%) indicated that they do not consider the natural environment as their main stakeholder (Appendix E).

Furthermore, most organisations indicated that they do not have proper measurement systems to assess the impact of their operations on either the natural environment or society. Only 41.4% of organisations indicated that they are able to objectively measure the natural environmental impact of their operations. The analysis of the results demonstrates that while some organisations have embraced environmental measurement systems, others still experience problems in measuring the environmental impact of their activities. This could be a result of a de-emphasis on and/or the complexity that is involved in such measurement systems.

The analysis of the findings also indicates that there is a need for an emphasis on natural environmental elements as well as the development of performance measures related to the natural environment in corporate management systems. Provisions for the natural environment, which is not currently accommodated in the generic Balanced Scorecard model, have therefore been made in the new African Balanced Scorecard model.

Similarly, the measurement of the social impact of organisational activities is still problematic, in that many organisations are not knowledgeable about this area. Only 48.1% of respondents indicated that they are able to objectively measure the social impact of their operations on communities. The research findings indicate that many organisations are still experiencing problems in measuring the social impact of their activities. Such measurement problems could be a result of the de-emphasis on and/or complexity that is involved in such measurement systems, which are largely qualitative. Provisions on society, which are not currently captured in the generic Balanced Scorecard model, have therefore been incorporated in the new African Balanced Scorecard model. Details about the research results and analysis are reported on in Chapter Eight.

b) Bivariate analysis (Pearson correlation analysis)

The third secondary objective of the study was the following:

> ***To assess and validate the strength of the relationships between the variables in each strategic theme of the conceptual framework.***

Using Pearson correlation analysis, the research findings indicate that there are partial relationships between the variables within each strategic theme, most of which are positively correlated. The analysis of the research results further indicates that most variable relationships are significant at both a 95% confidence level (0.05 level of significance, $p<0.05$) and at a 99% confidence level (0.01 level of significance, $p<0.01$). On the one hand, very high correlation coefficients indicate that the two variables are strongly related to each other, implying that the variables involved measure almost the same construct. Moderate correlations between different variables would indicate that the variables are measuring different constructs that are related to one another. On the other hand, very low correlation coefficients would indicate that variables are not highly correlated with one another and probably measure unrelated constructs (Bryman & Bell, 2007; Field, 2009; Flamholtz, 2005; Saunders *et al.*, 2003). From the analysis of results, it is clear that the correlation coefficients of variables within the strategic themes are moderate, which is good news.

The fourth secondary objective of the study was the following:

> ***To assess and validate the strength of interrelationships of the six strategic themes of the conceptual framework.***

The intercorrelations between the strategic themes were determined by computing the means for each strategic theme, a statistical method that was adopted from by Flamholtz and Kannan-Narasimhan (2005:54). The computed means were later subjected to Pearson correlation analysis. The analysis indicates that there is a significant correlation between the six strategic themes of the conceptual framework. All the intercorrelations are significant at a 0.01 level of significance ($p<0.01$). The results also show that the correlation coefficients that range from $r=0.207$ to $r=0.614$ are moderate, which is good news, according to Field (2009).

c) Multivariate analysis (Factor analysis)

The fifth secondary research objective was the following:

> ***To establish the principal components (perspectives) of the new African Balanced Scorecard model, and finally to redesign the Balanced Scorecard model to accommodate African perspectives, based on the statistical empirical evidence.***

After establishing the significant moderate correlations between the variables on each strategic theme and the significant moderate intercorrelation between the strategic themes themselves, as discussed above, the researcher went on to test the factorability of the variables by deploying the factor analysis technique, as is recommended by Lunenburg and Irby (2008:223). Exploratory factor analysis is a statistical method that analyses the intercorrelations among a large set of measures to identify a small number of common factors or components (Babbie & Mouton, 2007; Cooper & Schindler, 2006; Field, 2009; Lunenburg & Irby, 2008; Saunders *et al.*, 2003). Exploratory factor analysis also indicates the extent to which survey instruments are measuring the same thing, thereby enabling researchers to deal with a smaller number of constructs.

