THE STRATEGIC VALUE OF THE BALANCED SCORECARD IN THE NETWORKED ECONOMY

A MultiChoice Africa (Pty) Limited case study

NICO THEUNISSEN

Thesis submitted in fulfilment of the requirements for the Degree

DOCTOR TECHNOLOGIAE:

BUSINESS ADMINISTRATION

in the

School for Entrepreneurship and Business Development
Faculty of Management Sciences

at the

Central University of Technology, Free State

Promoter: Dr. Charlene C. Lew (D. Litt et Phil.)
Co-promoter: Dr. A. v.d. Berg (M. Com., H.E.D., D. Tech.: Human Resources Management)

BLOEMFONTEIN
August 2007

DECLARATION OF INDEPENDENT WORK

DECLARATION WITH REGARD TO INDEPENDENT WORK

I, NICO THEUNISSEN, identity number [redacted] and student number 205068774, do hereby declare that this research project submitted to the Central University of Technology, Free State for the Degree DOCTOR TECHNOLOGIAE: BUSINESS ADMINISTRATION, is my own independent work; and complies with the Code of Academic Integrity, as well as other relevant policies, procedures, rules and regulations of the Central University of Technology, Free State; and has not been submitted before to any institution by myself or any other person in fulfilment (or partial fulfilment) of the requirements for the attainment of any qualification.

SIGNATURE OF STUDENT **DATE**

DEDICATION

To my mother, Joy Rootman

1933-1996

ACKNOWLEDGEMENTS

I wish to express my sincere gratitude to the following people:

- Prof. Laetus O.K. Lategan, Chairperson of the Central Research Committee, Prof. P.G. Le Roux, Executive Dean, Faculty of Management Sciences and Dr. A. van den Berg, Director, School for Entrepreneurship and Business Development from the Central University of Technology, Free State, for their support, guidance, inspiration and motivation during the past years.
- Dr. Charlene Lew, my promoter, for her guidance and support in completion of this thesis. I am proud to have been afforded the opportunity to work with Dr. Lew and grateful for the abundance of encouragement, challenges and insights I have received during this period.
- I am grateful to MultiChoice Africa (Pty) Limited's management and staff who accepted the research request, especially the Chief Executive Officer, Nolo Letele, as without his contribution and support the research would not have been possible.
- Ken Jarvis, Chief Information Officer at the South African Revenue Service, and Raj Lalbahadur, Senior Manager: Office of the CIO, for affording me the time and opportunity to complete this study.
- Martin Snoek, Director Corporate Communications at Siemens Limited, for his mentorship and guidance during the early years of my career.
- Fred Stevenson, for his friendship, support.

OPSOMMING

Om sukses te behaal in die hedendaagse wedywerende sake-omgewing vereis innoverende benaderings. Organisasies moet in staat wees om effektief te reageer en ingeligte besluite te neem om in die beste posisie te wees om voordeel te trek uit potensiele samewerkende sakegeleenthede in die eksterne uitgebreide-waardeketting van die organisasie.

Die uitslae van strategiese besluite word geaffekteer deur die strategiese keuses wat gemaak word en hoe suksesvol sulke doelwitte geïmplementeer word. In die meeste gevalle behaal die strategieë slegs middelmatige sukses of slaag hulle nie daarin om hul mikpunte te bereik nie weens die onvermoë om strategieë te formuleer en implementeer wat die ontwikkeling van ‘n volhoubare mededingende voordeel op die lang duur sal versterk.

Die gevallestudie-organisasie, MultiChoice Africa (Edms) Beperk, dien as voorbeeld vir die begrip van die kennisbasis wat noodsaaklik is in die toepassing van strategiese bestuursinstrumente soos Kaplan en Norton (1996a: 8-18, 224-229) se gebalanseerde telkaart om vir leiers kaprigs noere te gee in die skep van werklike tyd-waarde, en daardeur ‘n volhoubare mededingende voordeel skep. Telkaarte is hoofsaaklik ontwikkel en toegepas vir interne bestuursdoeleindes en word selde gebruik vir eksterne bemarking.

Die doel van die navorsing was die evaluering van die strategiese waarde van die gebalanseerde telkaart in die genetwerkte ekonomie, met die benutting van ‘n gevallestudie-ontwerp deur ‘n fenomenologiese voorbeeld-benadering. Die uitslag was gegrond op ‘n voor- en na-analise van die implementasie van die gebalanseerde telkaat in die gevallestudie-organisasie, met die fokus op die gewaande waarde daarvan om die probleme van strategie-implementering te oorkom, ‘n mededingende voordeel te ontwikkel en handhaaf. Handhawing, in die besonder, is gedefinieer en getoets teen die omgewing en etiese gedrag, aangesien die uitslae aangedui het dat ‘n verbintenis

bestaan tussen volhoubare mededingende voordeel en die benutting van die gebalanseerde telkaart.

Navorsingsuitslae dui aan dat deelnemers geesdriftig blyk te wees en met die proses begin het om die organisasie in ‘n ‘gebalanseerde telkaart-organisasie’ te omskep. Die belangrikste voordele het ‘n verhoogde gewaarwording van visie ingesluit, met die koppeling van bedryfstake met strategiese werknemersdeelname en -inskiklikheid. Tekortkominge het die gewaande gebrek aan bydrae tot op voetsoolvlak asook aan die transformasieproses ingesluit.

‘n Aantal beperkings was duidelik in die ontwerp, ontplooiing en benutting van die gebalanseerde telkaart om die probleme van strategie-implementasie te oorkom en ‘n volhoubare mededingende voordeel in die genetwerkte ekonomie te behaal. Belangrike aspekte aangaande werknemers en aandeelhouers is ook beklemtoon aangesien die ontwerp van die gevallestudie-organisasie se telkaart gekoppel is aan sy waardeketting. Weens die genetwerkte ekonomie en sy gevolge vir die organisasie, het bevindings egter aangedui dat ‘n verandering in die huidige telkaart-argitektuur voorsorg moet maak vir ‘n genetwerkte ontwerp om bykomende konstrukte in te sluit, wat in aanmerking geneem moet word in ‘n poging om groter netwerke te skep en samewerkende praktykgemeenskappe te vestig.

Die uitslae dui aan dat die suksesvolle implementering van veranderingsbestuur (transformasie) as ‘n drywer in die inhoud van die gebalanseerde telkaart in die genetwerkte ekonomie, sleutel is tot die organisasie se toekomstige strategiese waarde en oogmerke.

Die insig verkry is gebruik om ‘n teoretiese model aan te beveel, gegrond op globale sakelandskapsvereistes, met die benutting van nuwe en radikale innoverende strategieë en sakemodel-argitektuur wat die samevloei vereis van die saamgevoegde stelsels van alle rolspelers in die grenslose netwerk, soos aangedui in die ‘genetwerkte gebalanseerde teoretiese telkaartmodel’.

Die teoretiese model dui aan hoe individuele organisasies hul telkaarte kan hervorm en integreer om strategieformulering, -implementering en –beheer te rugsteun. Dit ondersteun dus volhoubare mededingende voordeel en is gegrond op 'n balans tussen die komponente van mededingenskennis en samewerking.

Die aanbeveling is dus dat organisasies nie langer volhoubare mededingende voordeel in isolasie kan implementeer nie maar dat hulle moet fokus op organisatoriese ontwikkelingstrategieë wat netwerk-gepaardgaande struktuur en –argitektuur omsluit, en sodoende die nuwe waardevoorstel vir strategiese oogmerke behaal.

SUMMARY

Success in today's competitive business environment demands innovative approaches. Organisations must be able to react effectively and make informed decisions in order to be in the best position to take advantage of collaborated business opportunities in the organisation's external network.

The results of strategic decisions are affected by the strategic choices that are made and how successfully those objectives are implemented. In many cases the strategies have mediocre success or fail to achieve what they set out to do due to the failure to formulate and implement strategies that enhance the development of a sustainable competitive advantage in the long term.

The case study organisation, MultiChoice Africa (Pty) Limited, serves as an example in understanding the knowledge base imperative in utilising strategic management instruments such as Kaplan and Norton's (1996a: 8-18, 224-292) Balanced Scorecard to guide leadership in creating real-time value, thereby creating a sustainable competitive advantage. Balanced Scorecards have largely been developed and applied to internal managerial purposes, though they are seldom used for external marketing.

The purpose of this research was to evaluate the strategic value of the Balanced Scorecard in the networked economy, utilising a case study design by following a phenomenological paradigm approach. The outcome was based on a pre- and post-analysis of the implementation of the Balanced Scorecard within the case study organisation, focusing on the perceived value towards overcoming the barriers to strategy implementation, developing a competitive advantage and sustaining this advantage. Sustainability was specifically defined and tested against the environment and ethical behaviour as the results indicated that a link exists between sustainable competitive advantage and the appropriate utilisation of the Balanced Scorecard.

Research results suggest that respondents appear to be enthusiastic and have started the process of transforming the organisation into a 'Balanced Scorecard organisation'. The main advantages included an increased awareness of vision, linking operational tasks to strategic employees' participation and flexibility. Shortcomings, on the other hand, included the perceived lack of contribution of the Balanced Scorecard to the final outcome as well as to the transformation process.

A number of limitations were evident in the design, deployment and utilisation of the Balanced Scorecard in overcoming the barriers to strategy implementation and how to gain a sustainable competitive advantage in the networked economy. Important aspects surrounding employees and stakeholders were also highlighted as the design of the case study organisation's original Balanced Scorecard is based on its value chain. However, due to the networked economy and its implications for the organisation, the Balanced Scorecard architecture should be modified to make provision for a networked design. These modifications should incorporate additional constructs that need to be taken into consideration when creating larger networks and establishing collaborative communities of practice.

Key to the organisation's future strategic value and intent is the successful implementation of change management (transformation) as a driver into the application of the Balanced Scorecard in the networked economy.

Insight gained was used to propose a theoretical model based on global business landscape demands, utilising new and innovative strategies and business model architectures that require the convergence of aggregated metrics of all role players in the borderless network, as outlined in the 'Networked Balanced Scorecard' theoretical model.

The theoretical model outlines how organisations can reform and integrate their Balanced Scorecards to support strategy formulation, implementation and control.

It therefore supports sustainable competitive advantage and is based on embracing components of competitive intelligence and collaboration in the networked economy.

It is thus suggested that organisations can no longer implement sustainable competitive advantage strategies in isolation, but need to focus on organisational development strategies that encapsulate the network concomitance structure and architecture, thereby attaining the new value proposition for strategic intent.

TABLE OF CONTENTS

DECLARATION OF INDEPENDENT WORK i
DEDICATION ii
ACKNOWLEDGEMENTS iii
OPSOMMING iv
SUMMARY vii
TABLE OF CONTENTS x
LIST OF FIGURES xv
LIST OF TABLES xvi

CHAPTER 1 1
1 INTRODUCTION AND OVERVIEW OF THE RESEARCH 1
1.1 IN TRODUCTION 1
1.2 C ONTEXT OF THE RESEARCH 2
1.3 R ESEARCH STATEMENT 3
1.3.1 MultiChoice Africa (Pty) Limited
1.3.2 Strategy implementation 5
1.3.3 Competitive advantage 13
1.3.4 Sustainability 19
1.4 PURPOSE OF THE RESEARCH 21
1.5 R ESEARCH METHODOLOGY 23
1.6 ASSUMPTIONS AND LIMITATIONS 24
1.7 SIGNIFICANCE OF THE RESEARCH 25
1.8 OVERVIEW AND LAYOUT OF THE THESIS 27

CHAPTER 2 .... **29**
2 LITER ATURE REVIEW 29
2.1 IN TRODUCTION 29
2.2 STR ATEGY 30
2.2.1 Strategy perspectives 30
2.3 STR ATEGIC MANAGEMENT 33
2.4 STR ATEGIC CONTROL 37
2.5 THE CONTEXT OF MANAGING STRATEGICALLY 40
2.5.1 Strategic management perspectives 41
2.6 THE DEVELOPMENT OF VARIOUS STRATEGY IMPLEMENTATION MODELS 45
2.6.1 Balanced Scorecard 45
2.6.2 Other instruments 49
2.7 THE SUSTAINABILITY ADVANTAGE CONSTRUCT 51
2.7.1 Defining competitive and sustainable advantage 51
2.7.2 Core competencies and distinctive capabilities 53
2.7.2.1 Innov ation 56
2.7.2.2 Arch itecture 57
2.7.2.3 R eputation 59
2.8 RELATIONSHIP OF SUSTAINABLE COMPETITIVE ADVANTAGE TO OTHER STRATEGY RELATED CONSTRUCTS 61
2.9 C ORPORATE SUSTAINABILITY 64
2.9.1 The Balanced Scorecard and sustainability 68

2.10 PROPOSITIONS ... 72
2.11 CONCLUSION ... 74

CHAPTER 3 ... 76
3 PRESENTING THE CASE STUDY ORGANISATION FROM A STRATEGIC INTENT PERSPECTIVE ... 76
3.1 INTRODUCTION ... 76
3.2 GLOBAL ENVIRONMENT ... 77
3.3 MULTICHOICE AFRICA (PTY) LIMITED STRATEGIC INTENT ... 81
3.3.1 Organisational profile ... 82
3.3.1.1 Structure of MultiChoice Africa (Pty) Limited ... 83
3.3.1.2 Culture of MultiChoice Africa (Pty) Limited ... 84
3.3.2 Environment ... 85
3.3.2.1 Technological environment ... 86
3.3.2.2 Economic environment ... 88
3.3.2.3 Political and legal environment ... 91
3.3.2.4 Social environment ... 92
3.3.3 Value chain analysis ... 94
3.3.4 Change management and organisational assessment ... 100
3.3.5 Implementation of the Balanced Scorecard ... 107
3.3.5.1 Background ... 107
3.3.5.2 Linkage to the strategies ... 109
3.3.5.3 Balanced Scorecard perspectives ... 110
3.3.5.4 Project focus and stakeholders ... 113
3.3.5.5 Evaluation ... 114
3.4 CONCLUSION ... 115

CHAPTER 4 ... 118
4 RESEARCH METHODOLOGY ... 118
4.1 INTRODUCTION ... 118
4.2 RESEARCH DESIGN ... 119
4.2.1 Type of research ... 119
4.2.1.1 Purpose of the research ... 120
4.2.1.2 Process of the research ... 120
4.2.1.3 Outcome of the research ... 123
4.2.1.4 Logic of the research ... 123
4.2.2 The research paradigm ... 124
4.2.3 Phases of the research ... 124
4.2.4 The research model ... 126
4.3 METHODOLOGY AND METHODS ... 129
4.3.1 Phase 1: In-depth interviews amongst general managers ... 129
4.3.1.1 Objective ... 129
4.3.1.2 Type of data collected ... 129
4.3.1.3 Sample ... 129
4.3.1.4 Development of discussion guide ... 130
4.3.1.5 Data gathering ... 130
4.3.1.6 Data handling ... 131
4.3.1.7 Data analysis ... 132
4.3.2 Phase 2: Quantification of perceptions ... 133
4.3.2.1 Objective ... 133
4.3.2.2 Type of data collected ... 133

4.3.2.3 Sampl e ... 133
4.3.2.4 Dev elopment of questionnaire ... 134
4.3.2.5 Data gathering ... 136
4.3.2.6 Data handling ... 137
4.3.2.7 Data analysis ... 137
4.3.3 Phase 3: Focus group discussions ... 138
4.3.3.1 Obj ective ... 138
4.3.3.2 Type of data collected ... 138
4.3.3.3 Sampl e ... 139
4.3.3.4 Development of focus group agenda ... 139
4.3.3.5 Data gathering ... 139
4.3.3.6 Data handling ... 140
4.3.3.7 Data analysis ... 141
4.3.4 Phase 4: Quantification of perceptions ... 141
4.3.4.1 Obj ective ... 141
4.3.4.2 Type of data collected ... 141
4.3.4.3 Sampl e ... 141
4.3.4.4 Dev elopment of questionnaire ... 142
4.3.4.5 Data gathering ... 143
4.3.4.6 Data handling ... 143
4.3.4.7 Data analysis ... 143
4.4 ENHANCING THE RELIABILITY OF THE STUDY ... 143
4.5 COMPARISON WITH THEORY ... 145
4.6 LIMITATIONS OF THE STUDY ... 146
4.7 C ONCLUSION ... 148

CHAPTER 5 ... 150
5 R ESULTS ... 150
5.1 INTR ODUCTION ... 150
5.2 PHASE 1: IN-DEPTH INTERVIEWS WITH GENERAL MANAGERS ... 151
5.2.1 The Balanced Scorecard and strategy implementation ... 151
5.2.2 The Balanced Scorecard and competitive advantage ... 155
5.2.3 The Balanced Scorecard and sustainability ... 157
5.3 PHASE 2: QUANTIFICATION OF PERCEPTIONS ... 159
5.3.1 The Balanced Scorecard and strategy implementation ... 160
5.3.2 The Balanced Scorecard and competitive advantage ... 162
5.3.3 The Balanced Scorecard and sustainability ... 163
5.4 PHASE 3: FOCUS GROUP DISCUSSIONS ... 165
5.4.1 The Balanced Scorecard and strategy implementation ... 166
5.4.2 The Balanced Scorecard and competitive advantage ... 167
5.4.3 The Balanced Scorecard and sustainability ... 167
5.5 PHASE 4: QUANTIFICATION OF PERCEPTIONS ... 168
5.5.1 General evaluation of the Balanced Scorecard ... 169
5.5.2 The Balanced Scorecard and strategy implementation ... 171
5.5.3 The Balanced Scorecard and competitive advantage ... 172
5.5.4 The Balanced Scorecard and sustainability ... 173
5.6 C ONCLUSION ... 174

CHAPTER 6 ... 175
6 FI NDINGS ... 175
6.1 INTR ODUCTION ... 175

6.2 LINKING THEORY AND RESEARCH 176
6.3 STRATEGY IMPLEMENTATION 178
6.3.1 Ensures that the organisation understands the strategies and that objectives are acted upon 180
6.3.2 Links overall strategy to the objectives at departmental, team and individual levels 182
6.3.3 Links short-term resources allocation to long-term strategy 183
6.3.4 Provides feedback on strategically important issues 185
6.4 COMPETITIVE ADVANTAGE 187
6.4.1 Sources of competitive advantage 188
6.4.2 Diversification around the core business 193
6.5 SUSTAINABILITY 195
6.5.1 Strategic intent and corporate culture 196
6.5.2 Sustainable resource management 197
6.5.3 Sustainable processes 199
6.5.4 Environment 200
6.5.5 Sustainable profitability and stakeholder value 201
6.6 CONCLUSION 202

CHAPTER 7 205
7 CONCLUSIONS AND RECOMMENDATIONS 205
7.1 INTRODUCTION 205
7.2 REVIEW OF THE THREE MAIN CONSTRUCTS 206
7.2.1 Strategy implementation 207
7.2.2 Competitive advantage 208
7.2.3 Sustainability 213
7.3 THE BUSINESS LANDSCAPE OF THE NEW NETWORKED ECONOMY 215
7.3.1 Business models in the networked economy 216
7.3.2 Virtual organisations 218
7.4 A PROPOSED THEORETICAL MODEL – THE NETWORKED ECONOMY VALUE PROPOSITION 219
7.4.1 Phase 1 – Networked strategic intent 225
7.4.1.1 Purpose, value-add and value-captured leadership 225
7.4.1.2 Characteristics of the organisation in the networked economy 227
7.4.1.3 Balanced Scorecard applications 229
7.4.1.3.1 Strategy implementation 229
7.4.1.3.2 Competitive advantage 231
7.4.1.3.3 Sustainability 233
7.4.1.3.4 Summary 234
7.4.2 Phase 2 – Networked Balanced Scorecard concept 234
7.4.2.1 Purpose, value-add and new value-captured leadership 235
7.4.2.2 Characteristics of the organisation in the new networked profit pool 236
7.4.2.3 The Networked Balanced Scorecard application 237
7.4.2.3.1 Strategy implementation 239
7.4.2.3.2 Competitive advantage 240
7.4.2.3.3 Sustainability 242
7.4.2.3.4 Summary 244
7.4.3 Phase 3 – The global networked value proposition 245
7.4.3.1 Model implementation 248
7.4.4 Summary 250
7.5 RECOMMENDATIONS FOR FURTHER RESEARCH 251

7.6 C ONCLUSION 253

BIBLIOGRAPHY 256

ANNEXURES 273
Annexure 1 Terms of reference 273
Annexure 2: MultiChoice Africa (Pty) Limited shareholding structure 290
Annexure 3: Discussion guide 291
Annexure 4: Research invitation and questionnaire 311
Annexure 5: Main themes summarised: Content-analysis – data reduction of interviews, questionnaires and group discussions 316
Annexure 6.1: Original frequency distributions – Phase 2 325
Annexure 6.2: Frequency tables (derived) – Phase 2 353
Annexure 7: Research questionnaire – Phase 4 371
Annexure 8: Frequency tables – Phase 4 381

LIST OF FIGURES

Figure 2.1: The mental interpretation of strategy development 31

Figure 3.1 Media organisations face growing external and internal pressures 86

Figure 3.2 The MultiChoice Africa (Pty) Limited value chain 96

Figure 3.3 Differences in intra-organisational and inter-organisational change management 106

Figure 3.4 The Balanced Scorecard (BSC) – part of a continuum logic and action that translates a mission into desired outcomes at MultiChoice Africa (Pty) Limited 108

Figure 3.5 MultiChoice Africa (Pty) Limited Corporate Balanced Scorecard (BSC) 110

Figure 3.6 MultiChoice Africa (Pty) Limited Balanced Scorecard Strategy Tree........ 112

Figure 4.1 The research model 128

Figure 7.1 The Networked Balanced Scorecard theoretical model of an individual organisation in a virtual network as a value framework for sustainable value creation 222

Figure 7.2 Value creation concomitance model implementation in a networked approach 249

LIST OF TABLES

Table 4.1 The research phases ... 125

Table 4.2 Breakdown of MultiChoice Africa (Pty) Limited population by employee level for Phase 2 ... 134

Table 4.3 Breakdown of MultiChoice Africa (Pty) Limited population by employee level ... 142

Table 5.1 Sampling of Phase 2 ... 160

Table 5.2 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers of strategy implementation by ensuring that the organisation understands the strategies and that objectives are acted upon ... 161

Table 5.3 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers of strategy implementation by linking the overall strategy to objectives at departmental, team and individual levels ... 161

Table 5.4 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers of strategy implementation by linking short-term resource allocation to long-term strategy ... 161

Table 5.5 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers of strategy implementation by providing feedback on strategically important issues ... 162

Table 5.6 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage by allowing them to focus on the sources of competitive advantage ... 162

Table 5.7 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage by allowing them to focus on diversification around the core business ... 163

Table 5.8 Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage by creating a corporate culture that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees) ... 163

Table 5.9 Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of

MultiChoice Africa (Pty) Limited's competitive advantage by creating sustainable resource management 164

Table 5.10 Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited’s competitive advantage by creating sustainable processes 164

Table 5.11 Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited’s competitive advantage by creating sustainable customer acquisition and retention 165

Table 5.12 Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited’s competitive advantage by creating sustainable profitability and stakeholder value 165

Table 5.13 Sampling of Phase 4 169

Table 5.14 Extent of Balanced Scorecard achieving operational objectives........................ 169

Table 5.15 Expectations about the Balanced Scorecard... 170

Table 5.16 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers of strategy implementation... 171

Table 5.17 Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage................. 172

Table 5.18 Evaluation of general statements about the Balanced Scorecard as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited’s competitive advantage.................................. 173

CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE RESEARCH

'Futurists aim to open up the future, to make a virtue out of the uncertainty of the future, for the purpose of empowering organisations to achieve futures better than the past and the present. Futurists aim to strategise organisations to ensure that the future becomes an open horizon that can be creatively explored.' (Bell, 1997: 1)

1.1 INTRODUCTION

This thesis explores the challenges of uncertainty and is intended to contribute towards creating strategic advantage to business in the 21st century and beyond. MultiChoice Africa (Pty) Limited served as an example in understanding the knowledge base imperative in utilising strategic management instruments which guide leadership in creating real-time value, in order to create and maintain a competitive advantage through the successful implementation of strategy, which ultimately has ensured organisational sustainability. The underlying structure of this thesis has incorporated three main constructs, namely strategy implementation (see section 1.3.2), competitive advantage (see section 1.3.3) and sustainability (see section 1.3.4) by investigating the strategic value of the Balanced Scorecard in the networked economy.

After questioning contemporary management accounting in several articles during the 1980s, Robert Kaplan and David Norton introduced the Balanced Scorecard concept in 1992 to present a balanced view on organisations' operations. The scorecard comprises financial measures and measures related to marketing strategy, research and development, social responsibility and employees. The Balanced Scorecard has therefore been defined as a measurement-based strategic management system that has provided a method of aligning business activities to the strategy and monitoring performance of strategic objectives.

In this chapter the problem, background and rationale for the research are introduced, and the constructs for developing and maintaining a sustainable competitive advantage by utilising strategic management instruments such as the Balanced Scorecard are highlighted. Its usability and role to ensure organisational sustainability in the long term are also evaluated. This chapter also outlines the objectives of the research and provides an overview of the chapters to follow, including the 'terms of references' (refer to Annexure 1) used in the research.

The impetus for conducting this study was that some of the greatest challenges in the management of organisations concern the ability to move the organisation cohesively into a direction that is in alignment with the formulated strategies, despite the fact that successful strategy formulation and implementation is difficult to achieve (Flood, Dromgoole, Carrol & Gorman, 2000: 184-189, 236-243; Kaplan & Norton, 1996a: 49-50, 363-381 ; Kaplan & Norton, 2001b: 167-176). The Balanced Scorecard as a strategic management instrument encapsulates and aligns the objectives of the research and creates a foundation for future strategy implementation. The following section outlines the context of the research.

1.2 CONTEXT OF THE RESEARCH

The results of strategic decisions are affected by the choices that are made and how successfully those objectives are implemented. In most instances, strategies have mediocre success or fail to achieve what they set out to do, thereby eroding the competitive advantage. Thus the failure to formulate and implement strategies that enhance the development of a sustainable competitive advantage in the long term can have serious consequences for an organisation.

According to Gibbert, Leibold and Voelspel (2001: 109-126) and Mahadevan (2000: 55-69), a methodology is required to help global players and emerging businesses such as MultiChoice Africa (Pty) Limited be successful through various means such as models for business development. They suggested that organisations cannot sustain their competitive advantage based on traditional business models, production and authoritarian structures.

Sustaining business growth is one of the critical challenges faced by business leaders. At some stage in its lifecycle an organisation must seek new growth opportunities in order to address realities such as mature markets, competitive threats and taking advantage of opportunities by utilising innovative technologies, exploiting new markets and capitalising on changing customer demographics (Gibbert, Leibold & Voelpel, 2001: 109-126).

Businesses succeed when they have some advantage relative to their competitors. In examining the literature, it emerged that there are a number of different descriptions of competitive advantage. For instance, Porter (1987: 43-59) perceives competitive advantage as the objective of strategy, arguing that superior performance will automatically result from a distinctive competitive advantage. Reed and De Filippi (1990: 88-102) suggest that competitive advantage could be derived from numerous sources and that strategy manipulates the sources of advantage under the organisation's control in order to generate a competitive advantage.

When an organisation has achieved a competitive advantage and successfully manages to prevent imitation by competitors, it 'resists erosion by competitor behaviour' and achieves a sustainable competitive advantage (Porter, 1987: 43-59). However, preventing imitation does not last forever and the organisation's ability to delay this eventuality has proved essential in order to derive the maximum benefit from their competitive advantage (Christensen, 2001: 105-109; Porter, 1996: 61-78; Pearce & Robinson, 2003: 251-255; Reed & De Filippi, 1990: 88-102). It would therefore seem reasonable to assume that if an organisation is able to maintain or manage its competitive advantage while implementing new strategies, it would result in a sustainable advantage.

The purpose of the Balanced Scorecard is to support the implementation of strategies and thereby supporting the development and maintenance of a sustainable competitive advantage by allowing organisations to continuously re-evaluate and, if necessary, adjust the strategic plan based on developments in the external and internal environment. An effective control and communication system provides evidence that strategies are implemented as intended and that employees are co-operating in achieving the organisational objectives with reasonable efficiency. Only then is the organisation capable of surviving in the continuously changing environment as stated in the research statement below.

1.3 RESEARCH STATEMENT

This study explores the perceived benefits and role of the Balanced Scorecard in a networked economy. When formulating the problem and sub-problems of the research statement, it emerged that organisations face a number of problems in their pursuit of strategy formulation and implementation particularly with regard to their competitive advantage and ensuring corporate sustainability. By stating the problems and sub-problems, various propositions made in the literature are challenged, giving rise to the formulation of various research questions. It should be noted that in this study the research problem was not specific and the research was primarily conducted to improve the understanding of concepts such as strategy implementation (see Section 1.3.2), competitive advantage (see Section 1.3.3) and sustainability (see Section 1.3.4) in relation to MultiChoice Africa (Pty) Limited in a networked economy (see Section 4.2.1.3).

1.3.1 MultiChoice Africa (Pty) Limited

MultiChoice Africa (Pty) Limited is a multi-channel pay-television platform (currently the only licensed pay-television organisation in South Africa), with channels from Africa, Europe, Asia and the United States of America. It provides premium television entertainment to close to two million digital subscribers (October 2006) in more than 50 countries on the African continent and adjacent Indian Ocean islands through its DStv bouquets.

Through the introduction of a dynamic technology platform and the assembly of a bouquet of channels, built around compelling and premium movie and sports channels, MultiChoice Africa (Pty) Limited has succeeded in building a significant television business, which spans various continents.

Operations include world-class subscriber management services and the management of a digital television platform, broadcasting over 50 video and 56 audio channels 24 hours a day in South Africa (also included are a number of data channels). The organisation demonstrated its continuing innovation by launching full return path-based Interactive television services, including TV-Mail and integrated programme-related interactive services while it also pioneered digital remote advertising insertion initiatives globally.

MultiChoice Africa (Pty) Limited is an outstanding example of a pioneering African organisation, owned by the Myriad International Holdings and the Naspers group. To enable the organisation to sustain its aggressive growth pattern and to directly compete with international players in the entertainment, technology and e-commerce services, the organisation refocused and aligned its operations towards a new strategy through a number of transformation initiatives. MultiChoice Africa (Pty)

Limited's management thus introduced a corporate Balanced Scorecard to assist them in overcoming the barriers to strategy implementation, ensuring that the organisation would be able to sustain its competitive advantage in the networked economy as outlined in the following section. In Chapter 3 an overview of the strategic positioning and operations of the case study organisation will be further explored.

1.3.2 Strategy implementation

Strategy implementation is the process of action initiatives. According to Nutt (1986: 230-261), these comprise procedures that are directed by a manager in the implementation of the planned change in an organisation. Successful implementation of a comprehensive management approach includes 'the strategic planning, resource allocation, control, and the strategy evaluation process' (Vinzat & Vinzat, 1996: 139-158). Waldersee and Sheather (1996: 105-122) commented that weaknesses of strategic management seem to be more in the implementation than formulation. Other researchers also concur with this observation (Brache & Freedman, 1999: 10-13; Nutt, 1999: 75-90). In his report, 'Building and implementing a Balanced Scorecard', Flood *et al*. (2000: 178-179) investigates which conditions actually enable the organisation to implement its chosen strategies and lists the barriers to strategy implementation as the actual strategy, employees, management, the organisation's functional structure and external environmental issues.

Beer and Eisenstat (2000: 29-39), on the other hand, focused on the barriers hidden within the organisation, identifying the characteristics of those barriers as quiet, silent or hidden, but nevertheless able to destroy implementation of strategy. Bowman and Helfat (2001: 1-23) investigated the importance of how implementation of strategy is carried out within the organisation. Even if barriers are taken into consideration when implementing total quality management, Bowman and Helfat's (2001: 1-23) view is taken into account because both Total Quality Management and the Balanced Scorecard are fully integrated and complete systems. Thus, similar to the Balanced Scorecard, Total Quality Management requires the organisation to change strategies and management behaviour.

Thomas (1994: 683-697) is mostly concerned with the leader's role in the strategy implementation process and states that organisational and culture change must be the leader's first priority. The researcher argues that, if the organisation's leaders observe the need for change by giving this change a high priority, and investing the time required, the organisation will change. Thomas (1994: 683-697) believes that in all organisations, at all levels, there exists a natural resistance to change. According to him, social relationships are more strongly weighted than economical factors and few management groups can handle establishing strategies for the current situation, and, at the same time, create acceptance of a culture for change in the organisation.

Kaplan and Norton (1996a: 8-18) postulated that the main causes of poor strategy implementation are the following:

- Visions and strategies that cannot be realistically implemented.
- Strategies are not linked to departmental, team and individual objectives.
- Strategies are not linked to resource allocation.
- Feedback that is tactical and not strategic.

Kaplan and Norton (1996a: 8-18) maintain that the first barrier occurs when the organisation cannot translate its vision and strategy into terms that can be understood and acted upon. When fundamental disagreement exists of how to translate vision and mission statements into action, the consequence is sub-optimal use of efforts (Kaplan & Norton, 1996a: 8-18, 224-292). With lack of consensus and clarity, different groups will work to different agendas, according to their own interpretation of the strategy and vision. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategic objective.

