THE EFFECTIVENESS OF BALANCED SCORECARD AS A TOOL TO EXECUTE BUSINESS STRATEGY: The Case of Civil Aviation Authority of Zimbabwe (CAAZ)

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ABSTRACT

This research paper focused on assessing the effectiveness of the Balanced Scorecard (BSC) as a tool to execute business strategy. The integral research question was to establish whether the Balanced Scorecard is a solution to strategy implementation at Civil Aviation Authority of Zimbabwe (CAAZ). As such, the parameters important to the execution of strategy and BSC implementation were analyzed. The findings showed that CAAZ has partially managed to implement strategy. Some of the parameters that are paramount to operationalize the strategic plan for 2009-2013 using the BSC still needs to be attended to at CAAZ. The paper recommended that CAAZ should ensure that training and development takes cognizance of the individual training needs. It also recommended the appointment of a BSC implementation team, aligning of business processes to strategy as well as ensuring effective communication systems are in place at all levels.

Key Terms: Balanced Scorecard, Strategy, Aviation, Implementation, Measurement

INTRODUCTION

In the present day, strategy implementation and performance management is attracting more and more attention, among academics and practitioners. It has been calculated that new publications on performance management is appearing at a rate of one on every five hours of working day since 1994 (Marr and Schiuma, 2002). Freedman (2003:26) states 'Strategy implementation requires discipline, commitment, creativity, leadership and superior execution skills'.

There is a huge gap between the vision and strategy developed at the top and the things people down in the organization, at the frontline, are doing (Kaplan and Norton, 2005). Peter Drucker already noticed this almost 50 years ago when he coined the phrase 'Management By Objectives', but at that time there was no language with which the gap could be closed. This gap became even more apparent in the 1970s. First, Michael Porter and consultancy

firms as the Boston Consulting Group, formalized the theory and practice of strategy for senior-level executives. At the same time, total quality management programs, the drive for empowerment and the introduction of personal objectives affected employees' everyday actions. However, no bridge was made between these two initiatives: strategy and employee empowerment for continuous improvement. The Balanced Scorecard provides the required language and tools to effect the changes (Kaplan and Norton, 2005).

Most companies believe that when performance is tracked the organization becomes successful (Kaplan and Norton, 1996). They also believe that business strategies execution can be easy if there is use of performance measurement. The challenge exists on the way the business strategies are managed. A gap exists on how to measure the performance and the Strategy execution. Performance management has become the talk of the day in the boardrooms and business meetings. Several tools have been designed to ensure effective the execution of strategies however several companies still fail. The use of balanced scorecard as a performance measurement tool and as a strategic implementation tool have been proposed by Kaplan and Norton (1992). The adoption of this the theory by the CAAZ, needs to be assessed whether this can be a solution to the execution of strategy.

The Civil Aviation Authority of Zimbabwe (CAAZ) was created by the Civil Aviation Act [*Chapter 13:16*], with its objects being:

 a) To promote the safe, regular and efficient use and development of aviation inside and outside Zimbabwe; and
 b) To advise the Government of Zimbabwe on all matters relating to domestic and international aviation.
 c)

RESEARCH METHODOLOGY

The case study approach was used to carry out the study. Robert Gabriel Mugabe International Airport is the biggest Airport and the head office of the organization was used as the case for this study. The researcher used CAAZ as a case study. The target sample of 108 CAAZ staff was carefully randomly selected to make representative of the population. Interviews were conducted with 35 employees who were randomly selected. The results of the research were presented and analyzed using STATA statistical package. Yin (1989) states that data analysis consists of examining, categorization, tabulation, or otherwise recombining the evidence to address the initial propositions of the study.

LITERATURE REVIEW

Theoretical Framework

This study was anchored on two theory, the stakeholder theory. The stakeholder theory is an organizational management theory that addresses the morals and ethics required to manage and organization. It emphasizes that the management of an organization needs to identify the various stakeholders of the organization and give due regard to the interests of those groups (Pearce and Robinson, 2011).The stakeholder theory asks what is the purpose of the firm, it encourages managers to share sense of value they create and what brings its stakeholders together, the theory also asks what responsibility management has to its stakeholders , and the relationship they want and need to create to deliver on their purpose (Freeman et al., 2004). Mitchell, Agle and Wood (1997) further point out that the attributes; power, urgency and legitimacy of claims define an organizations stakeholder. Organizations must first identify stakeholder salience, which is the degree to which managers give priority to competing stakeholder claims. The top management team that crafts an organizations strategy needs to attend to the strategic management of stakeholders so as to ensure the robustness of its

strategy. By anticipating and managing stakeholder responses, managers can put strategies and actions in place that capitalize on positive responses and reduce negative ones (Ackerman and Eden, 2010).

The Balanced score card through its four perspectives seeks to balance shareholder goals with customer goals and operational performance goals. Through the integration of goals the BSC enables the strategy of the business to be linked with shareholder value creation, while providing several measurable short term outcomes that guide and monitor strategy implementation (Pearce and Robinson, 2011).Kaplan (2010) further point out that the balanced score card incorporates interests of the stakeholder endogenously, within a coherent strategy and value creation framework, especially when outstanding performance with those stakeholders is critical to success of the strategy, and that it is by nurturing multiple relationships that long term value is created.

What is balance score card?

According to Kaplan and Norton (2002) the balanced scorecard is a system where organizations are encouraged to measure not only their financial outputs, but also many other factors that lead to these financial outputs. The balanced scorecard is a tool, that is in the form of a table or matrix, which aims to help managers incorporate these various measures, both quantitative and abstract. In an aviation company, it is not only the profits from flights or the costs of airplane upkeep that are important to keep track of. Miller (2009) further said that other factors, such as stewardess satisfaction and customer perceptions, may also play important roles. The Balanced Scorecard, was considered as a tool for translating strategy into action (Kaplan and Norton, 1996) and it is also viewed that the balanced scorecard, measures if done properly drive performance (Kaplan and Norton, 1992).

The Balanced Scorecard is believed to be a link between vision and strategy to employees' everyday actions by translating the abstract strategy into clear strategic priorities and initiatives (Kaplan and Norton, 2000). Campell, et al. (2002) in their research on using BSC as a control system for monitoring and revising corporate strategy, illustrated that using BSC data produced on the performance measurement system can be analysed to learn i) if its operating strategy is working, ii) where potential problems are occurring and iii) how to rectify these problems. Kaplan and Norton (1996) concurred emphasizing that BSC help decision makers evaluate the success of the company's strategy and identify potential problems. Niven (2005) also concluded that balanced Scorecard is powerful communication tool that describes and articulate strategy. Balanced score card has four perspectives which are the financial perspective, customer perspective; internal business processes perspective and the learning and growth perspective.

Balance Scorecard implementation

Miller (2009) put forward history of the process of implementing Balanced score Card in Aviation industry as tool to ensure effective implementation of the business strategy. He said that the earliest or so-called first generation approach involved only a simple matrix with the headings Financial, Customer, Internal Business Processes, and Learning and Growth. Under these headings, managers pick out five or six good measures. For instance, in the aviation business, under Financial could be net income or ticket sales, under Customer could be retention rates, customer growth rates, and so on. Miller (2009) went on to say that this approach was eventually improved as managers found out how abstract the process could be, picking out measures just based on these four headings. Prochnik (2007) in his research on critics of BSC implementation in Brazilian private organization focusing on three companies, the bank, insurance company and telephone company (Emptel) found that broad

communication of BSC to employees and budget process international to the strategic planning is key, This research further asserts that financial measures are more important than non financial measures.

The development of an effective strategic map is to hold strategy map workshops, and these should be held off the normal work place. Niven (2005) argued that at workplace the executives involved will be disturbed by normal business that is associated with pressure like email messages, meetings, telephone calls and normal day to day business. Getting away from the workplace latterly offers a breath of fresh air, and gives room to focus on the strategically important business of crafting a Balanced Scorecard, a tool that tells the story of the organization's strategy (Niven, 2005:65).

Miller (2009) further said that in aviation industry, BSC approaches can certainly prove to be useful, as in many other fields because the balanced scorecard approach provides a structured yet adaptive and flexible way to visualize goals and objectives, as well monitoring performance towards their achievement. Proper use of the aviation BSC can work wonders with your organization's cohesion, focus, and performance. Nhemachena and Waal (2006) argued that the use of balanced score card in private sector businesses by focusing their performance measurement on bottom-line performance measurement like financial measures, like return-on-investment, market share, and earnings-per-share is not enough. These measures do not provide the full overview of an organization's performance that a manager needs to manage effective decisions. By combining internal process measures with results and financial measures, managers can obtain a more complete picture and better insight into where to make improvements. The scorecard gives managers a comprehensive view of the organization's results and includes both process and results measures.