Through the promax rotation method, the factor analysis determined variables that loaded on the best four components, which are in conformity with the strategic themes as originally conceptualised in the study framework. The four components focused on the elements of relationships and culture, stakeholders, value creation and corporate conscience. The Pearson correlation analysis of the four components indicates that all the components are significantly correlated with each other at a 99% confidence level, $p<0.01$. The analysis also indicates that the correlation coefficients that range from $r=0.349$ to $r=0.781$ are moderate, implying that the variables measure different constructs related to one another, which is “excellent” news, according to Field (2009).

The factor analysis complements the univariate and bivariate analyses discussed above. The four statistical components condense and also fully support the six strategic themes - it has been noted that the four components extracted from the factor analysis address all the strategic themes of the conceptual framework. Based on these empirical statistical analyses, the four perspectives of the African Balanced Scorecard model were finally identified as the relationships and culture, stakeholder, value creation, and corporate conscience perspectives.

The relationships and culture perspectives focuses on activities that facilitate continued dialogue between an organisation and its stakeholders. This perspective is founded on the premise that the interconnectedness and interdependence of stakeholders is critical for the long-term survival of an organisation (corporate sustainability). In enhancing corporate sustainability, the stakeholder perspective focuses on recognition of the contributions that individual stakeholders make towards the value creation activities of an organisation. The value creation perspective recognises critical elements, such as business processes, practices and intellectual capital, that are used to create maximum value for an organisation. Finally, the corporate conscience perspective represents the allocation side of the African Balanced Scorecard model, where the organisational wealth created should be equitably allocated and distributed to those constituents that were directly or indirectly involved in the value creation processes.

The four perspectives represent the humanist, community-based and socialist African framework; and they are interrelated and thus interdependent, as can be deduced from their descriptions in Section 9.3 on pp. 372. Overall, the African Balanced Scorecard model can be seen as a dual model, representing the value creation activities on one side, and the allocation of wealth on the other. All perspectives of the African Balanced Scorecard model are intended to achieve the ultimate organisational objective of maximising wealth for corporate sustainability.

10.2.8 Summary of the achievement of the research objectives and solution to the research problem statement

As summarised above and in Table 49, overleaf, the research objectives that addressed the research problem were reached. The summary indicates each research area and where that area was accomplished, with reference to thesis chapters.

10.3 CONCLUSIONS

The research findings confirm that there is indeed a need for a different understanding of perspectives than the current Balanced Scorecard model and that therefore the current model should be adapted specifically for organisations in Africa. As developed from the research findings, the new perspectives for the African Balanced Scorecard model comprise the relationship and culture, stakeholder, value creation, and corporate conscience perspectives. These four perspectives in the model would help Africa-based organisations in their corporate planning and performance measurement systems.

The research findings also confirm that the African Balanced Scorecard model is in line with the local spirit of Ubuntu, which is omnipresent in Africa. The Ubuntu philosophy propagates community solidarity, teamwork, caring and sharing amongst all members. It is this inclusive approach of the Ubuntu philosophy that the new Balanced Scorecard model has adopted. Thus, a wholesale implementation of the generic Balanced Scorecard model, which is founded on an exclusive shareholder-centred approach, would be a mismatch with African society, which is more inclusive and socialist.

Table 49: Solution to the problem statement and meeting of the research objectives