Beer and Eisenstat (2000: 29-39) and Birchard (1995: 42-45) point out that unclear strategies and prioritising might conflict with poor horizontal co-ordination. This might occur when there are different strategies competing for the same resources. The authors indicate that the understanding of the overall strategy and action plan is important as middle management cannot be expected to co-operate effectively when executive management strategies drive them in competing directions.

One of the fundamental reasons why a strategy does not get implemented is that it may simply not be worth the effort (Corroboy & O'Corrbui, 1999: 29-31). This occurs mainly when the strategy is not innovative, inspiring or sound (Brache & Freedman, 1999: 10-13; Franklin, 1996: 211-221; Goold & Quinn, 1990: 43-57; Nutt, 1999: 75-

90). Sometimes a strategy is not robust enough to withstand difficulties that develop when implementation is in progress, which ultimately results in the strategy not being implemented (Al-Ghamdi, 1998: 322-328; Goold & Quinn, 1990: 43-57). These obstacles seriously impede implementation and suggest that an organisation should maintain an 'evergreen strategy' through update and review processes (Beer & Eisenstat, 2000: 29-39; Brache & Freedman, 1999: 10-13; Cicmil, 1999: 119-129; Corroby & O'Corrbui, 1999: 29-31; Nutt, 1986: 230-261). The commitment of key stakeholders should therefore be obtained through involving them at the formulation stage (Cicmil, 1999: 119-129; Nutt, 1987: 1-14; Nutt, Backoff & Hogan, 2000: 5-31). If personnel do not understand 'how' the strategy will be implemented or if individual responsibilities are not clear ('who'), then the strategy cannot be implemented effectively (Brache & Freedman, 1999: 10-13; Cicmil, 1999: 119-129; Corroby & O'Corrbui, 1999: 29-31).

However, even when the employees understand the strategy, their competence also plays a crucial role in strategy implementation. Flood *et al.* (2000: 16-23, 179-189, 136-243) agrees with Kaplan and Norton (1996a: 224-292) and believes that another barrier occurs when individual objectives and competence developments are not linked to the implementation process. Kaplan and Norton (1996a: 224-292) also argue that the management system is often designed for operational and not strategic control, and that the focus remains on the traditional management control processes because the managerial information is linked to budgets and accounts rather than to strategy. Thus, if the employees involved in the implementation of the strategy have insufficient capabilities, the implementation will not be successful (Al-Ghamdi, 1998: 322-328; Beer & Eisenstat, 2000: 29-39; D. Hussey, 1999: 187-188). However, the performance of employees is also partly dependent on management. As the budget is the key instrument to prioritising, it is also the most powerful instrument in establishing linkage and relationships between departmental and individual objectives and the strategy.

Sandelands (1994: 10-11) is of the opinion that the natural formation of organisations into different managerial processes (planning, project and operations) necessitates a proactive approach to integrate them and states that techniques for closing the disparity between the different management processes, to some degree, will result in changing the corporate culture, while it has been mentioned by Sandelands (1994: 10-11) that the training and education programme must be adjusted and harmonised with the organisation's core values to secure the required resources.

The final barrier, according to Kaplan and Norton (1996a: 8-18, 224-292), that hinders effective strategy implementation is the lack of feedback on how the strategy is being implemented and whether it has achieved its set objectives. The authors argue that most management systems provide feedback only on short-term operational performance and that the feedback is mainly on financial measures, usually comparing actual results to monthly and quarterly budgets. Little or no time is invested in examining indicators of strategy implementation and success. As a result the organisation has no feedback mechanism in its strategy, and therefore cannot test and learn about its strategy. Flood *et al*. (2000: 16-23, 178-179) and Thomas (1994: 683-697) comment that current systems do not report on other parameters for the development of strategy drivers such as values that will sustain the organisation's strategies.

Management barriers which impede successful strategy implementation include the leadership and management qualities and competencies which guide the pace, sequence and location of change (Al-Ghamdi, 1998: 322-328; Beer & Eisenstat, 2000: 29-39; D. Hussey, 1999: 187-188; Meldrum & Atkinson, 1998: 564-575; Nutt *et al.,* 2000: 5-31). Management's competence ensures that existing business requirements are not neglected and is an important factor in strategy implementation (Al-Ghamdi, 1998: 322-328; Beer & Eisenstat, 1996: 597-618; Coulson-Thomas, 1998: 449-458; Corroboy & O'Corrbui, 1999: 29-31). Hrebiniak and Joyce (1986: 5-14), and Nutt, Backoff and Hogan (2000: 5-31) suggest that the management of continuity and change can be achieved by creating short-term planning mechanisms and strategic controls through which 'constructive myopia' can be promoted and harnessed. It should be noted that managers with self-interest can redirect, delay or even sabotage implementation (Brache & Freedman, 1999: 10-13; Floyd & Wooldridge, 1992: 27-39; Nutt, 1998: 213-240; Waldersee & Sheather, 1996: 105-122). The discussion highlights the requirement for management skills, knowledge and behaviour to be congruent with the objectives of the set strategy. The concept of a strategy management style 'fit' in this regard is supported by a number of authors (Brache & Freedman, 1999: 10-13; Herbert & Deresky, 1987: 40-51; Waldersee & Sheather, 1996: 105-122; Wheelen, 2004c: 191-216; Zajac, Kraatz & Bresser, 2000: 21-24). The impediments to implementation reflect the phenomena of slow learning, fast forgetting and organised resistance. The first two phenomena indicate strategic 'disparity', whilst the third is caused by a lack of understanding of the strategy or a lack of knowledge to effect the implementation.

Organisational barriers mainly include the culture of an organisation, which directly affects the strategy management process. Too much bureaucracy and red tape within the organisation directly impede implementation initiatives (D.N. Clark, 2000: 115-127; Goold & Quinn, 1990: 43-57; Lewis, 2000: 139-141). McHugh and Bennett (1999: 189-203) argue that a 'bureaucratic cage' is detrimental to strategy implementation as the manner in which members across an organisation tend to relate to each other affects the processes being undertaken. The challenge of future leadership needs to be taken up by management. It is thus the task of management to make people capable of strategising joint performance, to make their strengths effective and their weaknesses ineffective in order to obtain a sustainable competitive advantage (Drucker, 2001: 197-201). Beer and Eisenstat (2000: 29-39) and Thomas (1994: 683-697) believe that the relationship between the strategic business units and corporate head office is important. When 'uncooperative' relationships exist, it will affect the strategy implementation (Bowman & Helfat, 2001: 1-23; Golden, 1992: 145-158; Gupta, 1987: 477-500), for example, when a corporate head office 'imposes' administrative mechanisms that do not facilitate implementation.

Wheelen (2004c: 191-126), further states that uncontrollable factors in the external environment have an adverse impact on strategy implementation should the strategic initiatives not make provision for such eventualities.

In response to the barriers to strategy implementation, Kaplan and Norton (1996a: 7-8) developed the Balanced Scorecard. They originally promoted the concept primarily as an instrument that could provide aid in overcoming the above barriers during strategy implementation. Though Kaplan and Norton (1996a: 7-8) never claim that the Balanced Scorecard succeeds in all implementation initiatives, it is this concept that is explored in the first research question.

A review of the literature relating to the Balanced Scorecard (Kaplan & Norton, 2004: 19, 32-35) furthermore suggests that the Balanced Scorecard contains elements of a boundary control system in that it evolves from the vision, mission and strategic objectives of the organisation. Its perspective framework depicts limits in the organisation and encourages employees to focus their attention on the key aspects of the business. Applying the Balanced Scorecard in this manner can ensure that employees are aware of the mission of the organisation, of its major strategic objectives and more importantly, their contribution to its achievement.

The Balanced Scorecard contains elements of an interactive control system as it aims to reinforce the learning organisation theory by providing the possibility to test cause-and-effect relationship propositions by encoring managers to look transversally at their organisation, and strive for 360-degree feedback.

The Balanced Scorecard further contains elements of a diagnostic control system. It is a strategic control system that presents managers with the opportunity of combining all types of control systems and in this way adds value to management. It allows for the measurement of performance of the current strategy, while enabling time and energy to be invested on the formation of future strategies. By making use of the Balanced Scorecard, an organisation therefore does not have to 'choose' which control system to use at any given time or use only partial information or stand-alone systems.

By identifying a balanced set of financial and non-financial measures which are linked to the strategic objectives, the Balanced Scorecard aims to prevent conflicts and ensure that managers are being encouraged to conduct business in a manner that is rewarding, both to the individual and to the organisation. Also, the implicit contract, which is established in the identification of objectives and performance measures, strives towards achieving congruence, which in itself facilitates the task of a management control system. Not only does the Balanced Scorecard aim to provide a measurement framework which improves alignment of actions to the strategy, but it also creates a platform for identifying priorities. During the identification of strategic initiatives, which need to be implemented in order to achieve the various objectives, managers often find themselves inundated with innovative concepts. By continually referring to the strategic objectives that have been outlined, management is able to set priorities and oversee the implementation of other initiatives such as Activity Based Costing or Six Sigma projects, ensuring that a complete overview is achieved, enabling them to identify the importance of each initiative.

Because the Balanced Scorecard is normally implemented across various business units, cognisance should be taken of all possible extraneous constructs and how they will be controlled. Leadership, culture, structure, size, growth phase, internal and external environmental factors will certainly impact on an individual business unit's successful implementation of the Balanced Scorecard. For organisations in the United States of America for example, it forces them to look beyond the short-term financial results to the strategic long-term health of the organisation in order to remain competitive in a global environment.

In an organisational control model, management of performance requires a 'double-loop' process. By means of this process the various activities that flow directly from the strategy are linked in an interactive system that stimulates organisation learning and the emergence of new strategies. In addition the performance measurements agreed upon are linked in a diagnostic system (motivate, monitor and reward achievement of objectives). All of the above take place in a specified belief system in which new opportunities are searched for while the boundary system directly sets limits on the domain to be explored.

Balanced Scorecard design-based risks (such as the Balanced Scorecard not being relevant to the issues and needs of its users, being too complicated to form part of normal management activity and the inappropriate use of automation constraints design to 'use software features' rather than deliver useful management outcomes), will be investigated. Use-based risks such as the Balanced Scorecard application being delegated to a department or staff group that is in conflict with existing management processes and is seen as a 'static' device that does not adapt to or accommodate market or organisational changes will further be explored.

As stated above, it is paramount to integrate the courses for ineffective strategy implementation and therefore overcome the barriers. Vision and strategies could be seen as not practicable and not linked to departmental, team and individual objectives due to lack of strategic control instruments. Furthermore, if the strategic intent is not linked to effective resource allocation, feedback will be tactical and not transformed into strategic initiatives.

MultiChoice Africa (Pty) Limited had to transform itself as it was directly affected by shifts in global technological, social, political and environmental forces. Since there was no strategic management instrument in place, MultiChoice Africa (Pty) Limited, until recently, had a limited focus on strategic issues. Management reporting and staff performance were basically linked to financial measures through aggressive growth initiatives with little or no focus on strategy development and deployment. The organisation needed an instrument to clarify the newly formulated strategies and communicate them to all its employees, identify the key internal processes driving strategic success and align investments in people, technology and organisational capital.

MultiChoice Africa (Pty) Limited's management further needed an instrument to assist them in exposing strategic disparities to enable immediate corrective action since future intent might include forming partnerships with competitors and intermediaries outside the organisation's value chain. Success depended on the development of strategy maps enabling employees to embrace and engage in strategy discussions since performance in terms of strategy needed to be measured through shared objectives and measures. Collaboration amongst all employees, departments and divisions needed to be improved to accelerate results, while a means to enhance corporate governance needed to be established.

The challenges that MultiChoice Africa (Pty) Limited faced with regard to implementing the organisational strategic intent were similar to the strategy implementation barriers mentioned earlier. To overcome the barriers in strategy implementation and to enhance the drivers, MultiChoice Africa (Pty) Limited's management opted to implement a Balanced Scorecard with outcome expectations as promoted by Kaplan and Norton.

However, given the networked economy environment that MultiChoice Africa (Pty) Limited operates in, the first research question emerges and challenges Kaplan and Norton's proposition that the Balanced Scorecard assists organisations in overcoming the barriers to strategy implementation. The question explores the role and degree to which the Balanced Scorecard assists the strategy implementation process. In other words, does the Balanced Scorecard help to ensure that the strategy is understood and that objectives are acted upon? Is the overall strategy linked to objectives at departmental, team and individual levels, is the short-term resource allocation linked to long-term strategy and does the Balanced Scorecard provided feedback on strategically important issues?

In developing and implementing the Balanced Scorecard concept, the executive board of MultiChoice Africa (Pty) Limited together with business unit management had to consider how they could achieve change within the organisation as well as how the various corporate and business unit level strategies could be implemented. In developing a performance driver framework, it will be investigated whether the Balanced Scorecard assisted the executive management in the formulation of the set strategies and overcoming the barriers of implementation, ensuring a continuation of the organisation's competitive advantage in the networked economy as elaborated on in the following section.

1.3.3 Competitive advantage

The second question challenges the assumption that the Balanced Scorecard supports organisations in gaining a 'competitive advantage' by allowing them to focus on the following: firstly, the sources of competitive advantages such as core competencies, operational effectiveness, differentiation, strategic fit, path dependency, economic deterrence, time compression, partnerships and casual ambiguity, and secondly, on diversification around their core business.

The second research question was formulated after a critical evaluation of MultiChoice Africa (Pty) Limited's present competitive advantages and the challenges faced in sustaining its competitive advantage as a result of the organisation's new strategic intent in the networked economy. MultiChoice Africa (Pty) Limited, in its drive to ensure a sustainable competitive advantage in the networked economy, needed to balance contradictory forces in its overall strategy. All of these forces play a critical role in sustaining a competitive advantage. The role of the Balanced Scorecard in assisting the organisation in 'balancing contradictory forces' to enable a sustainable competitive advantage in the future, needed to be tested. One such contradictory force is to balance and articulate the short-term financial objective for cost-reduction and productivity improvements with the long-term objective for profitable revenue growth. The organisation's productivity and growth strategy emphasised the improvement of cost structures and an increase in its asset utilisation on an enterprise-wide basis. The organisation's strategic intent also included a drive to expand its revenue opportunities and enhance customer value through differentiating its products and services in several key areas (reliable product and service capabilities, an extensive global network and service quality that meets high standards for accuracy and speed), focused on the sustainability of long-term shareholder value.

MultiChoice Africa (Pty) Limited further needed to invest in its intangible assets for long-term revenue growth if the organisation wanted to realise its strategic intent, which conflicted with its cost cutting objectives for short-term financial performance to satisfy its shareholders. At the same time, the organisation also needed to create a sustained growth in shareholder value. MultiChoice Africa (Pty) Limited needed to improve results in the short term and at the same time needed to measure the critical few parameters that represented its strategy for long-term value creation. The organisation therefore needed to concentrate on the critical few internal processes that delivered the differentiating value proposition and that were most critical for enhancing productivity and maintaining the organisation's operations. The strategic intent to support the sustainable competitive advantage included the management of risk by emphasising proactive rather than reactive identification and mitigating risks in all areas of the organisation, focussing on disaster recovery and business continuity management as an integral part of the organisation's risk management. The second research question thus investigates to what degree the Balanced Scorecard assists in value creation, therefore assisting in maintaining a sustainable competitive advantage.

The organisational strategy is based on a differentiated customer value proposition as the organisation realised that satisfying customers is the only source of sustainable value creation – hence the clear articulation of targeted customer segments based on profitability and risk and the accompanying value proposition required to satisfying them. The organisation's customer strategy is based on customer satisfaction, retention, acquisition, profitability, market share and account share. From a customer value proposition, the organisation needed to regularly measure and obtain feedback on the organisation's product/service attributes (price, quality, availability, selection and functionality), while relationships (service measurement and partnerships) and over all brand leadership also needed to be considered.

To maintain a competitive advantage, MultiChoice Africa (Pty) Limited needed to monitor and measure its internal processes (operations management: producing and delivering products and services to customers, customer management: establishing and leveraging relationships with customers, and innovation: developing new products, services, processes and relationships through concentric diversification, as each cluster delivers benefits at different times). In order to improve productivity major technology and efficiency projects needed to be put into place, for example ensuring that the information technology infrastructure can support operational competitiveness and enhancing collaboration throughout the supply chain. The

Balanced Scorecard's role in supporting a sustainable competitive advantage led to the formulation of the second research question.

MultiChoice Africa (Pty) Limited realised that it would only be able to sustain a competitive advantage by strategically aligning the organisation's intangible assets. The organisation's intangible assets of human capital (employee skills, talent and knowledge), information capital (databases, information systems, networks and technology infrastructure) and organisational capital (culture, leadership, and employee alignment/teamwork, and knowledge management) were required to assist in the implementation of the strategy to ensure a sustainable competitive advantage.

The question to be answered is whether the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited in sustaining a competitive advantage in the networked economy through aligning its human capital capabilities in strategic job families and whether the organisation's information capital provided the vital infrastructure and strategic information technology applications to support the human capital and reward employees for outstanding performance. Chapter 3 expands on the culture, leadership, alignment and teamwork objectives needed to be implemented and measured to reinforce the changes in organisational climate required to execute the new strategic intent. Initiatives such as succession planning, training, work environment and pay-for-performance towards the profitability and competitive advantage of its core business, all required a place on the corporate Balanced Scorecard.

Organisations must concentrate on understanding their true strengths and unique assets, deepening their strategic positions and reaching full potential of the core business (Markides, 1997: 93-100; Porter, 1996: 61-78; Zook, 2001b: 48-52; Zook & Allen, 2001: 38-57, 129-139), as according to Porter (1996: 61-78), to ensure that they do not 'undermine their competitive advantage'.

Organisations that gain a competitive advantage in their industries usually adopt specific strategies, including innovation, supported processes, higher quality, lower cost and innovative marketing in order to achieve their objectives. However, even if organisations are able to gain a competitive advantage and achieve higher levels of profitability, competitors are usually quick to imitate their strategies or even improve on the initiatives, resulting in a loss of competitive advantage (Markides, 1997: 93-

100; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102; Zook, 2001a: 10; Zook & Allen, 2001: 38-57, 129-139).

Prahalad and Hamel (1990: 79-91; 1994: 134-138) believe that core competencies are the major source of competitive advantage. Kanter (1990: 7-8) proposes that to be successful, organisations must remain focused on their core competencies, invest in their development and de-emphasise activities that do not add value. While other sources of competitive advantage exist, the literature agrees that investment in core competencies is the most important source of competitive advantage (Campbell & Goold, 1995: 120-133; Chandler, 1992: 79-101; Christensen, 2001: 105-109; Hamel & Prahalad, 1991: 81-93; Olesen, 1994: 23-26; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102; Stork, 1995: 17; Von Krogh & Roos, 1995: 56-76; Zook, 2001a: 10, 2001b: 48-52).

According to Porter (1996: 61-78), operational effectiveness is a competitive necessity, and underwrites that both strategy and operational effectiveness are essential for superior performance. As competitors imitate each other's improvements in quality, cycle times or supplier partnerships, their strategies converge and it becomes a series of races down identical paths that no-one can win, resulting in mutually destructive competition and eroding competitive advantages for all. Porter (1987: 43-59) argues that differentiation is a further source of competitive advantage and states that an organisation must truly be unique at something, or be perceived as unique, if it is to expect a premium price. According to Barney (1991: 99-119), preferred access to resources or customers can award an organisation an advantage that is independent of its size because competitors are held back by an investment asymmetry. In other words, they would suffer a penalty if they tried to imitate the leader as know-how, inputs or market access can be denied, which enhances competitive advantage.

Strategic fit as a competitive advantage is about combining different activities in the organisation which reinforce one another in order to achieve a competitive advantage (Campbell & Goold, 1995: 120-133; Porter, 1996: 61-78), while a lack of fit may result in reduced performance and erosion of competitive advantage. It is harder for a rival to match an array of interlocked activities than it is to copy a single activity. Consider the following example: the probability that competitors can match an activity is usually less than 1, e.g. 0.9. The probabilities then reduce very rapidly when more activities are added to the equation, e.g. 0.9*0.9*0.9*=0.66. Competitors who try to imitate an organisation with an array of interlocked activities (fit) will have to reconfigure many activities in order to compete effectively, thus creating a formidable barrier to imitation (Porter, 1996: 61-78).

Path-dependency as a source of competitive advantage results from the difficulty another organisation must go through in order to create the same competitive advantage that the organisation possesses. For example, Dell's system of selling directly via the Internet and its unmatched customer service provides a path-dependent organisational capability, since according to Pearce and Robinson (2003: 157-158) it would take competitors years to develop the expertise, the infrastructure, reputation and capabilities necessary to compete with Dell.

According to Christensen (2001: 105-109), steep economies of scale exist where there are predominantly high fixed costs versus variable costs in the business model, as economies of scale generally allow larger organisations to enjoy lower costs than their competitors. Christensen (2001: 105-109) underlines the importance of economy of scope as a competitive advantage and states that to achieve economies of scope an organisation must be able to share resources across markets, while making sure that the cost of the resources remains largely fixed.

Time compression is another source of potential advantage which is gained by performing activities faster. According to Kanter (1990 : 7-8), organisations are increasingly competing on time, from first-mover advantage via innovation to faster cycle times for product development, to just-in-time deliveries and rapid response to market trends.

Kanter (1990: 7-8) believes that relationships and collaboration across organisations and supply chains, especially supplier-customer partnerships, provide a further source of advantage. Christensen (2001: 105-109) says that vertical integration is an advantage when an organisation is competing for customers whose needs have not yet been satisfied by the functionality of available products or services. Integrated organisations are able to design each of the major sub-systems of a product or service interactively, effectively extracting the ultimate performance possible from available technology.

Ensuring the sustainability of competitive advantage requires a significant investment from the organisation which needs to raise barriers to imitation. While it is obvious that no advantage is indefinitely sustainable and that no barriers to imitation are insurmountable, several options exist to prolong competitive advantage (Campbell & Goold, 1995: 120-133; Christensen, 2001: 105-109; Pearce & Robinson, 2003: 69-73, 125-134; Porter, 1987: 43-59; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102). Causal ambiguity (arguably, the most effective barrier to imitation is achieved when competitors do not comprehend the competencies on which the advantage is based) ensures it is difficult for competitors to understand how an organisation has created the advantage.

Physically unique resources are per definition impossible to imitate, and Pearce and Robinson (2003: 123-134) provide examples such as strategically located real estate positions, patents, copy and mineral rights, and concede that only in rare cases can resources be considered to be physically unique.

According to Holliday (2001: 129-135), value creation as a source of competitive advantage requires organisations to focus on creating or increasing shareholder value, and organisations must continually demonstrate that business practices founded on sustainable growth are generating tangible financial gain. Organisations must underpin these sources of advantage with human factors, as the barriers to effective use of human factors are largely social and not strategic and include organisational classes, knowledge management, cultures, openness to ideas, leadership style, teamwork, entrepreneurial drive and open communication (Holliday, 2001: 129-135; Porter, 1987: 43-59, Porter, 1996: 61-78; Roca Puig, 2001: 932-939).

Christensen (2001: 105-109) proposes that the practices and business models that constitute competitive advantage are only relevant at a particular time with particular factors at play and under certain conditions, thus competitive advantage in itself is not sustainable. Strategists should therefore consider the underlying factors that underpin competitive advantage and attune themselves to how these factors change over time and continuously match strategy with these factors and conditions.

The type of investments that can be made to sustain competitive advantage can thus include causal ambiguity, fit, underlying conditions, physical uniqueness, path dependency and economic deterrence. Zook and Allen (2001: 3-13, 50-54) are of the opinion that the key to unlocking sources of growth and sustainability is through investment and building unique strengths in the core business that enhance internal and external relationships. Regulatory and social relationships (conforming to regulations and societal expectations and building stronger communities) are imperative for a sustainable competitive advantage as outlined below.

1.3.4 Sustainability

The third and final question to be explored is whether the Balanced Scorecard as an instrument supports and enhances the sustainability constructs of an organisation's competitive advantage – sustainability is defined in this context in terms of environmental practice and ethical behaviour of all stakeholders (including employees). These two constructs will form the basis for evaluating the Balanced Scorecard's contribution towards organisational sustainability and will be tested specifically in the context of the strategic value and intent of the Balanced Scorecard.

As will be seen in Chapter 3, MultiChoice Africa (Pty) Limited operates in a highly regulated environment. The organisation's strategic intent is to go beyond complying with minimum standards established by regulations. The organisation strives to perform better than the regulatory constraints to enable the development of a reputation as an employer of choice in every community in which they operate.

MultiChoice Africa (Pty) Limited manages its regulatory and social performance along a number of critical dimensions, namely environment (specifically the reduction of energy and resource consumption of decoders, water and air emissions, solid waste production and disposal and product performance), safety and health, employment practices (ethics) and community investment. The question to be answered is whether the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited's sustainability through the organisation's investment in the environment, health and safety practices and community development. The organisation needed to establish the contribution of the reduction of environmental incidents and amelioration in safety and health towards the improvement of productivity and the reduction of operating costs.

Through the regulatory and social context, MultiChoice Africa (Pty) Limited's objective was to enhance its overall reputation, thereby enhancing their image with customers and with socially conscious investors. Through the implementation of the Balanced Scorecard, the organisation, by linking the enhanced human resources, operations, customer and financial processes, also needed to measure how effectively the management of regulatory and community performance contributes and drives long-term shareholder value creation in support of a sustainable competitive advantage.

Regulatory and community performance objectives and measurements include for example the identification of design changes that reduce the environmental impact of a product. Other objectives and measurements include the elimination of hazardous and toxic plastics and chemicals, including the reduction of the number and types of material used. Also, assisting customers in using resources responsibly by minimising energy consumption of MultiChoice Africa (Pty) Limited's decoders and minimising customer waste burdens by using fewer product or packaging materials overall were further considerations. The role of the Balanced Scorecard in assisting the organisation in leveraging its environmental capabilities to create shareholder value through cost reduction, product and service differentiation, manage competitors and other stakeholders, redefining its markets and manage its risks through an ethics and governance programme led to the formulation of the third research question.

As mentioned above, no advantage is indefinitely sustainable and no barriers to imitation are insurmountable (Porter, 1987: 43-59; Reed & De Filippi, 1990: 88-102). Yet there are several options for an organisation to prolong competitive advantage (Christensen, 2001: 105-109; Pearce & Robinson, 2003: 79-80; Porter, 1987: 43-59; Reed & De Filippi, 1990: 88-102). These include underlying conditions, physical uniqueness, path-dependency, causal ambiguity and complexity, and economic deterrence and fit (which is fundamental to sustainability of advantage) which can all be measured through the Balanced Scorecard.

In order to determine whether the Balanced Scorecard serves as an instrument for developing and maintaining a sustainable competitive advantage, the following sub-criteria are identified from the above discussions:

- Whether the Balanced Scorecard enhances a corporate culture that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees).
- Whether the Balanced Scorecard supports sustainable resource management (environmental co-operation, key technologies and innovation).

- Whether the Balanced Scorecard supports sustainable processes (systems, innovation, disruptive technologies, supply chain optimisation, and development of sustainable products, services, technologies and production processes).
- Whether the Balanced Scorecard supports sustainable customer acquisition and retention (environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy by communicating values and policies to all stakeholders in the community).
- Whether the Balanced Scorecard supports sustainable profitability and stakeholder value (bottom-line efficiency and environmental excellence, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing).

There is, however, little conventional wisdom to guide executive management as they consider what to measure in the Balanced Scorecard. The emphasis can greatly enhance shareholder value or destroy it by reducing organisational fit, inconsistencies, loss of focus, and, ultimately, lower profitability (Markides, 1997: 93-100; Porter, 1996: 61-78; Zook, 2001b: 48-52; Zook & Allen, 2001: 1-13, 115-119, 149-150). The Balanced Scorecard is deemed to be good if it adds value to the organisation and considered necessary if it proves to be essential to management by supporting the development and maintenance of a sustainable competitive advantage in the long term. It is therefore within a phenomenological paradigm that the appropriate and relevant research methodology for evaluating the essence of the suggested constructs is formed.

1.4 PURPOSE OF THE RESEARCH

The purpose of this study was to understand the strategic value of the Balanced Scorecard in the networked economy. MultiChoice Africa (Pty) Limited was used as a case study and the research was conducted within a phenomenological paradigm. However, it should be noted that rarely is any research study conducted within the purest form of the phenomenological or positivistic framework, but operates on a continuum of paradigm assumptions (Hussey & Hussey, 1997: 50). The research outcome is based on pre- and post-analyses of the implementation of the Balanced Scorecard within the case study organisation, which focused on the Balanced Scorecard's perceived value towards overcoming the barriers to strategy implementation, to developing a competitive advantage and sustaining the competitive advantage. The insight gained was then used to propose a new conceptual theoretical model for the reforming and integration of the existing Balanced Scorecard configuration into a 'Networked Balanced Scorecard'. The Networked Balanced Scorecard makes use of strategy formulation, implementation and measurement, encapsulating competitive intelligence and co-operation within the extended network of the individual organisation.

The research focused on understanding the strategic value of the Balanced Scorecard by measuring perceptions of MultiChoice Africa (Pty) Limited's management and employees at implementation and one year later and evaluating it against the derived propositions. The Balanced Scorecard was introduced by MultiChoice Africa (Pty) Limited to assist in the organisation's implementation of a new strategic intent as well as to assist in change initiatives in order to develop and maintain a sustainable competitive advantage. The findings of the research, although unique to the case study, were used to test the following three propositions emerging from the literature, which encapsulated the strategic outcome-based values of the Balanced Scorecard:

- The Balanced Scorecard supports organisations in overcoming the barriers to strategy implementation.
- The Balanced Scorecard supports organisations in gaining a 'competitive advantage' by allowing them to focus simultaneously on firstly, the sources of competitive advantage (core competencies, operational effectiveness, differentiation, strategic fit, path dependency, economic deterrence, time compression, partnerships and casual ambiguity), and secondly on diversification around their core business.
- The Balanced Scorecard serves as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage.

Ittner and Lackner (2001: 95-117) state that surprisingly little research has been conducted on the Balanced Scorecard concept, despite considerable interest in the instrument. This research study thus seeks to increase the knowledge of the strategic value of the Balanced Scorecard in the networked economy by assessing the instrument's contribution in overcoming the barriers to strategy implementation and supporting a sustainable competitive advantage. Insights gained by investigating the contribution of the instrument were used to further theory development by proposing a theoretical model, the 'Networked Balanced Scorecard' (see Chapter 7). It is envisaged that this new theoretical model will enhance successful strategy implementation, which will then lead to a sustainable competitive advantage in the new networked economy.

The research is based on MultiChoice Africa (Pty) Limited. This case study then provided a strategic framework for qualifying the constructs and assessing the utility and value of the instrument in real practice as an organisation transforms itself in the networked economy.

1.5 RESEARCH METHODOLOGY

According to Atkinson, Waterhouse and Wells (1997: 28-42), most studies on the design and implementation of the Balanced Scorecard are quantitative in nature, frequently using assessment measures, exploring one or more barriers to strategy implementation and determining how the Balanced Scorecard assisted in overcoming the barriers in organisations. Furthermore, comparisons of the utilisation of the Balanced Scorecard in various organisations and the insights into the application of the Balanced Scorecard are also documented in case reports, journalistic accounts, oral histories, annual reports and qualitative parts of larger organisational survey studies.

Atkinson *et al.* (1997: 28-42) argue that what the Balanced Scorecard research field needs are detailed analyses to establish whether the Balanced Scorecard only focuses on one output of strategic planning, that is senior management's choice of the nature and scope of the contracts that it negotiates with its stakeholders', and whether the performance measurement system is the only instrument that organisations use to monitor those contractual relationships. They criticise the research to date, as failing to highlight or establish employee and supplier contributions by not considering the extended value chain, which is an essential element of today's networked organisations. The authors further criticised the current research by saying that it does not identify the role of the community in defining the environment within which the organisation operates and also does not identify performance measurement as a two-way process (it focuses primarily on top-down performance measurement).

Against the background of the research problem, the study was conducted within a phenomenological paradigm. The paradigm guided and structured the research methodology in terms of the purpose of the research, the logic of the research, the processes of the research, and the outcomes of the research.

Using a case study approach, the researcher could examine a single instance of a phenomenon, namely the introduction of the Balanced Scorecard into MultiChoice Africa (Pty) Limited, with the purpose of exploring and understanding the strategic value in a network economy. The case study approach focused on gaining insights into the subject area through pre- and post-analyses. The research assessed existing theory and concepts, and aimed to develop new theory through model building.

For the collection of data, a mixed methodology was used. This allowed for flexibility, since few constraints were placed on the nature of activities employed on the type of data collected. Both qualitative and quantitative data were gathered, resulting in triangulation. According to Hussey and Hussey (1997 : 74) triangulation combines methodologies while studying the same phenomenon.

Lastly, the logic of the research was inductive. This involved moving from current perceptions of the phenomena to new propositions and theory. The new theory that was developed was based on general inferences induced from particular instances. The following section elaborates on the assumptions and limitations of the study.

1.6 ASSUMPTIONS AND LIMITATIONS

The intention was to obtain participation from executive management, which challenges executive management's perceptions of their strategic accomplishments and how strategy filters through to operational levels (Kaplan & Norton, 2001b: 147-161). It could become problematic to control the constructs concerned, but cognisance was taken of these risks during the process by qualifying the comments of executive and business unit management with middle and first-line management in the various business units.

As there are internal and external sources of sustainable competitive advantage, those that are not under the control or influence of the organisation were not included as part of this research. The theoretical model suggested as part of this research was not evaluated as testing of the theoretical model may be performed as part of further research.