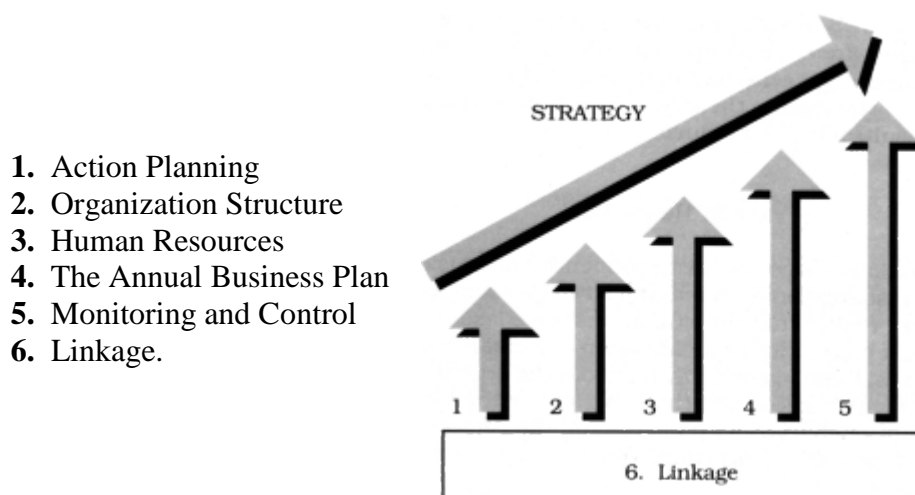## Factors That Support Effective BSC Implementation

- **Key performance indicators (KPI).** Key performance indicator is one of the important factors that enable the balance scorecard to prosper and are widely used nowadays (Kaplan and Norton, 1996). Performance measures or indicators are measurable characteristics of products, services, processes, and operations the company uses to track and improve performance (Aveson, 2009). The measures or indicators should be selected to best represent the factors that lead to improved customer, operational, and financial performance. KPI are indeed valuable management tools that enable the business owner to keep track and monitor the progress of the company. It allows him to measure the performance of the entire organization based on the perspectives derived from the balanced scorecard such as the finance, customer, internal processes and the learning and growth perspectives (Waal, 2003).

- **Measurement criteria.** 'The Balanced Scorecard (BSC) has transformed companies around the globe by helping top executives set corporate strategy and translate it into objectives, measures, and targets that the entire workforce understands' (Kaplan and Norton 2005). According to Waal and Medema (2006) in their research on performance management analysis case of Dutch municipality, the procedure of the performance management analysis (PMA) used was as follows. The managers of an organization rate the nine dimensions of the PMA on a scale of 1 to 10. After all of the participants in the PMA have completed the questionnaire, the scores were averaged for each dimension and the results were represented in a so-called PMA radar diagram a wheel that compares

actual to the achieved. Sahay et al (2005) in their research concluded that it is difficult to assign weightage to different perspective and in establishing cause and effect relationship among the perspectives.

- **The Company's Vision and Mission.** According to Waal (2003) in his research, there is a huge gap between the vision and strategy developed at the top and the things people down in the organization, at the frontline, are doing. This gap became even more apparent in the 1970s.Waal (2003) continued saying that the need for company's vision and mission was propelled by Michael Porter and consultancy firms as the Boston Consulting Group, who formalized the theory and practice of strategy for senior-level executives. At the same time, total quality management programs, the drive for empowerment and the introduction of personal objectives affected employees' everyday actions. Tom (2004) supported the idea of creating vision and turning the strategy into action. The vision is the overall conception of what the company is striving to become, it clarifies intentions, aspirations, and is a road map of the company's future (Mutowo, 2009). Both the vision and the mission statement should be communicated, so that all employees are aware of the company's purpose. This will assist in the allocation of resources, general management of the business climate and commitment towards the business purpose (Mutowo, 2009).

- **Employee's trust with management.** The research that was done by Waal and Nhemachena (2006) at ZIMASCO on building employee trust showed that without trust, implementing balanced scorecard as tool to execute strategy might fail. They said that in order to gain employee participation, management has to first gain their trust because building trust in the workplace is crucial to successful change and organizational performance. Waal and Nhemachena (2006) further recommended that the company should have a trust building model which starts from understanding the needs of employees, establishing the guiding principles, explaining the resources required, keeping two way communication up to reinforcing through consistent behavior. Though this research was carried out in a mining set up the requirements of employee involvement are the same regardless of the industry.

- **Corporate culture.** Merchant and Van der Stede (2003) argue that national culture has a direct effect on the design of a performance management system. This was supported by Waal (2008) when he indicated that the management should create an open communication culture in the organization. The management should value the opinion of employees by frequently engaging in a dialogue with them and by involving them in all important business and organizational processes. Waal (2008) further pointed out that when culture is properly cultured this will create a high performing company. High performing organizations' management allows experiments and mistakes by permitting employees to take risks, being willing to take risks themselves, and seeing mistakes as an opportunity to learn.

Monitoring of the six supporting factors

Birnbaum (2009) pointed out six factors that must be constantly checked and monitored when implementing the company strategy.

1. Action Planning
2. Organization Structure
3. Human Resources
4. The Annual Business Plan
5. Monitoring and Control
6. Linkage.

Figure 1   Adapted from;   http://www.birnbaumassociates.com/index.html

BSC As a Quality Control Tool

In traditional industrial activity, quality control and zero defects were the watchwords. In order to shield the customer from receiving poor quality products, aggressive efforts were focused on inspection and testing at the end of the production line. The problem with this approach as pointed out by Deming is that the true causes of defects could never be identified, and there would always be inefficiencies due to the rejection of defects (Dr Ruturi 2009). The balanced scorecard incorporates feedback around internal business process outputs

In a production the causes of variation to the intended product needs to be identified and fixed. If this can be done, then there is a way to reduce the defects and improve product quality indefinitely. To establish such a process, Deming emphasized that all business processes should be part of a system with feedback loops (Ruturi, 2009). Managers, to determine the causes of variation, should examine the feedback data. They should identify e the processes with significant problems, and focus attention on fixing that subset of processes.

Balanced Score Implementation Process

The implementation of a BSC should always be organized as a separate management system development project. The project should be planned in the same detail as any other project in the organization and standard project management procedures should be followed. The actual implementation of a Balanced Scorecard can be divided into five phases: Model synthesis, technical implementation, organizational integration, technical integration and operation. See table 8 below showing the process.

Virtanen (2009) recommended that Balanced Scorecard should be organized and implemented as project, but the project should be a treated as a management system development project.

Adoption Of Balanced ScoreCard

Sahay, et. al. (2005) supported Kaplan and Norton (1996) saying BSC has successful applications throughout the public sector. Spechbacher, et al. (2003) in their survey of 174 senior management executives from Germany speaking countries like Austria, Switzerland and Germany and found that 26% of the firms use the BSC. More than 33% of these firms have linked the BSC to compensation and incentives. In another study focusing on the countries from North America, Europe, and South America that focused on 5,157 senior

executives, their corporate scorecard had five perspectives and 33% of the companies are using BSC.

However, the corporate Balanced Scorecard would mean nothing if it is not cascaded downwards to lower levels. According to Kaplan and Norton (1996), to successfully implement any strategy, it must be understood and acted upon by every level in the firm, by cascading it means the Scorecard is driven down into the organization, enabling employees opportunity to demonstrate how their day to day activities contribute to the company's strategy.

Measuring Strategy Realisation

Strategy realization can be measured by checking the results and the progress in the delivery of the Key Performance Indicators (Chapman 2009). Campel, et. Al. (2002) in his research on using BSC as a control system for monitoring and revising strategy at store 24 in England reiterate that there is no significant direct relationship between non-financial measures of strategy implementation and employee skills. He further argued that financial measures are positively related to employees' skills and store proxies.

Chapman (2009) added that another way of measuring the realization of the strategy is assessing the understanding of the corporate message by the staff. Questions such as how closely do the staff identify and associated their own roles with your organization purpose? Do your people really know what your corporate aims are , and if so do they see and agree with how they fit into the scheme? Campel, et al. (2002) concluded that Store24, a leading England convenience store, managed to change its store level strategy from differentiation to operational efficiency strategy after measuring customer preferences focusing on store layout, speed of service, customer satisfaction, provision of fast, friendly, efficient service, high in stock maintenance, store cleanliness, quality and freshness, merchandising and layout. These were viewed by management as critical to operational strategy to provide value to target market.

Criticism Of BSC

Sahy, et. Al. (2005) concluded that the financial measurements were viewed as inadequate as they have a number of weaknesses. They further that financial measures in performance evaluation system are historic in nature and lack futuristic outlook. They were also blamed in the research in Indian companies as they compel the firm to pursue short-term goals at the cost of the organization's long term objectives.
Otley (1999) and Norreklit (2000) put forward that in selecting strategic objectives and performance measures the business should take into account several stakeholders. BSC does not care for the concerns of suppliers, government, local communities and environment (Prochnik, 2007). Kaplan and Norton (1997) admit, despite BSC tends to be more comprehensive approach in the eyes of the stakeholders, though Kaplan and Norton (1997) recommends inclusion of the new perspectives. How these perspectives should be added and implemented in BSC, again there is no explanation on the relationship between the cause and effect to the performance measures (Prochnik, 2007).
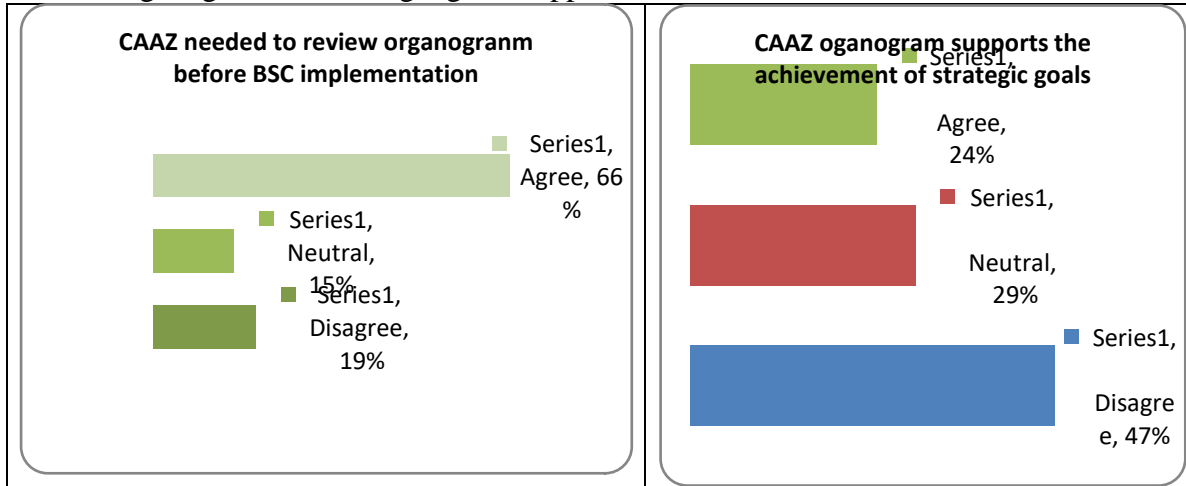
Norreklit (2000) quoted in Prochnik (2007) alerts that the BSC must be part of management language that is familiar to employees and any unilateral technical solution can be null. BSC as a tool to execute change in an organization is usually associated with gathering of data and this creates overload of work for some departments, as a result BSC face resistance, impatience and cynicism from employees that are skeptical about implementation (Epstein

and Manzoni, 1998). Anthony and Govindarajan (1998) worry about the maximum number of strategic objectives and performance measures that the mangers are capable of focusing.