Research Item	Chapter Reference
Problem Statement: *The generic Balanced Scorecard model, which is conceptualised for a predominantly capitalist Western society, is not fully reconcilable with an African environment that is more humanist, community-based and socialist.*	• Chapter 1*: Introduction (Conceptual framework)* • Chapters 2-6 (*Literature review*) • Chapter 8: *Results and analysis of findings* • Chapter 9: *Development of the African Balanced Scorecard model*
Primary Research Objective: *To establish whether or not there is a need for a different perspective on or understanding of the generic Balanced Scorecard model that is to be conceptualised, developed and adapted specifically for organisations based in Africa. Based on the study findings, the new African Balanced Scorecard (ABSC) model incorporating African perspectives would be developed.*	• Chapter 1*: Introduction (Conceptual framework)* • Chapter 8: *Results and analysis of findings* • Chapter 9: *Development of the African Balanced Scorecard model*
Secondary Research Objective (a): *To review related literature on corporate planning and performance measurement systems in order to gain more insight into and knowledge on the topic. The related literature includes studies on corporate measurement systems, the use of traditional financial measures, the Balanced Scorecard model, socio-cultural systems and the African Ubuntu philosophy, sustainability scorecards and the triple bottom line (3BL) reporting systems, business ethics and corporate governance.*	• Chapter 2: *Corporate performance and financial measures*; • Chapter 3: *Perspectives surrounding the Balanced Scorecard model*; • Chapter 4: *Scorecards under the Ubuntu philosophy* • Chapter 5: *Sustainability scorecards and the triple bottom line reporting*; • Chapter 6: *Business ethics and corporate governance*
Secondary Research Objective (b): *To assess and validate the extent of agreement by survey participants on individual statements in the structured survey questionnaire.*	• Chapter 7: *Research design and methodology* • Chapter 8*: Results and analysis of findings*
Secondary Research Objective (c): *To assess and validate the strength of the relationships between the variables in each strategic theme of the conceptual framework.*	• Chapter 7: *Research design and methodology* • Chapter 8: *Results and analysis of* findings
Secondary Research Objective (d): *To assess and validate the strength of interrelationships of the six strategic themes of the conceptual framework.*	• Chapter 7: *Research design and methodology* • Chapter 8: *Results and analysis of* findings
Secondary Research Objective (e): *To establish the principal components (perspectives) of the new African Balanced Scorecard model, and finally to redesign the Balanced Scorecard model to accommodate African perspectives, based on the statistical empirical evidence.*	• Chapter 7: *Research design and methodology* • Chapter 8: *Results and analysis of* findings • Chapter 9: *Development of the African Balanced Scorecard model* • Chapter 10: *Summary, conclusion and recommendations*

Source: Own observation

The study also reveals that most organisations are beginning to realise the significance of incorporating critical stakeholders, such as suppliers, debt capital providers, competitors, the local community and the natural environment. The generic Balanced Scorecard model does not focus on these provisions. It is believed that the incorporation of such stakeholders as part of the organisation ("community" under Ubuntu) would facilitate better planning and therefore the achievement of better corporate performance for organisations in Africa. Currently, as few as 30.7% of organisations in Africa regard the natural environment as a stakeholder in their corporate activities. If this trend of disregarding the natural environment as a stakeholder continues, the sustainability of future business operations may be severely jeopardised.

However, the research reveals that most organisations (69.5%) recognise the community as a stakeholder and that they are involved in social activities, such as promotion of education. Corporate citizenship through corporate social responsibility is an important facet of the new African Balanced Scorecard model (under the corporate conscience perspective). Thus, the findings of the research fully support the provisions of the new King III report, which requires organisations to report social and environmental issues in addition to the financial (economic) activities (Institute of Directors in Southern Africa, 2009).

In formulating new perspectives, the African Balanced Scorecard model has also addressed the main limitations of the generic Balanced Scorecard model, as summarised in Table 3 (on p. 122). For example, the new African Balanced Scorecard model is founded on the premise that business activities are complex, as they involve interrelationships and interdependences between different constituents for the survival of the organisation, as indicated in the conceptual framework in Figure 1 (on p. 7). Furthermore, the African Balanced Scorecard model and its perspectives have been developed on the basis of an extensive study that was based on the conceptual framework of complex relationships between business activities and transactions by different stakeholders. Through the bivariate analysis in the study, the African Balanced Scorecard model recognises the bidirectional relationships of its perspectives and activities within the perspectives as well. By contrast, the choice of the perspectives in the generic Balanced Scorecard model and their assumed unidirectional linearity lacks statistical backing about their validity (Akkermans & Van Oorschot, 2005:933; Flamholtz, 2003; Ittner & Larcker, 2001; Norreklit *et al*., 2008).

In the African Balanced Scorecard model, the emphasis on value creation and wealth allocation activities differs from the focus of the generic Balanced Scorecard model. The contribution made by each stakeholder towards the success of the organisation should be recognised through the equitable distribution of wealth to the respective stakeholders that are involved in the value creation process. Instead of just focusing on shareholders' wealth maximisation, as is the case with the generic Balanced Scorecard model, the new African Balanced Scorecard model enables organisations to prioritise and balance their value creation and resource allocation activities in the best and most equitable manner.

10.4 RECOMMENDATIONS

Based on the research findings and conclusions, the recommendations below can be made for immediate consideration and implementation.