The researcher decided on a case study approach in order to examine the perceptions of the strategic value of the Balanced Scorecard and evaluate the benefits over time, with a view to obtaining in-depth knowledge. A phenomenological approach was used and the study commenced with a strong theoretical foundation based on the three underlying constructs of strategy implementation, competitive advantage and sustainability, utilising the Balanced Scorecard as a strategy implementation instrument. The limitations of the case study approach were overcome in that the researcher had access to a suitable organisation and could carry out the study with the executive support of the organisation. In addition the organisation provided sufficient organisational resources to facilitate the pre- and post-observations.

The findings of the research constructs, applicable to the case study organisation, could be leveraged and applied to similar organisations in the global market place. Media organisations interact with society as a whole and are influenced in similar ways. This applies to the case study organisation too, which has identical operations on a global scale and therefore had a vested interest in the findings of the research.

Furthermore, as additional research becomes available, the ability to derive more general conclusions from even single implementation studies should enhance and, ultimately, enable a better understanding of the generic potential of the Balanced Scorecard.

The quality of the individual interviews conducted and analysed in the research is of the same standard, regardless of the time frame of the implementation of the Balanced Scorecard in a particular business unit, the size of the business unit or the hierarchical status of the business unit. To emphasise the importance and empirical contribution of this research, the significance of the research is further discussed in the next section.

1.7 SIGNIFICANCE OF THE RESEARCH

The significance of this research is the fact that limited research has been conducted on the Balanced Scorecard, specifically around the role of the Balanced Scorecard in relation to the three constructs of strategy implementation, competitive advantage and sustainability. With limited research conducted, this thesis is a preliminary exploration to establish whether the Balanced Scorecard is an appropriate instrument for developing and maintaining a sustainable competitive advantage. It is further envisaged that the research would assist in determining how to develop and sustain a competitive advantage in the networked economy.

The findings of the research will further benefit strategy practitioners and academics by postulating new theories based on shortcomings in current literature and business practice, therefore enhancing both worlds (academic and business) with newly developed theoretical and practical models. The information gathered should therefore focus on organisational resources for future research in this field. The research report summarises the findings of the particular domain and will present a Balanced Scorecard model in the form of a theoretical framework for developing and sustaining a competitive advantage in the networked economy.

Present theories and models will be refined and enhanced, utilising inductive reasoning. Black (2002: 1-41) states that the construction of theories and models is one attempt to explain phenomena in the world. Black (2002: 1-41) defines theory as a set of statements that makes explanatory or causal claims about reality, while a model is a set of statements that aims to represent a phenomenon or set of phenomena as accurately as possible. Black (2002: 1-41) further states that good theories and models provide causal accounts of the world, allowing one to make predictive claims under certain conditions, bringing conceptual coherence to a domain and simplifying one's understanding of the world. The researcher has taken cognisance of the limitations in his attempt to refine and develop new theories and models by not making implausible claims on reality, neither making claims that are not testable, or that are vague, conceptually incoherent, inconsistent or confusing.

The research also highlighted the challenges that are uniquely relevant to organisations operating in Africa (and in particular, Southern Africa). Identification of these factors can support managers in assessing their organisational context as far as these exist and evaluating the dominance of these factors. Proactive interventions against barriers that prevent sustainable advantage may enhance successful implementation of future strategies. Consulting organisations may benefit from similar studies. Given the knowledge of possible impediments to successful strategy implementation, consultants would first evaluate how vulnerable a particular organisation is to the barriers that prevent sustainable competitive advantage. The appropriate competencies should be acquired before updated strategy formulation and implementation efforts are facilitated, and control and monitoring instruments suggested. An identification of possible barriers for developing and maintaining a sustainable competitive advantage also contributes to the academic field. This could stimulate further research and hence support and enhance understanding of the issues related to these constructs.

In conclusion, this study demonstrates the utilisation of the Balanced Scorecard through the development and application of a 'Networked Balanced Scorecard' theoretical model as an illustration of contemporary 'best practice' for strategic positioning and intent in the networked economy.

An overview and framework of the thesis is provided in the following section.

1.8 OVERVIEW AND LAYOUT OF THE THESIS

The thesis is structured in the following sequence:

Chapter 1 focuses on the problem and sub-problems surrounding the development of and maintaining and sustaining a competitive advantage, by using the Balanced Scorecard to overcome the barriers and enhance the drivers. The context of the research is considered and the objectives of the thesis are stated, highlighting the scope, limitations and assumptions as well as the significance of the research. The context of the research is outlined, followed by the problem statement, the research purpose and problem delimitations.

Chapter 2 focuses on the literature review. It discusses the sources of competitive advantage and available options in order to prolong an advantage through causal ambiguity, underlying conditions, uniqueness, economic deterrence and growth opportunities, and by defining competitive advantage and sustainability, core competencies and capabilities such as innovation, reputation and architecture. The chapter also focuses on the fact that although most organisations have adopted various measurement frameworks such as Kaplan and Norton's (1996a: 7-8) Balanced Scorecard, Accenture's Performance Prism or Skandia's Intellectual Capital Navigator, they seldom establish the cause-and-effect linkages between the measurements and the desired outcomes in the strategy management process. Literature produced by leaders in the corporate strategy research domain is examined. The information obtained from the literature review will be applied to the problem statement through the compilation of propositions.

Chapter 3 deals with the case study organisation, MultiChoice Africa (Pty) Ltd.

Chapter 4 documents the manner in which the research was conducted. This includes both the methodology and methods employed for data collection, sampling and data analysis. The design of the data gathering instruments and discussion guides are also elaborated on. The chapter introduces an outline of the research model while a comparison to theory and limitations of the study are also dealt with.

Chapter 5 comments on the analysis of the results and findings extracted from the primary and secondary data that was gathered for the purpose of this research. The results are discussed and, where applicable, presented using tables and graphs. The development and testing of the propositions is also discussed. The results will focus on the implementation of strategic decisions by utilising the Kaplan and Norton Balanced Scorecard (Kaplan & Norton, 1996a: 272-292; 1996b: 75-85; 1996c: 17-24; 1996d: 53-79) to enhance the drivers and eliminate the barriers in strategy implementation, supporting the drivers for competitive advantage and ensuring sustainability in the long term. These are discussed in relation to the questions posed for the research as well as the propositions tested.

Chapter 6 presents the findings of how the results documented in Chapters 4 and 5 coincide with and relate to the theory discussed in Chapter 2. A qualitative and quantitative discussion of how a competitive advantage can be sustained by utilising the Balanced Scorecard is included in this chapter.

Chapter 7 forms the conclusion of the research. This chapter also highlights to what extent the findings can contribute to the field. By implementing an approach that is presented in a theoretical model for ensuring the development and maintenance of a competitive advantage by utilising the Balanced Scorecard in an organisation, the researcher is confident that the proposed conclusions will add to the present epistemology. The first section is presented as a summary of the research, while the second part raises practical and academic implications of the research, and, finally, the third section will contain recommendations for further research.

CHAPTER 2

LITERATURE REVIEW

The challenge of future leadership is the task of management to make people capable of strategising joint performance, to make their strengths effective and their weaknesses ineffective, in order to obtain a sustainable competitive advantage.
(Drucker, 2001: 3)

2.1 INTRODUCTION

Since the transformation of South Africa into a democratic country in 1994, all trade and industry restrictions with the rest of the world have been lifted. It has therefore become imperative for South African organisations to compete against and collaborate with other organisations globally by understanding and implementing the fundamentals of strategic governance in this competitive arena. Organisations thus formulate strategies to guide their actions towards achieving particular business objectives and sustaining competitiveness.

The literature review reflects the underlying structure of the research title, 'The strategic value of the Balanced Scorecard in the networked economy', incorporating three constructs, namely strategy implementation, competitive advantage and sustainability. The purpose of this research was to evaluate the Balanced Scorecard's contribution through a pre- and post-perception study in relation to these three constructs. The theory reviewed deals briefly with strategy and strategic management principles and instruments (see Section 2.3 to 2.6), and outlines the significance of strategy implementation. The factors that influence competitive and sustainable competitive advantage and how these can be developed and maintained through the strategy process are then discussed (see Section 2.7 to 2.9). From the literature study the various propositions emerged in support of the problem statement as outlined in Section 2.10.

There is no agreement in the literature about what strategy entails and there are thus a number of different perspectives on strategy (see Section 2.2.1). The first part of the literature study elaborates on the construct of strategy implementation and control. The second part focuses on the key components of the competitive advantage construct, namely core competencies and distinctive capabilities and the influences these have on the third construct (sustainability).

In this chapter conclusions are drawn about the lessons learnt from the literature review and these are further discussed in the following chapters. This research was not limited to any one particular strategic level. A definition of strategy and an overview of strategic perspectives will be provided in the following section.

2.2 STRATEGY

Strategy can be defined as an integrated and co-ordinated set of commitments and actions, designed to exploit core competencies and refers to methods in which all resources are applied in its organisational application for advantage (Feurer & Chaharbaghi, 1995: 11-21).

In order to be effective, strategies and strategic decisions must be implemented successfully and can be viewed as 'a procedure directed by a manager to install planned change in an organisation' (Nutt, 1986: 230-261). Waldersee and Sheather (1996: 105-122) are of the opinion that weaknesses of strategic management become apparent more often during implementation than during the formulation process. Researchers concurring with this observation include Brache and Freedman (1999: 10-13) and Nutt (1998: 213-240).

According to Thomas (1994: 683-697) the aim of strategy is to deliver superior value creation. This requires organisations to perform value chain activities differently from competitors, building competencies and resource capabilities that are not easily matched in order to position themselves in relation to competitors in the industry.

In order to narrow down the field of study in relation to the strategic value of the Balanced Scorecard in the networked economy, the different perspectives of strategy will be elaborated on prior to highlighting strategy management instruments such as the Balanced Scorecard and the Performance Prism. The most widely accepted opinions of strategy, competitive advantage and sustainability, including the interlinking effects of the three constructs are then discussed in more detail.

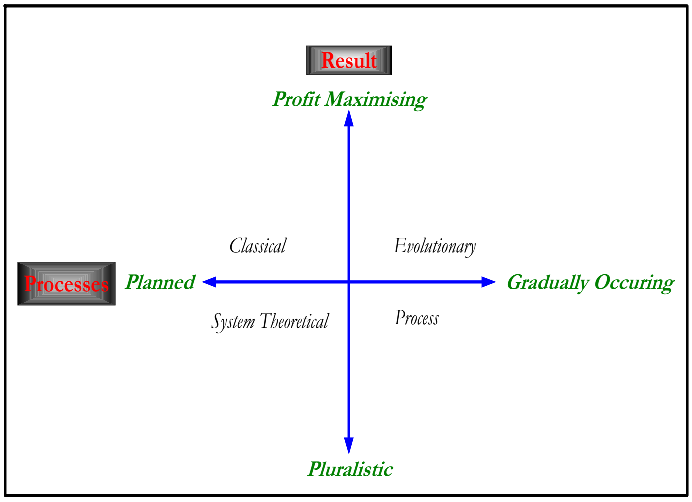
2.2.1 Strategy perspectives

Different opinions and interpretations about how the market and, more generally, society is organised, have resulted in different approaches to the field of strategy

(Porter, 1996: 61-78). Porter (1996: 61-78) asks the elementary question in an article 'What is Strategy?' in the Harvard Business Review, admitting that we do not really know what strategy is. In Porter's terms, having a strategy means deliberately exercising choices, i.e. choosing a particular set of activities to deliver a unique set of values. Porter belongs to the school of thought that Whittington (1994: 3) calls the classical school of strategic thinking.

Whittington (1994: 3) proposes four generic strategic perspectives. These comprise the classical, system theoretical, evolutionary and, finally, the process perspective. The four perspectives differ fundamentally along two dimensions by which strategy is demonstrated and applied: the *outcome* or the *processes*. According to Wittington (1994: 3), the basic assumption of how constructs are related can be illustrated as follows:

Figure 2.1: The mental interpretation of strategy development



Source: Whittington (1994: 3)

This study is anchored in the classical perspective of strategy. This approach claims that strategy is a rational process of deliberate calculations and analysis. Strategy is designed to maximise long-term advantage by choosing a particular set of activities to deliver a unique set of values in order to master internal and external environments and to cope with competition through careful planning and implementation. The starting point of strategy is analysis, followed by strategy formulation and, finally, strategy implementation and control.

The system theoretical perspective on strategy differs from the classical perspective in that this perspective puts forward the idea that organisations differ according to the social and economic systems in which they are embedded. The strategy reflects the particular social system in which organisations participate, defining the interest according to which they act and the rules by which they survive. Objectives and strategy practices therefore depend on the particular social system in which strategy making takes place. The systematic strategies often deviate from the profit maximisation norm quite deliberately, thus their social background gives them interests other than profit.

Rather than relying on the manager, the evolutionary perspective highlights the fact that markets secure planning methods on the one hand, but on the other competitive processes of natural selection also take place. The evolutionists argue that whatever methods managers adopt, it will only be the best one that survives. Furthermore, environmental fit is most likely to be the result of change and good fate, but possibly even failure can dominate conscious strategic choices. According to this perspective, the only competitive advantage an organisation might have in the market is relative efficiency. Since sophisticated strategies only deliver a temporary advantage, competitors will be quick to imitate and erode any early benefit.

The process perspective shares the evolutionary scepticism about rational strategy making, but is less confident about markets ensuring profit maximising outcomes. Organisations and markets are complicated phenomena from which strategies emerge with much confusion and in small steps. Consequently, the idea is not to strive after an unachievable idea, but rather to accept and work with the world as it is. This perspective supports the notion that people are unable to consider more than a handful of factors at the same time, and therefore they cannot be as rational as the classical planning and implementing approach proposes. Moreover, a strategy is a way in which managers attempt to simplify and order a world that is too complex and too chaotic for them to understand.

Kaplan and Norton (1996a: 262-283; 2000b: 167-176) claim that their view of strategy is developed independently of Porter's framework. However, they are remarkably similar as the concept of the Balanced Scorecard has been based on the same principles as Porter's view of strategy. The Kaplan and Norton (1996a: 8-18) Balanced Scorecard mainly concerns the implementation of already planned strategies, although not exclusively. Still, the concept is developed and rests on the assumptions of the classical strategy school. Each measure of a Balanced Scorecard becomes embedded in a chain of cause-and-effect logic that connects the desired outcomes from the strategy with the drivers that will lead to the strategic outcomes. The resultant strategy map describes the process of transforming intangible assets into tangible customer and financial outcomes. It provides executives with a framework for describing and managing strategy.

A Balanced Scorecard strategy map is a piece of generic architecture. The Balanced Scorecard design process builds upon the premise of strategy as a hypothesis. Strategy implies the movement of an organisation from its present position to a desirable, but uncertain position. Kaplan and Norton (1996a: 272-292) argue that because the organisation has never been to this future position, its intended way involves a series of linked hypotheses. The Balanced Scorecard aims to bring the realised strategy as close to the planned one as possible. This is done through active management of the implementation process, where the strategy map provides subsidiary objectives through a chain of strategy hypotheses and strategic management.

However, the other perspectives also provide valuable insight, particularly into some of the shortcomings of the Balanced Scorecard or, more generally, on the assumptions underlying the classical approach to strategy and strategic management.

2.3 STRATEGIC MANAGEMENT

Strategic management can be described as the process that focuses on the long-term health of the organisation. Strategic management can be considered to address three major dimensions, namely context (the external and internal environments in which the organisation operates), content (how the organisation chooses to configure itself and relate to its external environment) and process (how the organisation chooses and implements strategy) according to Ehlers and Lanzenby (2004: 2-6).

Ehlers and Lazenby (2004: 2-6) define strategic management as the process whereby all the organisational functions and resources are integrated and coordinated in such a way to assist in implementing the formulated strategies. These strategies are aligned with the environment and their aim is to aid in achieving the long-term objectives of the organisation and therefore gain a competitive advantage which will add value for the shareholders. Competitive advantage is the edge that an organisation has over other organisations, and strategy management can therefore be defined as an effort or deliberate action that an organisation implements to surpass its competitors.

Thomas (1994: 683-697) emphasise the fact that all stakeholders have to be identified during the first step of the strategic management process (environmental analysis). It is therefore important to emphasise that strategic management is not only the executive management's responsibility but should filter down to the lower levels of the organisational structure. In fact, strategy can only be executed successfully by involving the employees in the strategy planning process (formulation phase), thereby instilling a value-based management approach. Chapter 7 provides more detail regarding value-based management, specifically value creation, which requires an organisation to focus on creating or increasing shareholder value by leveraging tangible and intangible assets by adapting a value framework that is integrated into the organisation's extended network.

Flood *et. al*. (2000: 184-189, 236-243) and Reilly (1992: 34-40) propose that the most common categories of intangible assets are technology, customer, supplier contract, data processing, human capital, marketing (trademarks and trade names), location and goodwill. The strategic management approach should therefore incorporate all components of value-based management in support of the overall strategic intent to develop and maintain a sustainable competitive advantage.

Ehlers and Lazenby (2004: 2-6) are of the opinion that strategic management is not an exact science and that it is also not a three-step process. It involves both quantitative and qualitative assessment and analysis. From a qualitative point of view, the importance of intuition should not be underestimated. However, more often than not, the best results come from making both qualitative and quantitative decisions. The quantitative decisions are built on proper strategic analysis and choice by evaluating strategic options and plans after a thorough assessment/analysis of the environment. Pearce and Robinson (2003: 3-4, 11-15) support this view and state that the main objective of the strategy management process is to simplify the way in which managers plan, implement and control/evaluate. Each organisation should therefore develop its own strategic process to best suit its specific business and industry.

David (2001: 5-6, 117-126, 335-337) argue that there is inadequate literature available to qualify how strategies should be implemented. This may be partly due to the fact that implementation is a tactical and operational discipline. Another possible explanation is that the actual execution of strategies rapidly moves into other management disciplines. Finally, it is important to remember that implementation does not exist in all strategy schools and perspectives.

It should be noted that the main criticism against Porter and the classical approach in particular, concerns its inadequate dealing with the barriers to strategy implementation (Lioukas & Spanos, 2001: 907-934). To some extent, the implementations appear to be 'assumed away'. This can be perceived as a consequence of their assumption of complete rationality through all phases of the strategy process (Lioukas & Spanos, 2001: 907-934). Porter returned to the subject of strategy in the mid-1990s when he recognised the importance of the path-dependent nature of corporate activity by stressing the importance of fit (i.e. coherence and balance) between the various elements of what organisations have done in the past, and what they plan to do in the future (Porter, 1996: 61-78). Porter also makes a more questionable distinction between operational effectiveness (i.e. doing things better) and strategy (i.e. doing things that others cannot do), arguing that the latter is always essential (Porter, 1996: 61-78).

Excellence in strategy implementation has been identified as a source of competitive advantage even though there is no single winning strategy implementation methodology (Feurer & Chaharbaghi, 1995: 11-21; Pearce & Robinson, 2003: 247-312). In each organisation, strategy implementation takes place in a different organisational context. The test is to create a series of links between the chosen strategy and leadership, culture, reward systems, structure and resource allocation (Grundy, 1998: 459-468). David (2001: 5-6) confirms that strategy formulation and implementation often overlap in practice. In the contemporary business environment characterised by high levels of uncertainty, turbulence and rapid change, a strategy can be obsolete by the time it is implemented.

There is little place in Porter's framework (Porter, 1987: 43-59) for the barriers of implementing a strategy. Large and specialised organisations must be capable of learning and changing in response to new and often unforeseen opportunities and threats. This does not happen automatically, but must be consciously managed. In particular, the continuous transfer of knowledge and information across functional and divisional boundaries is essential for successful innovation (Campbell & Goold, (1995: 120-133). Kaplan and Norton (1996 a: 8-18) state that their Balanced Scorecard assists organisations in adapting to new and unforeseen opportunities, and therefore supports organisations in developing and maintaining a sustainable competitive advantage.

Organisations have to adapt rapidly to change, but they still have to focus on their main objectives. Strategic management and organisational change through a positive culture of change will increase the positive acceptance of new ideas and strategies (Cicmil, 1999: 119-129), whilst flexibility and creativity are two important fundamentals in change management and therefore also in strategic management (D.N. Clark, 2000: 115-127). David (2001: 5-6, 117-126, 335-337) emphasise that, for an organisation to implement its mission and strategies successfully, it is imperative that all departments and units move in the same direction, as functional and departmental managers should ensure that the objectives that they set for their specific unit/department do not conflict with the objectives of other units/departments.

According to David (2001: 5-6, 117-126, 335-337), organisations have to distinguish themselves from competitors through distinctive competencies (special capabilities, technologies or resources) that competitors will not be able to readily imitate. Innovative product design, low-cost manufacture, superior quality and efficient after-sales service are examples of competitive advantage that are created from distinct competencies of superior technology, committed and qualified human resources (intellectual capital), a visionary leadership style and proactive management.

Porter (1996: 61-78) says that activities should focus on methods to reduce costs in order to stabilise and improve the financial condition. Emphasis is often on re-engineering of processes and the introduction of total quality management programmes to increase the cost-effectiveness of the organisation. Activities may also include reducing assets, for example, the selling of land and buildings to aid cost cutting, the outsourcing of activities that are not the core competencies of the organisation, reduction of personnel and curtailment of managerial perks (D.N. Clark, 2000: 115-127). Some elements of Porter's framework (Porter, 1987: 43-59) are no longer applicable due to newly formed organisational relationships and related technological changes in the networked economy (see Chapter 3 and 7).

The benefits of non-adversarial relations with both suppliers and customers have become apparent. Instead of bargaining in what appears to be a zero sum game, co-operative links with customers and suppliers can increase competitive advantage by improving both the value of innovations to customers and the efficiency with which they are supplied within the value-based management framework (Flood *et al.,* 2000: 184-189, 236-243). As outlined in Chapter 7, co-operative links with competitors have become a pre-requisite for a sustainable competitive advantage in the networked value framework economy. In combining its own value framework with that of its networked value framework, the organisation is forced to adjust or adopt a business model to secure a sustainable competitive advantage (Mahadevan, 2000: 55-69; Viscio & Paternack, 1996: 93-104).

There are thus no management methodologies and instruments that guarantee competitive advantage (Lioukas & Spanos, 2001: 907-934). In all cases it is essential to learn from experience and analysis is essential. Research and experience point to three essential ingredients in the corporate innovation of strategies. The position of the organisation compared with its competitors in terms of its product, processes and technologies, and a culture of innovation in which it is embedded, should be considered in conjunction with the available technological paths. The organisation's accumulated competencies and consolidating opportunities can be exploited by aligning the organisational processes in order to integrate strategic learning across functional, divisional and organisational boundaries through strategic control.

The focus of this research is on all three stages of the strategy process (analysis, formulation and implementation), with specific emphasis on developing and maintaining a sustainable competitive advantage, while strategic control provides the strategist with an instrument to evaluate how efficiently future objectives are being integrated into the business vision as discussed in the following section.

2.4 STRATEGIC CONTROL

An important criticism of strategic management is the fact that management does not know whether strategies have been implemented successfully. Organisations do not utilise measurement instruments such as the Balanced Scorecard or the Performance Prism (Bowman & Helfat, 2001 : 1-23) to evaluate the impact of the chosen strategy. The failure of management to select appropriate implementation models and strategic control systems is detrimental to the implementation process. Waldersee and Sheather (1996: 105-122) argue that different strategies need to be implemented in different ways while other researchers (Nutt, 1998: 213-240; Nutt *et. al.*, 2000: 5 -31) confirm this observation and highlight that within each model or implementation approach, the planning aspect is essential. The lack of a sophisticated planning process and the absence of a consistent pattern of strategic behaviour can impede implementation (Dooley, Fryxell & Judge, 2000: 1237-1258). Strategic control systems are necessary when implementation is being conducted because if these are lacking the implementation process can be derailed (Brache & Freedman, 1999: 10-13; Goold & Quinn, 1990: 43-57).

Kaplan and Norton (1996a: 224-292) promote the Balanced Scorecard to overcome the main causes for poor strategy implementation (see Chapter 1). The purpose of this thesis is therefore to evaluate the perceived strategic and operational value of the Balanced Scorecard in the networked economy as a control and measurement mechanism during the implementation and one year later.

Some authors like Al-Ghamdi (1998: 322-328), Beer and Eisenstat (2000: 29-39) and Brache and Freedman (1999: 10-13) suggest that implementation should be 'audited' because inadequate coordination of implementation tasks leads to ineffective strategy implementation. Bainbridge (1996a: 30-33) proposes a 'processes map' that details the requirements and responsibilities to provide a focal point to 'spring board' tactical issues. In order for effective coordination to take place, the information systems used to monitor implementation have to be appropriate and be checked through strategic control (Al-Ghamdi, 1998: 322-328; Brache & Freedman, 1999: 10-13; Grundy, 1998: 459-468).

Strategic control is the phase of the strategic management process that concentrates on evaluating the chosen strategy in order to verify whether the results produced by the strategy are those intended. Usually time passes between the formulation and implementation of a strategy and the achievement of its intended results. During this time lapse, organisations make investments and undertake projects to implement the chosen strategy, and there may be changes in the external and internal environments that could affect the chosen strategy (Dooley *et al.,* 2000: 1237-1258; Pearce & Robinson, 2003: 56-68).

Strategic control differs from organisational or traditional managerial control. Traditional management control focuses on the implementation process in all its detail, whereas strategic control focuses on the key success factors of the strategy. Operational control focuses on the short-term objectives and strategic control focuses on the long term. In traditional or operational control, action is only taken after deviations to performance measures have occurred, whereas strategic control is concerned with guiding the actions as the strategy evolves where the end result is in the future (Shavanina, 2003: 50-51, 459-469, 1045-1063).

Strategic control has two focal points, namely to evaluate the content of the strategy and monitor the strategy implementation activities. Premise control is used to evaluate systematically and continuously the assumptions on which the strategy is based for validity, while strategic surveillance monitors and interprets a broad range of events not previously identified (both internal and external to the organisation) that may affect the course of the strategy, as a change in the strategy may be required. Special alert control is the thorough, and often rapid, reconsideration of the organisation's strategy as the result of a sudden, unexpected event, while implementation control must be exercised as the implementation process unfolds.

In order to sustain a competitive advantage, organisations should aim for continuous improvement through their strategic management process. Once an effectively formulated strategy has been successfully implemented, controlled and evaluated, organisations need to review their strategic choices to remain competitive. However, strategic management does not end with the strategic control phase. The Balanced Scorecard and Performance Prism are strategic control instruments that aid continuous improvement, while the Excellence for Quality Management Model, combined with total quality management and re-engineering as its focal points, is an approach to continuous improvement. The utilisation of strategic management instruments, such as the Balanced Scorecard, is further discussed below in terms of strategic management in practice.

2.5 THE CONTEXT OF MANAGING STRATEGICALLY

Managing strategically involves the replacement of conventional techniques and hierarchical decision-making in order to exploit value generation in the new economy. A dominant source of value creation is human resources as they play a critical role in the strategy execution. Strategic focus should shift from an internal to an external perspective, coupled with an approach that can vary from adopting a competitive view to a resource-based view of the organisation (see Section 2.5.1). This is measurable and quantifiable through instruments such as the Balanced Scorecard (see Section 2.6.1) and the Performance Prism (see Section 2.6.2). Control and measurement instruments should include, *inter alia,* the investment in intangible assets on a strategic and tactical level. At tactical level, Gibbert *et al*., (2001: 109-126) propose that intangible investments are aimed at a quantitative change or extension of existing knowledge, while at the strategic level it is aimed at the acquisition of completely new knowledge. Both tactical and strategic intangible initiatives become critical in the overall success of the organisation's strategic intent in the networked economy, as discussed in more detail in Chapter 7 through the introduction of the Networked Balanced Scorecard theoretical model.

The point that is raised is that if the business environment is in chaos, then analytical instruments such as the Balanced Scorecard may be of limited use in creating a competitive advantage, let alone making sound strategic decisions. The concept of the complexity theory (Hamel, 2000: 4-16), which formed the basis of Beer and Eisenstat's (2000: 29-39) statement of 'competing on the edge', implies the need to replace conventional optimisation techniques and deterministic, hierarchical decision-making in favour of looser notions of positioning 'at the edge of chaos', creating guiding frameworks of rules and replacing direction with self-organisation through empowered employees.

Human resources are a vital asset that will be the dominant source of value creation in the future. In this regard, Bohlander and Snell (2007: 79-80) concept of organisational capability differs from the technological and functional competencies emphasised in the strategic management literature (most notably by Prahalad & Hamel, 1990: 79-91; 1994: 294-322). The key contribution that Bohlander and Snell (2007: 53, 343) make to the analysis of organisational capability is in demonstrating how an organisation's capacity to perform is dependent on its ability to capture the emotional commitment of its members and integrate this commitment into complex modes of co-operation and collaboration in strategy implementation.

Kaplan and Norton (1992: 71-79; 2004: 81-82) observe that the ability to execute strategy can be more important than the strategy itself. Hamel (2000: 232-243, 289-290) believes that human creativity, vision and a feeling of involvement are critical determinants of business success. However, for Hamel it is not enough to build strategy on people or any other internal resource – the key component of a strategy must be the recognition of external challenges. Hamel's (2000: 232-243, 289-290) answer is to create a permanent revolution within the corporation so that prevailing strategies and mindsets are continually being challenged, refreshed and overturned through innovation.

Markides (2000: 179-192) focuses on strategic innovation and states that the essence of strategic innovation is the creation of a unique strategic position. Markides, as Hamel, also perceives the need for organisations to continually explore new opportunities for strategic innovation. Markides advocates fundamental strategy analysis. By answering some basic questions, such as the following: What business are we in?, Who are our customers?, What will we offer them?, How will we do this efficiently?, and What kind of organisation do we need to support the strategy?, strategic management can be maintained by utilising instruments such as the Balanced Scorecard to create a strategic position. However, surviving in today's business environment is not only about formulating new business concepts and strategic positions. Strategies must be supported by an unrelenting quest for efficiency and responsiveness. This study thus examines whether in such conditions management instruments such as Balanced Scorecards can provide a framework for effective control, flexibility and adaptation through decentralising decision-making within a structure of clearly articulated performance objectives. The methodologies utilised for strategic management implementation will be further discussed, presented and integrated to illustrate how theories correspond to actuality in the following section.

2.5.1 Strategic management perspectives

Two major perspectives of strategic approach are discussed: the Porter framework of competitive strategy (industrial organisation) and the resource-based view of the organisation (Porter, 1987: 43-59). Porter's framework (Porter, 1987: 43-59) views the organisation as a bundle of activities aiming at adapting to the industry environment by seeking an attractive position in the market arena, while on the other hand, the resource-based perspective views the organisation as a bundle of unique resources and its performance is therefore a function of the assets that the organisation owns and controls (Lioukas & Spanos, 2001: 907-934). Although the proponents of these two perspectives present seemingly divergent philosophies, they concur on the worth of considering both internal and external challenges in strategic management.

Holliday (2001: 129-135) underlines the importance of external analysis. The major focus is how the organisation compares with its industry competitors and executes its strategic analysis. Holliday (2001: 129-135) and Porter (1996: 61-78) indicate that it is all about analysing the strengths of the organisation's position and understanding the impact of the external factors that may influence its position. According to this view, competitive analysis is derived from the organisation's positioning in industry while determinants of profitability are limited by the characteristics of the industry and the organisation's position within the industry. The analysis focuses on the external environment while the major concern focuses on the competition. According to the industrial organisation's view, the organisation must make strategic choices by firstly choosing an attractive industry and then deciding on an appropriate position within the industry.

Caldwell (2006: 60-121) on the other hand believe that an organisation's resources are more important than industry structure in developing and maintaining an advantage. They support the resource-based approach, which is concerned with the nature of the organisation's resources and how these resources are combined into capabilities. Resources include the organisation's financial, physical, human and intangible assets to develop, manufacture and deliver products or services to its customers. According to the resource-based view (Caldwell, 2006: 60-121) in order to develop and maintain an advantage, resources must be unique. For resources to be unique, they should add value by enabling the organisation to exploit external opportunities or neutralise threats, they should be rare, inimitable and the organisation should have structures, systems, policies, procedures and processes in place to make use of these unique resources. Competitive advantage is derived from possessing unique organisational assets or capabilities, while determinants of profitability are derived from the type, amount and nature of the organisation's resources (Porter, 1996: 61-78). The focus is internal and the major concern is on analysing competencies and resources, whilst strategic choices should be based on developing unique resources and capabilities with an external perspective and strategic intent for added-value.

The added-value statement is not just a means of looking at the financial consequences of an organisation's activity but it also describes the set of relationships that constitute the organisation. The first task of the management of any organisation is to ensure the consistency of its contractual relationships – to establish that the planned output can be achieved with the planned inputs of labour, capital and material. These are tailored and summarised in the added-value statement, while the competitive environment – the relationship between the organisation and its competitors – determines the degree to which added-value can be created. The purpose of business activity is to put together a set of relationships that maximises this added-value through the presentation of the Networked Balanced Scorecard theoretical model (see Chapter 7). K. Morgan (1997: 491-503) examines the role of relationship building as a means of obtaining resources in order to create a sustainable competitive advantage. K. Morgan (1997: 491-503) proposes that resources can be combined in order to form higher order resources, or competencies from which the organisation can eventually achieve a competitive advantage, as it is difficult for outsiders to replicate the process of building a long-term relationship. Resources such as loyalty, trust and reputation are intangible and cannot be purchased. Therefore, K. Morgan (1997: 491-503) states that relationships formed to acquire organisational, relational or informational resources will commonly result in sustainable resource-based competitive advantage and prevent irreproducibility.