RESEARCH FINDINGS AND DISCUSSION

Figure 2: Organizational structure

Review of organogram and strategic goals support

CAAZ needed to review organogranm before BSC implementation
- Series1, Agree, 66%
- Series1, Neutral, 15%
- Series1, Disagree, 19%

CAAZ oganogram supports the achievement of strategic goals
- Series1, Agree, 24%
- Series1, Neutral, 29%
- Series1, Disagree, 47%

The above Figure shows that 66% of CAAZ staff both managers and employees agreed that the organizational structure needed to be revised before the introduction of the BSC. 19% disagreed that there was need to review the organogram and 15% were not sure. Assessing whether CAAZ structure support the achievement of goals and objectives, 24% agreed, 29% were not sure or neutral and 47% (40 out of 88) disagreed. The majority blamed the current structure as unsuitable for the achievement of the new strategic.

During the interviews trying to assess the understanding of the CAAZ strategy, it was observed that managers had knowledge about what strategy is but had challenges of how these should be implemented. The managers complained of the organizational structure as a hindrance to the intended objectives. The finding agrees with literature. Freedman (2003:30) admits that structure follows strategy and the structure should be designed against a set of clear criteria that will ensure strategic alignment.

Autonomy and Innovation

Figure 3 Managers and staff innovation

Managers are allowed to design and review their own objectives
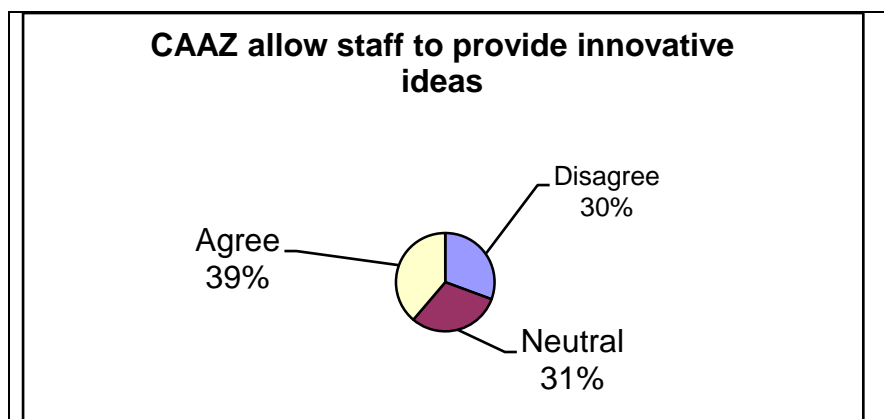- Disagree 5%
- Neutral 33%
- Agree 62%
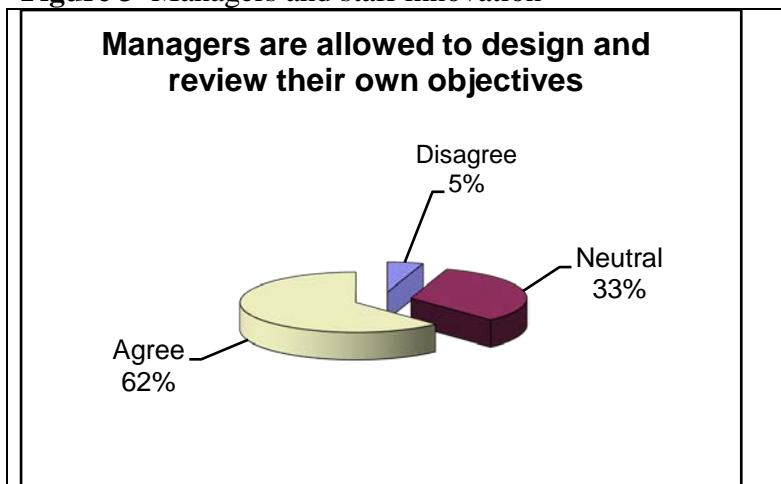
The majority of the employees (54 out of 88 (62%)) agreed, 33% are neutral while 5% disagreed that the managers have the autonomy to design their own objectives from the set of the company's strategic goals. Chapman (2009) supported the idea of giving autonomy to employees as this make the strategy live everyone to be engaged to take action. Interviews with the managers indicated that, the absents of the 2009 budget made them less accountable and they found it difficult to make meaningful BSC assessment as some crucial information like budget was not available. It was unfortunate that the board did not approve the budget for the year 2009 as this was taken as a pilot study into the new era of multicurrency.

The researcher observed that following the cascading of the Balanced Scorecard, the management and control of costs are now directed to the head of the division. The CEO only checks whether there are no variances to the budget. Operating without a budget is contrary to Niven (2009) who said that all other activities such as budgeting, governance, and reporting must be conducted through the lens of the Balanced Scorecard.

Figure 4: Staff's innovative ideas

Thirty eight percent (38%) (34 out of 88) of the employees agreed, and 31% disagreed that CAAZ staff are allowed to provide innovative ideas. The interviews showed that staff was reluctant to make innovative suggestions citing lack of concern by their superiors. Some members of staff indicated that even if you make suggestions you are asked to fit into the system. Kaplan and Norton (1996) argued that the strategy implementation requires the active contributions of everyone in the organization, infact there must be unequivocal support from the top management. Niven (2005) supported this saying, involvement of the employees in the strategy formulation, personnel scorecard formulation, gives them ownership to the corporate objectives.

Figure 5: Results Accountability

Accountability for		
	Managers	Staff
Disagree	5%	24%
Neutral	33%	25%
Agree	62%	51%
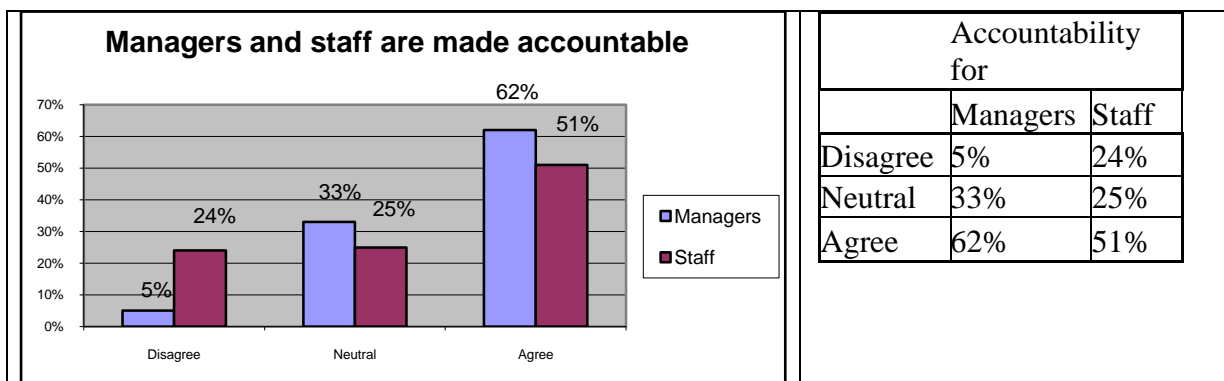
The results showed that 62% agreed, 33% were neutral and 24% agreed that managers are made accountable. Analyzing whether the non-managerial staff is made accountable for their actions 51% agreed, 25% were neutral while 24% disagreed. Researcher observed that employees are expected to follow laid down procedures failure of which they are called to explain or face a disciplinary hearing depending on gravity of the matter as per company code of conduct.

Figure 6: Employees work best as individuals in their responsible areas.