10.4.1 Adoption of the African Balanced Scorecard model

The African Balanced Scorecard model, which has four unique perspectives, should be adopted by all organisations operating in Africa. Unlike the generic Balanced Scorecard model developed by Kaplan and Norton (1992), the African Balanced Scorecard model is consistent with the African management framework, which is inclusive and community-based. The model also resonates with the African Ubuntu philosophy, in which team solidarity, caring and sharing are paramount. The African Balanced Scorecard model also supports the principles of an ecosystem where sustainability is based on the interconnectedness and interdependence of different constituents within that system. Organisations in Africa will be better placed in terms of their corporate planning and performance measurement systems if the African Balanced Scorecard model is adopted.

Furthermore, the African Balanced Scorecard model is flexible and it can be modified by individual organisations, depending on their unique operational and strategic thrusts. It is therefore recommended that the principles surrounding the model should be maintained. The African Balanced Scorecard model should be used as a template to guide managers in different industries from both the commercial sector and the public sector.

10.4.2 Review of general business practices in the commercial sector

The new perspectives in the African Balanced Scorecard model differ substantially from the perspectives in the generic Balanced Scorecard model. The new model emphasises both value creation activities and the allocation and distribution of resources to different stakeholders in the most transparent and equitable manner. A perspective dedicated to corporate conscience, which includes resource allocation and distribution, has been included in the model. The new African Balanced Scorecard model also advocates the establishment and adoption of proper performance measures on social and environmental elements. The research findings reveal that many organisations disregard the social and natural environmental elements' contributions within their operations. All these developments require that companies should be proactive in the incorporation of social and environmental dimensions within their systems. This argument is supported by the King III Report’s recommendation on the adoption of triple bottom line reporting systems by corporations. To implement the new African Balanced Scorecard model successfully, there is a need to review business policies and practices to reflect the findings and recommendations of this research.

10.4.3 Review of the financial accounting and auditing principles and practices

The current financial accounting and auditing principles and practices are still geared towards meeting the needs of the primary owners of business, the shareholders. The introduction of the new perspectives in the African Balanced Scorecard model adds a new dimension to corporate planning and performance measurement systems. The African Balanced Scorecard model advocates a stakeholder-centred approach on issues regarding value creation and resource allocation, which are not fully represented under the current GAAP. For instance, the current financial accounting and auditing reporting systems focus on the single bottom line (profitability), which works better with shareholder-centred approaches, such as the generic Balanced Scorecard model. Emerging issues emphasised in the African Balanced Scorecard model include intellectual capital accountability, social accounting and auditing, and environmental accounting and auditing. Thus, there is a need for the accounting and auditing professions to review their guidelines to reflect the new thinking behind the African Balanced Scorecard model.

10.4.4 Review of the academic curriculum in business management courses

In order to ensure the effective adoption of the African Balanced Scorecard model, the curricula in academic circles, especially in business schools and universities, must be revised to reflect the development of the model. The current curriculum is still based on foreign management concepts and principles that are not fully relevant to an African environment. Within the revised academic curriculum, such issues as the Ubuntu philosophy (its principles and practices), relationships and culture, resource allocation, business ethics and good corporate governance, corporate social responsibility, and the protection of the natural environment should be addressed to enhance the sustainability of future businesses and also the good of future generations.

10.4.5 Replication of the study in other African countries

This study focused on participants from South Africa, Malawi and other countries, largely in Southern Africa. The other countries included Botswana, Swaziland, Lesotho, Mozambique, Zambia and Zimbabwe. Therefore, it is necessary to conduct a similar survey in other African regions, which may be operating within the same sociological frameworks as those of Southern Africa, but may have different legal and corporate governance frameworks. Nevertheless, the literature shows that South Africa's corporate governance guidelines provide a fair representation of corporate governance on the African continent as a whole (Armstrong *et al*., 2005)

However, Rossouw (2005:100) argues that an analysis of corporate governance reports across Africa, mostly sub-Saharan Africa, has revealed that all reports, apart from those from Nigeria, advocate "inclusive" stakeholder-oriented corporate governance. It is therefore necessary to conduct the same research in countries such as Nigeria and to compare the results of the research findings with those of the current study.