The necessary irreproducibility of capabilities has been developed by a number of authors. Teece (1998: 55-79) draws particular attention to the appropriateness problem associated with innovation. Prahalad and Hamel (1990: 79-91; 1994: 294-322) are concerned with similar issues in the context of organisational knowledge and Oster (1990: 135-139, 190, 225-226, 261-277) stresses the efficient market perspective in this context. Barney (1991: 99-119) supports the 'guerrilla' view. In his opinion, copy cat strategies fail because the potential imitator cannot easily identify what needs to be re-produced; therefore the copycat action provides only a temporary competitive advantage.

The 'guerrilla' view is not a fully fledged school of thought like the industrial organisation or resource-based views but nevertheless represents a view that due to the increased levels of competitiveness in today's marketplace, an organisation's advantage is temporary. Successful organisations must therefore repeatedly disrupt competitors with strategies that keep them off balance as the realities of today's business environment include fundamental changes in the structure and working of the economy, which directly impacts on the rules by which managers develop and execute their organisation's strategies. Driving forces are creating economic uncertainty through reduced need for physical assets, vanishing distance and compressed time, which makes the entire world a customer as well as a competitor (Meyer, 1997: 5-8, 32-69). It appears that critical success factors include the ability to embrace change, be creative and innovative. It is thus important to strive towards being a world-class organisation with a strong customer focus, encourage continual learning and promote development, implement flexible organisational structures and ensure the organisation takes a creative human resources management approach to create a best form of institution. Organisational climates, where all stakeholders are treated equally and kept informed of changes and are able to participate in the decision-making process, supported by innovative technological infrastructure and systems, will further enhance the organisation's competitive advantage.

The contingency theory (Barney, 1991: 99-119) emphasises that there is no best form of organisation and that organisational success rests on matching the organisation to its environment. There is congruence between the sociological tenets of the contingency theory and the financial economist's efficient market perspective, which argues that there can be no universal prescriptions for success, as its general adoption would reduce its value to everyone. It can be said that these two approaches taken together lead directly to the conclusion that it is the creation and maintenance of distinctive capabilities that is at the heart of a successful strategy. It is therefore paramount to elaborate on various models and, specifically, the Balanced Scorecard, to illustrate the pivotal role of models for decision-making during the strategy formulation and implementation process to support and assist in developing and maintaining a sustainable competitive advantage.

2.6 THE DEVELOPMENT OF VARIOUS STRATEGY IMPLEMENTATION MODELS

In the early 1990s managers, academics and consultants proposed new models for developing systems for strategic performance measurement that simultaneously reflect, support and evaluate strategy by combining financial and non-financial, tangible and intangible factors, and lead-and-lag indicators to guide management in delivering consistent value for the organisation over time. The following section analyses the imperatives of the problem statement whereby the strategic value of the Balanced Scorecard in the networked economy is reviewed.

2.6.1 Balanced Scorecard

The Balanced Scorecard was first introduced in the early 1990s by Robert Kaplan and David Norton as an innovative business performance measurement system, in the belief that existing performance measurement approaches, relying primarily on financial accounting measures, were becoming obsolete (Kaplan & Norton, 1996b: 75-84; 1996d: 53-79). This approach was able to consider the intangible or 'soft' factors (e.g. customer satisfaction, process quality, infrastructures, know-how), which are vital in order to stay competitive, but that had previously been considered as immeasurable. The concept has since then become well known and its different forms are now widely adopted across the world.

By combining financial and non-financial measures in a single report, the Balanced Scorecard aims to provide managers with richer and more relevant information about activities they are managing than financial measures on their own can provide (Rigby, 2001: 44-93). The mere existence of the Balanced Scorecard reveals a message that, ultimately, it is not only financial outcomes that are relevant, but long-term relationships with customers and employees. These relationships are facilitated or hampered by adequate or inadequate organisational structures. What still needs to be investigated is whether organisations really practise the Balanced Scorecard methodology as a vision of priorities or as an instrument to accomplish superior financial performance.

The Balanced Scorecard is identified as a radical performance measurement instrument as well as a comprehensive strategic management instrument, and is discussed as such in a number of Harvard Business Review articles (Kaplan & Norton, 1992: 71-79; 1996a: 199-222; 1996b: 75-85; 2000a: 1-4; 2000b: 167-176). The concept is further explored in Kaplan and Norton's article 'Strategic Learning and the Balanced Scorecard (Kaplan & Norton, 1996c: 17-24) as well as in their recent publication, 'Strategy Maps: converting intangible assets' (Kaplan & Norton, 2004: 81-82). To date, little evidence exists regarding the influence of the Balanced Scorecard on management.

The framework of the Balanced Scorecard consists of four perspectives. Each perspective consists of the relevant objectives, indicators and measures to achieve them. In the financial perspective, corresponding objectives similar to traditional systems of management and accounting are of importance. One improvement of the concept lies in its focus on so-called value drivers for future profitability of the organisation. The customer perspective aims at the identification of relevant customers and market segments that contribute to the financial objectives. In terms of market-based management, the customer perspective makes it possible to align the internal processes, services and production with the necessities of current and future markets. Kaplan and Norton (2001b: 147-161) state that organisations should identify and structure internal value-driven processes such as innovation, production and after-sales services in terms of their customers and shareholders. Human resources being a strategic factor of success, Kaplan and Norton (2001b: 147-161) suggest a perspective for learning and development that involves all staff and organisational-related aspects that are vital for the organisational re-engineering processes.

Once objectives have been agreed upon, measures can be identified and constructed with the intention of supporting management in monitoring the organisation's progress towards the achievement of its objectives (Olve, Roy and Wetter, 1999: 12-23). Initiatives are special projects with a set start and end date, and are mapped to strategic objectives to give an indication of the projects or actions required in order to realise the objectives (Niven, 2006c: 1-30). The researcher supports the notion that the impact of Balanced Scorecard measures considered in isolation would probably be minimal; success is derived from comprehensive visibility of all key influences. The added value of the Balanced Scorecard is in the drawing together of all the key business areas, and identifying and exploiting the linkages that deliver success (Kaplan & Norton, 1996a: 199-222).

Hoffecker and Goldenberg (1994: 5-17) emphasise that the impact of a decision in one perspective on the other three perspectives can be recognised before the decision is implemented, presenting more strategic management visibility than would normally be expected. According to Kaplan and Norton (2004: 228-234), this holistic approach has resulted in improved performance, resulting from a more informed management decision-making process, as the Balanced Scorecard can be understood to be a management system that is structured according to the logic of a cybernetic management circle (plan-do-check-act).

The third generation Balanced Scorecard model provides greater functionality and strategic relevance (Niven, 2002: 1-18; Niven, 2006c: 1-30; Olve *et al*., 1999: 32-83). The origin of the developments, stem from the issues relating to target setting and the validation of strategic objective selection. By representing the selected objectives on a 'strategic linkage model', the design team is encouraged to apply 'systems thinking' (Kaplan & Norton, 2004: 228-234) to identify cause-and-effect relationships between the selected objectives and ensure that the chosen objectives are mutually supportive and represent the combined thoughts of the team's high-level perception of the business model. This approach triggered the development in the late 1990s of a further design element – the destination statement – to validate the objectives, measures and targets chosen (Kaplan & Norton, 2004: 40-43, 80-81, 112-126). In order to make rational decisions about organisational objectives and to set targets for those activities, an organisation, through its destination statement, should develop a clear idea about what it is trying to achieve (Kotler, 2003: 89-98) and what the organisation is likely to look like at an agreed future date (Olve *et al*., 1999: 146-187).

The body of evidence supports the theory that the Balanced Scorecard presents a medium by means of which a strategic vision can be implemented whilst providing an evaluation system (Kaplan & Norton, 2004: 228-234). In addition, the concept has been approached from many different management discipline perspectives (Feurer, 1995: 64-83; Davis, 1996: 14-18). The accountancy capability of the Balanced Scorecard as a performance measurement instrument has received much interest and attention. This measurement utility was enhanced through linking it to the concept of quality management (Kaplan & Norton, 2004: 228-234). Bainbridge

(1996a: 30-33; 1996b: 107-115) considers all key aspects and provides an executive summary from which a sound overview of the Balanced Scorecard can be obtained.

According to Niven (2002: 60-79) most Balanced Scorecards provide focus as they are designed as day-to-day diagnostic instruments to guide executive actions and aren't linked to compensation. The Balanced Scorecard provides a balance by linking key lead-and-lag indicators to internal and external financial and operating metrics that are aligned to an organisation's specific strategic needs and focus. The limited number of balanced metrics provided at the top are supported by additional metrics that explain the meaning of the top measures (scope), which are updated regularly when data changes. It was found that many organisations are using Balanced Scorecards for all employees and include additional Balanced Scorecards if the use extends beyond senior management or the organisation is structured into more than one business (Balanced Scorecards are adapted to the audiences of specific organisations).

Effective Balanced Scorecards most certainly assist organisations in assessing and understanding performance levels and where changes are required. Less than 20 per cent of those that use Balanced Scorecards have mature ways of implementation that can create value (Davenport, Leibold & Voelpel, (2006: 250-259, 284-359). The main reason is that the Balanced Scorecards include too many metrics and rely too much on historical financial information. Niven (2006c: 251-298) highlights that organisations report an average of 132 measures to senior management each month (83 financial and 49 operational), which is nearly nine times the number in effective Balanced Scorecards.

It appears thus that current Balanced Scorecards are value-chain orientated, focusing on an inward approach towards measures and drivers. However, the strategic value of the Balanced Scorecard in the networked economy requires an outward perspective for an organisation to create and maintain a sustainable competitive advantage as proposed in Chapter 7. The network economy demands closer co-operation and collaboration with all players, including competitors and alliances with organisations outside the immediate industrial sector or environment.

Over and above the Balanced Scorecard, other models exist and should be evaluated as an alternative strategic implementation instrument to enhance a sustainable competitive advantage.

2.6.2 Other instruments

The Performance Prism is an alternative framework developed by the Centre for Business Performance at the Cranfield School of Management and Accenture. The Performance Prism has two ends - the stakeholder wants and needs, and the stakeholder contribution - as well as three sides representing strategies, processes and capabilities. Unlike the Balanced Scorecard, where strategising represents the initial step, the Performance Prism starts with a comprehensive understanding of stakeholders, strategising to ensure that the proposed strategy is not subjective (Katzenbach & Smith, 1994: 49-60, 175-194; Turban & Aronson, 2001: 83-84, 149-153, 810-824). Caldwell (2006: 60-121) points out that by focusing on stakeholders rather than perspectives, what needs to be measured is clearly identified. Katzenbach and Smith (1994: 49-60, 175-194) and Turban and Aronson (2001: 83-84, 149-153, 810-824) also highlight the Balanced Scorecard's shortcomings by the fact that many stakeholders such as suppliers, intermediaries and regulators are not included. It thus seems that it is not uncommon to end up with a 'biased Balanced Scorecard', that is, a Balanced Scorecard biased towards only certain, often easy-to-measure stakeholders. For organisations with diverse stakeholders, such as the so-called virtual corporation where stakeholders are changing or broad in scope, the Performance Prism presents a more complete model for performance measurement than the Balanced Scorecard (Katzenbach & Smith, 1994: 49-60, 175-194).

The Performance Prism also views measurement differently by placing more emphasis on leading instead of lagging indicators, therefore enabling the organisation to focus on what should happen as opposed to looking at actions and events in retrospect (Niven, 2006a: 251-298).

According to Davenport and Voelspel, (2001: 212-221), the performance of business processes will further depend on the capabilities of personnel skills, the employed technology, systems, practices and infrastructure which need to be identified, developed and measured. According to Katzenbach and Smith (1994: 49-60, 175-194), the Performance Prism is a more complex framework than the Balanced Scorecard and therefore considers a much wider set of requirements and addresses many of the current criticisms of the Balanced Scorecard.

The European Foundation for Quality Management Excellence Model was introduced in 1988 and has its roots in the philosophy of Total Quality Management because of the potential that Total Quality Management showed as a means of gaining competitive advantage by addressing a much wider set of requirements. Oakland (1999: 3-5, 115-126) describes the process of self-assessment of the European Foundation for Quality Management Excellence Model as comprehensive, systematic and which is performed periodically. It can be used by an organisation to identify its own strengths and areas for improvement, and benchmark its overall performance to accepted levels of good practice.

Oakland (1999: 3-5, 115-126) comments that the fundamental difference between the Balanced Scorecard and the European Foundation for Quality Management Excellence Model is the fact that the Balanced Scorecard is designed to communicate and assess strategic performance and evaluate the validity of the strategy. In contrast, the European Foundation for Quality Management Excellence Model and its various applications focus on encouraging the adoption of good practice across all management activities within the organisation. According to Katzenbach and Smith (1994: 49-60, 175-194), the main purpose of the Balanced Scorecard is not to assess the quality of the strategic planning process itself but to ensure that the strategy gets implemented and to enable an organisation to learn continuously from its performance and adapt its strategy accordingly. Oakland (1999: 3-5, 115-126) concludes that the European Foundation for Quality Management Excellence Model seeks to assess best practice at the process level, while the Balanced Scorecard's specific approach to performance management is entirely dependent and based on an organisation's positioning, challenges, competitive context and its strategy. It appears thus that this makes the Balanced Scorecard model a high-level guiding framework that needs to be tailored and adjusted to the organisation's specific circumstances.

Katzenbach and Smith (1994: 49-60, 175-194) state that the biggest difference between the Balanced Scorecard and the European Foundation for Quality Management Excellence Model is the fact that the Balanced Scorecard looks to the future, as it starts from the visionary end goal and works its way back. However, it should be kept in mind that the European Foundation for Quality Management Excellence Model can add a deeper dimension to the Balanced Scorecard by providing focus and a clear plan of action to improve performance, therefore enhancing the competitive advantage of an organisation.

Having integrated various strategy perspectives on management options, together with methodologies for strategic management control, a mental construct for understanding sustainable advantage will now be discussed. Taking the various models into consideration that are available to management to produce a wider application for achieving organisational sustainability, constructs of actual sustainability will also be explored. The three pillars of innovation, architecture and reputation will be used to address the viability of sustainable competitive advantage. The Balanced Scorecard's role in supporting an organisation's competitive advantage in enhancing these three constructs will also be examined.

2.7 THE SUSTAINABILITY ADVANTAGE CONSTRUCT

In order to establish a link between the Balanced Scorecard, competitive advantage and sustainable competitive advantage, it is imperative to first define all three constructs in detail. This section provides various viewpoints on what constitutes competitive advantage in terms of value creation through one strategy or a combination of strategies to leverage core competencies and distinctive capabilities (see Section 2.7.2) by defining competitive and sustainable competitive advantage.

2.7.1 Defining competitive and sustainable advantage

In reviewing the use of the term 'competitive advantage' in the strategy literature, a number of descriptions emerge. Most academics and writers appear to agree that competitive advantage is derived from 'value creation' (without agreeing on value to whom and when).

According to Day (1994: 27-35), value is created by favourable terms of trade in product markets (that is, sales in which revenue exceeds costs). However, scrutiny of the concept of cost brings up the question of what the cost of a scarce resource is. Day (1994: 27-35) and Porter (1987: 43-59) argue that by possessing any one or combining competitive strategies of low cost, focus or differentiation will result in competitive advantage. Porter (1987: 43-59) argues further that competitive advantage results from the value an organisation is able to create for its customers, which exceeds the organisation's cost of creating it. Porter (1987:43-59) and Reed and De Filippi (1990: 88-102) suggest that advantage can be derived from numerous sources and that strategy manipulates the sources of advantages under the organisation's control in order to successfully raise barriers to prevent imitation that 'resists erosion by competitor'. However, at some stage imitation will take place, and thus the organisation's ability to delay this eventuality is essential in order to derive the maximum benefit from any competitive advantage (Christensen, 2001: 105-109; Pearce & Robinson, 2003: 189-200; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102; Shrivastava, 1994: 33-34, 180-182).

Another view, Peteraf (1993: 179-191), holds that advantage is achieved through super-normal returns but omits to calculate the cost of scarce intangible assets. Peteraf (1993: 179-191) defines competitive advantage as sustained above-normal returns by defining imperfectly mobile resources as those that are specialised to the organisation. The author notes that such resources can be a source of competitive advantage because monopoly 'rents' generated by the asset will not be offset entirely by accounting for the asset's opportunity cost (its value to others).

Barney (1991: 99-119) is of the opinion that an organisation experiences competitive advantage when its actions in an industry or market create economic value and when few competing organisations are engaging in similar actions, and ties competitive advantage to performance, arguing that an organisation obtains above-normal performance when it generates greater than expected value from the resources employed. Barney (1991: 99-119) further states that competitive advantage is not obtainable from freely tradable assets because if a privileged product market position is achieved or protected by the deployment of scarce assets, it is necessary to account for the opportunity cost of those assets. Porter (1996: 61-78) supports the notion that an organisation that earns superior financial returns within its industry over the long term is said to enjoy a competitive advantage.

A third view, Besanko, Dranove and Shanley (2000: 335-367), compares advantage to stock market performance (but according to economists, superior performance stems from surprising increases in expectations, which does not necessarily signal a competitive advantage held by the particular organisation). Besanko *et al.* (2000: 335-367) highlight that when an organisation earns a higher rate of economic profit compared with the average rate of other organisations competing within the same market, the organisation has an advantage. Kay (1993: 22-43) defines distinctive capabilities as those derived from sustainable and appropriable characteristics that others lack, which becomes a competitive advantage when it is applied in an industry or brought to a market. Kay (1993: 22-43) measures the value of competitive advantage as value added, with the cost of physical assets measured as the cost of capital applied to replacement costs. Bradenburger and Stuart (1996: 5-24) discuss multi-agent games and examine the conditions under which players can appropriate a portion of the total gains to trade and conclude that the maximum value appropriated is limited by the agent's value added to the game (the amount the game's total value is increased by the agent's presence). The authors highlight that organisations must be different from their competitors to have a positive added-value.

Disagreements among the above viewpoints include the confusion about how value is to be conceptualised or measured (gains to trade, value to owners or increase in value to owners), the definition of rents and the appropriate use of the concept of opportunity cost. Further disagreement about whether competitive advantage means winning the game or having enough distinctive resources to maintain a position within the game is also evident.

Porter (1996: 61-78) confirms that there is 'no common meaning' for competitive advantage in practice or in strategy literature. Porter (1996: 61-78) provides a formal definition by stating that an organisation is said to have a sustained competitive advantage when it is implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors and when other organisations are unable to duplicate the benefits of this strategy.

Considering the above, it is evident that the literature provides little consensus on defining competitive advantage in the networked economy. However, it is clear that competitive advantage becomes a bi-product of co-ordination and collaboration between an organisation and its value chain. An important point to remember is that the interaction through the formation of loose relationships to enable the realisation of the organisation's strategic intent at a specific time needs to be sustainable in the networked economy. This point will further be examined in Chapter 7. Following the above, core competencies and distinctive capabilities in the context of a sustainable competitive advantage will be explored next.

2.7.2 Core competencies and distinctive capabilities

The most influential business analysts promoting and developing the notion of core competencies have been Prahalad and Hamel (1990: 79-91; 1994: 8, 321-322).

They published a series of articles in the Harvard Business Review where they emphasise one core idea which is that, over time, organisations may develop key areas of expertise, which are distinctive and critical to the organisation's long-term growth. They point out that core competencies are flexible and evolve over time and should change in response to the environment.

According to Prahalad and Hamel (1990: 79-91; 1994: 8, 321-322), the sustainable competitive advantage of an organisation resides not in the organisation's products but in its core competencies. The real sources of advantage are to be found in management's ability to consolidate corporate-wide technologies and production skills into competencies that empower individual organisations to adapt rapidly to changing opportunities. Furthermore, Prahalad and Hamel (1990: 79-91; 1994: 8, 321-322) also highlight the importance of associated organisational competencies, these being communication, involvement and a deep commitment working across organisational boundaries. A corporation that is committed to its core competencies will inevitably influence patterns of diversification, skills deployment, resource allocation priorities, and approaches to alliances and outsourcing (Prahalad & Hamel, 1990: 79-91; 1994: 8, 321-322).

Hall (1993: 607-618) and Day (1994: 27-35, 130-133) identify and measure core competencies by distinguishing between intangible assets and intangible competencies. Assets include intellectual property rights and reputation, while competencies include the skills and know-how of employees, suppliers, distributors and their collective attributes, which constitute organisational culture (defined as the shared values and beliefs of members of an organisational unit and the associated artefacts), which becomes central for organisational learning. In this regard Hamel and Prahalad (1989: 63-76) discuss the need for organisations to be willing to learn how to create new advantages that will keep them ahead of competitors. They suggest that by mastering the skill of strategy implementation and utilising strategic management instruments, an organisation can develop and maintain a competitive advantage.

Clayton (2001: 105-110) on the other hand points out that competitors cannot replicate distinctive capabilities and provides examples of tangible capabilities such as intellectual property rights, exclusive licences, statutory monopolies and intangible capabilities such as strong brands, leadership, tacit knowledge and skills, teamwork, organisational culture, business processes and partnerships. Organisations should be aware of reproducible capabilities by competitors such as technical, financial, marketing, explicit knowledge and non-exclusive licences.

Clayton (2001: 105-110) believes that competitive advantage derives, ultimately, from the ownership of a valuable resource, as superior performance derives from developing a competitively distinct set of resources and deploying them in a well conceived strategy. Resources can be physical, intangible or organisational capabilities.

Oliver (1997: 697-713) presents another approach and combines institutional and resource-based views to develop and sustain a competitive advantage when he proposes a model of organisation heterogeneity, which suggests that both resource capital and institutional capital are indispensable to sustainable competitive advantage. However, it was only in the late 1990s when Srivastava, Shervani and Fahey (1998: 2-18) approached the subject from market-based assets and shareholder value as a framework for analysis with regard to the concept of sustainable competitive advantage. They delineate market-based assets into two primary types: relational and intellectual. They put forward the view that, though largely intangible, these assets may be leverages to achieve sustainable competitive advantage if they can add unique value for customers.

From the above it can be seen that there is no consensus concerning what constitutes an 'intangible'. There are commonly accepted definitions of intangible assets and intangible investments for accounting and statistical purposes, but definitions of such intangible phenomena as cognitive (or even unconscious) processes in an organisation are not likely to attain such status. Nevertheless, it is important to clarify what 'intangible' means in this discourse. It is desirable to separate those intangibles that can be commonly defined from those that cannot, in order to facilitate identification, control and measurement in strategic management instruments as discussed in the following sections.

There are relatively few types of distinctive capabilities that meet the conditions of sustainability and appropriateness. However, from the literature reviewed three capabilities can be identified, namely innovation, architecture and reputation that occur in organisations as discussed below.

2.7.2.1 Innovation

Innovation as a source of distinctive capability is less often a sustainable or appropriate source as it rapidly attracts imitation in spite of some process secrecy or other characteristics, which can, in certain instances, make it difficult for other organisations to follow (Davenport *et al*., 2006: 19, 29, 30, 250-259, 359). However, turning innovation into a competitive advantage requires the development of supporting strategies.

Two streams of literature are relevant to innovation and strategy. Firstly, from mainstream strategic management who consider some of the issues, Porter's article on technological dimension of competitive strategy emphasises the importance of the rational planning approach to strategy (Porter, 1996: 61-78), while Whittington (1994: 3, 79-90, 99-108) presents both viewpoints. Secondly, there is a growing literature on technology and strategy as presented by Thomas (1994: 683-697). These authors are in agreement that the ability of organisations to track and explore the technological trajectories depends on specific technological and organisational competencies. The notion of organisation-specific competencies has further become increasingly influential amongst economists, explaining why organisations are different and how they change over time while business practitioners and consultants seek to identify the causes of competitive success.

Organisations are constantly seeking new answers to old problems and the scale of investment in the new directions of management thinking has been considerable. Advanced manufacturing, Total Quality Management, business process re-engineering, benchmarking best practices, quality circles and networking/clustering are some examples of these new directions. These practices forced management in the 1990s to shift interest from improvements in short-term operational efficiency and flexibility through de-layering, downsizing and outsourcing to long-term capabilities. There was the realisation that an innovative management approach was required.

Gulati and Garino (2000: 107-114), and Hargadon and Sutton (2000: 157-166) believe that innovation management is the search for effective routines – it is about directing the learning process towards more effective routines to deal with the challenges of the innovation process.

Four clusters of behaviours which enhance innovation in organisations are based on the fact that successful innovation is strategy-based (Thomas, 1994: 683-697), depends on effective internal and external linkages (Tidd, 2000c: 5-25), enabling mechanisms for change management (Christensen, 2001: 105-109; Christensen & Raynor, 2003: 66-74 ; Shavanina, 2003: 50-51, 459-469 , 1045-1063) and is only realised within a supportive organisational context (Teece, 1998: 55-79). Creating and maintaining an innovation culture where ideas can emerge and effectively be deployed are a critical part of innovation management. It requires working with structures, organisational arrangements, learning and development and reward systems, supported by communication arrangements. It is thus essential to create the conditions within which a learning organisation can operate with shared problem identification and solving, and with the ability to capture and accumulate learning about technology and management of the innovation process (Bessant & Caffyn, 1997: 7-28; Kay, 1993: 14-16).

2.7.2.2 Architecture

What appears to be competitive advantage derived from innovation is frequently the return to a system of organisation capable of producing a series of innovations through architecture, which concerns the organisational effectiveness in search for value. Architecture can be defined as a system of relationships (implicit rather than explicit) within the organisation, or between the organisation and its suppliers and customers or both. The structure relies on continued mutual commitment to monitor and enforce its terms (Kay, 1993: 114-154). An organisation with distinct architecture gains strength from the ability to transfer information, which is specific to the organisation, product or market, to the organisation and its customers and suppliers to enable it to respond quickly and in a flexible manner to changing circumstances. Each of these is capable of creating an asset for the organisation – organisational knowledge that is more valuable than the sum of individual knowledge, flexibility and responsiveness, which extend to the organisation as well as to its members.

It has become increasingly difficult to define the outer edges of organisations. Historically, the assets and liabilities that produced the wealth were recognised in financial statements as costs and were ‘hard’ or ‘tangible’. However, the shift to a knowledge-based economy has meant that there is increased attention on entirely different categories of assets. These 'soft' assets are not recognised in the financial statements (Wallman, 1996: 88-91).

The question, however, remains: Does the Balanced Scorecard successfully accommodate the identification and measurement of intangibles despite the fact that no agreement has been reached on standards for measuring intangibles? This question will be dealt with in detail in Chapter 7. Suffice it to say that the researcher believes that this poses a serious risk for the successful implementation of the Balanced Scorecard in the networked economy, and which will create an obstacle in the organisation if it wishes to realise its strategic intent.

According to Meyer (1997: 5-8, 32-69, 94-123), excellence is often founded on the abilities of individuals, while architecture is the achievement of an organisation. The distinction between the attributes of the organisation itself and the attributes of the individuals within it has commercial as well as sociological significance as it is central to the distribution of the added-value earned by the organisation as a whole. Meyer (1997: 5-8, 32-69, 94-123) stress the fact that organisations with distinctive architecture often emphasise its dependence on its people. At the same time it should be noted that the organisation is dependent on them as a whole, because the product of the organisation is the product of 'collectivity'.

Architectural knowledge relates to an organisation as an entire system, as well as to the structures and routines for coordinating and integrating its component knowledge into patterns for productive use and for developing new architectural and component knowledge (Henderson & Cockburn, 1994: 63-84; Matusik & Hill, 1998: 680-697; McGaughey, 2002: 248-274). Not only is architectural knowledge typically complex, intangible and tacit, it is also highly organisation specific, causally ambiguous and private because of its path dependency (historical basis), organisational embeddedness (dispersed and communal within the organisation), holistic and of an evolutionary nature (Matusik & Hill, 1998: 680-697; Reed & De Filippi, 1990: 88-102). Architectural knowledge involves the structures and systems of organisations, and evolves as an inseparable part of an organisation, rather than existing independently of the organisation. It can thus be assumed that since no two organisations have identical histories, no two organisations can have identical architectural knowledge.

The organisational and managerial processes often characterised as capabilities or competencies (Teece, Pisano & Shuen, 1997: 509-533) in the management literature that separate one organisation in an industry from another, are very much of the architectural type. Leaks of organisation-specific architectural knowledge are not readily accessible by other organisations, since the entire body of such knowledge is not coherently assembled, the causal path of its benefits is ambiguous and the incompatible architectures of other organisations is rarely held equally closely by them. Architectural knowledge tends to remain private (Matusik & Hill, 1998: 680-697). However, Henderson and Clark (1990: 1-30) also believe that organisations may be unable to grasp the competitive essence of new technical advances as a result of their own preconceptions about the architecture of the system. Lussier (2003c: 134-139) concludes that existing architectural knowledge reduces the absorptive capacity of alternative architectures (even as it enhances the absorptive capacity for related component knowledge).

Numerous Balanced Scorecard models and measures have been suggested in the literature and the concept has inspired the development and application of a variety of new models. The Balanced Scorecard is intimately related to intellectual capital and comprises not only an instrument for the measurement of intangible resources and architectural knowledge, but also a vision of continuous learning and change to create value for the future. It could be questioned whether the most basic issues that drive human performance are identified and measured by this system. Despite numerous articles and publications on visions and models designed to capture intangibles, little is known about the outcome of such efforts. Theoretical elaboration on possible effects is not rare but investigations on organisational level are scarce.

An organisation's dominance of market position can further be based on its competitive advantages created by reputation. The Balanced Scorecard's role in developing and maintaining a competitive advantage in enhancing an organisation's reputation is discussed below.

2.7.2.3 Reputation

Reputation as a third capability is, in a sense, a type of architecture but it is so widespread and important that it is best to treat it as a distinct source of competitive advantage. Easier to maintain than to create, reputation meets the essential conditions for sustainability. Indeed, an important element of the strategy of many successful organisations has been the transformation of an initial distinctive capability based on innovation or architecture to a more enduring one derived from reputation. Building distinctive capabilities must be a task of exceptional difficulty because if it were not, the capability would soon cease to be distinctive.

Reputation as a distinctive capability is about conveying information to consumers about quality (Oakland, 1999: 3-5, 115-126). It applies to a particular category of goods called long-term experience goods where product quality is vital to the consumer but where it is difficult for the consumer to establish quality except through time and experience. Reputation is inextricably linked to brand loyalty as the relationship between customer relations and customer recognition adds to the sustainability of the actual offering through the consumer base.

Customers find out about product characteristics and quality through what they learn from observation or when product attributes become apparent immediately when a product is used. The importance of reputation can be observed in markets – from car hire to accountancy – where product quality is important but can only be identified through long-term experience (Robinson & Pearce, 1988: 43-60). In these particular markets, reputations are difficult and costly to create but once established can yield substantial added-value as reputation (Kotler, 2003: 66-85). According to Kotler (2003: 66-85), it is the market's method of dealing with attributes of product quality which customers cannot easily monitor for themselves. The process of building up a reputation can be accelerated by staking a reputation that has been established in a related market, or by making a clear public demonstration of commitment to a market or society in general, which is clearly demonstrated in the relationship of sustainable competitive advantage to other strategic concepts. A wide range of strategic approaches provide practitioners with options to create the ultimate return on investment and provide a forum for the evaluation of other strategic constructs.

It seems that Balanced Scorecards have been developed and applied primarily for internal managerial purposes, though they occasionally appear to be used for external marketing in an attempt to gain image and market value as outlined in Chapter 1. Most Balanced Scorecard models relate to the internal strategic management of an organisation. However, due to a network economy, it is believed that a Networked Balanced Scorecard theoretical model as proposed in Chapter 7 requires the periodic publishing of an external organisational Balanced Scorecard. This will ensure transparency and enhance communication and collaboration between all stakeholders – supporting an organisation's innovation, architecture and reputation constructs. The importance of the relationship between definition and practice to ensure a sustainable competitive advantage between all stakeholders will now be explored.

2.8 RELATIONSHIP OF SUSTAINABLE COMPETITIVE ADVANTAGE TO OTHER STRATEGY RELATED CONSTRUCTS

The relationship of sustainable competitive advantage to other strategy concepts can be taken back to concepts of market orientation and business networks. Narver and Slater (1990: 20-35) view market orientation as an organisational culture that contains three behavioural components, namely, customer orientation (understanding the target market), competitor orientation (understanding the strengths, weaknesses, capabilities and strategies of key competitors) and interfunctional coordination. Gibbert, Leibold and Probst (2003:459-469) provide an example of the latter component and find that a corporate culture of willingness to share information with all departments (interfunctional coordination) facilitates the learning process. The authors state that a corporate culture in which all departments are flexible and willing to accept change increases the probability that learning will occur. The ability to learn (acquiring, disseminating and interpreting new knowledge) is essential in a market-oriented organisation. Market orientation then presumes an outward focus on customers and competitors. For example, through customer orientation organisations can gain knowledge and customer insights in order to generate superior innovations (Varadarajan & Jayachandran, 1999: 120-143). Through interfunctional coordination, teams may also be formed and empowered to respond to specific customer requests and solve complicated problems that span functional areas (Tansik, 1990: 55-61). Because market orientation employs intangible resources such as organisational and informational resources, it can serve as a source of sustainable competitive advantage (Hunt & Morgan, 1995: 1-14).