	Disagree	Neutral	Agree
Number of responses	8	11	36
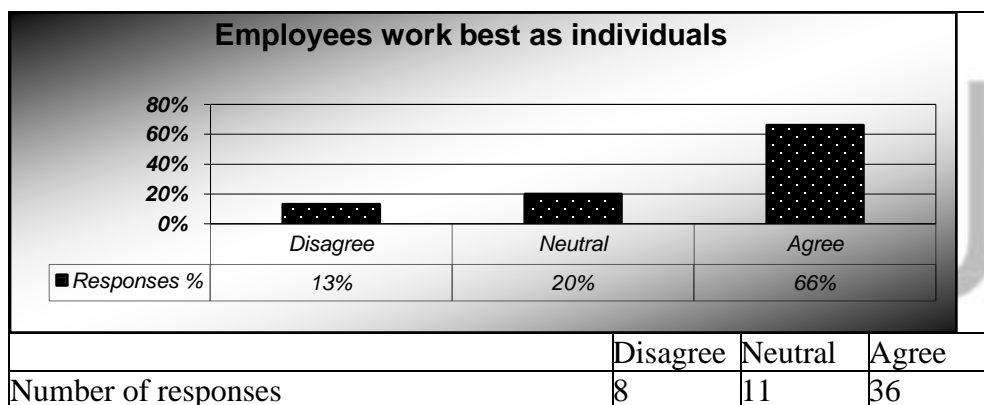
It appears that majority of the respondents felt that they work best as silos and not as teams or groups.Figure4.7 above shows that Fifty one percent 51% of the respondents agreed that the staff work as individuals, and do not really support the achievement of the strategic goals as a team. The results are contrary to findings by Waal and Nhemachena (2005) that employers providing a trustful environment in the workplace gain the employees credibility towards their leadership, effective engagement, improved teamwork and cooperation. Kaplan and Norton (2005) said 'An important precondition for a successful implementation of a performance management system is to involve employees in the development and implementation'.

Vision and Mission Statement

Figure:7 Vision is clear and Strategy supports the Vision and Mission
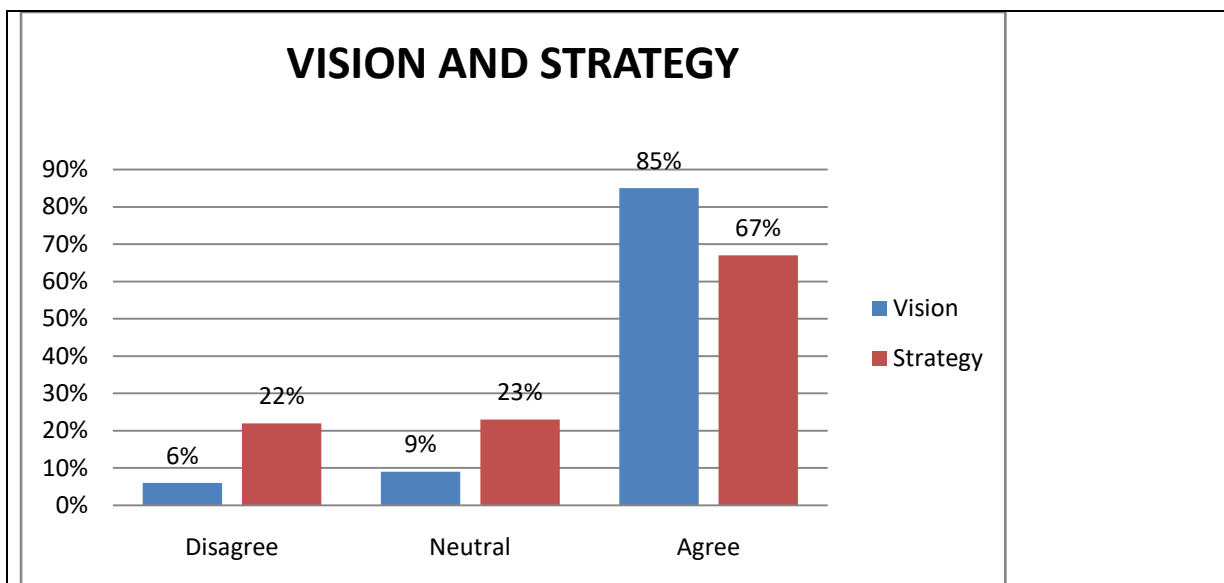

CAAZ vision and Mission statement are displayed in offices, canteen, public places and is referred to each time customer service meetings are held. 85% of the respondents agreed that CAAZ vision is clear. However during interviews some managers disagreed that the vision for CAAZ is clear and understandable.

The responses were different on whether the strategy supported vision and mission statement. 22% disagreed that the strategy supported the achievement of the vision and mission statement. Fifty five percent (55%) agreed that CAAZ's strategy supports the achievement of the vision and mission statement. 23% were neutral. Vision is the overall conception of what the company is striving to become, it clarifies intention, aspirations, and a roadmap of the company's future (Mutowo, 2009) and success of strategy is execution comes from understanding from awareness (Nevan, 2005).

Measurement Metrics and Criteria
**Figure 8: BSC Design and Objectives**
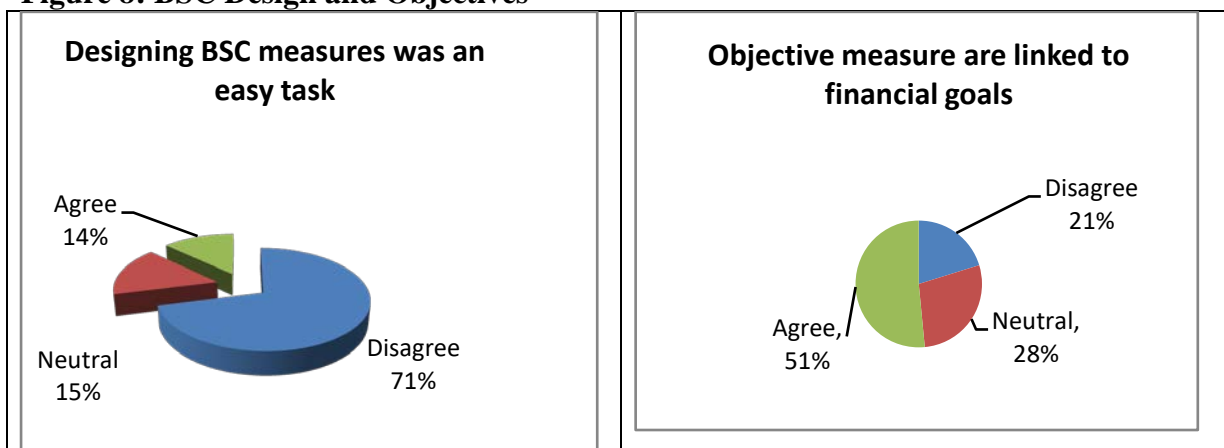
Out of a total of 88 employees who participated in this survey, 71% think that it was not easy to design BSC measures, while 13% considered BSC measurement metrics as an easy task. However 16% of these employees were not sure whether they could call it easy or difficult.

Assessing whether the designed objectives were linked to the financial goals, 51% agreed that there was a link between the two. Twenty eight percent (28%) of the respondents were not sure whether their objective measures were linking to the financial goals or not, 21% of the responded employees disagreed that there was a link between their objective measures to those of the financial objectives.

During the interviews one of the managers, said, 'It is not easy to cascade the scorecard especially when you are supervising people working at different Airports where some of the Airports are almost non functional'. He further said, 'Designing objective measures and carry out performance evaluation for an Air traffic controller at Harare Airport where a controller receives more than fifty aircraft per day and then compare this same person to another at Buffalo range Airports that may not receive even a single aircraft for a month is a big challenge'.

Figure 9: Training for designing KPIs.
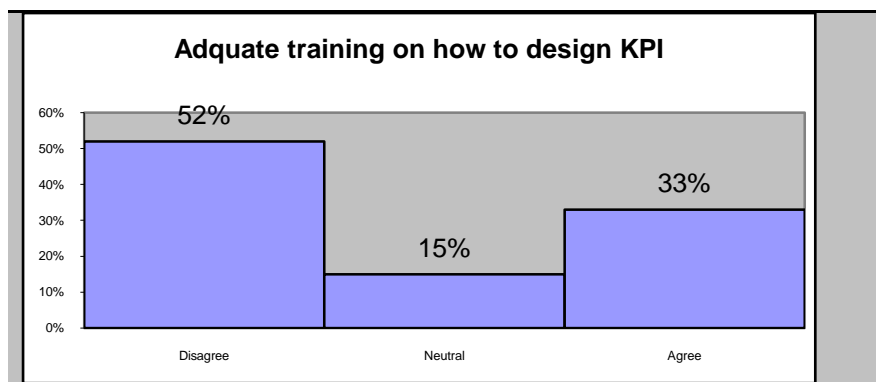
Assessing whether there was adequate training on the design of the key performance indicators or metrics varying answers were given. Fifty three percent (53%) of the total respondents said that training was inadequate, while 33% agreed and 15% were neutral. This imply that one or two-day training sessions, which were conducted as training period for a class comprising people of diverse educational levels, need to be changed. Freedman (2003), in his research on leading Banks, key Executives embarked on series of training presentations for stakeholders, this created total strategic coherence and genuine commitment.

The interviews with the managers indicated that there is still a big gap; on the way the objective measures were to be performed. They admitted that there is a lot of ground that needs to be covered. The service standard levels, with the concessionaires, tenants and other Airport facilities users are still below standard. It was also found out that the employee satisfaction index had no standard way of measuring.

The researchers also observed that the corporate scorecard's customer perspective had four objectives which were meant to provide safety and the measure is number of incidents, provision of the expert advice, provision of security, and to provide value for money services. The researcher also observed that when the performance reviews were contacted, performance measurement metrics like the customer index had no standard way of measuring instead the researcher found some managers changed the definition to customer feedback system, which is not clear and very subjective.

The findings are not supporting literature. Kaplan and Norton (1996), said that to successfully implement any strategy, it must be understood and acted upon by every level in the firm. Hope (2003) also put forward that measures may be the same throughout the organization,

lower level scorecards will include measures reflecting the specific opportunities and challenges faced at that level.