10.4.6 Replication of the study in Asian countries

It would also be ideal for similar studies to be conducted in the East Asian countries which share similar socio-cultural and corporate governance ideologies with African frameworks. For example, there is a similar stakeholder-centred broader view of the company in Asia (Rossouw, 2009b:44). Part of the explanation for the lesser prominence of shareholder concerns is that many enterprises in Asia are either state-owned or SMEs that are family-owned; hence shareholder concerns are less prominent. These societal norms, practices and values find expression in a relationship-based form of corporate governance such as that advocated by the African Balanced Scorecard model. Therefore, it is necessary to conduct similar studies in the Asian community and compare the results of the research findings with those of this study.

10.5 SIGNIFICANCE OF THE STUDY

It is envisaged that the study will have an impact in many dimensions, in as far as the management accounting and corporate strategy areas are concerned. The study results will have the greatest significance for practising industries and academia. The notable contributions of the study are discussed below.

10.5.1 Review and redesign of best corporate planning and performance measurement systems

The identification of the new perspectives and the development of the African Balanced Scorecard model will necessitate a revision of business practices and processes related to corporate planning and performance measurement systems. Therefore, it is anticipated that the research results will assist African industries to review and redesign, where necessary, their corporate planning and performance measurement systems for them to excel in their activities. From the study findings and analysis, it seems that the research results should be able to guide managers on the best, most modern management practices for a successful organisation in Africa. The application of the four perspectives can work as a template in an African management framework.

10.5.2 Review and redesign of government and industrial policies and regulations

After practitioners and academia in Africa have been sensitised to the new African Balance Scorecard model, the model is likely to influence the mindset of practising executives, who will later revolutionalise the general management and performance measurement systems within Africa. The study is likely to influence even government systems and the private sectors in Africa to review and modify their governing industrial approaches, policies and regulations. Already, the identification of such new areas of emphasis as relationships and culture, and corporate conscience (resource allocation) would give rise to a great deal of change in industrial priorities, management policies, and government regulations.

It is further expected that the formulation and adoption of the new policies will also attract participation from non-governmental organisations and all other stakeholders. The affected areas would include the reformulation of guidelines on corporate governance based on the new line of thinking in business ethics and corporate conscience. Such policies and regulations will be redesigned to reflect modern management techniques that are targeted at solving the emerging local management challenges of the African continent.

10.5.3 Catalyst for further debate amongst academics and captains of industry

The African Balanced Scorecard model brings a new dimension into the academic world. There has been a great shift from the maxim of “maximisation of shareholders’ wealth” to “maximisation of organisational wealth for all stakeholders”. It is anticipated that the results of this study will spur academic debate amongst university professors, researchers and the student community regarding the emerging issues that have been raised. Case studies targeting specific industries and companies on the same topic will be developed. It is expected that there will be significant and positive “trickle-down” effects from the study findings to other groups as well. Such affected groups include academic scholars, governments, non-governmental organisations, the private sector and, more importantly, the general public.

10.5.4 Development of management consultancies

As more and more managers will be compelled to change their mindset towards the new African Balanced Scorecard model, both the private and public sectors are likely to engage different consultants to realign their systems to the new concept. Apart from reaching management consultants, the new concept will bring about more challenges and discussion amongst general industry practitioners. In addition to the development of the African Balanced Scorecard model as part of corporate planning and performance measurement systems, management consultants are likely to be engaged in facilitating and sensitising the general business community on the new management philosophy in Africa.

10.5.5 A change in the accounting and auditing profession

More specifically, the African Balanced Scorecard model brings in new ideas about the way the created organisational value should be allocated to different contributors of that wealth. This shift is in line with an observation by Tinker (1985:81) that accounting practice should be a means of resolving social conflict, a device for appraising the terms of exchange between social constituencies, and also an institutional mechanism for arbitrating, evaluating and adjusting social choices. This aspect demands a change in the current financial accounting reporting systems. The current reporting system, which focuses on the single bottom line (profitability), works better with shareholder-centred approaches, such as the Balanced Scorecard model. Apart from value creation activities, the new model also demands openness and transparency in resource allocation (discussed under the relationships and culture perspective and corporate conscience perspective). All these developments will have to be reflected in the accounting and auditing professions.

10.6 RESEARCH LIMITATIONS

Several constraints should be noted in relation to the study and the production of the final thesis. These limitations are enumerated below.