Woodruff (1997: 139-153) also perceives the next major source of competitor advantage coming from a more outward orientation, specifically towards customers. Woodruff (1997: 139-153) suggests a customer value hierarchy in which organisations strive to match their core competencies with customers' desired value from the product or service. Slater and Narver (1995: 63-74) and Slater (1997: 162-167), heed Woodruff's call by suggesting a new theory of the organisation that is customer-value based. In terms of this theory, the reason for the existence of an organisation is to satisfy the customer. The focus on providing customers with value forces organisations to learn about their customers, rather than simply from their customers. With respect to performance differences, this theory suggests that those organisations that provide superior customer value will be rewarded with superior performance as well as a sustainable competitive advantage. Therefore, the idea of customer value extends the resource-based theory of the organisation taking a more outward perspective (a market orientation) as one way to achieve and sustain a competitive advantage.

Day and Nedungadi (1994: 31-44) propose that organisations use different types of information to assess whether a competitive advantage has been obtained according to the type of orientation they have. A competitor-orientated organisation emphasises relative resources or cost positions, whereas a customer-oriented organisation emphasises segment differences and differentiation advantages. Bharadwaj, Varadarajan and Fahy (1993: 83-99) also stress the importance of customers in determining the sources of competitive advantage. They state that an organisation's skills and resources can be considered sources only if they present benefits desired by customers. This outward focus on the customer links the sustainable competitive advantage construct to concepts such as branding, market orientation, organisational learning, innovation, customer value, and relationship marketing and business networks.

Business networks consist of multiple relationships, with each participating and gaining the resources needed to build core competencies and obtaining a sustainable competitive advantage (Bharadwaj *et al.*, 1993: 83-99). Porter (1987: 43-59) discusses the formation of 'coalitions' that allow the sharing of activities in order to support an organisation's competitive advantage. However, Porter's value chain (Porter, 1987: 43-59) approach focuses on activities within a single organisation. A new theoretical model that adapts his approach is needed in order to understand the value-added processes comprising dyadic and network interorganisation activities, which foster each organisation's sustainable competitive advantage. Webster (1992: 1-17) on the other hand offers a continuum of marketing relationships, which moves from discrete interactions towards network organisations and just-in-time exchanges. As the continuum moves further from discrete transactions, more administrative and less market control occurs. A shift towards elements such as trust, are key to building relationships between the customer and the provider is to be maintained in the long term, thus ensuring sustainability. Similarly, Anderson, Hakansson and Johanson (1994: 1-15) and Iacobbuchi and Hopkins (1992: 5-17), view networks as a step beyond dyadic relationships or partnerships, just as Webster (1992: 1-17) does in his continuum of marketing relationships.

Galaskiewicz and Zaheer (1999: 237-261) suggest that social networks enhance competitive advantage; much as economic geographers assign competitive advantage to regional clusters. These and similar studies from both modern economic geography and management theory place the general ideas from economic geography about the movement of knowledge into a knowledge-driven framework of competitive advantage. Multi-national corporations search for the right clusters to locate plants, labs and headquarters. Scholars question whether competitive advantage is not sustainable for a group of organisations and wonder what mechanisms might drive the phenomenon of cluster success. Porter (1990: 1-19; 1996 : 61-78) defines what he terms a regional cluster as a geographically proximate group of interconnected organisations and associated institutions in a particular field, linked by commonalities and complementaries. As Kogut, Walker, Shan and Kim (1994: 55-82) suggest, organisations and their suppliers within a region share tradable resources, but they also share knowledge that is an integral part of the social community – a public good for all members and, thus, unreadable. Brown and Duguid (2001: 98-213) present an initial vision of a knowledge generation (and economic efficiency) of multiple, horizontally competing organisations operating within efficient vertical networks in a closed geographical region. Once established, clusters at the forefront of knowledge generation attract new entrants, further enhancing the cluster and expanding its knowledge base and competitive advantage. This is further explored in the Networked Balanced Scorecard theoretical model proposed in Chapter 7.

Significant progress has been made with respect to definition, operationalisation and measurement of concepts in the strategy field. However, research that maps how strategy can influence performance by providing organisations with a sustainable competitive advantage is still lacking (Varadarajan & Jayachandran, 1999: 120-143). It is believed that by developing a multi-item measure of the construct, one could empirically examine theoretical models of sustainable competitive advantage in a network environment. If researchers are able to examine networks in this manner, our knowledge of competitive advantage that is achieved and sustained can be enhanced. To facilitate sustainability, business ethics and corporate governance should impact strongly on the enhancement of the strategic intent. Corporate sustainability is the central factor that ensures corporate competitiveness in the long term. The image of an organisation is transported through publicity and public experience and opinion, which become essential for the long-term survival and sustainability of the organisation in its social and economic environment.

The researcher has taken cognisance of the fact that sustainability can only be achieved over an extended period, therefore it is deemed to be longitudinal. The intent of this research is to provide a view of the perceived impact on sustainability during the implementation of the Balanced Scorecard and one year later.

Sustainability is defined in terms of environmental and ethical behaviour in the following section, and is tested specifically and not generally nor independently, as outlined in Chapter 5 and 6.

2.9 CORPORATE SUSTAINABILITY

This section focuses on the definition of corporate sustainability, the role and development of the business ethics construct in support of corporate sustainability, corporate governance and the impact of the Balanced Scorecard as an instrument to enhance sustainability.

The changing role of business in society has come to mean many things, from corporate sustainability and corporate social responsibility to corporate citizenship, describing the process of challenge and change. It is not confined to labour standards in supplier factories, the accessibility by poor people to life-saving drugs and the basis only which and transparency of how management decisions are being made. Today, human rights, working conditions, equality and diversity, consumer protection, environmental and health impacts, economic development, ethical business practices, lobbying and political influence are closely related to sustainable competitive advantage.

David (2001: 117-126, 234-236) believes that an organisation is said to operate sustainably if it acts and reports in a way that shows concern about the natural environment (the effect of the products or services produced), economy (relationship with stakeholders) and community (values and ethics) in which it operates, in what Pearce and Robinson (2003: 43-51) refer to as the triple bottom line instead of the single bottom line (economic).

Although there are approaches that support clarifying the concept of sustainability on the corporate level Kaptein and Wempe (2001: 91-106), there is confusion on how the dilemma between the economic, environmental and social dimensions should be dealt with. Halme (2001: 100-114) is of the opinion that the notion of sustainability development implies a process for organisations rather than a final outcome.

According Kaptein and Wempe (2001: 91-106), business ethics that provide standard guidelines may assist in defining responsibilities of organisations, by providing an appropriate base for the management of corporate sustainability and for integrating all three dimensions. The researcher is of the opinion that the Balanced Scorecard literature reviewed has neglected the importance and application of ethical issues in the organisation.

Integrity management (ethics) can be defined as an approach to classify and implement business efforts according to the organisation's moral values (Kaptein & Wempe, 2001: 91-106). The term 'management' stresses the fact that this does not only imply subjective or selective moral preferences, but also establishes structures, measures and processes that are based on clarified ethical principles. In this respect, an ongoing analysis of the business principles and values, as well as its implementation in corporate practice, are indispensable through the expression of corporate objectives, and mission and vision statements. Kaptein and Wempe (2001: 91-106) have developed models for the management of business integrity based on two levels of corporate morality. Firstly, corporate responsibility of business integrity is addressed by defining a life-conducive corporate mission and related business principles that aim at earning revenue with products and services that provide a real value for the wellbeing of the consumers but that do not entail negative external effects for society as a whole. The second level of responsibility is addressed by institutionalising a co-responsibility of the organisation regarding the life-conduciveness of the political and economic framework in which it operates. Political co-responsibility implies that the organisation is a good corporate citizen, critically questions the given framework and is aware of its responsibilities to initiate and provide support to reforms of the political and economic order through ethically sound industry standards and a fair political frame of market competition (Kaptein & Wempe, 2001: 91-106).

The development of corporate sustainability or responsibility developed from originally having only legal compliance, such as regulations covering tax, health and safety, employee rights, consumer rights and environmental regulations, to a generation where organisations were forced to adhere to industry standards and the management of short-term risk management. Strategic corporate responsibility followed a decade later when the emphasis was on product and process innovation, new business and corporate governance models and a focus on long-term sustainability. Corporate responsibility (third generation) now focuses on remoulding competitive advantage through multi-stakeholder standards and partnerships, institution building, corporate responsibility advocacy and public policy. These factors have been taken into consideration in the proposed Networked Balanced Scorecard theoretical model in Chapter 7 as the shifting role of business in society today does have a complex relationship with the matter of law.

Organisations are urged by international bodies to integrate social and environmental concerns into their business operations and into their interaction with their stakeholders on a voluntary basis. This rightly reflects the perspective that compliance with the law is a given in terms of responsible behaviour. At the same time, it is equally clear that the matter of what constitutes appropriate law governing business behaviour is within the scope of the field of corporate responsibility. Corporate responsibility in its multitude of different forms will continue to face challenges as it moves beyond the margins of business activity and enters the mainstream realm of public debate and policy.

The view in this study is taken that mastering and developing best practices in knowledge, technology and risk management is critical to sustain a competitive advantage and attain long-term strategic objectives. Knowledge management ensures understanding and addressing the process of transforming intellectual assets into enduring value for the organisation and its stakeholders. Technology management enhances the consistent use of leading-edge instruments to support knowledge management, and risk management ensures understanding and viewing risk in a holistic manner. These three imperatives can't be managed separately as they support each other in a sustainability approach (Kaptein & Wempe, 2001: 91-106).

In the South African context, legislation has created a forerunner for national ethical governance, which particularly focuses on the corporate governance construct, strategic direction and analysis (environmental analysis) of the South African organisation. Good corporate governance is the means of ensuring due and adequate control over the strategy, direction and operations of an organisation in achieving predetermined key objectives. Directors or their equivalents are responsible for the governance of companies and entities by providing direction, control and reporting. The King II Report on Corporate Governance (2002) has placed increased emphasis on standards of corporate governance in South Africa. It presents a yardstick by which all affected organisations and public entities should seek to be measured. The Code of Corporate Practices and Conduct is based on the principles of openness, integrity and accountability. This indicates that, without proper direction given to governance, the organisation is inadequate to survive because the King I (1994) and King II (2002) reports demand that total transparency and responsibility should prevail in order to implicate the impact of the organisation as a whole. However, in its broader sense, corporate governance refers to the informal and formal relationships between the corporate sector and its stakeholders, and the impact of the corporate sector on society in general.

Hitt, Ireland and Hoskinson (2003: 82-84, 309, 362-366, 394-396), in response to the much-published irresponsible behaviour taking place in boardrooms around the globe, emphasise that the public is demanding greater disclosure of information. Reforms such as the Sarbanes-Oxley Act (2002) represent tremendous advances in the pursuit of increased disclosure but stress that society needs more than just financial information and disclosure to evaluate the wealth of an organisation.

The Sarbanes-Oxley Act of 2002 (abbreviated to *SOX*) was promulgated in response to the high-profile Enron and WorldCom financial scandals to protect shareholders and the general public from accounting errors and fraudulent practices in an organisation. The Sarbanes-Oxley Act of 2002 is not a set of business practices and does not specify how a business should store records; rather, it defines which records are to be stored and for how long. The legislation not only affects the financial side of corporations, but also affects the information technology departments whose task it is to store a corporation's electronic records. The consequences for non-compliance are fines, imprisonment, or both. Information technology departments are increasingly faced with the challenge of creating and maintaining a corporate records archive in a cost-effective fashion that satisfies the requirements of the legislation.

DesJardins (2000: 81-84) state that, in terms of corporate governance, organisations should be proactive in incorporating corporate governance principles into their operational activities and pay close attention to societal requirements when developing or changing strategic direction, which should be in line with the organisation's propensity for risk.

South Africa is characterised by diversity, as is evident in the variety of vision and mission statements that reflect organisations' individuality. A strong positive culture that reflects good values, ethics, rewards and an effective monitoring programme reduces the possibility of a severe loss. The most effective control instrument that an organisation can employ is a culture of open and uninhibited challenge of financial policies, processes and reporting. Organisations must design and implement controls, create monitoring instruments that assist to identify poor performance and take self-correcting action to meet the Sarbanes-Oxley Act of 2002 requirements to prevent fraud, embezzlement and unintentional financial loss. The question therefore remains whether the Balanced Scorecard assists organisations in achieving and adhering to requirements as outlined in the King II Report on Corporate Governance (King Committee: 2002) and the Sarbanes-Oxley Act of 2002.

The role of the Balanced Scorecard has been discussed above and in the following section the link to sustainability will be explored in order to validate the proposition that the Balanced Scorecard serves as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage (see Section 2.10).

2.9.1 The Balanced Scorecard and sustainability

Olve *et al*. (1999: 12-23, 32-83, 146-187) emphasise that there are no standard solutions for a successful implementation of the Balanced Scorecard to ensure sustainability but that a number of aspects of the implementation need to be observed. These include top management support and a shared vision of its importance and a high priority in the organisation, as well as a project team representing different parts of the organisation. A strategic connection and precise measures, balance and connection between the measures, including objectives for each measure, supported by information technology, training and evaluation are critical factors in implementing the Balanced Scorecard.

The above can be compared with Drew's (1997: 427-441) recommendations on the successful implementation of benchmarking. Drew states that benchmarking is most effective when integrated with strategic planning, budgeting and human resource management. Education in benchmarking is required and careful attention should be paid to the composition of benchmarking teams. The concept further needs top management support while the greatest benefits will be achieved when benchmarking is aligned with other organisational objectives (Drew, 1997: 427-441).

Significant research has been carried out in the field of sustainability management by means of a Sustainability Balanced Scorecard (Bieker, Gminder, Hahn & Wagner, 2001: 28-30; Orssatto, Zingales & O'Rourke, 2001: 263-273). However, these concepts have primarily been developed for the conceptual framework of the business case in which social and/or environmental issues are used for the mere creation of economic value. The Sustainability Balanced Scorecards may be used to detect the important strategic environmental and/or social objectives of the organisation and may illustrate causal relationships between qualitative 'soft' issues and the financial performance. This could enhance transparency of potentials for value-add emerging from social and/or environmental aspects as it presents a frame of reference for understanding how causalities between the economical, environmental and social objectives may arise.

Orssatto *et al*. (2001: 263-273) state that, when creating a Sustainability Balanced Scorecard, challenges could arise from the traditional concept itself (e.g. the integration of stakeholder demands as well as the normative and strategic level of organisations).

Beiz (2001: 4-9), Bell (1997: 30-35), and Kaptein and Wempe (2001: 91-106), point out that organisations that follow extensive strategic concepts on an environmental and social basis are often suspected to act only on behalf of plausible competitive advantages. While the instrument may also only be used in a financial perspective because every single objective should be linked to the objectives within the four perspectives, pointed out that non-financial aspects still remain hard to quantify in corporate practice. Lastly, a corporate vision and mission and corresponding strategies to achieve corporate sustainability are a prerequisite for the Sustainability Balanced Scorecard construct.

Within the framework of this study, it seems that the number of objectives within the Balanced Scorecard has been restricted in order to focus on the most important strategic objectives with the result that the measurements for environmental and social objectives are excluded.

The methodology of developing a Sustainability Balanced Scorecard could be useful in scanning and classifying the different measures undertaken inside the organisation, especially in multi-national organisations with different activities in the social or environmental field at different strategic levels or geographical sites. From an operational point of view, problems of integrating qualitative aspects such as environmental and social responsibility into controlling systems seem to be especially relevant as they are naturally very difficult to quantify. Furthermore, organisations frequently lack appropriate control systems that can be used to implement and control environmental, social and economic objectives by means of one instrument (Bieker *et al.*, 2001: 28-30; Orssatto *et al.*, 2001: 263-273). Despite the issues described and which organisations are facing in terms of sustainability, the Balanced Scorecard according to Bieker *et. al*. (2001: 28-30) seems to be an appropriate instrument for the management of corporate sustainability, especially in terms of its open and multi-dimensional construction.

Based on seven European case studies, McCunn (1998: 42-46) reached the conclusion that Balanced Scorecards are likely to succeed within organisations if the following ten directives of the Balanced Scorecard implementation are followed:

- Use the Balanced Scorecard as an implementation map for strategic objectives.
- Ensure strategic objectives are in place before the Balanced Scorecard is implemented.
- Ensure that top-level (non-financial) sponsors support the Balanced Scorecard and that relevant line managers are committed to the project.
- Implement a pilot before introducing the new Balanced Scorecard.
- Execute 'entry review' for business units before implementing the Balanced Scorecard.
- Do not use the Balanced Scorecard to obtain extra top-down control.
- Do not attempt to standardise the project. The Balanced Scorecard must be tailor-made.

- Do not underestimate the need for training and communication in using the Balanced Scorecards.
- Do not seek complexity or strive for perfection.
- Do not underestimate the additional administrative workload and costs of periodic reporting.

However, even more important is the 11th directive: Do not start implementing a Balanced Scorecard unless it is known what is hoped to be achieved. McCunn (1998: 34-36) argues that 70 per cent of all Balanced Scorecard implementations fail, even if failure is of a relative nature and greatly dependent on whether the organisation actually knows what results to expect from implementing a Balanced Scorecard.

The literature review has identified a number of shortcomings in the Balanced Scorecard. Fitzray and Hulbert (2005: 27-54, 179-215) states that the formulation of strategic objectives and the monitoring of their achievement is a complex exercise for any organisation. For Fitzray and Hulbert (2005: 27-54, 179-215) the integration of quantitative and qualitative measures to provide an indication of the competitiveness remains a challenge for management accountants. Although the Balanced Scorecard is a possible means to overcome short-terminism, it still gives no clear indication of a weighting system that would enable the four perspectives within the Balanced Scorecard to be combined satisfactorily to yield 'organisational effectiveness'. Niven (2002 60-79) assert that the question of comparability also remains unclear because different market situations, product strategies and competitive environments will require different Balanced Scorecards. According to Gray (2000 : 3-5, 23-31), the real difficulty is not so much the classification, identification and measurement of intangibles, but rather finding the link between intangibles and financial performance.

Flood *et al*. (2000: 184-189, 236-243) and Thomas (1994: 683-697) comment that current systems do not report on other parameters for the development of strategy drivers, such as values that will sustain the organisation's strategies.

Flood *et al*. (2000: 178-179, 236-243) state that implementers of the Balanced Scorecard should be aware of the instrument's design-based risks such as the Balanced Scorecard not being relevant to the issues and needs of its users, being too complicated to form part of normal management activity or the inappropriate use of automation constraints. They further state that, in conjunction with use-based risks, the Balanced Scorecard is not adaptable to or cannot accommodate market or organisational changes. The researcher agrees with this statement and therefore proposed a Networked Balanced Scorecard theoretical model to overcome these limitations of current Balanced Scorecard designs.

Atkinson *et al*. (1997: 28-42) criticise the Balanced Scorecard research to date as failing to highlight or establish employee and supplier contributions. The research doesn't consider the extended value chain, which is an essential element of today's networked organisations; and it doesn't identify the role of the community in defining the environment within which the organisation operates. Atkinson *et al*. (1997: 28-44) define performance measurement as a two-way process and state that Balanced Scorecards primarily focus on a top-down performance measurement.

Current literature indicates that the ethical construct in relation to the Balanced Scorecard has been neglected and only a limited number of studies concerning ethical issues have been conducted.

The literature suggests there is no lack of enthusiasm and intentions on how to use the Balanced Scorecard concept. Executives appear to be pleased and have started transforming their organisations into a 'Balanced Scorecard organisation'. The main advantages are an increased awareness of organisational vision connecting operational tasks to strategic, employees' participation and flexibility with regard to the different measurements. The one disadvantage is the cost of actually carrying out the transformation process. The following section outlines the propositions that were formulated from the literature review.

2.10 PROPOSITIONS

Based on the problem statement below and subsequent propositions that emerged from the literature study, the research focused on the strategic outcome-based contributions of the Balanced Scorecard in the networked economy.

Problem statement: The Balanced Scorecard as a strategic management instrument contributes in overcoming barriers to strategy implementation as well as assists in developing and maintaining a sustainable competitive advantage.

Proposition 1:

The researcher defines the Balanced Scorecard as being a measurement-based strategic management system which provides a method of aligning business activities to the strategy, and monitoring performance of strategic objectives over time, thereby contributing to a sustainable competitive advantage.

Proposition 1 therefore implies that the Balanced Scorecard according to this definition supports organisations in overcoming the barriers to strategy implementation by means of the following sub-criteria:

1a) Ensuring that the organisation understands the strategies.

1b) Ensuring that objectives are acted upon.

1c) Linking the overall strategy to objectives at departmental, team and individual levels.

1d) Linking short-term resource allocation to long-term strategy.

1e) Providing feedback on strategically important issues.

Proposition 2:

As stated in Section 2.7.1, a competitive advantage is an advantage over competitors gained by offering consumers excellent value by means of lower prices or by providing superior benefits and services rather than just higher prices.

Proposition 2, according to the above statement, states that the Balanced Scorecard supports organisations in gaining a competitive advantage by allowing organisations to focus simultaneously on the following sub-criteria:

2a) Sources of competitive advantage (i. e. core competencies, operational effectiveness, differentiation, strategic fit, path dependency, economic deterrence, time compression, partnerships and casual ambiguity).

2b) Diversification around the core business (concentric diversification) that results in enhanced performance. The Balanced Scorecard reduces the overall risk and enhances competitive advantage through focusing on innovation and knowledge management (learning and development) constructs.

Proposition 3:

The sustainable competitive advantage is defined in this study as the prolonged benefit of being able to implement a unique value-creating strategy not simultaneously being implemented by any current or potential competitor(s), coupled with the inability to duplicate the benefits of the strategy.

According to the above definition, Proposition 3 states that the Balanced Scorecard serves as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage by creating the following sub-criteria:

3a) A corporate culture that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees).

3b) Sustainable resource management (environmental co-operation, key technologies and innovation).

3c) Sustainable processes (systems, innovation, disruptive technologies, supply chain optimisation, and development of sustainable products, services, technologies and production processes).

3c) Sustainable customer acquisition and retention (environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy by communicating values and policies to all stakeholders in the community).

3d) Sustainable profitability and stakeholder value (bottom-line efficiency and environmental excellence, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing).

2.11 CONCLUSION

Significant progress has been made over the years with respect to construct definition, operationalisation and measurement of concepts in the strategy field. The literature study has traced the origins of strategic management systems such as the Balanced Scorecard and Performance Prism as well as the sustainable competitive advantage construct and has linked it to other concepts in the strategy field, including market orientation, customer value, relationships, networks and sustainability. By developing a multi-item measure of the sustainability competitive advantage construct, one would be able to empirically examine theoretical models of strategic management instruments and sustainable competitive advantage. If researchers are able to examine sustainable competitive advantage in this manner, our knowledge of how competitive advantage is achieved and sustained can only be enhanced.

Davenport *et al*. (2006: 250-259, 284-295, 389) and Niven (2002: 60-79) warn that Balanced Scorecard indicators suggested by different authors are too restrictive because they do not capture drivers and processes behind the organisation's output. Examples of such drivers might be feelings, values, beliefs, relationships, fears and dreams. However, is this not precisely what Kaplan and Norton, and most of the others intend to capture?

On reviewing the current literature it has become evident that perceived shortfalls in the practical implementation exist, which has allowed the researcher insight into developing appropriate propositions in order to evaluate the perceived strategic value of the Balanced Scorecard in the networked economy.

Chapter 3, will present the case study organisation, MultiChoice Africa (Pty) Limited, with emphasis on the organisation's implementation of the Balanced Scorecard. The impact of the Balanced Scorecard as a strategic management instrument to overcome the barriers in strategy implementation will be looked at in detail, and the organisation's competitive advantage and strategic sustainability intent in its transformation journey in the networked economy will be discussed.

CHAPTER 3

PRESENTING THE CASE STUDY ORGANISATION FROM A STRATEGIC INTENT PERSPECTIVE

'You can not solve a problem in the same state of mind that created it' – Albert Einstein (1879-1955)

3.1 INTRODUCTION

This chapter introduces MultiChoice Africa (Pty) Limited, the case study organisation. A description is given of its entry into the global environment with the intent to develop and sustain a competitive advantage in the networked economy.

The accumulated knowledge indicates the importance of strategic understanding and the cognitive implementation of the most effective strategy to obtain strategic position in an attempt to create a sustainable competitive advantage. Various constructs were highlighted to create a knowledge base that could be used to transfer explicit knowledge into tacit mental constructs, which could be added to the intellectual property of the strategist, thereby ensuring the winning and survival opportunity in real-time. MultiChoice Africa (Pty) Limited is a prime example of the South African business complexity as it is moving into globalisation and competing for market share as illustrated in the organisation's value chain (see Section 3.3.5.3). The foundations of this research are implicated directly and further demonstrated by providing a perspective on the case study organisation.

The case study organisation has recognised that in order to remain a player in its present and future markets, it requires a fundamental change (transformation) in the manner in which it operates. Transformation would help the organisation to overcome current and future challenges in the networked economy, considering that future strategic intent includes partnering with competitors and suppliers outside its current value chain (MultiChoice Africa (Pty) Limited Annual Report, 2005: 48-62). This chapter looks at how the Balanced Scorecard was introduced and applied in MultiChoice Africa (Pty) Limited in order to evaluate the strategic value of the Balanced Scorecard as perceived by the organisation's staff during implementation and again one year later (see Chapter 4, 5 & 6).

Organisations have pre-determined objectives to adhere to with limited resources that correlate with the organisational strategic objectives. The major organisational role players are people, technology, customers, suppliers and pressure groups within the legal and political environment. These interactive dynamics between the organisation, its structure, culture and operations are the reason why modern business leaders should be fully aware of their instrumental role in creating a climate that is conducive to change and innovation to create a sustainable competitive advantage.

This section provides an overview of MultiChoice Africa (Pty) Limited, highlighting the major change strategies upon which the organisation has embarked. The economic and social factors that led to its transformation in the networked economy will be described in the process. An analysis of the organisation's approach to and proposed implementation of the change strategy will be critically discussed. In conclusion, the values and ethics are highlighted, and finally the implementation of the Balanced Scorecard as a strategic management instrument to support the change initiatives to develop and maintain a sustainable competitive advantage in the networked economy is discussed.

The methodology followed in gathering the required information included studying a combination of academic and current business publications, organisational documentation and interviews with ten general managers.

During their transformation from the traditional economy to the knowledge harvesting economy organisations are responsible for creating loops of learning for the knowledge employees and providing the technological instruments for their acceptance as a global player. MultiChoice Africa (Pty) Limited is undergoing a similar global transformation in an attempt to maintain and develop a global sustainable competitive advantage, as will be outlined in the next section.

3.2 GLOBAL ENVIRONMENT

MultiChoice Africa (Pty) Limited interacts within the boundary constraints of the global digital media industry (MultiChoice Africa (Pty) Limited Annual Report, 2005: 48-62). The economic growth in the industry was spurred on by the technology explosion in the late 20th century, leading to what is commonly known today as the digital economy. A number of dominant organisations in specific legacy revenue-generating sectors have fallen victim to change, as they were not able to keep up and adapt to this dynamic trend of the digital era.

Today's digital economy, driven by the convergence of information technology, open standards and connectivity, represents the fifth technological revolution of the industrial age. The first was water powered, followed by steam. Next were electricity and steel to replace iron. The fourth revolution materialised through oil, both as an energy source and a raw material used for plastics and other synthetic materials.

Kelly (1999: 1-8, 31-35, 50-107) states that the lessons of history teach us that there have been new economies previously and there will be more in future. Each new economy is different in its characteristics and its long-term impact is a direct product of the new technology that precipitated its development. While the full nature of the impact on our social, political and economic structures of the current revolution is still not clear, the direction of change is becoming more apparent. Computers are clearly having an impact on productivity by automating tasks and facilitating knowledge creation and management. However, the most significant facet of the current revolution is that our world, our society and our economy are becoming highly connected and interconnected. In this sense, networks are the defining technology of the present industrial age. Kelly's (1999: 1-8, 31-35, 50-107) statement is tested through the second research question of whether the Balanced Scorecard supports organisations in gaining a competitive advantage by allowing them to focus simultaneously on their sources of competitive advantage and diversification around the core business.

Kelly (1999: 1-8, 31-35, 50-107) states further that the key to the current revolution is the ability of computers and telecommunications to interconnect throughout societies and economies. Low-cost broadband connectivity and the widespread adoption of open standards are creating a complete new economy – best described as the digital networked economy. More and more organisations now undertake their activities online as connectivity increases and the cost of technology reduces; there are already in excess of 600 million people online worldwide. As a result the potential commercial, intellectual and social benefits are increasing. Organisations can only take advantage from the digital age economy if a corporate culture exists that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees). This lead to the third research question which asks whether the

Balanced Scorecard could assist in serving as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage by creating sustainable resource management (environmental co-operation, key technologies and innovation).

Stewart (2001: 21-33, 138, 201-202) stated that in the past organisations did everything themselves. Now the trend is to outsource, as the Internet cuts the cost of inter-organisational transactions and makes the exchange of information much easier. The result is that organisations are forging new relationships to create extended enterprises through extended value chains. This is what the title of this thesis refers to, namely the role and strategic value of the Balanced Scorecard in the networked economy. This enables organisations to access lowest cost and best quality products and services without sacrificing co-ordination and control measures. Stewart's (2001: 21-33, 138, 201-202) statement is evaluated in terms of the role of the Balanced Scorecard in this context. It will thus be established whether and to what degree the Balanced Scorecard supports organisations in gaining a competitive advantage by allowing organisations to focus on the sources of competitive advantage. In other words, core competencies, operational effectiveness, differentiation, strategic fit, path dependency, economic deterrence, time compression, partnerships and casual ambiguity will be looked at during the course of this study.

The emergence of the Internet and other interactive technologies has led to an explosion in data collection, bringing with it a diverse range of privacy issues as well as rogue organisations who take advantage of information transparency for commercial benefit. But there are also many advantages for consumers – personalised product offerings, improved customer service, 'better-than-ever' consumer rights and protection. The third research question explores the role of the Balanced Scorecard in this context through exploring the role of the Balanced Scorecard in sustainable customer acquisition and retention through environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy by communicating values and policies to all stakeholders in the community. Answers to these questions are discussed in Chapter 5 (Findings) and 6 (Results). Organisations with online operations are likely to be successful only if they can become well-known and trusted. Organisations such as eBay and LinkedIn rely on a complex infrastructure of recommendations as brand reputation and management is more important than ever in the new economy.

Whetten, Cameron and Woods (2000: 263-265, 420-422) emphasise that the digital networked economy has also started to change how we work. Employers and employees are both seeking a more flexible approach to employment; surveys show that people entering the economy today can expect to make three to five career changes during their working lives. It is up to the individual, not the employer, to take control of their personal and career development and training. While there is no 'employment for life', there are greater opportunities to achieve a rewarding balance between work and personal life, particularly with more people being given the opportunity of working from home.

Becker, Huselid and Ulrich (2001: 183-206) confirm that 24-hour news and entertainment are changing society at an increasingly faster rate. Sceptics may ask 'where will it all end?' It won't - change will continue, at an ever-increasing pace. All organisations are participants in the digital networked revolution and those that take the opportunities will thrive, prosper and develop, while those that procrastinate are set to falter.

Brill and Worth (1997: 133-136, 151-159) ask how the availability of 24-hour news, the instant opinion poll, web logs, chat rooms and interactive television will change the nature of democracies that were designed to deal with remote and often ill-informed populations. How will governments and organisations have to respond to populations that are informed enough to demand services from them rather than simply accepting what's available?

Kelly (1999: 1-8, 31-35, 50-107) indicates that none of these questions can have a clear answer as the future is unclear. However, that does not mean that consumers are powerless in the face of these changes. Consumers are all participants in the digital networked economy. The question for governments, organisations, businesses and individuals is what type of participants they are going to be. Are organisations going to be active participants seeking to explore the digital networked economy, identify and realise the opportunities it presents while being aware of the challenges that come with them? The third research question evaluates the role and assistance of the Balanced Scorecard in this context through 'sustainable profitability and stakeholder value' perceptions as discussed in Chapter 6 and further elaborated on in Chapter 7.

Economist Joseph Schumpeter calls the progressive act of destroying success 'creative destruction' (Kelly, 1999 : 1-8, 31-35, 50-107). Letting go of perfection requires a brute act of will and it can be done incorrectly. Management guru Tom Peters (Kelly, 1999: 1-8, 31-35, 50-107) claims that corporate leaders are now being asked to perform two tasks: building up and nimbly tearing down – and these two tasks require such diametrically opposed temperaments that the same person cannot do both. He suggests that an organisation in the fast-moving terrain of the network economy ordain a chief destruction officer. In the highly turbulent, quickly reforming environment of the new economy, the competitive advantage goes to the nimble and malleable, the flexible and quick. Speed and agility trump size and experience. Fast to find the new is only one half of the equation; quick to let go is the other important part. The second research question directly tests the role of the Balance Scorecard in assisting the organisation in its change initiatives (including culture change) from strict organisational rules, procedures and processes to empowered self-management teams.

In an attempt to maintain and develop a sustainable competitive advantage, MultiChoice Africa (Pty) Limited realised that it was imperative for them to undergo a total transformation if they wanted to become a player in the global market and sustain their realised position (MultiChoice Africa (Pty) Limited Strategy Document, 2005: 165-182). Change management became the tool that could be used to provide and facilitate a network and foundation to realise its global strategic intent. The knowledge-based economy is founded upon a knowledge-sharing culture within the organisation, and also requires external networks to drive its future value and survival. In the next section the strategic intent of MultiChoice Africa (Pty) Ltd will be examined, focusing on the transformation from a traditional value chain approach to a global network approach in the networked economy.