Figure 10: BSC without four perspectives
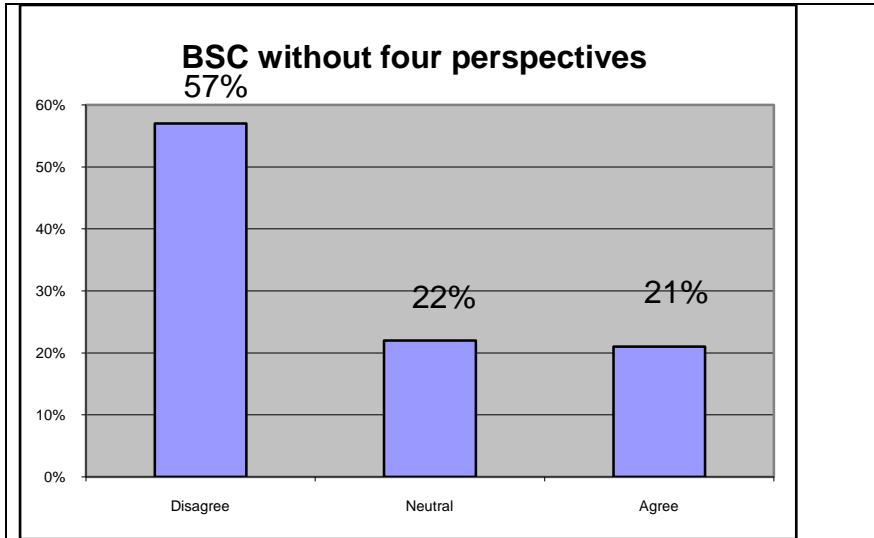
An assessment into whether it is possible to have a Balanced Scorecard with less or more than four perspectives, the results showed that 57% disagreed, 21% agreed and 22% were neutral not sure whether it can be possible to design the BSC with less or more than four perspectives. Follow-up interview questions showed that some managers and employees had difficulties in understanding how their functional areas would link to the corporate scorecard. Employees from departments like DANS, Airport projects, and Air traffic control expressed feelings that they do not see how their sections contribute to financial perspective or to the customer perspectives.

The researcher observed that, CAAZ balanced scorecard was designed incorporating all the four perspectives of balanced scorecard as propounded by Kaplan and Norton (1992). The corporate Scorecard was designed taking into account its strategic objectives see annexure 5, with corporate scorecard and the corporate secretary's scorecard.

**Figure 11: Internal reporting and definition of BSC terms**
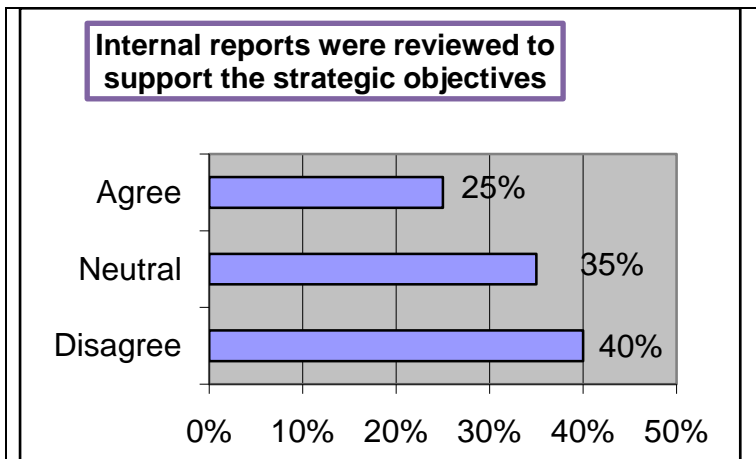
The internal reports had 40% of respondents that disagreed, 35% were neutral and 25% agreed that the reports were reviewed to support the strategic objectives. Responses from the interviews centered the blame on too many manual systems especially in this period of high technology and computerization. Some employees especially those in the lower level probably are not aware of the changes that might have taken place. This could also mean that the policy makers do not involve the lower level staff who are responsible for implementing changes at operational level for example implementation of invoicing and baggera systems (an ERP IT system) that was said be at some advanced stage was not known by the staff at the Airport where it is going to be used.

Figure 12: Definition of BSC terms
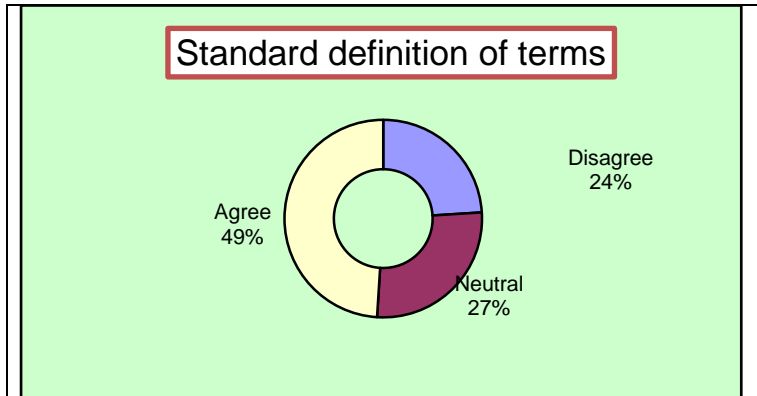
Assessing whether there was standard of definition of terms on BSC issues 24% disagreed, 49% agreed and 27% were not sure whether the company had managed to capture its strategic objectives and convert them into standard terms. The interviews showed that the way to measure employee satisfaction was not clear. The measurement for customer index was also not explained to the employees. The interviews carried out on the executives and managers showed that they had different methods of how they were going to measure customer satisfaction index. According to Niven (2009) said 'The first task of any theory is to clarify terms and concepts that are confused … only after agreement has been reached regarding terms and concepts can we hope to consider the issues easily, clearly and expect others to share the same viewpoint.'

**Figure 13: Supervisor's KPI and Strategic Objectives**
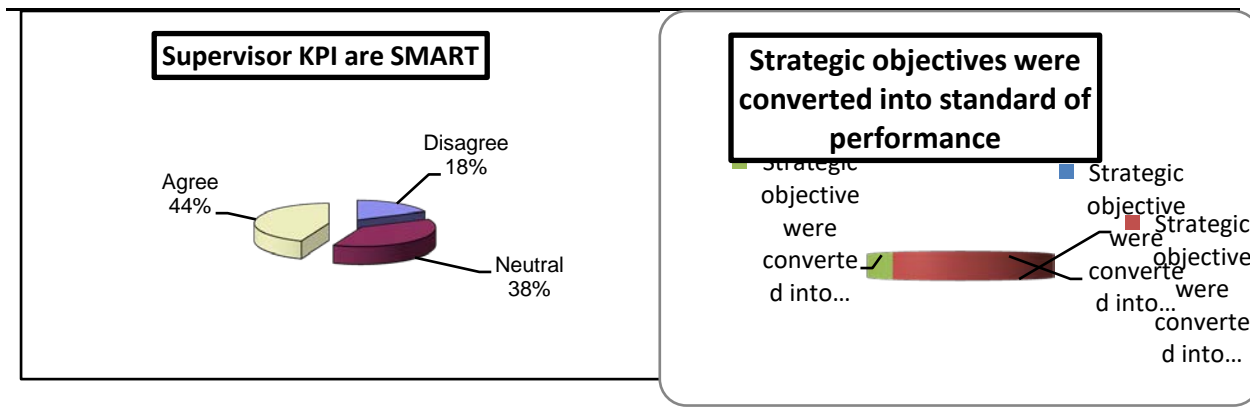
Assessing whether the supervisor's BSC KPI were SMART results revealed that 44% of the employees agreed that their immediate supervisor's KPIs were clear and specific, measurable, reliable, achievable and timely while 38% could not distinguish whether the KPI were smart or not and 39% disagreed that the immediate supervisor's KPIs were clear. The

researcher observed that there is need for the company to consider training on the cascading process and the way the supervisors design their scorecards. Again 40% agreed, 23% disagreed that the strategic objectives were converted into standard performance. Lack of common reference terms leads to sub optimal strategy implementation (Freedman 2003).

The researcher also observed that the internal business processes from the CEO's scorecard had four objectives. These were to provide efficient facilitation processes, manage business processes, manage business systems and comply with the regulatory requirements. These objectives were meant to support the strategic plan, which is intended to establish effective regulatory framework by adhering to ICAO standards and requirements. Management complained that the objective measures were not clear; some departments could not design their own Scorecards. Kaplan and Norton (2003) and Waal (2006) felt that the company should design its BSC incorporating the second-generation design tools such as strategic maps, which is a logical architecture that defines a strategy by specifying of shareholders, customers, business processes and competencies.