10.6.1 Limited geographic coverage

The primary research was conducted largely in South Africa and Malawi, in addition to a few countries in Southern Africa. The financing and time frame of the research project were not adequate to cater for more comprehensive primary studies of all the countries in Africa. Apart from Malawi and South Africa, most data collected from other countries was solicited largely through the diplomatic missions of the countries that are resident either in South Africa or Malawi. The other data was collected through secondary research in the form of a literature review.

10.6.2 Limited information availability

Availability of information was limited, as the information was very difficult to obtain because it was considered sensitive by many organisations. Some of the people who were originally sent a questionnaire did not want to participate on the basis of company policy, as exemplified by the response from a participant shown in Appendix O. In Africa, open discussions on such issues as corporate planning and performance measurement systems are usually regarded as taboo. Many African executive managers are not comfortable with disclosing organisational "secrets" to "outsiders"; let alone secrets about corporate issues which are regarded as strategic.

10.6.3 Insufficient validation of causal relationships

The study established different relationships between the four perspectives of the African Balanced Scorecard model. The analysis of variable relationships was done by means of Pearson correlation analysis. Thus, the African Balanced Scorecard model represents necessary, but not sufficient, conditions for proof of any cause-and-effect relationships between perspectives and their activities. Correlation does not imply causality (Bryman & Bell, 2007:361; Hofstee, 2006:215).

Although the survey statistics show paths of individual associations between the perspectives, there has not been sufficient research employing other experimental techniques. Statistical methods such as longitudinal case studies (running for a relatively long time to observe the behaviour of constructs) would be useful to investigate empirically the causality of factors and variables over some time. Longitudinal studies would enable the establishment of these cause-and-effect relationships and the development of the predictive model by using the multivariate regression analysis, as recommended by Field (2009). It would be necessary to measure, for instance, the relationship between each perspective and corporate performance in the form of the profitability or market value of the companies involved. Such longitudinal studies as highlighted above were beyond the scope of this study.

The above study limitations should be taken into consideration when using and drawing conclusions from the study results.

10.7 RECOMMENDATIONS FOR FURTHER RESEARCH

The development of the African Balanced Scorecard model brings about new challenges on how best organisations in Africa can prioritise corporate activities to enhance the long-term sustainability of their business. This section discusses areas for further research which can pick up where this project leaves off.

Firstly, there is a need for more detailed longitudinal studies based on the identified four perspectives. Longitudinal studies should establish the cause-and-effect relationships amongst the four perspectives. The current study just established significant relationships between perspectives without any causality outcomes. After establishing the cause-and-effect relationships of perspectives, researchers will be able to assess the impact of one perspective on the others, including the overall corporate performance measured in terms of the financial, social, and environmental impact, as captured in the corporate conscience perspective.

Through multiple regression analysis models, managers would be able to predict the outcome (effect) of one perspective as the other perspective (cause) changes or is manipulated. The development of predictive models that are based on this African Balanced Scorecard model would be ideal for business practitioners in the commercial sector, the public sector, as well as non-governmental organisations. Such predictive models would also be helpful to academics.

Furthermore, this study focused on only profit-making organisations from the commercial sector. The non-profit-making organisations, such as government institutions and non-governmental organisations, constitute the largest group of national transactions. Therefore, a similar study would be necessary for the non-profit-making organisations as well. Whilst maintaining the same problem statement, research objectives and conceptual framework, the recommended study can be done with a modification of the strategic themes, and the structured questionnaire statements. It would be necessary to compare the results of this study on the commercial sector with those of the public sector.

Finally, the new African Balanced Scorecard model changes the way current management systems are conducted. Management areas that are significantly affected include management accounting and financial management for internal reporting systems, financial accounting and auditing for external financial reporting systems, and corporate strategy for planning and performance measurement systems. Researchers should also study how best the accounting principles, especially the financial accounting and auditing principles, should be adjusted to accommodate the new management applications of the African Balanced Scorecard model. The current financial accounting systems are still geared towards the fulfilment of the "maximisation of shareholders' wealth" requirement, reporting profitability as representing the viability status of a company. The new financial statements should be designed in such a simple and comprehensible way that they will be useful to all stakeholders of organisations, including the local community, which is a premise of the African Balanced Scorecard model.