3.3 MULTICHOICE AFRICA (PTY) LIMITED'S STRATEGIC INTENT

The following section covers the background in terms of which MultiChoice Africa (Pty) Limited introduced the Balanced Scorecard as a driver and change agent for the organisation's new strategic intent. The challenges that lie ahead for the organisation to adapt to future strategic models in the networked economy will also be outlined.

Change management leverages all aspects of the socialisation and integration of global organisations competing for market share. MultiChoice Africa (Pty) Limited has re-engineered all its resources, human capital, technologies and operations to prepare it for the global journey to ensure its long-term sustainable competitive advantage. To assist the organisation on its journey of transformation, MultiChoice (Pty) Limited introduced the Balanced Scorecard as a strategic management instrument to support not only the formulation but also the implementation of its newly formulated strategic intent to ensure a sustainable competitive advantage. In order to understand the organisation's strategic intent and future value proposition, the organisation's profile will first be discussed.

3.3.1 Organisational profile

MultiChoice Africa (Pty) Limited was one of the first pay-Television organisations to be launched outside of the United States in America. It started in South Africa in 1986 when M-Net (an analogue pay-Television organisation) was founded. MultiChoice Africa (Pty) Limited later separated from M-Net to provide subscriber management services for pay TV. Its holding organisation, Myriad International Holdings, was listed as an independent organisation on the Johannesburg Stock Exchange in 1995. The split paved the way for the provision of MultiChoice Africa (Pty) Limited's subscriber management services to other channel providers, such as Deukom, ZeeTV and GASA amongst others (see Annexure 2, MultiChoice Africa (Pty) Limited shareholding structure).

MultiChoice Africa (Pty) Limited currently consists of MultiChoice Africa SMS (pay television) and MultiChoice Africa SMS (M-Web); and is one of the outstanding examples of a pioneering African organisation, owned by the Naspers Group, an international player providing entertainment, technology and e-commerce services.

Currently MultiChoice Africa (Pty) Limited is the leading pay-Television operator on the African continent and adjacent islands. It provides subscriber management services for pay television and operates in more than 50 countries on the continent and adjacent islands, and more than ten countries in the Middle East. MultiChoice Africa (Pty) Limited entertains a total of over two million subscribing households worldwide. The majority of those subscribers are within South Africa (approximately 1.1 million), with approximately 800 000 DStv (digital) subscribers and the remaining being M-Net (analogue) subscribers (MultiChoice Africa (Pty) Limited Annual Report, 2005: 48-75).

MultiChoice Africa (Pty) Limited had to align its strategic objectives to ensure that the organisation remained profitable while maintaining its dominance in the pay-television sector in Africa. The strategies were aimed to address specific objectives in an attempt to counter threats or focus on opportunities that came through technology advancements and changes to government policies.

Since March 2000, MultiChoice Africa (Pty) Limited demonstrated its continuing innovation by launching full return path-based interactive television services, including TV-Mail, newly integrated programme-related interactive services, electronic games and convenient data information such as weather and news headlines. The organisation's latest innovation was the introduction of the advanced personal video recorder (PVR) decoder in December 2005.

MultiChoice Africa (Pty) Limited has recognised that, in order to remain a player in the networked economy, a fundamental shift in attaining its strategic intent needs to be driven by innovative and creative organisational initiatives. This would include structural, cultural and operational adaptations as the organisation was directly affected by shifts in global technological, sociological, political and environmental forces, as outlined in more detail in the next section.

3.3.1.1 Structure of MultiChoice Africa (Pty) Limited

Kakabadse, Ludlow and Vinnicombe (1995: 315-349) define organisational structure as the means by which strategy is pursued and resources harnessed to achieve specific objectives, objectives or outputs. Structure is the skeleton of the organisation whereby resources are organised, employment activities and roles defined and decision-making/information processes implemented through organisational hierarchies (see Section 2.7.2.2 Architecture). Organisational structures provide an operational framework within which the organisation can operate – providing rules and procedures with effective communication channels. They therefore shape organisational reality and place management in a specific context.

MultiChoice Africa (Pty) Limited has grown into a pay-Television giant consisting of ten specialised divisions, namely Financial, Human Resources, Regulatory Affairs, Corporate Affairs, Content, Interactive, Operations, Marketing and Sales, Broadcast Technology (including Orbicom) and Information Technology, with a personnel complement of close to 700. A professional core of managers and specialists perform the critical functions of designing, controlling and co-ordinating. The organisation provides careers in return for flexibility, mobility and commitment. A contractual fringe of individuals and groups execute tasks that can be executed more cost-effectively because they specialise and concentrate on a particular operation, e.g. the Contact Centre. A third group makes up the basic workforce, working part-time and in shifts to provide the necessary flexibility. This structure supports what was mentioned earlier in that the digital networked economy has brought about a more flexible approach to employment (Whetten *et al.*, 2000: 263-265, 420-422).

The specialised divisions within one locality work in partnerships, subsidiaries and joint ventures, which calls for a flexible organisational structure and culture. The organisation has a formal flat functional role and work design structure with controls and appropriate information and administrative systems for quick decision-making. Essential activities are grouped into divisions and further into departments. On an operational level, the organisation makes use of an informal matrix structure for the co-ordination and execution of special projects as identified by the executive management. This has given rise to a culture of collaboration and innovation. To what extent the Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in this context is evaluated by means of the second research question and answered in Chapter 6.

3.3.1.2 Culture of MultiChoice Africa (Pty) Limited

Culture emanates from organisational philosophy, ethics, values, actions, vision, mission and roles, structure systems and technology that influence and lead to shared sayings, jargon, actions and feelings.

MultiChoice Africa (Pty) Limited has in the past positioned and is still continually positioning itself as the global service provider of choice for connectivity and multi-channel electronic entertainment. To maintain this position the organisation follows an acquisition strategy. Acquisition is classified as a special case of change. In order to be successful, not only is the right organisation, price and time important, but managing the human and organisational issues is also critical for both the organisation doing the acquiring and the organisation being acquired.

According to Mellahi, Jedrzej and Finlay (2005c: 31-98), the three change management problems that typically occur during acquisitions are issues of power, anxiety and control. They state that acquisitions can be traumatic for the personnel and recommend that mechanisms for support be built into the integration process. These should include counselling, support groups and psychiatric referrals as part of the process of change in creating a new organisational culture.

MultiChoice Africa (Pty) Limited is driven by an aggressive corporate culture and is focused on achieving clear targets. Profit targets for business units are set high (generally 30 per cent) and failure to perform are not tolerated at an individual level.

Handy (1994: 191-200) suggests that cultures are affected by the events of the past, the climate of the present, the technology employed, the type of work and the kind of people (especially the leadership) that are employed. It is the nerve system of the organisation. The professional core has a role culture because of a flat structure and a climate of consultation. The contractual fringe displays a task culture to control and co-ordinate their services to the organisation. The workforce is fragmented and displays a role and task culture at the supervisory level and is challenged with various technological, economical, political, legal and social factors.

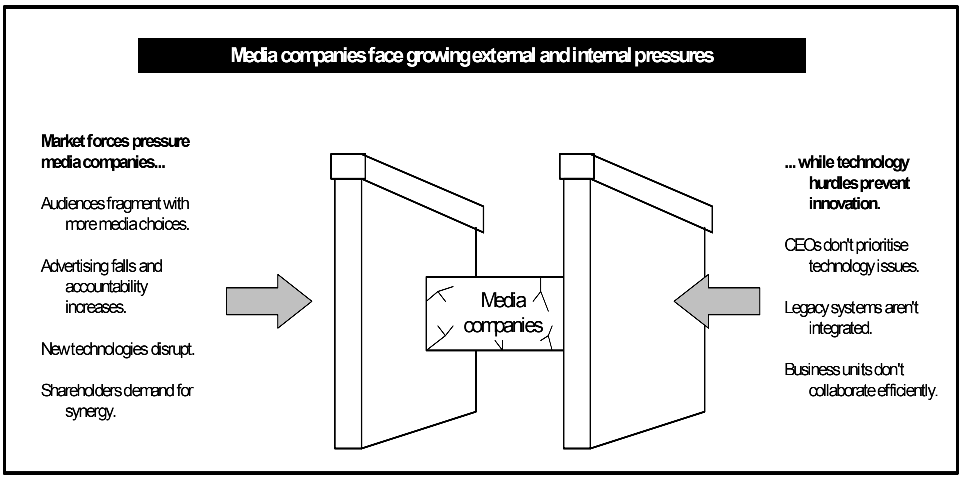
3.3.2 Environment

A critical element for the Balanced Scorecard to be an effective driver for successful strategy implementation and creating a sustainable competitive advantage is to ensure that all possible factors and variables are taken into consideration. Below the environmental forces of MultiChoice Africa (Pty) Limited are discussed and thereby the second and third research questions regarding the Balanced Scorecard's role in assisting a sustainable competitive advantage are reviewed.

3.3.2.1 Technological environment

A research study conducted by Li, Walker, Denton, Roshan and Flemming (2002: 1-4) highlighted that media organisations face growing external and internal pressures as demonstrated in the following diagram.

Figure 3.1: Media organisations face growing external and internal pressures



Source: Li *et al*. (2002: 1)

Fragmenting audiences and return on investment (ROI) pressures compel media organisations to prioritise investments on technologies that can increase customer knowledge and accelerate product development. Media executives struggle to craft a technology strategy in the midst of increasing industry and internal challenges such as shrinking audiences, cautious managers and legacy infrastructures in a tumultuous business environment where digital distribution fragments audiences and unravels business models. Audiences are further diffusing into ever-smaller cohorts that expect to have their chosen content available across multiple media and devices. Person-to-person networks and personal video recorders threaten the music, film, and television industry's high margins. To avoid the devastating financial impact that person-to-person file sharing has on the music industry, Sony Pictures intends to make available 500 of its major titles for download through service providers. Universal Studios are considering similar offerings – a clear indication that the Hollywood community is starting to address and planning to take advantage of the rapid growth in broadband penetration and high delivery speed mediums.

Home networking is perceived by players in all sectors of infrastructure, services, technology and entertainment as an opportunity to expand their footprint in the home and, ultimately, lock in consumers. In practice, however, the competitive structure of the home networking market will remain critically dependent on factors such as premium content access and security, conditional access, quality (e.g. high definition television), network interactivity, core network services convergence (e.g. cable triple play) and , for hardware especially, traditional consumer factors such as brand perceptions, buying loyalties, distribution and marketing.

For a small, but growing group of proactive users, crossover networking (e.g. home theatre to personal computer/broadband) will be attractive as it provides access to music, image (photo) and video libraries stored on personal computers – a trend driven by the uptake of digital handheld audio devices and digital cameras plus the availability of both 'free' (i.e. file sharing, Internet radio) and legitimate (i.e. paid-for) audio and video content on the Internet. The long-range architecture for the 'networked home' is likely to be a multi-platform environment with distributed local storage (hard disk device) in both static and handheld devices, both cabled and wireless connectivity to allow users to control, source, view or listen to any content throughout the home. Subscription broadcasters and service providers will be highly influential in the strategic control of communication gateways with secure content storage and networking.

With increasing public expectations for mobile communication, information and entertainment, it is vital that broadcasters and content providers address the opportunity in the market for mobile television. Technology now exists to provide a truly converged multimedia experience – anywhere, anytime. Mobile television provides a new channel to market for existing media players seeking increased viewership and additional potential revenues. For mobile operators it provides a low-cost and efficient delivery method for value-added services, thus supplementing revenue streams.

For any commercial service, it is apparent that diverse and naturally competing organisations will need to collaborate and form partnerships, each playing to its own strength. The business relationship needed to bring mobile phone television to market requires the co-operation of content owners, network operators, multiplex operators, service aggregators and mobile phone operators, each performing distinct roles in tandem. The second research question of 'diversification around the core business' investigates the Balanced Scorecard's role in this regard. This new content-to-consumer value chain needs to be supported. Broadcasters are excellent at making and managing content, mobile phone organisations excel at billing and customer relationships, and service providers have the network infrastructure to deliver the content. Mobile phone television has the potential to be the next mass-market platform for broadcasting multi-channel television in direct opposition to digital video recorders.

Digital video recorders (DVRs) and video-on-demand systems are transforming the experience of television. Fundamental changes are occurring in the way television and content is being consumed and funded. The challenge is how the industry will reconstruct itself in a schedule-free world where advertising values are diminishing and new platforms, such as broadband and mobile, are starting to capture a significant share of advertising revenues. In the United States of America six per cent of the population has a digital video recorder and users watch 60 per cent of the television shows recorded, in which they skip 92 per cent of the commercials in recorded programmes. The adoption of the technology is inevitable, especially with a younger audience more in tune with technology and thus the economical perspectives of MultiChoice Africa (Pty) Limited have a profound bearing on the organisation's actual position in the global economy.

3.3.2.2 Economic environment

The emerging global economy creates opportunities for new entrepreneurs and established businesses, therefore giving rise to challenges and threats with which yesterday's business managers did not have to deal with. Managers must decide whether and how to customise their product offerings, marketing policies, human resources practices and business strategies to deal effectively with national differences in culture, language, business practices and government regulations (Daniels, 1998c: 137-188).

Southern Africa is emerging as a region of potential importance to foreign investors as a result of the government making significant changes during the past years in limiting its role in the economy through the privatisation of state organisations and relaxing foreign exchange controls.

In the South African market MultiChoice Africa (Pty) Limited is currently the leading pay-television organisation with Sentech's Vivid platform, the former broadcasting technology division of the state-owned South African Broadcasting Corporation, that has been privatised, as its only pay-television competitor. Sentech, through the introduction of its conditional access, utilising smart cards and decoders, is in a position to offer open and encrypted services. This places Sentech in a strong position to enter the conditional access pay-television market, using proven, less expensive digital terrestrial transmission technology, which allows them to market pay-television products at approximately half the cost of MultiChoice Africa (Pty) Limited's DStv product offering. In this regard, the question to be answered is therefore to what degree did the introduction of the Balanced Scorecard assist MultiChoice Africa (Pty) Limited in reducing its operating costs and increase its efficiency to be able to directly compete with Sentech's competitive advantage.

When e-tv entered the South African market, it refocused the advertising market and caused advertising wars between M-Net, the South African Broadcasting Corporation and e-tv, all competing for the same viewership. The Independent Communications Authority of South Africa has indicated that it intends to close down the M-Net Open Time in 2006/ 2007, which will favour e-tv and the South African Broadcasting Corporation. This will have a direct impact on MultiChoice Africa (Pty) Limited's bottom line as advertising opportunities have already proven difficult in the rest of Africa as a result of the unavailability of products and language issues in those markets.

Since there is no real competition in the pay-Television arena, this has resulted in MultiChoice Africa (Pty) Limited being regarded as a monopoly. MultiChoice Africa (Pty) Limited, however, is not a pure monopoly since there are other broadcasters in the South African industry while in Africa several organisations are competing in the pay-Television industry. One, the Union Alliance Media, uses radio and terrestrial technology instead of satellite to drive its pay-television offering. This has resulted in substantial cost savings for Union Alliance Media, and it is therefore able to market a much more affordable service – usually at half the price of the MultiChoice Africa (Pty) Ltd offering that uses satellite technology. The question to be answered in this regard is therefore to what degree did the introduction of the Balanced Scorecard assist MultiChoice Africa (Pty) Limited in enhancing and changing societal perception of being a monopoly?

MultiChoice Africa (Pty) Limited products are by their very nature classified as luxury products and, as a result, compete with other luxury goods and services in the entertainment market, such as cellular phones, casinos, national lottery, cinemas, video outlets and other forms of family entertainment and the organisation relies on consumers' surplus disposable income. Growth in the cellular industry and casinos in South Africa has been a major factor which has had an impact on consumer spending. Further, rising fuel and healthcare costs due to AIDS-related diseases are likely to impact on consumer spending in years to come, which will ultimately impact on MultiChoice Africa (Pty) Limited.

DStv is broadcast across the African continent and surrounding islands using three satellites (PanAmSat's PAS 7, PAS 10 and Eutelsat's W4). These satellites can be up-linked from any European country, thus creating an opportunity for new entrants into this market. BSkyB in Europe, which has over six million subscribers, has the ability to enter into the markets dominated by MultiChoice Africa (Pty) Limited while Don't Panic TV, up-linked from London directly to PAS 7, had immediate access to the MultiChoice Africa (Pty) Limited market, utilising the same conditional access and decoders. MultiChoice Africa (Pty) Limited was forced to network lock its decoders after the broadcast authorities blocked the Don't Panic TV transmission. Subsequently MultiChoice Africa (Pty) Limited had to negotiate with PanAmSat to convert local frequencies to those that can be up-linked from Europe as a strategy to ensure that the market is no longer accessible.

European countries are currently converting their analogue frequencies to digital terrestrial, which will allow them to broadcast six channels on the same frequency previously occupied by one. MultiChoice Africa (Pty) Limited deployed the same technology in Namibia in 2005 by converting 3 000 analogue subscribers to a digital network and supplementing those subscribers with an additional five DStv channels as a value-added offering.

A large portion of the organisation's operational cost consists of payments to channel content providers in the United States of America and Europe. Local productions are more popular than foreign content, but more expensive to produce. MultiChoice Africa (Pty) Limited is thus dependent on exchange rates to determine profitability and prices as it also incurs dollar-based royalties to OpenTV and Irdeto Access for every new decoder deployed in the market. This dollar component is added to the rand-based decoder retail costs.

Due to the socio-political changes in the South African economy in recent years, other market segments have become more affluent and provide a likely market for the organisation's products. In the past two years MultiChoice Africa (Pty) Limited has been targeting the higher income black consumers with limited success, as the lack of available content has been a barrier. The organisation introduced a compact bouquet for consumers in the Living Standard Measure 4-7 income groups in 2004 with a reduced subscription of R199 per month (Rand being the South African monetary currency). Although it does not allow a personalised choice of channels, it addresses the subscription barrier. The content was aligned with the market needs and the decoder price was reduced by removing functionality that was not used.

The corporate tax rate cuts announced by the government (March 2005) have also resulted in more funds being available in the South African economy, resulting in organisations such as MultiChoice Africa (Pty) Limited being in a better position to invest in new technologies and content delivery platforms. Intellectual property legislation is a direct result of technological and economical development and is directly affected by the political and legal environment, as can be seen in the following section.

3.3.2.3 Political and legal environment

In South Africa the traditional hierarchical, white male-dominated large corporate environment is no longer the norm. Designated groups (Africans, Asians, Coloureds, women and disabled persons) now make up the majority of all new entrants into the workplace. This trend is driven by legislation such as the Employment Equity Act of South Africa, No 55 of 1998, The Labour Relations Act of South Africa (as amended), No 66 of 1995, the Skills Development Facilitation Act of South Africa, No 67 of 1999, and The Basic Conditions of Employment Act of South Africa, No 75 of 1997. The Preferential Procurement Policy Framework Act of South Africa, No 5 of 2000 further promotes preferential treatment in tenders to organisations owned by previously disadvantaged individuals or groups, while preference is also given to organisations that have a more diverse workforce.

The government is further introducing pay-television broadcasting legislation, in terms of which MultiChoice Africa (Pty) Limited must apply for a broadcast licence. This will come into effect during 2007. This will introduce 'real' competition into the pay-television arena. In order to secure a licence, MultiChoice Africa (Pty) Limited is required to ensure corporate adherence to government regulations, maintain a positive corporate image, comply with all government regulations and be actively involved in social investment programmes. Most governments in Africa now insist that MultiChoice Africa (Pty) Ltd broadcast their local channels as part of granting a broadcasting licence in their territories. To what degree the introduction of the Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in this regard is investigated through the third research question of assisting in 'sustainable customer acquisition and retention (environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy by communicating values and policies to all stakeholders in the community).

The deregulation of the telecommunications industry in South Africa resulted in cellular operators streaming video to cellular phones, while Telkom, previously the state-owned telecommunications organisation, together with MultiChoice Africa (Pty) Limited, is currently investigating streaming video over Telkom's digital telephone network (ADSL). Thus the economic, legal, technological and legislative constructs have a direct influence on the social environment in which an organisation exists. The social context embraces all constructs that are supportive in creating a global organisation and therefore leverages towards a sustainable competitive advantage in the networked economy as outlined below.

3.3.2.4 Social environment

Daniels (1998c: 278-331) comment on the unique challenges for managers and superiors that could seriously jeopardise the competitiveness of an organisation as far as diversity management is concerned. Included among these is lower group cohesiveness, as diverse groups tend to be less cohesive than homogenous groups. Because of a lack of similarity in terms of, for example, language, culture and background among their members, diverse groups find it more difficult to cultivate strong group cohesion. Lack of communication in terms of misunderstandings, inaccuracies, inefficiencies and slowness are typical communication problems experienced by diverse groups as members often assume that the other party understands the message when in fact it does not, thus contributing to communication breakdowns. The question to be answered is therefore to what degree did the introduction of the Balanced Scorecard assist MultiChoice Africa (Pty) Limited to interconnect throughout societies and economies?

A continuous commitment to ethics is difficult as temptations constantly arise in business. A formal ethical code of conduct is, however, a useful guide that could assist businesses to gain a competitive advantage in an honest and fair manner. According to Fahy and Hooley (2002: 241-253), such an ethical code must stipulate the guidelines for ethical behaviour in the organisation. Thus the question arises to what degree did the introduction of the Balanced Scorecard assist MultiChoice Africa (Pty) Limited in enhancing corporate governance principles. This is dealt with by means of the second and third research questions, and the findings are presented in Chapter 6.

The worldwide shortage of skilled people has made it easier for skilled individuals to immigrate to countries such as the United States of America, Canada, Australia and the United Kingdom. When organisations in these countries recruit people, they often source for talent outside their borders, especially when they require technical specialists. South Africa has subsequently lost many specialists to these regions, especially from technology-related industries and as a consequence MultiChoice Africa (Pty) had to re-evaluate its human resources policies to enable the organisation to directly compete with competitors outside its borders.

MultiChoice Africa (Pty) Limited maintains an important business profile and contributes directly towards not only the national income, but also to the well-being of the South African community as a whole. To what degree the introduction of the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited in communicating the organisation's role in this regard is evaluated through the formulation of the third research question.

MultiChoice Africa (Pty) Limited is further affected by negative publicity in the media. The issues persistently centre on repeat programmes and frustration when contacting the organisation. The organisation is perceived to be arrogant and the impression is that DStv is not value for money (exorbitant fees), with endless repeat programmes and shocking continuity. DStv subscribers are of the opinion that it is unfair of MultiChoice Africa (Pty) Limited to increase monthly subscriptions because the rand (South Africa's monetary unit) strengthening against the United States of

America dollar, while pensioners complain that MultiChoice Africa (Pty) Limited is the only organisation that does not offer subscription discounts to them.

However, the organisation actively participates in social responsibility programmes and through partnership with Mindset, created a learning channel on the DStv bouquet to improve learning and development and education, while its Parliamentary channel ensures that all South Africans who have access to DStv can follow the democracy process as it unfolds in parliament. The organisation further sponsors the VUKA Awards, targeting young African movie makers in South Africa, while the annual 'Face of Africa' pageant is well received on the continent. Winners are offered contracts by leading international model agencies interlinked in MultiChoice Africa (Pty) Limited's value chain.

The value chain is the life-blood of an organisation as demonstrated in the case study organisation. Communities of supplier networks influence and have an effect on the strategic profile of not only the particular organisation, but also on the entire network.

3.3.3 Value chain analysis

The case study organisation's design of the Balanced Scorecard is crafted around its value chain. However, due to the networked economy and its implications for the organisation, it is proposed that a shift in the current Balanced Scorecard architecture should make provisions for a networked design to incorporate the additional constructs that an organisation should take into consideration (see Chapter 7). The following section outlines MultiChoice Africa (Pty) Limited's current value chain and elaborates on the elements that were taken into consideration when the Balanced Scorecard was initially developed and implemented.

The organisation has embarked on a cross-functional approach to managing core business processes to support the organisational strategy of innovation, product and service generation, order fulfilment and people management, all geared towards total customer satisfaction.

Value chains are a major focus in today's business world and organisations must either eliminate activities that do not add value or improve the efficiency of activities that do by integrating all organisational activities. The second research question investigates the degree to which the Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in adapting technologies to ensure a reduction in operational costs and access lowest cost and best quality products and services without sacrificing co-ordination and control measures. This demands a sound understanding of the chain of activities and its interrelationship with other business activities and organisations.

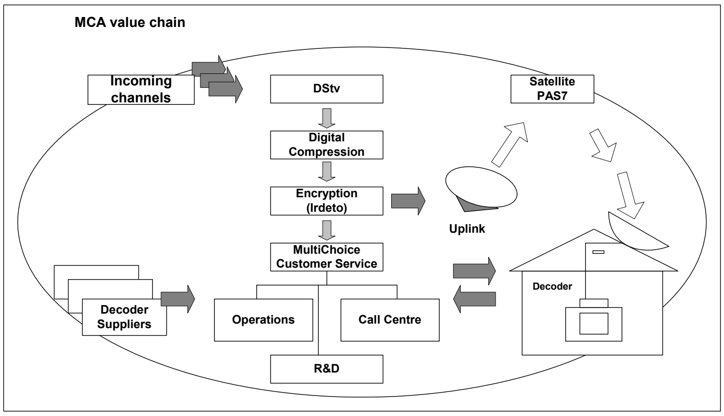
Strategic alliances with other organisations, which in the past would have been perceived as competitors, are emerging. These alliances have a direct impact on the organisational structure, culture and leadership. The organisation places facilities as close as possible to the regions that it serves through joint ventures, agents and distributors. Competitors in one market become alliances in another to accommodate diversity and risk-sharing. The organisation's operation has thus by necessity become extremely complex and diversified, and the transformation and change is managed through change management and transformational leadership in every aspect of the business.

In order to address the level of competitiveness in the industry, the organisation has deployed various instruments to help it understand its internal capabilities, manage competitors, creditors, customers, labour and suppliers, the latest being Six Sigma (i.e. they are measuring internal processes and making improvements until the desired savings or process improvements are reached). Examples include new customer activation processes, magazine and statement distribution initiatives, branch re-engineering and decoder stability, and the introduction of the Balanced Scorecard as a strategic management instrument.

Figure 3.2 below illustrates the MultiChoice Africa (Pty) Limited value chain as perceived by the organisation (MultiChoice Business Report, 2005: 16-41). Though MultiChoice Africa (Pty) Limited's value chain differs somewhat from the generic value chains usually found in academic textbooks, the diagram visually depicts the input, context and output of the organisations products and services, highlighting the various international content suppliers that the organisation depends on for re-broadcasting content on its DStv bouquet, including the various satellite suppliers that the organisation depends on for its broadcasting technology and operations. There are currently only a small number of satellite operators that are able to broadcast digital signal satellite technology on a global scale and MultiChoice Africa

(Pty) Limited directly competes with other media operators such as BSkyB in Europe for transponder capacity on these satellites.

Figure 3.2: The MultiChoice Africa (Pty) Limited value chain



Source: MultiChoice Africa (Pty) Limited Strategy Document (2005: 35)

The diagram to some degree also illustrates the internal processes and organisational structure (for example MultiChoice Africa (Pty) Limited call centre).

Through highlighting and illustrating MultiChoice Africa (Pty) Limited's value chain, the organisation's extended value chain in realising the creation of an extended enterprise to access lowest cost and best quality products and services is contextualised. Whether and to what degree the introduction of the Balanced Scorecard has assisted the organisation in realising this strategic intent and whether the current format of the organisation's Balanced Scorecard is assisting in realising and measuring this intent, is investigated through the formulation of the second research question. The findings as discussed in Chapter 6 directly contributed to the proposed theoretical model of a Networked Balanced Scorecard theoretical model presented in Chapter 7. The theoretical model is based on a Balanced Scorecard that is aligned with the new networked economy.

The following section describes the organisation's content production and broadcasting operations and further highlights key strategic objectives as outlined in the diagram above.

MultiChoice Africa (Pty) Limited receives foreign content in Randburg and Spain through various backhauls provided by Orbicom, Telkom and British Telecommunications, while M-Net obtains its content directly from the studios (Paramount, Universal, Warner Brothers, Fox, Disney and Sony) in the form of tapes that are stored in the video library after it is edited for 'strong' language and rated based on age. Local content is supplied by M-Net, SuperSport, free-to-air broadcasters and interactive content by the interactive television business unit. Local advertisements are inserted into the content, while a subscriber management system determines which content a specific customer or country can view. The content is digitally processed, scrambled and up-linked to the various satellites by Orbicom, a local signal distributor, and subscribers receive the content through a satellite receiver dish, decoder and television. MultiChoice Africa (Pty) Limited is currently incorporating Orbicom into its stable of group organisations.

The content (video, audio and data) received from the broadcasters is scrambled and packaged, based on the billing rules, which, in turn, are based on the bouquet offerings. The electronic programme guide and interactive application data is multiplexed with the video content. Off-air quality of more than 300 channels is monitored across the three networks (PAS 7, PAS 10 and W4). Broadcast efficiencies are achieved through automatic audio and video monitoring facilities, while the majority of the channels provide their monthly programme information in the correct format for easy integration into the electronic programme guide. Further efficiencies are achieved by reducing the number of backhaul channels in Randburg through directly up-linking to the satellites from Europe and the utilisation of remote digital advertising insertion solutions (also a world first for the organisation). A server in Spain is updated with local advertisements, using the Internet network via satellite during the night to transfer the advertisements. These advertisements replace foreign advertisements on the incoming feeds. Effective bandwidth management and stable broadcast infrastructure with redundancy networks, in the event of hardware failures, further increases operational efficiencies.

The Dual View decoder, which was launched in 2004, allowed subscribers to view independently in two different environments for an additional monthly fee. This additional subscription does not attract any royalties, or incur any overhead costs and was a world first. Followers, such as Sky TV in the United Kingdom, introduced the same concept during the latter part of 2005. MultiChoice Africa (Pty) Limited also introduced a Personal Video Recorder in 2006 (MultiChoice Annual Report, 2006:

42-47) which allows the subscriber to record content on a hard drive for viewing at a later stage or time-shifting live events.

A project management methodology has been adopted to drive business objectives through collaboration between divisions and involving executive management in the decision-making process. The culture is one where steering committees take decisions on projects to mitigate risks, approve budgets, resources needs and change requests that affect time, cost or quality. Stakeholders receive monthly progress reports by way of project cockpits, summarising status, risks and milestones. Key projects are managed centrally through the projects office while divisional projects are assigned to senior staff, with the general manager being the sponsor of divisional projects.

Staff performance is managed through a formal review process, detailing a development plan for personnel to meet the requirements of the position and to be more effective in the workplace. Achievers are rewarded and retained, while poor performers are exited from the organisation. MultiChoice Africa (Pty) Limited has a workplace forum as opposed to a trade union to represent staff. The consultative process has worked well for management and staff as the forum represents staff during recruitment, dismissal hearings and retrenchments. Staff satisfaction is surveyed once a year and corrective measures are made to address any issues. The organisation, in its drive for continuous improvement, annually participates in the 'Deloitte Best Company to Work for' survey and obtained 22nd place in 2004, compared with 57th in 2002 (MultiChoice Africa (Pty) Limited Annual Report, 2005: 48-75).

The organisation uses M-Web's (a sister organisation and an example of group synergy) e-Commerce system, which contains a list of vendors who comply with the government's Black Economic Empowerment strategy. Through the central purchasing Internet-based system, group buying power is used to ensure that smaller business units obtain the best possible price (economies of scale/scope).

In terms of quality, the impact of the decoders, middleware software and conditional access suppliers all have quality management processes in place to manage product quality. MultiChoice Africa (Pty) Limited receives complete products from these suppliers. The channel content quality is monitored and subjectively evaluated through market satisfaction surveys. Quality forums meet monthly to discuss failure rates, trends and incidents. The forum consists of supplier representatives and internal business units. Daily incidents are relayed to the suppliers for speedy resolution and managed by operational staff, while feedback is also provided to the developers for improvements of future products. MultiChoice Africa (Pty) Limited thus operates like an adhocracy. Robinson and Pearce (1988: 43-60) define the need for an adhocracy as follows:

> "When it is important that the organisation be adaptable and creative, when individual specialists from diverse disciplines are required to collaborate to achieve common objectives, and when tasks are technical, non-programmed, and too complex for any one person to handle, the adhocracy represents a viable alternative."

It is evident that this is the most appropriate structure for information technology organisations, and certainly for MultiChoice Africa (Pty) Limited. The problem arises in the disadvantage of this structure, which is that it may cause social stress and psychological tension for the workforce.

Media organisations should focus on how technology can solve two of their most pressing business problems – profitability and innovation. Media organisations view their customers and the consumer audience, in particular, as a mass to be served equally. Instead, as outlined in Li *et al.* (2002: 1-4), media organisations should use business intelligence software to identify which customers are the most profitable as those that become adept at managing wallet share and customer lifetime value will derive increased revenues from their customers. These organisations will be able to forecast the success of new marketing messages and products, keeping misdirected ideas from draining valuable resources. At the same time media organisations should also leverage the high cost of original content creation and deliver derivative products faster. The proliferation of consumers' options, as represented by video-on-demand, personal video recorders and digital radio, will accelerate the pace of change in consumer preferences.