Communication and BSC understanding

**Fig 14: BSC Communication and Information Flow**
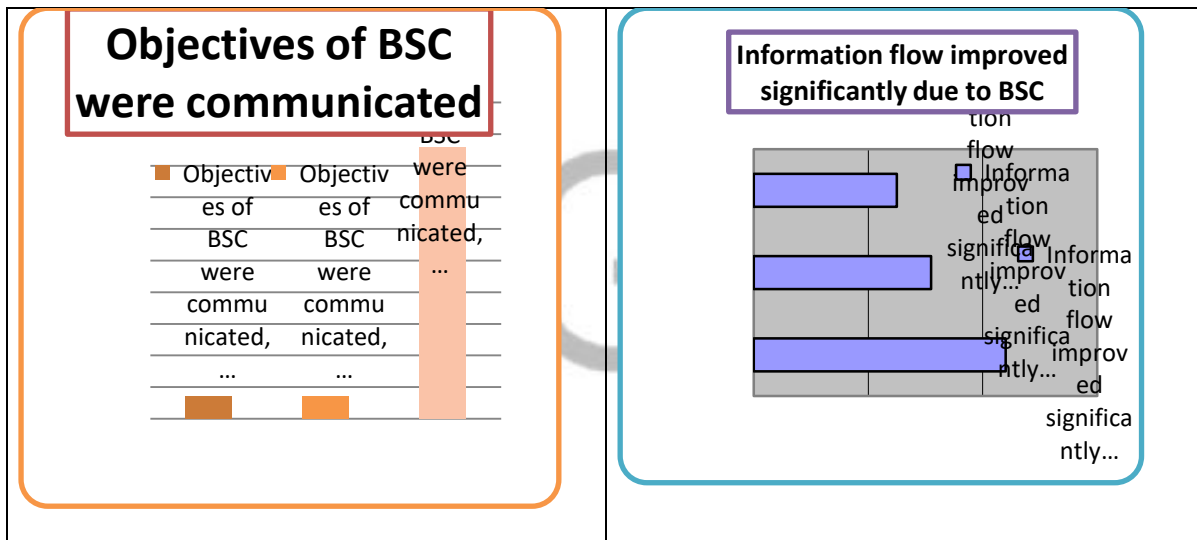
Out of 88 employees who filled the questionnaire 86% agreed, 7% were neutral and 7% disagreed that the objectives were communicated. The researcher carried out interviews with management, general staff and found out that BSC was communicated with the intention of buying in all the staff to accept the concept as well as understanding the strategy. The researcher also observed that CAAZ circulated a document that was used during the training of BSC to all employees through company's intranet. Hard copies were also issued to those departments that have no access to the emails. In almost all the offices, the customer service department has been given the mandate to ensure that company's mission statement is displayed.

The researcher observed that meetings were scheduled in the communication matrix and the Directors for Flight Safety, Human Resources, Airports, Air Navigation Services and some managers comprised the team that was on the front to communicate the BSC and the strategic plan. These activities support the literature, Kaplan and Norton (2002) pointed out that if there is effective communication, employees would understand what the organization needs to accomplish, this understanding will motivate the staff and will give them energy employees to suggest new ideas that assist to achieve company objectives.

The responses when analyzing whether information flow improved due to BSC introduction' out of the 88 respondents only 25% agreed, 42% disagreed, and 31% were neutral about the improvement in the information flow. According Wall (2006) and Tom (1998) information flow should be addressed by managing culture change. Freedman (2003) reiterated that "world class firms today ensure their internal and external stakeholders have a full understanding of their strategy, how it has been arrived at, and what role each stakeholder in its implementation'.

**Fig 15: Coordination and critical information**
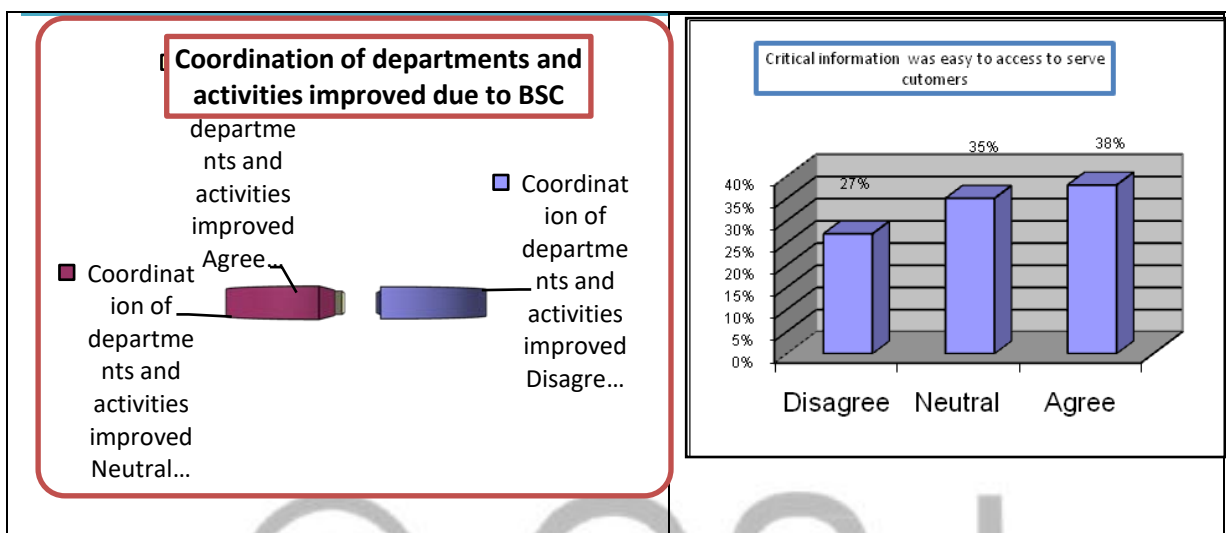
Assessing whether coordination of departments improved due to the BSC introduction, there were some mixed reactions. 51% disagreed, 29% were neutral while 20% agreed that there were some improvements of coordination of departments. Information that was obtained through interviews showed that people are skeptical about sharing information fearing to be blamed for divulging information. Majority of the staff are not prepared to give information without the authority of their immediate supervisors.

Critical information needed by customers also produced world of different reactions. 27% disagreed, 35% were neutral, and 38% agreed that information to serve the customers is easy to access. However from the interview responses managers also showed mixed reactions as they showed that information is best contained at the top or the information is only known in the particular department. Little changes were made to display information; traveling customers get information from the information desk instead of this desk should complimented by computer display systems and should have a computer which is not the case.

Financial Resources
Fig 16: Revenue growth and cost containment
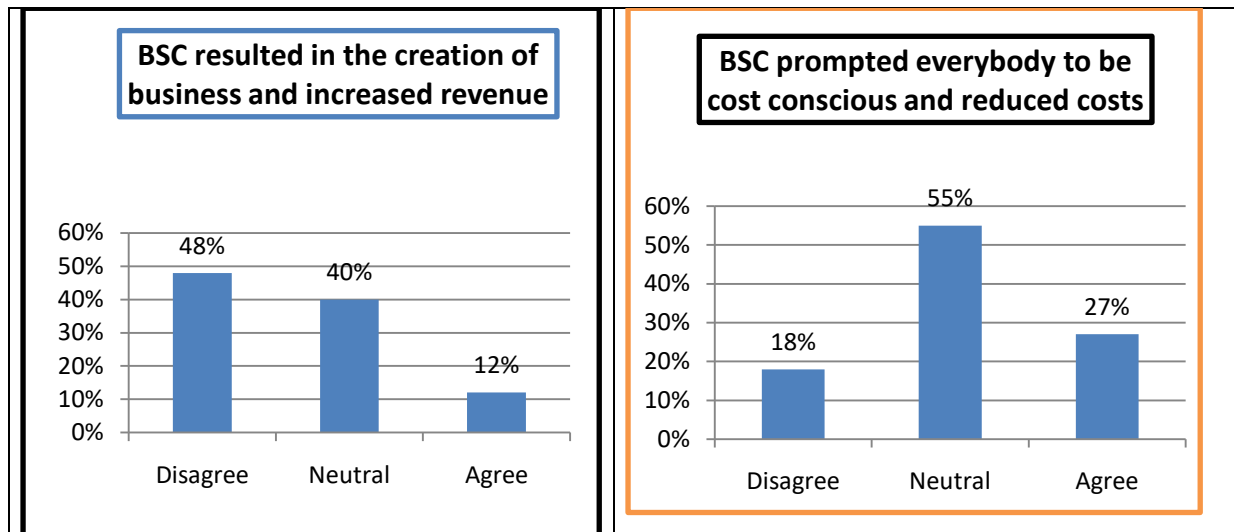
Assessing whether the introduction of BSC produced positive revenue generation and more business, 12% agreed, while 40% were not sure and 48% disagreed. The financial perspective offer limited view of the future however it has been considered to be the pillar of all BSC perspectives (Niven, 2005; Kaplan and Norton, 1996). The researcher distribute a questionnaire that was meant to assess how the financial performance change due to BSC as well as how the resources allocation was prompted by the BSC.