For entertainment organisations and broadcasters the approach to mass media is changing as audiences fragment to the point where the top prime-time television shows draw an audience of fewer than ten points. However, video-on-demand allows for marketing, based on addressable set-top boxes and games, while music and films become beholden to feedback from the most ardent fans. With more fickle consumers, media organisations will have to start managing and measuring their value actively.

Tichy (2002: 65-127) outlines the various options to enable growth in organisations. Profitable business growth flows firstly from the contributed value growth (actual customer growth and value per customer growth) to increase value creation through elements such as type/segment, place/geography, time/occasion, value, variety and service. Productivity growth is enabled through the learning rate of the organisation and includes actions such as 'best practice' transfers and process re-engineering, while the pace of execution is accelerated through overall organisational effectiveness, people capabilities and culture. The second research question is formulated to evaluate the Balanced Scorecard's role in assisting MultiChoice Africa (Pty) Limited in creating 'loops of learning' to ultimately assist in creating knowledge employees, thereby creating a sustainable competitive advantage.

MultiChoice Africa (Pty) Limited critically analysed its value chain (internal and external) and has started to measure its value chain activities, which has led to an array of change management initiatives throughout the organisation. The organisation came to the realisation that it should maintain and enhance its value chain and continuously expand its networks to ensure a sustainable competitive advantage through continuous organisational assessment and change initiatives.

3.3.4 Change management and organisational assessment

Key to the case study organisation's future strategic value and intent is the successful implementation of change management (transformation) into the fabric of the Balanced Scorecard. The results from the pre- and post-perception study of the strategic value of the Balanced Scorecard will be taken into consideration when evaluating the role of the Balanced Scorecard as a driver for change management in the network economy as discussed in Chapter 6.

This section examines the change in strategy that MultiChoice Africa (Pty) Limited has embarked upon. In this regard the question is raised whether the relationship between all the elements has been thought through and possible alternative solutions to this question are presented in Chapter 7 by means of the proposed 'Network Balanced Scorecard' theoretical model. The way the change process is being implemented will be touched on superficially, as an in-depth analysis is beyond the scope of this chapter.

Factors that led to the change management initiatives at MultiChoice Africa (Pty) Limited came about directly from the fact that the organisation has historically been a reseller of 'best of breed entertainment products' by being a low value-add re-broadcaster for channel content. In the long term MultiChoice Africa (Pty) Limited plans to exit the areas of business where it merely acts as a 'reseller' of products and has proactively chosen to change its strategy and adopt the vision of being a service provider through its already established subscriber management platforms. This places a higher emphasis on the value-added service delivery than on actual transmission of entertainment material. Value creation and value-added services are discussed in Chapter 7 by means of the proposed 'Networked Balanced Scorecard' theoretical model.

An independent organisational assessment was conducted to assess the readiness to execute the proposed new strategies through the implementation of the Balanced Scorecard. Assessment groups included divisional heads, direct reports and a representative sample of employees. Criteria included the strategy execution construct or readiness, performance management, innovation and knowledge management. The readiness assessment performed by an independent consulting organisation utilised a questionnaire where staff indicated their opinions on a five-point Likert scale, based on a perception index interpretation, which ranges from a rating of one (does not exist at all) to a rating of five (in a position to be a role model for other organisations).

The strategy execution construct included the broad understanding of the customer needs and focus areas, core competencies required for strategy execution, alignment and flexibility of business processes, alignment of the information systems to strategic business priorities, decision-making culture, leadership maturity and teams clearly mapped to the strategic focus areas and business model.

Innovation and knowledge management were assessed through criteria such as innovation as the central aspect of good performance, demonstrated innovation, knowledge management maturity, collaboration and teamwork quality, focus on training, information systems maturity to support knowledge gathering, and dissemination and key employee retention and encouragement.

The performance management readiness was assessed through criteria such as leadership maturity in understanding and executing strategy, quality of communication related to strategy to lower levels, relation of organisational success to employee compensation, maturity of the performance assessment process as well as value creation in relation to competitors.

The findings of the organisational readiness results are briefly as follows: misalignment of budgets, objectives and performance discussions, setting targets without information (no baseline to work from), while the span of influence provides a challenge. It was felt that the disparity between skill, process and risk was too wide, while all participants expressed the desire for the support systems to be ready and implemented before the organisation could embark on the implementation of the Balanced Scorecard.

Drennan (1992: 70-74) points out that the Hawthorne effect shouldn't be disregarded in such an instance since it illustrates the power of attention, as well as the potential it presents for successful organisational transformation.

> "The lesson of Hawthorne is still very relevant today: Consistent management attention to key objectives, combined with adult, genially concerned treatment of those involved in the work, can produce not only record-breaking performance but a breaking of the limits that old cultural habits have imposed" (Drennan, 1992: 70-74).

Strebel (2006: 45-62) believe that in order to motivate the need for change, it is necessary to make people uncomfortable with the status quo and they proposed utilising existing anxiety levels, which manifest during change, to overcome the learning and survival anxiety. This would contribute to the current atmosphere of uncertainty within the organisation. The fear of retrenchment and the establishment of new individual measurements of performance as a direct result of implementing the Balanced Scorecard could thus foster a culture of survival amongst the employees, where they are more concerned with making their target and ensuring their position within the organisation than realising the vision and strategy of the group as a whole.

A function of structure is to contribute to sustaining and creating an organisational culture, i.e. creating a forum wherein a culture can be developed and introduced to all members and affiliated members. Handy (1994: 191-200) suggests that cultures are affected by the events of the past, by the climate of the present, by the technology of the type of work, by their aims and the kind of people (especially the leadership) who work in them. It is the nerve system of the organisation.

As a result of the rapid growth experienced by the organisation, there were a number of structural changes that resulted in the culture not having had sufficient time to establish itself, and furthermore there seemed to be a disparity between the sales and services divisions within the organisation. Low motivation and morale was recognised by management, but they believed that the level was no higher than normal in all uncertain situations and emphasised the need for effective and continuous communication to all staff members to overcome this barrier. Management recognised that it is essential to communicate the vision to all concerned and position the events as a positive natural progression in the life cycle of the organisation. To what degree the introduction of the Balanced Scorecard assisted the organisation in realising this, is evaluated through the formulation of the first research question. Team breakaways are currently being planned with the aim of increasing morale and motivation, and to use it as an opportunity for communicating to all staff members.

Style is generally perceived as a reflection of an organisation's culture (Waterman, Peters & Phillips, 1990: 14-26). MultiChoice Africa (Pty) Limited historically had a very aggressive corporate culture and the importance of financial performance was stressed above anything else. The culture needs to be aligned with the current strategy, and in order to achieve this, loyalty is required. MultiChoice Africa (Pty) Limited has realised that if its culture is not aligned with the strategy, then culture will override the strategic objectives and has therefore introduced specific objectives to address the misalignment through new innovative remuneration structures and staff incentives.

In large and complex areas of study, it is beneficial to first get an overview for the purpose of positioning and clarity of direction. In organisational restructuring and change, it is the relationship between all the elements that is particularly significant by J. Clark (1995: 1-4, 7-48, 134-137, 226-240). No one element should be pursued to the detriment of another, as the interconnectedness to realise improvement and development in one area directly affects other areas. The key to the change initiative is not attending to each element in isolation but to connect and balance all the elements. This is precisely what Kaplan and Norton's Balanced Scorecard tends to achieve and is evaluated through the formulation of all three research questions. The critical task is to understand how the elements balance each other, how changing one element changes the rest, and how sequencing and pace affect the whole structure.

The final step in transformation is to institutionalise new approaches. There are two fundamental factors that will change the corporate culture. Firstly, any improvement in performance that is linked to the change process should be highlighted to the staff. Secondly, succession planning should not be ignored. It is vital that the succeeding generation of top management embraces the organisational changes (Kotler, 2003: 90-90, 108, 348-352).

In the light of the recent changes in the macro and micro-economic environment as discussed above, it is evident that MultiChoice Africa (Pty) Limited needed to take some action to avert the risks and take advantage of the opportunities that these changes present. The degree to how the introduction of the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited in reducing the risks associated with change and therefore assisted in the organisation's sustainable competitive advantage, is evaluated through the formulation of the second research question.

By consolidating improvements and producing still more change, a victory should not declared too soon. This does not imply that a win should not be celebrated, only that the war not be declared as won prematurely. It takes years for changes and new approaches to permeate through an organisation, particularly the human aspect of adapting to change. Drennan (1992: 70-74) emphasises the importance of repetition in consolidating improvements.

In an attempt to enhance the sustainability of its competitive advantage, MultiChoice Africa (Pty) Limited should start with a change management process of its supply chain as supply chain integration was intended to increase productivity, innovation and profit. According to Bunger, Brown and Schaeffer (2002: 1-4), cross-organisational application integration won't experience victory until all partners, people and processes change as well – with interorganisational change management. The authors outline that new technology and organisational change are the only two factors that will promote growth. Before 1993 productivity growth was acquired through perfect processes within departments (productivity growth of one to three per cent was achieved through process re-engineering and right-sizing). Between 1993 and 2000, on the other hand, intra-organisational change management, through breaking down barriers between departments for cross-functional processes, realised a productivity growth of three to six per cent (Bunger *et al*., 2002: 1-4).

Bunger *et al.* (2002: 1-4) further mentions the fact that since 2001 inter-organisational change management ensures productivity growth of five per cent plus, through breaking down barriers between organisations for cross-functional processes. The value chain is changing with the dawn of a new discipline, inter-organisational change management. This is mainly achieved through outsourcing and splitting functions with partners for productivity. The formulation of the third research question of whether the Balanced Scorecard assists MultiChoice Africa (Pty) Limited to create new relationships to create extended enterprises, to access lowest cost and best quality products and services without sacrificing co-ordination and control measures, takes Bunger *et al*. (2002: 1-4) comment into account. This new approach to the value chain captures innovative ideas from people across the value chain. Boeing is a good example of the new approach. When Boeing designed the revolutionary 777 aircraft ten years ago, it deployed collaboration software to 2 200 employees on 238 design/build teams across several of its divisions and geographies. But to develop its next big innovation, the Sonic Cruiser, Boeing's collaborative teams and software will not only cross internal boundaries, but also external ones to its 20 000 suppliers.

Inter-organisational change management will build on the 1990s intra-organisational change management skills. Best practices for aligning partners, people and processes with cross-organisational objectives will emerge quickly as collaborative organisations embrace these skills as changes sweep the industry. Bunger *et al.* (2002: 1-4) highlight the fact that measuring productivity for an entire business network will become a new component of organisational valuations, and, ultimately, new financial measurements and instruments will emerge – like mutual funds that track the performance of a particular business network. The following diagram outlines the differences in intra-organisational and inter-organisational change management.

Figure 3.3: Differences intra and inter-organisational change management

Differences in Intracompany and Intercompany Change Management

	Intra-company change management	Inter-company change management
Partners	• Recruit change partners up and down the hierarchy • Co-operate across departmental boundaries • Establish strategic partnerships	• Recruit change partners up and down the value chain • Co-operate across industry boundaries • Enable dynamic partnering
People	• Organise cross-functional process teams • Empower employees in flat hierarchies • Managers lead by example	• Organise cross-organisational project teams • Unleash a swarm/emergent organisation • Managers develop adaptive work force
Processes	• Re-engineer cross-functional processes • Involve everyone in collaborative management • Process goal is Six Sigma quality	• Create adaptive supply networks • Enable hands-free, sense-and-respond management • Process goal is end customer profitability

Source: Bunger *et al*. (2002: 1-4)

Innovation pressure will force process owners to become project leaders in the very near future. Successful process owners and their project teams will roam across organisations from process chokepoint to chokepoint, realigning the systems and processes that manufacturers and suppliers share (Cameron, Mines & Boynton, (2002: 1-13).

By establishing joint inter-organisational objectives between all stakeholders in the value chain through the realisation of inter-organisational Balanced Scorecards that improve and enhance inter-organisational co-operation, collaboration and growth, the sustainable competitive advantage for all stakeholders in the inter-organisational value chain is enhanced. One can thus make the assumption that the implementation of the Balanced Scorecard as a generic instrument for strategy implementation can no longer be implemented in isolation in a single organisation but should be perceived as a collective control instrument to enhance collaboration between organisations, governments and industries (see Section 7. 4.2, The Networked Balanced Scorecard).

3.3.5 Implementation of the Balanced Scorecard

The Balanced Scorecard provides a lens through which all functions of the organisation can be related and co-ordinated for other crucial players, not only in the value chain but also in the wider network as a whole. This instrument should be used in an attempt to create larger networks and establish collaborative communities of practice, as outlined in the following section and further expanded upon in Chapter 7 where the Networked Balanced Scorecard theoretical model is introduced.

3.3.5.1 Background

MultiChoice Africa (Pty) Limited had to align its strategic objectives to ensure that the business remains profitable while maintaining its dominance in the pay-Television business in Africa. The strategies were aimed at addressing specific objectives in an attempt to counter threats or focus on opportunities that came through technology advancements and changes to government policies.

The Balanced Scorecard was implemented to support the organisation in its change management initiatives. Change management can be defined as the process of providing strategic support to ensure that people and the organisation are intellectually, physically and emotionally prepared to commit to the changes that will occur as a result of organisational initiatives.

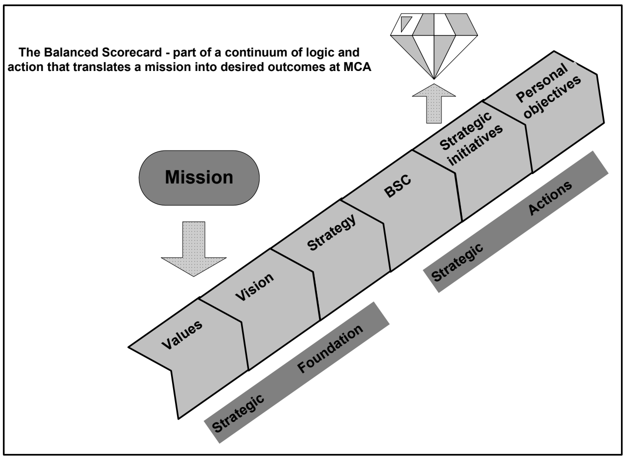
The objectives and activities in the MultiChoice Africa (Pty) Limited change management work stream coupled with the implementation of the Balanced Scorecard included enhancing the understanding of the history of change in the organisation and the impact of the implementation of the Balanced Scorecard in the organisation. This was done by continuously communicating the changes, benefits and facts surrounding the implementation and proposed changes.

MultiChoice Africa (Pty) Limited had to make changes to its mission and vision to take into account the future of its business as it had remained unchanged for five years. It thus had to be revised to accommodate a converged environment where the boundaries between broadcasting, computing and telecommunications are becoming increasingly blurred. Changing an organisation's vision and mission requires serious consideration and several working sessions. The vision and mission that emerged from this exercise positioned the organisation to deliver compelling content to various devices (e. g. mobile phones, personal digital ants, personal computers, using multiple platforms [not just satellite]), while providing world-class customer service.

The decision to implement the Balanced Scorecard arose from the fact that there was limited focus on strategic issues, that management reporting was biased towards financial measures and that there were aggressive growth initiatives that put pressure on strategy development and deployment. In the past the performance of the organisation was based on and assessed by reporting on historical data. Management parameters have been issued through assignment of resources and priority notes. However, these have to a lesser extent been related to the actual results achieved.

Through participation in the development of Balanced Scorecards and testing of the system, more attention has been given to the management of the operations by analysing the organisation's value chain as outlined in the diagram below.

Figure 3.4: The Balanced Scorecard (BSC) – part of a continuum of logic and action that translates a mission into desired outcomes at MultiChoice Africa (Pty) Limited



Source: MultiChoice Africa (Pty) Limited internal newsletter, NetworkNews (April 2005: 3)

The organisation further used the Balanced Scorecard implementation process to focus on the process of setting standards in order to address multiple perspectives within the organisation. The Balanced Scorecard forces the standards to translate into tangible objectives and measurable outcomes in an attempt to create an overall impact. The focus of the Balanced Scorecard project was to develop a suitable framework for MultiChoice Africa (Pty) Limited's management, given the centrally determined strategies to improve goal accomplishment as outlined in the diagram above. It is imperative to link the Balanced Scorecard to specific strategies, which provide further initiatives for creating multiple networks to sustain the information flow and update the day-to-day operational activities that are aligned to the long-term strategic vision and mission.

3.3.5.2 Linkage to the strategies

Strategic focus areas for MultiChoice Africa (Pty) Limited include content leadership across multiple delivery platforms, retaining and growing the subscriber base and new markets, and ensuring the optimum utilisation of the delivery infrastructure.

Strategic alliances with other organisations which would have been regarded as competitors in the past are emerging. This has a direct impact on the organisational structure, culture and leadership. The organisation also sites facilities as close as possible to the regions that it serves through joint ventures, agents and distributors. Competitors in one market become alliances in another in order to deal with diversity and sharing of risks. The organisation's operation has become extremely complex and diversified, and the transformation and change is managed through change management and transformational leadership in every aspect of the business (see Section 3.3.5.3, MultiChoice Africa (Pty) Limited Corporate Balanced Scorecard).

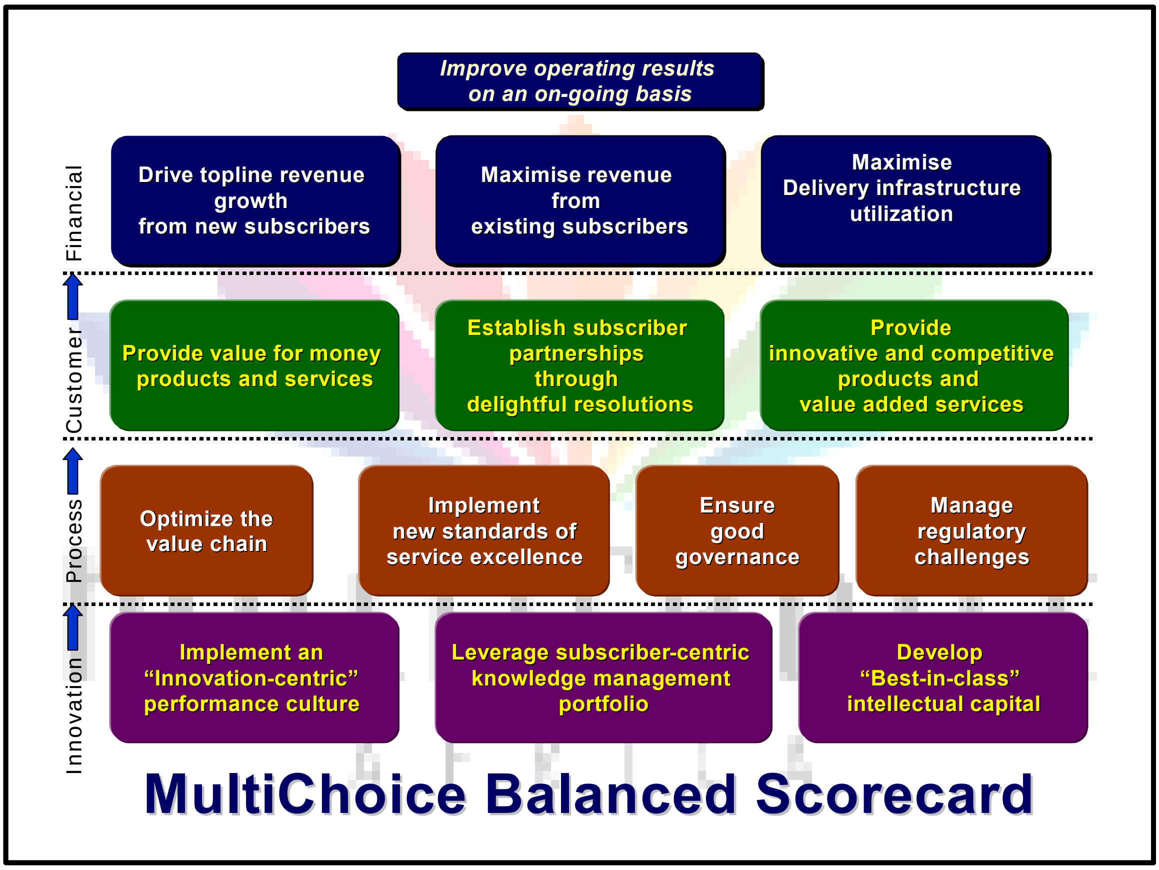
Specific corporate objectives include the establishment of new revenue streams and services, the entrenchment of risk assessment disciplines, obtaining a broadcast licence and preparing for competition issues, entrenchment of interactive television services (e.g. youth market) and the formulation of group strategies for mobile services.

Through the development of the Balanced Scorecard framework, a clear objective was to develop a management system suitable for governing the organisation, which incorporates both long-term and short-term (annual) priorities through the establishment of appropriate lead indicators or forward-looking parameters. The ultimate goal of MultiChoice Africa (Pty) Limited's strategy and Balanced Scorecard is to maximise shareholder value through the realisation of the mission and vision, which will lead to increased profits. Although an organisation maintains its specific objectives, they are inextricably linked to the larger information surge, which creates important challenges for the ultimate survival of the organisation in its attempt to maintain and develop a sustainable competitive advantage. These are contained in the communication frameworks as presupposed by the Balanced Scorecard perspectives.

3.3.5.3 Balanced Scorecard perspectives

The MultiChoice Africa (Pty) Limited Corporate Balanced Scorecard system was developed on the basis of the following four perspectives.

Figure 3.5: MultiChoice Africa (Pty) Limited Corporate Balanced Scorecard (BSC)



Source: MultiChoice Africa (Pty) Limited internal newsletter, NetworkNews (April 2005: 3)

The financial perspective defines the ultimate purpose, achievement of the superior goal as outlined in the mission and vision. The purpose and existence of all other perspectives are motivated by their support towards this perspective through increased value-added services and upgrades by focusing on platform partnerships through innovative cross-platforms.

The customer perspective focuses on providing value for the organisation through innovative products and services, and establishing partnerships through delightful resolution by providing innovative and competitive products and value-added services. Value for money included the provision of high quality content, more for less and multi-platforms to satisfy all entertainment needs. Delightful resolution objectives include timely and correct resolution of issues, and involving subscribers in all new product/service developments.

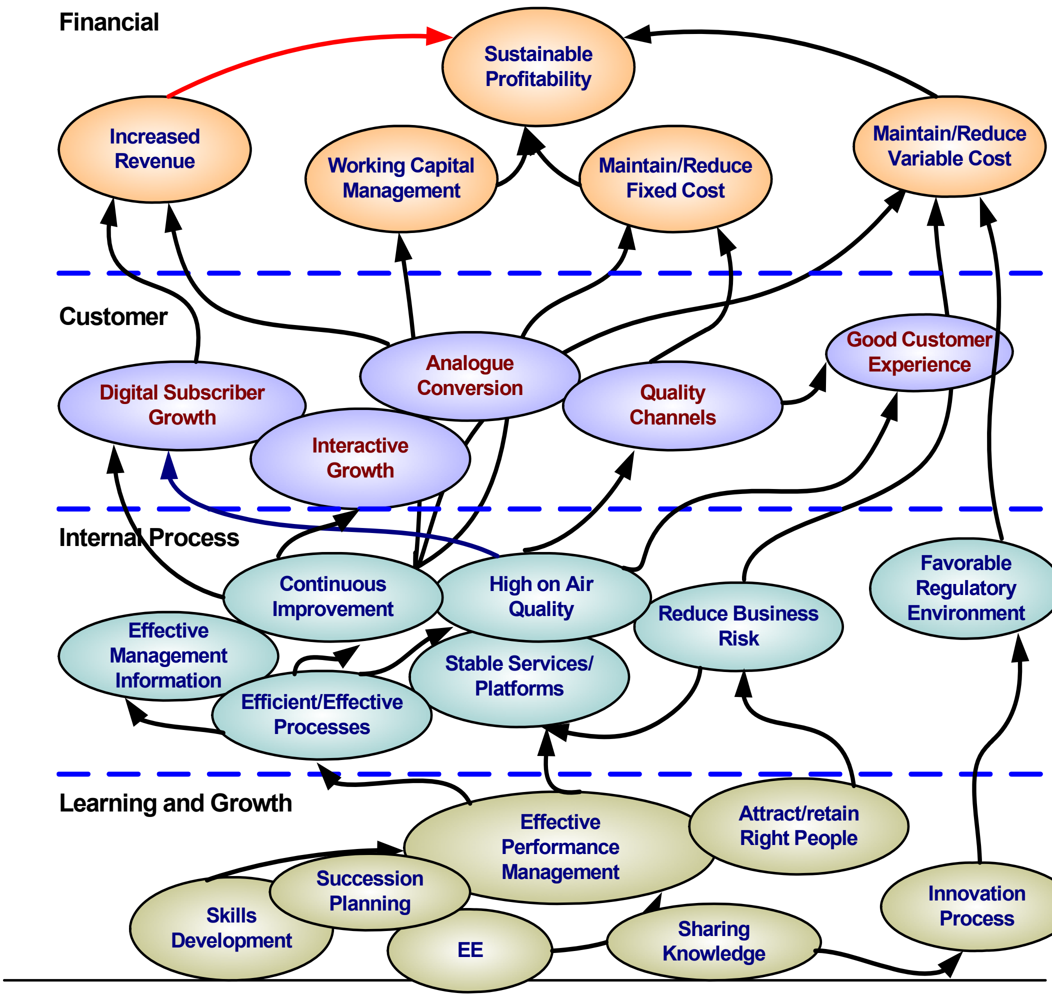
The internal perspective forces the sub-objectives of developing and launching innovative and competitive products, and value-added services, to focus on retaining and growing subscribers, providing multi-platform content leadership by optimising the value chain, implementing new standards of service excellence, ensuring good governance and managing regulatory challenges. The focus is on optimising the content supply chain by the sourcing, marketing, packaging and delivery of content and to improve business efficiencies in each area. Good governance through regulatory compliance and principles forms a major part of the process objectives, while implementing new standards of service excellence is achieved through proactive improvement and benchmarking standards.

The fourth perspective, innovation, focuses on leveraging subscriber-centric knowledge management portfolios by focusing on delivery technology and industry trends, new products and services that can be offered and proactive ‘customer expectation sensors’ through knowledge management initiatives.

All media organisations have a strong commitment to the communities they service. Not only do they provide superior content, but also promote public trust by being good community partners. The MultiChoice Africa (Pty) Limited Balanced Scorecard measures success in meeting these objectives by tracking the involvement in community affairs.

Based on the four perspectives, five to seven main objectives were developed for each perspective as illustrated in the MultiChoice Africa (Pty) Limited Balanced Scorecard strategy tree below.

Figure 3.6: MultiChoice Africa (Pty) Limited Corporate Balanced Scorecard (BSC) strategy tree



Source: MultiChoice Africa (Pty) Limited Business Report (2005: 16-41)

The management parameters selected provide guidance as to what to do or achieve in order to succeed. A key challenge was finding the appropriate balance between the forward and past-looking parameters. The performance measures quantify the initiatives to be achieved under the management parameters. In addition, action plans related to the various initiatives are not incorporated in the Balanced Scorecards but in to individual performance measurement contracts. During the process of establishing objectives and setting milestones to be evaluated by the Balanced Scorecard, organisations should create a radar system that not only takes into account their direct intent but also strives to capture the wider collective knowledge demands of society, stakeholders and the environment as a whole as outlined in the proposed 'Networked Balanced Scorecard' theoretical model in Chapter 7.

3.3.5.4 Project focus and stakeholders

The focus of the implementation of the Balanced Scorecard project was to reinforce the organisation's vision and strategic focus areas, streamline innovation, align priorities and establish an integrated performance management system based on the key critical success factors as outlined in the Balanced Scorecard. The Balanced Scorecard is used as a practical instrument to support the transformation process. Stakeholders include senior management, the project steering committee, business solutions, divisional and human resources champions and a communications team. The organisation employed an external consultant to steer the project.

The organisation is now implementing a new software programme that will put the entire organisation onto the same platform for tracking and analysing data, standardising measurement methods, enabling timely reporting by interphasing with other systems to improve data collection and accuracy, and enhancing communication of the strategy and measures throughout the organisation.

The deliverables and time lines for the implementation of the Balanced Scorecard took place over several months, starting in June 2004, by establishing the corporate objectives and executing an organisational readiness investigation. Early in 2005 divisional Balanced Scorecards were finalised followed by the development of individual Balanced Scorecard competencies. This has resulted in the implementation of a new performance management system that is directly linked to the objectives in the Balanced Scorecard. Actions included the development of interim Balanced Scorecard pages, calculating monthly targets, developing input templates for manual data, calculating monthly actual results (per update process), and publishing interim Balanced Scorecards on the organisation's intranet. Evaluation creates a corrective and expansive information base to be used to install efficient systems to drive the entire organisation towards its strategic objectives and ultimately secure a sustainable competitive advantage as outlined in the next section.

3.3.5.5 Evaluation

Organisations that have introduced the Balanced Scorecard all report that lessons learned include an acceptance that the Balanced Scorecard will never be 100 per cent correct since it is a dynamic document under constant revision and should be used as soon as possible, even if it isn't perfect (Kaplan & Norton, 2004: 395-410). Management must receive feedback from all levels, ensure that the system is flexible enough to make modifications, not take requested modifications personally and accept the fact that some metrics are reported manually and are never completely automated.

The researcher observed that the MultiChoice Africa (Pty) Limited Balanced Scorecard did not include communication objectives or measurements that would be relayed to investors to inform them of the organisation's competitive position. Neither did the Balanced Scorecard measure whether the organisation's position can be expected to improve or deteriorate if the present strategy is continued, or rank the organisation relative to major competitors in terms of key success factors. Measurements outlining the organisation's net competitive advantage or disadvantage, and the ability of the organisation to defend its positioning in the light of industry driving forces, competitive pressures and the anticipated moves of competitors are also omitted in the current MultiChoice Africa (Pty) Limited Balanced Scorecard. This point is discussed in more detail in the discussion on the findings of the research in Chapter 6. The research results and these observations by the researcher have contributed to the proposed 'Networked Balanced Scorecard' theoretical model presented in Chapter 7.

A Balanced Scorecard effort is, in effect, a number of different Balanced Scorecards. In fact, a way to ensure success with a Balanced Scorecard of 10 to 20 metrics is to have multiple cascading Balanced Scorecards. This is further discussed in Chapter 7. The effort starts at the top with the corporate Balanced Scorecard. At this level the Balanced Scorecard is primarily focused on the strategic objectives around the four perspectives. Once these are set, the Balanced Scorecard is cascaded down through each level in the organisation until it eventually reaches the individual level.

By cascading Balanced Scorecards in this fashion, the objectives of each individual employee are tied to the overall corporate strategy and objectives, a practice that increases the probability of successful strategy execution.

Through the implementation of the Balanced Scorecard it is envisaged that the basic directives of strategy can be implemented. These directives of strategy are client relationship management, organisational development, technology development, corporate intelligence, strategic management and investments, information technology management and new business development with the key focus on management and development. Through the formulation of the three research questions, these constructs were tested and the results are presented in Chapter 5 and the findings are discussed in Chapter 6.

From the discussion regarding the implementation of the Balanced Scorecard issues around the historical background of the organisation were brought to light. In this way the organisation's social, political, economic and environmental perspectives were highlighted, which where taken into consideration in the imperatives of the strategic analysis.

3.4 CONCLUSION

The case study organisation has a flat functional structure, which ensures that change can be implemented with minimum effort. The small number of personnel makes communication open and direct, which provides an advantage for the organisation in its strategy implementation drive and directly affects the sustainable competitive advantage. A strong personal and powerful leadership further ensures an informal, hands-on culture of respect, high and innovative productivity, with a less formal task culture and structure. The operations of the organisation are challenged through the complex and changing international business environment which is affected by forces outside its control such as exchange rate fluctuations, AIDS, legislation and privatisation.

MultiChoice Africa (Pty) Limited correctly recognised the need to change but failed to identify all the elements affecting the organisation as well as the interactive relationship of these elements outlined in the results of the 2005 Organisational Climate report. The areas particularly under scrutiny are systems, style, super-ordinate objectives, but, most importantly, the staff. Ignoring the super-ordinate elements has resulted in what Naver and Slater (1990: 20-35) term survival mode, where the dominant motivation is self-preservation.

This section outlined the imperatives for change at MultiChoice Africa (Pty) Limited. The driving forces for the changes were found to be in the element of strategy and strategic intent. The effects of this change on the other elements affecting organisational effectiveness were critically analysed. Adequate managerial concern for certain of the elements was found to be lacking as outlined in the MultiChoice Africa (Pty) Limited Organisational Climate Report (2005: 7-41). The most critical area being neglected is the staff. Without the support of the employees, attempts at change initiatives and strategies will be futile. MultiChoice Africa (Pty) Limited management has acknowledged that their employees are the assets of the organisation, but the organisation needs to implement systems that support this view (MultiChoice Africa (Pty) Limited Annual Report, 2005: 48-75).

The digital networked economy is an actual phenomenon. Its nature is becoming even more apparent as we start to understand and explore the opportunities and obstacles it presents. Some of the more immediate effects are best understood if we consider how we live our lives today compared with even ten years ago.

MultiChoice Africa (Pty) Limited was selected in order to demonstrate how the Balanced Scorecard was applied and introduced, and how it was perceived by the organisation's employees during its implementation phase and one year later to evaluate the strategic value of the Balanced Scorecard in the networked economy.