The survey questionnaire results on figure 4.18 above also showed that 27% of the responses agreed that BSC prompted people to be cost conscious, 55% were not sure while 18% disagreed. Fall up interview questions showed that cost containment has been partly instituted starting from the information technology systems. The telephone systems have been computerized and people are asked to give explanation on their telephone calls. The moment a telephone call exceeds five minutes it prompts an email that is sent to the superior. Calls that are done consecutively are also reported through an email. Printing has been computerized and each computer sends the printing schedule reports to the superior. This resulted in the reduction of telephone and printing costs by 34%. Others also blamed these systems controls for not promoting teamwork amongst the staff, as staff now does not cooperate sharing resources.
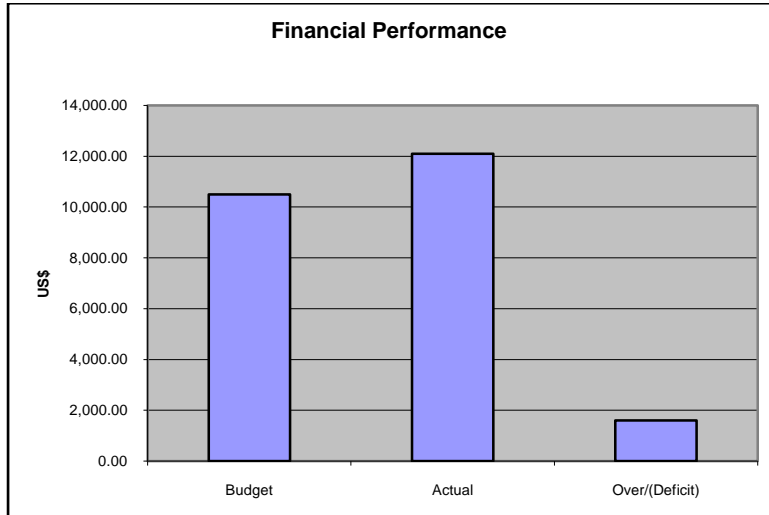
Fig 17: Budget and financial planning
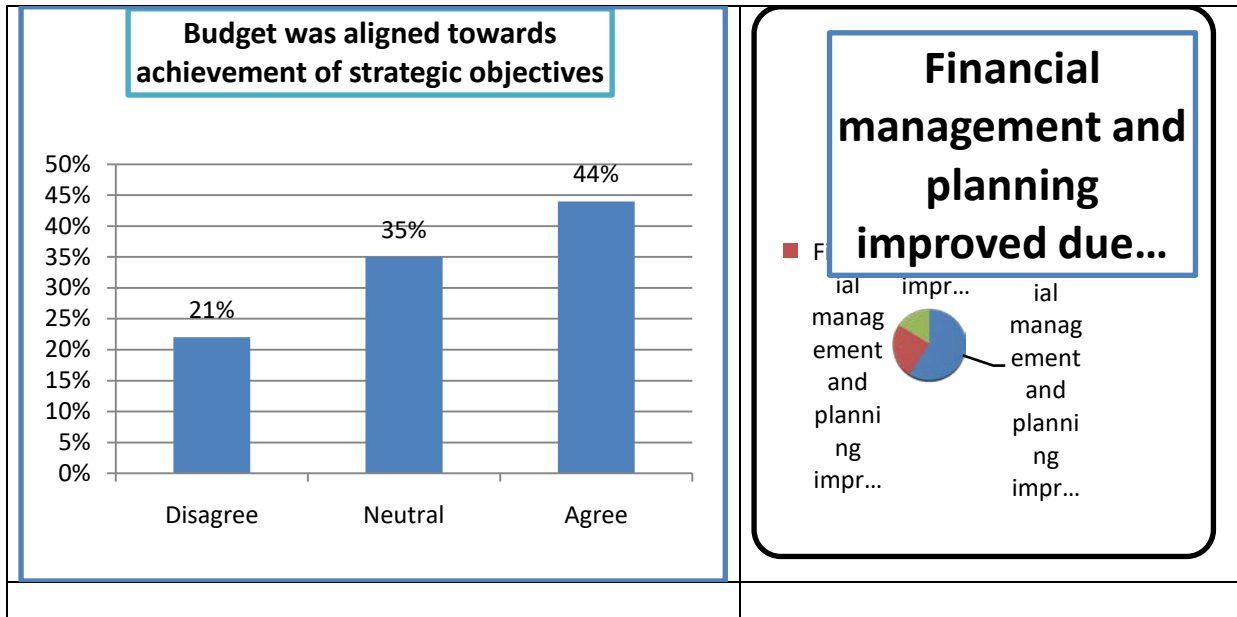
Forty four percent (44%) agreed that the budget supports the achievement of the strategic goals, 21% disagreed and 35% were not sure. Freedman (2003) supported issues like budgets saying, 'There are a set of rational processes that enhance flawless execution of strategy…they represent a compelling common language by which individuals are able to work effectively on their own or in teams to make their contribution'. The interviews, which were done as follow up to the questionnaire showed that resources are distributed basing on how much influence one has to the people in control.

The researchers found that CAAZ's strategic plan document indicated the company should grow business, creating a customer-centric organization, providing safe, secure and environmentally friendly aviation operations. The General Manager's scorecard was designed to incorporate objectives that are meant to achieve the strategic goals. The financial perspectives from the corporate scorecard had three objectives. The strategic plan indicated that the main thrust of financial stability and self-sustenance. In addition, adequate and timely strategic financial information shall be to ensure effective planning, decision-making and controls. The Corporate scorecard's financial objectives were to grow revenue with the target of eighteen thousand, manage costs, which had a target of 10% variance to budget, and the provision of the fair value to the shareholder.

Figure 18: Revenue Analysis 2009

The Figure above shows that BSC was supported by 16% of the employees who agreed that BSC has resulted in the improvement of the financial management and financial planning. Majority 59% disagreed that there was improvement on financial planning and management due to BSC. The researcher however observed that the company has introduced some investments, which are earning some interest, and this interest income constitute 1% of the total CAAZ turnover.

Fig 19: Monthly reports and decisions
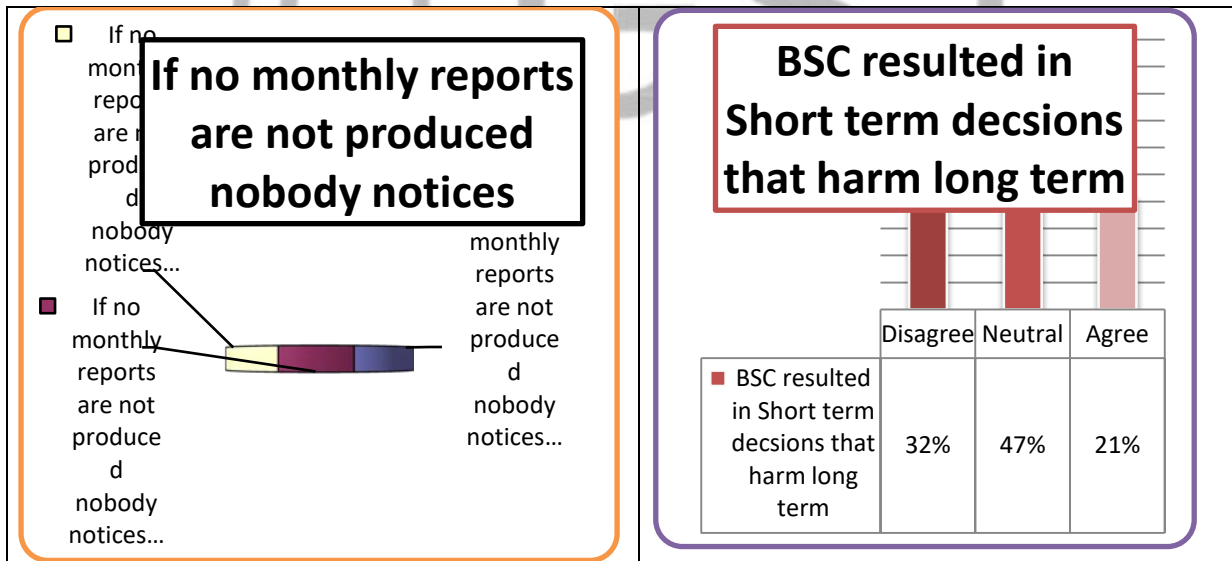
Forty four percent (44%) agree, while 45% disagree, that if no financial reports are not produced nobody notices.

The question whether BSC resulted in short term decisions that harm long term 32% disagreed, 21% agreed while 47% were neutral. Waal and Nhemachena (2006) described the financial measurements as lagging indicators, and these lagging indicators are supported by the leading indicators.

Fig 20: Resources allocation
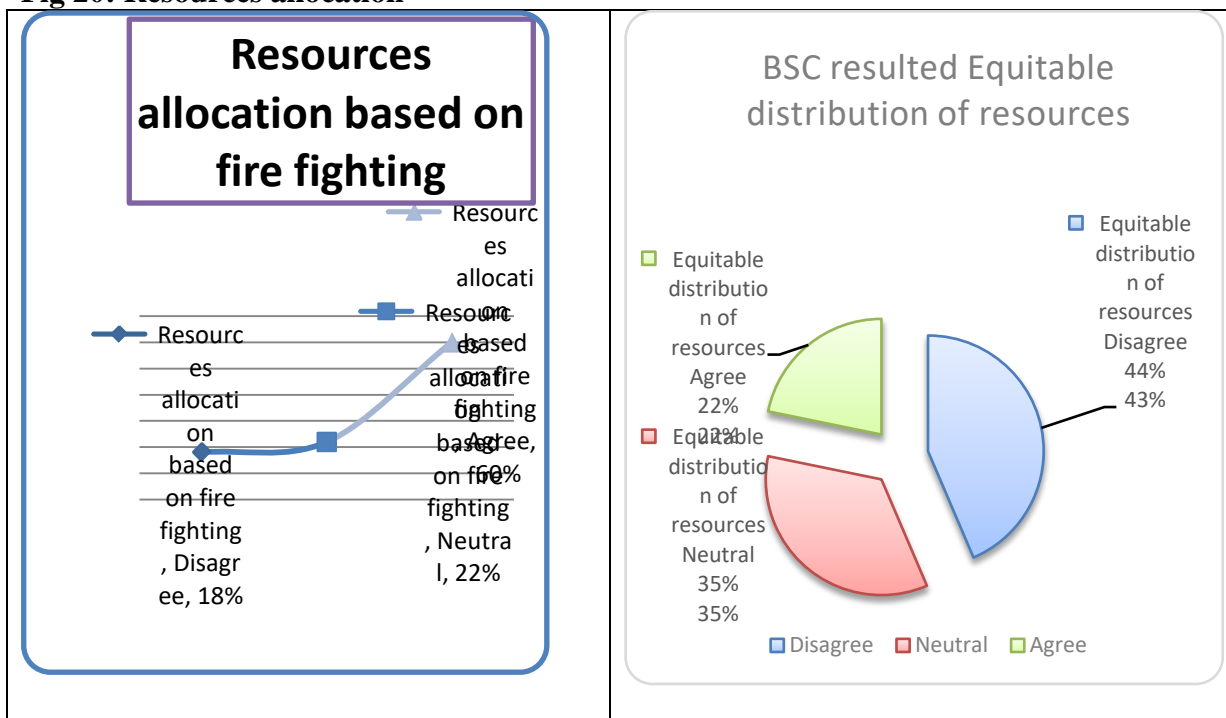
Allocation of resources at CAAZ survey results revealed that 60% agreed, 22% were neutral and 18% disagreed that allocation of resources is based on fire fighting, The interviews results indicated that both managers and employees were worried about getting resources after fighting for them. Assessing whether the BSC resulted in equitable distribution of resources, 22% of the respondents agreed, 43% disagree and 35% were neutral.

The operational staff responsible to maintain the airfield such as Ramp safety, maintenance, Fire and rescue and security complained of not having essential resources like motor vehicles.

Internal Business Processes and Systems

**Fig 21 : Internal Processes and Rewards**
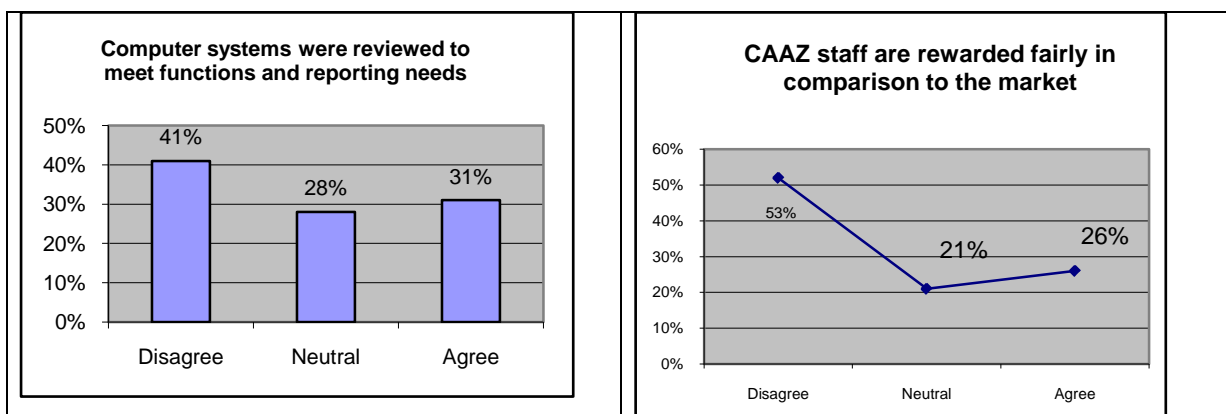
Thirty one percent (31%) of the 88 employees who involved in the questionnaire survey agreed that the systems were reviewed in tandem with the new strategy implementation strategy. Forty one percent 41% disagreed and 27% were neutral, about the whether computer systems were reviewed to link all functions and reporting functions.

The business processes assist the company in providing fuel for the implementation of the strategies. In Airport systems the computer technology makes them function competitively, providing such information as queuing time on tickets, baggage loading, check in time and other necessary information used internationally wherever the flight is going.

The results on whether the CAAZ staff is rewarded fairly in comparison to the market, 53% disagree, 26% agreed, and 21% were neutral.

Figure 24: Employee contribution to firm objectives
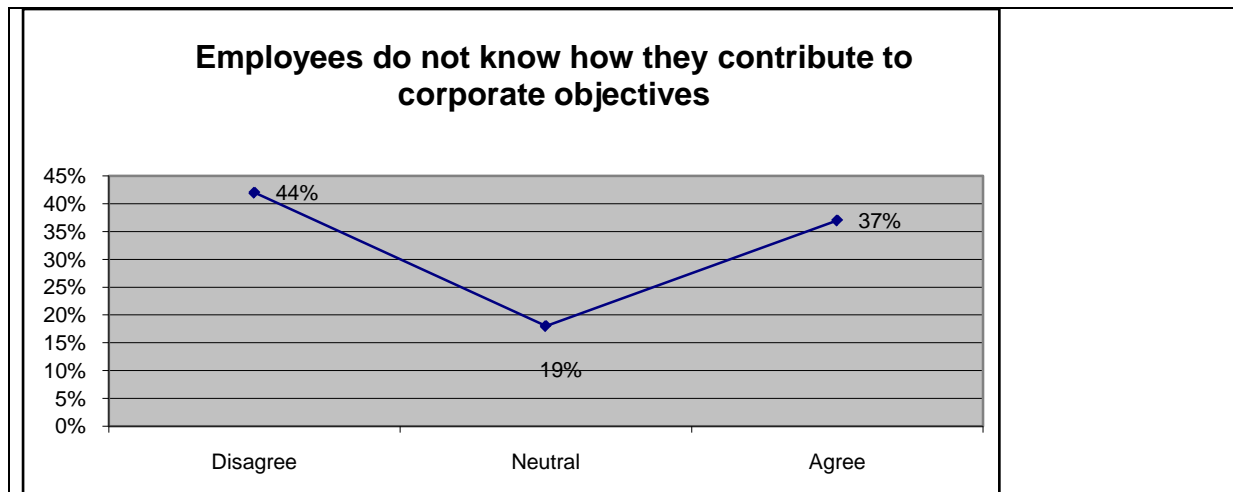
Forty four percent (44%) of the respondents agreed that employees know how they contribute to the corporate objectives. Nineteen percent (19%) were neutral and 37% disagreed that staff are aware on how they contribute to the company objectives. The researcher observed that this problem might be emanating from the failure to design BSC measurement metrics. CAAZ should have designed strategic maps as recommended by Kaplan and Norton (2002) that effective communication that emanates from the strategic maps would inspire the employees, as they will understand how they create value. Kaplan and Norton (1996) advised that to successfully implement any strategy, it must be understood and acted upon by every level in the firm, cascading enables the employees opportunity to demonstrate how their day to day activities contribute to the company's strategy.

CAAZ Strategy

The research assessed whether the staff understands what CAAZ strategy is? Out of the 21 managers 30% did not know what the company's strategy is. The definition of strategy was mixed with the vision, the mission statement or operational tactics. The situation proved different to the employees, as majority could not define what CAAZ strategy is. Forty five percent (44%) of the employees knew CAAZ strategy, but 42 out of the 75 (55%) could not define their company's strategy. The interviews, were designed to make a follow up on the understanding of the company strategy, the results showed that the general staff had little knowledge about strategy. Those (29%) with primary and secondary level are in the non-managerial employees (Fig 4.2) and this can affect level of understanding concepts like business strategy.

CONCLUSIONS

The major conclusions from the study were, communication partly improved due to BSC, cost containment understanding improved, resources allocation did not improve, top management commitment to strategy improved, training of BSC design was inadequate and design of the personal scorecards were challenging to some departments.

The understanding of the Balanced Scorecard and strategy is high at the management level mainly because of the workshops and meetings that they held. The achievement of an operational objective lies in the lower level employees. The way the BSC has been cascaded differs from one division to the other. The managers or supervisors had their own approaches on the cascading and performance review process.

CAAZ is still affected by other variables like culture change which is not promoting team instead the scorecards and the internal official secrets policy hinder the sharing of resources and information.

The research also concluded that after the managers were made accountable to their actions they successful cascaded the Balanced Scorecard to the subordinates. However, the major barrier was on the knowledge of the measuring metrics, which were not well explained. CAAZ implemented Balanced Scorecard from the second half of 2009. The progress in terms of the internal processes review also compliments the effectiveness of the Balanced Scorecard, because the results of the business processes are the fruits that assist in measuring the effectiveness of BSC measurement system.

BSC scores acted as an effective communication tool on a number of aspects that constitute CAAZ strategy. Some employees managed to keep track of their performance however Though there was effective communication on the objectives of BSC, the Vision and the Mission statement, there was no improvement on information flow in CAAZ. Coordination of the department is poor in CAAZ and the staff operates as silos instead of working as teams. There are signs of resistance to change.

RECOMMENDATIONS

Appointment of the implementation team. CAAZ should appoint strategy implementation team, composed of people who can drive the implementation of the Balanced Scorecard. Leaving the drive in the office of the Human Resources Director who is always busy with other directorship duties and managing the purchasing and administration department means the success is compromised.

Training of all BSC users. Training of the Balance Scorecard proved to be one of the important factors that must be critically looked into. Proper training program should be designed and the training must be evaluated. To succeed on the strategic change implementation, management must have properly trained staff on the ground.

Linking BSC to compensation and rewards. Motivation of staff can be achieved by rewarding hardworking people. If BSC is linked to pay, there is need to review the CAAZ's job grading system for similar positions at Airports where there is little activity.

Align organizational structure to strategy. If the company is not restructured to make autonomous Small Business Units as proposed in the strategic plan 2009-2013, there is need to review the number directorates and align these with the number of directors and managers.

Internal reporting structure. The internal reports should be reviewed to align with the strategy. Information sharing should be allowed between departments without too many restrictions. There must be a clear definition of the official secrets Act that is binding the employees. Team building model can be a solution to the majority of issues affecting the effective communication and information flow at CAAZ.

Communication. Communication within the company needs improvements because the coordination between departments is not yet smooth. Information sharing is poor. Again because of the dual reporting a person who is responsible for certain functions might be starved of the information, as staff from other departments will not be in a position to release the information unless there is authority from the manager.

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