By identifying the role of the Balanced Scorecard as a strategic management instrument to develop and maintain a sustainable competitive advantage, one should be able to reduce the barriers and enhance the drivers for organisational success. It is envisaged that the implementation of the Balanced Scorecard will support the organisation to develop and maintain a sustainable competitive advantage in the long term as it will assist the organisation in ensuring that daily operations are based on shared views. It is further envisaged that the Balanced Scorecard will enhance the organisation's ability to grow and learn through nurturing and developing the required competencies that will support its intellectual capital, knowledge management and innovation initiatives.

The next chapter focuses on the methodology used in the research, including the manner in which the sample was selected, the design of the interview questions and questionnaires, the data gathering procedure and elaborates on the framework used to analyse the data.

CHAPTER 4

RESEARCH METHODOLOGY

'The key to unlock a complicated problem is to follow a simple solution' – General Bernard Montgomery (Architect of D-day invasion: 1944).

4.1 INTRODUCTION

This chapter documents the study design and methodology followed in researching the strategic value of the Balanced Scorecard in the networked economy. The results and findings discussed in the following chapters are based on multi-variant data gathered from a case study organisation, MultiChoice Africa (Pty) Limited. An overview of the purpose of the research is stated. Research propositions and key concepts that formed part of the study are reviewed, including how the propositions were derived from existing theories and empirical studies, and which definitions of constructs were chosen and on what grounds. The study design is then discussed with regard to the type of research conducted and the general approach followed. Detailed reference is also made to the research methodology and methods employed during the various stages of the research (see Section 4.2.1.2 and 4.2.4), which included gathering, processing and analysis of data.

MultiChoice Africa (Pty) Limited finds itself in a dynamic, highly competitive, regulated and technology-driven environment. Its functioning within a networked economy provided a suitable setting to serve as a case study organisation for evaluating the strategic value of the Balanced Scorecard during the organisation's transformational drive. During the development process of the Balanced Scorecard design, the MultiChoice Africa (Pty) Limited Executive Board in conjunction with the Business Unit management had to consider how change could be achieved within the organisation and evaluate how they arrived at the various corporate and business unit level strategies to be implemented in a drive to enhance the competitive advantage of the organisation in the short and long term. This, according to Kaplan and Norton (1996a: 272-292), is a direct application of the Balanced Scorecard by linking strategic and management activities. By creating the strategic vision, which led to creating/changing linked strategic objectives (what needs to be achieved and what must be done to achieve it), in turn led to answers that were conceptualised in the Balanced Scorecard, where results to questions such as 'are we doing what we set out to do?' can be highlighted. A direct result was the development or revision of objectives, measures, targets and actions, which were then translated back into the Balanced Scorecard.

The following section elaborates on the research design, highlighting the types of research that were employed and the phenomenological research paradigm that was applied. It concludes with the four phases of the research, namely in-depth interviews, structured questionnaires, focus groups and, lastly, semi-structured questionnaires, followed by an elaboration on the research model applied.

4.2 RESEARCH DESIGN

The research paradigm represents the general approach taken in a research process, while the approach to the entire process of the research is known as the research methodology (Hussey & Hussey, 1997: 54). Although, in part, the methodology is determined by the research problem, the assumptions used in the research and the way the research problem is defined influence the way the study is conducted. It is also of importance to note the difference between the concepts 'methodology' and 'methods'. Hussey and Hussey (1997: 50) note that 'methodology' refers to the overall approach to the research process, from the theoretical underpinning to the collecting and analysis of the data. Methods, on the other hand, refer only to the various means by which data can be collected and/or analysed.

This study was conducted within a framework leaning towards a phenomenological paradigm approach where the researcher utilised a triangulation method of interviews, group discussions, and structured and unstructured questionnaires to collect data, based on a pre- and post-analyses of the implementation of the Balanced Scorecard within a case study organisation.

The following sub-sections consider the type of research conducted, stages of the research, the research paradigm and the research model.

4.2.1 Type of research

According to Hussey and Hussey (1997: 9), the different types of research can be classified according to:

- The purpose of the research - the reason for conducting research;
- The process of the research - the way in which data is collected and analysed;
- The logic of the research - moving from the general to the specific or vice versa; and
- The outcome of the research - whether a specific problem is being solved or makes a general contribution to knowledge.

The Balanced Scorecard was introduced in the case study organisation to assist in the organisation's implementation of a new strategic intent as well as to assist in change initiatives to develop and maintain a sustainable competitive advantage. The research focuses on understanding the strategic value of the Balanced Scorecard by measuring perceptions of MultiChoice Africa (Pty) Limited's management and employees at implementation and one year later and evaluating it against the derived propositions. The findings of the research, although unique to the case study, are used to test three propositions emerging from the literature, which encapsulates the strategic outcome-based values of the Balanced Scorecard. They are the Balanced Scorecard's role in supporting organisations in overcoming the barriers to strategy implementation, in assisting organisations in gaining a competitive advantage, and to serve as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage.

4.2.1.1 Purpose of the research

The purpose of this study was to gain an understanding of the strategic value of the Balanced Scorecard within a networked economy, evaluating it against various propositions derived about the Balanced Scorecard.

4.2.1.2 Process of the research

The research process followed a case study approach. MultiChoice Africa (Pty) Limited was selected to serve as a case study organisation. The reason for choosing MultiChoice Africa (Pty) Limited was firstly its decision to implement the Balanced

Scorecard which provided the opportunity to evaluate the role of the Balanced Scorecard against the statements made by its founders, Kaplan and Norton. Secondly, the case study organisation functioned within a global network economy. This provided a case study setting for investigating the strategic value of the Balanced Scorecard in this context. A process of measuring perceptions about the Balanced Scorecard during the early stages of implementation and again one year later could thus take place. In other words, a pre- and post-evaluation could be carried out. Furthermore, as MultiChoice Africa (Pty) Limited is relatively small in size, the influence of disturbing factors in the research field was minimised.

The case study approach is suitable because the Balanced Scorecard is a tailor-made instrument (Kaplan & Norton, 1996a: 199-222, 272-292; Olve *et al*., 1999: 12-23). Every organisation is different and thus each organisation would use the Balanced Scorecard in a unique way. Brinker (1997: 46-76) elaborates on the design and application of individual organisation's use of the Balanced Scorecard and state that besides system differences, differences in corporate culture, size, structure, assignments and operations necessitates tailor-made designs. It is furthermore complicated to compare an organisation that has implemented the concept with one that does not use the Balanced Scorecard. The case study approach, however, provides a single unit of analysis from which first-hand insight is gained into the utilisation and impact of the Balanced Scorecard in a holistic way in a specific organisation (Jankowicz, 1995: 81-94, 157-176).

Hussey and Hussey (1997: 186-246), one of the most well-known authors in the field of designing and conducting case studies, compares the case study to the experiment, and provides alternative situations in which one might choose to use the former method. For example, if one follows a theory that specifies a particular set of outcomes in particular circumstances and uses a case study of an organisation that finds itself in those circumstances, a critical test of the theory could be undertaken and its application to the organisation could be examined.

The advantage of the case study method is that it attempts to be comprehensive and involves describing and analysing the full richness and variety of events and issues in the organisation or department in question. Stake (1995: 2-33, 40-88, 91-114) stresses that the difficulty with the case study method is that the researcher opens up the design to influences arising from day-to-day events to a somewhat greater extent than is the case with other methods and the researcher should thus take care to review regularly. In a case study approach, multiple sources of evidence should be taken into account to validate and confirm initial conclusions, manage and maintain a growing database and construct an inferential chain from the study through a database of evidence to final conclusions (Stake, 1995: 2-33, 40-88, 91-114).

The role of case studies can further be highlighted through the fact that a recurring issue in management science is the generalisation of findings and concepts. In studying business science, research is usually conducted in the field (Hussey & Hussey, 1997: 57) and the research is conducted without wanting to control environmental variables. Consequently, the results of such research may be influenced by uncontrollable variables, which may result in the drawing of conclusions that are specific to the situation studied and may thus not be valid for another. The replication of research results can therefore not be guaranteed. However, according to Hussey and Hussey (1997: 186-246), studying real-life situations can serve a number of purposes. It assists in the understanding of issues that are not fully recognised or understood till such time as case studies provide insight into the complexity of the problems. Case studies provide an opportunity to recognise the issues that need to be considered and to develop directions for change. Thus case studies can assist in a process that can be referred to as 'unfolding'.

Case studies can further be used to identify mechanisms and processes that explain observations and the identification thereof can be used for the verification of propositions (Hussey & Hussey, 1997: 66 and Stake, 1995: 2-33, 40-88, 91-114).

Hussey and Hussey (1997: 66), notes the following characteristics of a case study:

- The research aims to understand the particular phenomenon, in this case, the implementation of a Balanced Scorecard in an organisation that operates within a networked economy.
- The research does not commence with a set of questions and notions about the limits within which the study will take place.
- The research uses multiple methods for collecting data, which may be both qualitative and quantitative.

Hussey and Hussey (1997: 186-246), states that more often than not, one can combine the qualitative with the quantitative, taking the view that the two are mutually complementary rather than exclusive. Hussey and Hussey (1997: 74) note that the use of different research methods and techniques in the same study is known as triangulation, and can overcome the potential bias and sterility of a single-method approach. Easterby-Smith, Thorpe and Lowe (cited in Hussey & Hussey, 1997: 74) notes that where both qualitative and quantitative methods of data collection are used, methodological triangulation is applied.

The rationale for triangulation is expressed by Hussey and Hussey (1997: 74) who state that archival review, questionnaires, interviews and participant observation are potentially overlapping in scope, in which one contains the information through qualitative interviews and structured questionnaires, reinforced by the other through observation and checked through documentary analysis.

Hussey and Hussey (1997: 12) note that qualitative data is usually subjective in nature, and involves examining and reflecting on perceptions in order to gain an understanding of activities. Quantitative data, on the other hand, is more objective in nature and concentrates on measuring phenomena.

4.2.1.3 Outcome of the research

Research can also be defined in terms of the outcome. In this study the research problem was of a less specific nature and the research was conducted primarily to improve the understanding of the study concepts. This is called basic research, but is also referred to as fundamental or pure research, according to Hussey and Hussey (1997: 13).

4.2.1.4 Logic of the research

Lastly, this research can also be considered as being inductive research, whereby a theory is developed from the observation of empirical reality; thus general inferences are induced from particular instances. This involves moving from individual observations to statements of general patterns of law, i.e. moving from the specific to the general.

4.2.2 The research paradigm

The research study aimed at gaining an understanding of the strategic value of the Balanced Scorecard within a networked economy by means of a case study approach and by using multiple methods of collecting data with an emphasis on quality and depth. Thus the research purpose, processes, outcomes and logic discussed above underpin the fact that the research was conducted within a phenomenological paradigm. According to Hussey and Hussey (1997: 47) there are two main research paradigms or philosophies, namely phenomenological and positivistic. This study took place within a predominantly phenomenological framework and used a number of different research methods, where the emphasis fell on the quality and depth of the data, in order to gain insight into perceptions about the phenomena being studied.

The study was furthermore designed to obtain an evaluation of the Balanced Scorecard's strategic value at the implementation stage and again one year later. The research was also carried out in order to provide a basis for constructing and developing new theory to explain the new application of the Balanced Scorecard within the networked economy.

In the next section the phases of the research are discussed and the various methods that were employed are presented.

4.2.3 Phases of the research

The gathering of data took place in four interlinking phases. The table below tabulates the various phases and methods that were used to gather the data, as well as the intended aim of the objectives.

Table 4.1: The research phases

Phase	Data gathered	Target group	Method	Response	Objectives
1	Qualitative	General managers	In-depth interviews	10	Served as pilot study to identify emerging design categories and conceptual understanding.
2	Quantitative	Senior, middle and first-line management	e-Mail-administered self-completion, structured questionnaire	137	To measure the perceived strategic value of the Balanced Scorecard during the early stages of implementation with a focus on the three propositions derived.
3	Qualitative	Middle and first-line management	Focus groups	3 groups consisting of 5 – 9 participants per group	To gain additional perspective into employees' perceptions of the value of the Balanced Scorecard, with particular emphasis on identifying gaps during the introduction.
4	Quantitative & qualitative	General, senior, middle and first-line management	e-Mail-administered self-completion, semi-structured questionnaire	113	To measure the perceived strategic value of the Balanced Scorecard one year after implementation focusing on the three propositions derived.

Phase 1 of the research involved the gathering of qualitative data by means of in-depth personal interviews amongst general managers. This served as a pilot study and provided important exploratory insight and conceptual understanding of respondents' perceptions with regard to the Balanced Scorecard's strategic value. Critical themes and issues that emerged from the interviews provided an initial basis and were used as input for succeeding phases of the research as suggested by Gillham (2005:1-14).

Phase 2 involved the gathering of quantitative data through an e-mail-administered, self-completion structured questionnaire that was distributed to senior, middle and first-line management. Data was gathered during the early stages of the Balanced Scorecard's implementation within MultiChoice Africa (Pty) Limited and provided insight into employees' general perceptions towards the strategic value of the Balanced Scorecard.

Phase 3 involved gathering qualitative data by means of focus group discussions with middle and first-line management. The groups were used to augment the outcomes from the initial pilot study (Phase 1) and the quantitative research from Phase 2, and in particular to identify gaps during the introduction.

Phase 4 was conducted a year after the implementation of the Balanced Scorecard and involved the same method as used in Phase 2. In other words, quantitative and qualitative data was gathered by means of an e-mail-administered self-completion semi-structured questionnaire that was distributed to general, senior, middle and first-line management.

4.2.4 The research model

Figure 4.1 illustrates the research and learning process followed in this study. The model further outlines the different research methods followed in the gathering of data of the three constructs, namely the Balanced Scorecard's contribution in overcoming the barriers to strategy implementation, its support in gaining a competitive advantage and the Balanced Scorecard's contribution in enhancing the sustainability constructs of an organisation's competitive advantage.

The theoretical constructs, as outlined in the literature study, comprise the strategy process (formulation, implementation and control including measuring instruments and drivers for successful strategy implementation), competitive advantage and the relationship of sustainable competitive advantage to other strategic constructs. The theory constructs also link the Balanced Scorecard process to sustainability.

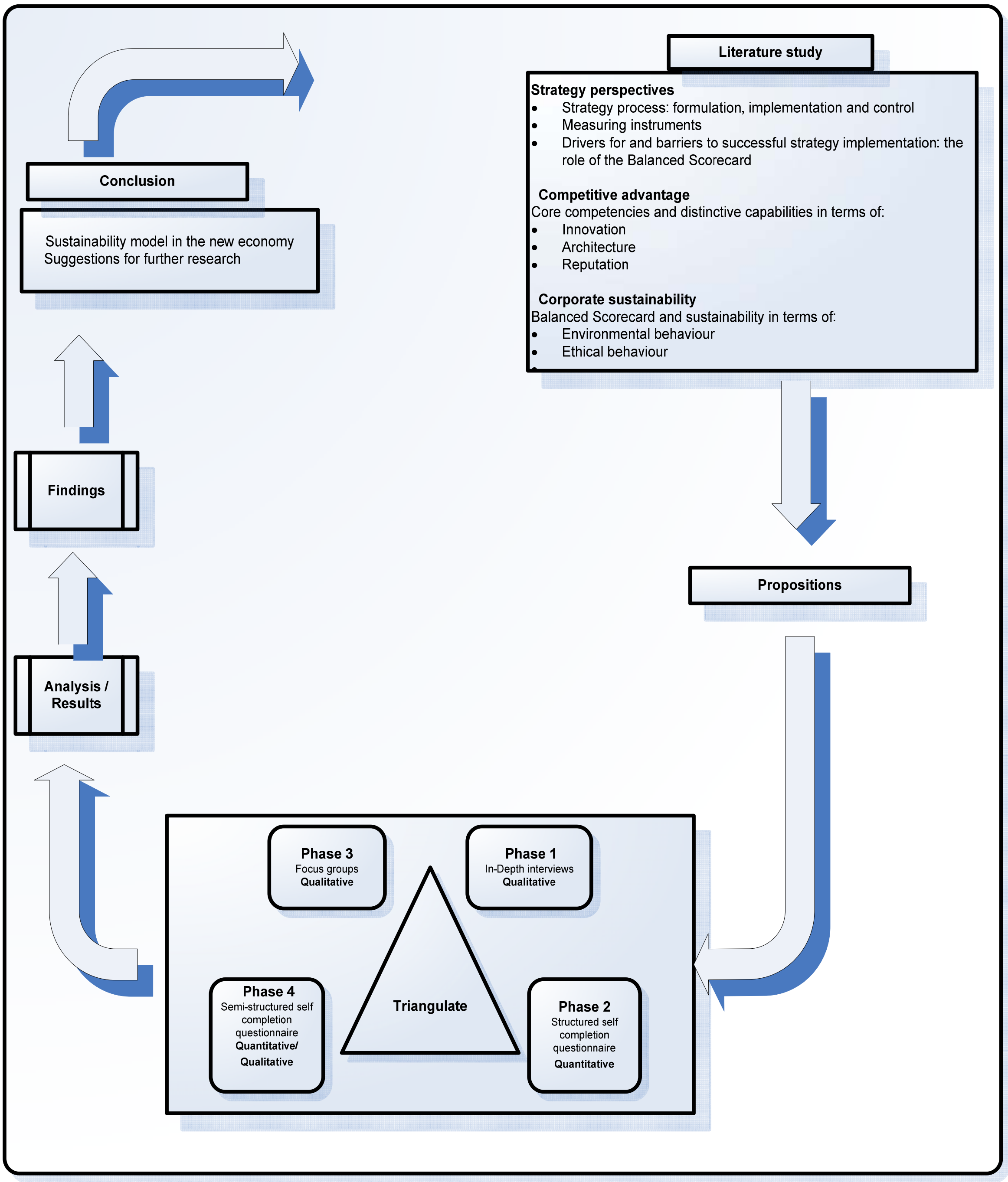
This forms a central part of the study where the researcher investigated whether the Balanced Scorecard as a strategic management instrument supports organisations to develop and maintain a sustainable competitive advantage.

The implementation of the Balanced Scorecard in the case study organisation as a strategic management instrument to assist the organisation in its change initiatives and strategic intent, provided the opportunity to investigate whether the Balanced

Scorecard assists in firstly, overcoming the barriers to strategy implementation. Whether the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited in enhancing the organisation's sustainable competitive advantage is investigated through the formulation of the second and third proposition. Porter (1987: 43-59) perceives competitive advantage as the objective of strategy, arguing that superior performance will automatically result from a distinctive competitive advantage.

The research statement (see Section 1.3) challenges various propositions that emerged from the literature study (see Chapter 2) thus giving rise to the formulation of a number of research questions. By measuring management's and employees' perceptions of the strategic value of the Balanced Scorecard of MultiChoice Africa (Pty) Limited at implementation and one year later and evaluating it against the derived propositions, the researcher analysed the results using the triangulation method (see Chapter 5). The findings (see Chapter 6) are critically discussed and compared to the literature study (see Chapter 2) and led to the formulation of a sustainability Balanced Scorecard theoretical model (refer to Chapter 7). The theoretical model itself provides opportunities for further research.

Figure 4.1: The research model



The f ollowing sect ion elaborat es on t he met hodology and methods employed as illustrated in the above research model.

4.3 METHODOLOGY AND METHODS

The research study employed a number of different research methods in the gathering of data, leading to methodological triangulation. Briefly discussed during the research model and layout of the phases of the research, the phases are laid out in detail below to provide a better understanding of how the data was gathered.

4.3.1 Phase 1: In-depth interviews amongst general managers

4.3.1.1 Objective

The objective of Phase 1 was to serve as a pilot study and provide important exploratory insight and conceptual understanding of respondents' perceptions with regard to the Balanced Scorecard's strategic value.

4.3.1.2 Type of data collected

Qualitative data was gathered during this phase. A disadvantage of qualitative research is that one is not able to generalise one's findings to a larger population without taking the necessary precautions (D. N. Clark, 2 000: 115-127; Jankowicz, 1995: 81-94, 126, 157-176). However, the intention of collecting qualitative data was not to generalise the findings as such, but rather to serve as exploration and to gain a deeper understanding of the respondents' opinions about the research propositions.

4.3.1.3 Sample

A purposive sampling method was chosen to select a sample. The target group comprised the ten general managers within MultiChoice Africa (Pty) Limited, and was chosen based on their strategic position in the business and their influence on the development and implementation of the Balanced Scorecard. Their perceptions and opinions with regard to the strategic value of the Balanced Scorecard and its value/contribution in overcoming the barriers to strategy implementation as well the gaining of a sustainable competitive advantage was critical in gaining insight into and forming a conceptual understanding of the subject matter.

4.3.1.4 Development of discussion guide

The in-depth interviews were conducted by means of a prepared discussion guide (see Annexure 3 - discussion guide).

In the development and preparation of the discussion guide, various documents and information sources were reviewed – these included strategy documents, annual reports, press releases and other relevant information, such as parts of divisional Balanced Scorecards - to enable appropriate follow-up questions.

The study commenced with the identification of the most important barriers obstructing successful strategy implementation, highlighting the factors that enhanced competitive advantage by reducing imitation by competitors. Finally, the role of the Balanced Scorecard in risk management and ethical business constructs, strategic intent and environmental marketing were identified. The propositions were operationalised through a selection of questions and checkpoints that were discussed during the interviews.

At a leadership conference held for senior managers in February 2005, two in-depth interviews were conducted where a pre-testing of the discussion guide for the in-depth interviews was done.

4.3.1.5 Data gathering

The in-depth interviews were conducted in May 2005. Each interview lasted about two hours, some longer. As the Chief Executive Officer's secretary assisted in arranging and scheduling the interviews, the respondents were contacted by their own top management, contributing to a service-minded and friendly approach. All of the interviewees had put aside sufficient time for the interview, which ensured that the atmosphere could be relaxed and open. As Sekaran (2003: 54-130) notes, it is important that senior managers support the research process. As a result of the experiences during this study, the researcher fully subscribes to this view since the support of top management can remove possible obstacles often associated with this method of research.

As an introduction, respondents were thanked for their willingness to participate and were informed about the objectives of the research. Respondents were then prompted into the discussion by means of a number of questions.

Throughout the in-depth interviews, the respondents were not informed which questions were aimed towards which propositions or aspects. The researcher attempted to steer the in-depth discussions, following the pre-defined topic, issues and sequence.

Most questions were asked directly, but often some (however, mostly different ones) had been covered in answers to previous questions. There was thus some degree of overlap in certain areas. The respondents were not shown the list of issues and questions until after the interview was finalised.

The advantage of conducting the interviews by means of a structured discussion guide was that the researcher was present. Therefore he could, within the structure he had designed, amplify the meaning of the items and explain the intentions behind the questions in a way that would otherwise not be possible with the structured electronic questionnaire used in Phase 4.

After each in-depth interview, the discussion guide was amended based on item sequence details, steering instructions, alternative approaches and recording instructions. The purpose was to ensure that the researcher handled the interviews in essentially the same manner with each of the respondents to ensure that the interview did not turn into a semi-structured or conversation interview.

4.3.1.6 Data handling

All interviews were recorded and a transcript made based on each interview. During the interviews any other material offered by respondents was treated as marginal or ignored. Notes were made in the form of a précis rather than a paraphrase or synopsis.

4.3.1.7 Data analysis

Ultimately, all research culminates in the analysis and interpretation of some set of data, be it quantitative survey data, experimental recordings, historical and literacy texts, qualitative transcripts or discursive data (Bailey, 1995: 1-7). Analysis involves breaking up the data into manageable themes, patterns, trends and relationships. The aim of analysis is to understand the various constitutive elements of the data through an inspection of the relationships between concepts, constructs, and to establish whether there are any patterns or trends that can be identified or isolated, or to establish themes in the data (Lee, Adam & Tuan, 1999: 73-84).

According to Hussey and Hussey (1997: 256), any researcher faces a number of challenges in qualitative data analysis. These include the reduction, structuring and de-texualising of data. Lynch (1996: 107-164) indicated that data reduction is 'a form of analysis' that sharpens, sorts, focuses, discards and recognises data in such a way that 'final' conclusions can be drawn and 'verified'. In a phenomenological study, a mass of field notes, documents and interview transcripts might have been collected, which must then be condensed and made manageable. Bailey (1995: 4, 25-28) and Hussey and Hussey (1997: 247-315) propose that a solution is to find a systematic way of summarising the data.

Often data is collected in a sequential or chronological structure, which might not be suitable for quantitative analysis. However, if a study commenced with a theoretical framework or pre-defined themes, this might provide a structure for pre-existing categories into which data can be fitted.

Hussey and Hussey (1997: 249) further note that there are a number of different approaches to analyse qualitative data and the researcher is guided to a large extent by the research paradigm adopted. One approach is to quantify the data, either formally or informally. In other words, the qualitative data must be converted into numerical data. Another approach is that of employing non-quantifying methods. If a positivistic paradigm is being used, it is likely that one of the formal, quantifying methods will be applied. However, if a phenomenological paradigm has been adopted, as was the case in this study, an informal non-quantifying method can be applied.

The analysis of the qualitative data that was generated during this phase of the study followed a general analytical procedure, as described by Hussey and Hussey (1997: 257). Firstly, all transcripts were reviewed and those responses that were regarded as important were referenced and coded. The next step involved the categorising and linking of responses to the three propositions that emerged during the literature review. The final phase of the analysis involved the generalisation of responses by means of a subjective review of issues in order to gain an understanding of respondents' perceptions with regard to the Balanced Scorecard's strategic value.

4.3.2 Phase 2: Quantification of perceptions

4.3.2.1 Objective

The objective here was to measure the perceived strategic value of the Balanced Scorecard during the early stages of implementation, with a focus on the three propositions, namely strategy implementation, competitive advantage and sustainability.

4.3.2.2 Type of data collected

In this phase quantitative data was gathered.

4.3.2.3 Sample

The sample for this phase of the research was considered to be all MultiChoice Africa (Pty) Ltd first-line, middle and senior managers who engaged in or had participated in strategy implementation to the extent that they could deliver expert opinions. According to records from the human resources division, the relevant target population, namely MultiChoice Africa (Pty) Limited employees at senior, middle and first-line management levels was estimated at 461.

Being dependent on the voluntary participation of respondents, the researcher opted for a convenience sampling method. This sampling method, as described by Marion

(1999: 197-208, 258-272), is considered to be a non-probability sampling method and is used, as its name implies, for reasons of convenience.

The first step in the sampling process was to obtain a name list showing all population elements, including contact details. This name list was made available by the human resources division and provided a break-down by division, as outlined in the table below.

Table 4.2: Breakdown of MultiChoice Africa (Pty) Limited population by employee level for Phase 2

Division Popul	**ation**	**%**
Broadcast Technology	103	22%
Content 23		5%
Corporate Communications	13	3%
Finance 30		7%
Human Resources	27	6%
Information Technology	57	12%
Interactive 29		6%
Marketing & Sales	34	7%
Orbicom 41		9%
SA Operations	104	23%
Total 461		100%

Across the various divisions, Broadcast Technology (22 per cent) and SA Operations (23 per cent) represented nearly half of all employees, while Information Technology (12 per cent) also represented a relatively large portion of the target population.

4.3.2.4 Development of questionnaire

The next phase of the study involved the design of a structured questionnaire that was electronically administered by means of e-mail distribution. The in-depth interviews conducted in Phase 1 provided qualitative information to be used as input for the drafting of the structured questionnaire, taking into consideration the research propositions that were stated. This led to the formulation of 53 structured statements representing the main themes that evolved from the in-depth interviews (see Annexure 4).

The content and the sequence of statements were determined in advance. The value of this approach is that it allowed the standardisation of the questions to such an extent that a more numerate, statistically-based analysis was possible and permitted the researcher to test the propositions more explicitly. Berg (1998: 64-70) confirms that a properly devised, standardised method is less costly to administer, may permit the researcher to cover more respondents, can provide a greater feeling of anonymity, may require less skill and sensitivity to administer. It also allows respondents more time to think about their responses than any of the other semi-structured techniques.

Although much progress has been made over the years, the design of questionnaires is an art and is not a clear-cut science according to Royse (2004: 152-168). Many textbooks and researchers lay down rules and guidelines in the form of admonitions according to Royse (2004: 152-168), but as the researcher experienced, it is easier to embrace the admonitions than to actually follow each to the letter. It was found that the development of both the in-depth discussion guide and the structured questionnaire was a process of iteration and looping, to the point that the design of the instruments would yield information consistent with the information desired.

Babbie (1998: 147-153) placed special focus on leading statements where the plot is being led or influenced. The researcher steered away from negatively phrased statements and special care was also taken in the structuring of statements, as the researcher was aware that a poor and confusing layout could lead to non-response or other errors.

Cognisance was taken of Babbie (1998: 297-299) who pointed out that the instrument, should not be too long as research has shown that the length of the questionnaire or test has a direct and often negative effect and impact on the quality of the responses.

The questionnaire was also designed to avoid mono-operational bias, i.e. measuring constructs using only a single item or question. Instead a number of statements were formulated whereby a proposition could be tested. Annexure 5 summarises the various themes and constructs that are measured through the evaluation of a group of statements.

Respondents evaluated statements based on a five-point Likert scale where 1 = Not at all; 2 = Some what; 3 = Partially; 4 = Adequately; 5 = Fully. This type of data is classified as categorical rank data. The questionnaire was also designed in such a manner that it could be administered by e-mail based on self-completion, whereby respondents could indicate the appropriate code.

4.3.2.5 Data gathering

When the questionnaire was designed special care was taken to ensure that there were no ambiguous and vague items, double-barrel questions and that the sequence of questions was logical. As Royse (2004: 152-168) points out, research has shown that the order or sequence of questions affects response accuracy and rates. Thus a pilot test of the structured questionnaire was carried out amongst five respondents in June 2005. The purpose of this was to evaluate the relevance of the statements, to establish whether the wording was clear, and also to test the electronic means by which the feedback was to be transmitted. As Hussey and Hussey (1997: 247-315) discuss, it is important to pre-test a questionnaire, as well as establish the ideal sample size for a pre-test to ensure that the questionnaire does indeed fulfil its intended purpose. As a result of the pilot study, minor wording modifications were effected on some of the statements to improve clarity.

The questionnaire was electronically distributed, with a request to complete the self-administered questionnaire. An invitation to participate was also issued by the Chief Executive Officer and included an explanation of the study, and an estimate of the duration and the anticipated time commitment for participation. To improve the response rate, respondents could return responses via e-mail, fax or ordinary post as the questionnaire was designed in a web-page format. The convenience of this was that questionnaires could easily be completed electronically through an Internet browser.

4.3.2.6 Data handling

All questionnaires returned by respondents were visually checked and only usable questionnaires were numbered and responses captured in Microsoft Excel. This was done in a double entry manner in order to minimise data capturing errors. The data was then exported to SPSS for Windows, a statistical software package.

Double entry forced the researcher to capture the data twice using different sheets in an Excel file. The two sheets were then compared and any inconsistencies verified by means of a visual checking of the original completed questionnaire. Although data capturing errors might still exist, they are minimised by this method and can be regarded as admissible.

Numerous verifications were also done in SPSS to confirm correctness of data. One check that is critical for any study involves missing-value analysis. Missing values, which are due to non-response on the part of a respondent, occurs in many research studies (Hussey & Hussey, 1997: 247-315). Although controls are incorporated during questionnaire design and questionnaire completion to ensure that usable responses from all study participants are obtained, missing values do sometimes occur and their existence should not be ignored as this might lead to invalid results.

Exploratory analysis of data is a first and vital step in any analysis process and should assist in detecting any missing data and reveal its possible effect on results. In cases where missing values do occur, its possible effect should be determined in order to confirm the validity of results. The occurrence of missing values should be admissible but should also be independent and randomly distributed. Various options can also be considered for the replacement of missing values. This, for example, includes the replacing of missing values with mean or median values. Great caution should, however, be given to such action as it might create bias in data. In this study, a missing-values check on the quantitative data was performed and revealed zero incidences of omissions.

4.3.2.7 Data analysis

The next step involved the analysis of data. Hussey and Hussey (1997: 186) state that the purpose of analysis is to obtain meaning from the collected data. Glaser and

Strauss (cited in Hussey & Hussey, 1997: 187) argue that 'if quantitative data is handled systematically by theoretical ordering of variables in elaboration tables, the analyst will indeed find rich terrain for discovering and generating theory'.

As is the case with any other aspect of the research project, the selection of the proper statistical techniques to analyse quantitative data as well as the correct interpretation of results, is critical in drawing the correct conclusions. To draw conclusions on the basis of any data set one needs to have sufficient and relevant inductive support before it can be accepted, as outlined by Abelson (1995: 27-35).

Hussey and Hussey (1997: 187) note that most statistical literature commonly draws a distinction between exploratory data analysis or descriptive statistics, which is used to summarise or display quantitative data, and confirmatory data analysis or inferential statistics, which involves using quantitative data collected from a sample to draw conclusions about a complete population. In phenomenological research studies, where amongst others, quantitative data has been collected, the focus falls primarily on exploratory data analysis. For this study, the data analysis involved the construction of one-dimensional frequency tables (see Annexure 6.2). This provided a useful base for summarising and presenting data, which enabled patterns and relationships to be discovered that were not apparent in the raw data.

4.3.3 Phase 3: Focus group discussions

4.3.3.1 Objective

To gain additional perspectives into employees' perceptions towards the strategic value of the Balanced Scorecard, in particular with regard to identifying gaps during the introduction.

4.3.3.2 Type of data collected

In this phase qualitative data was gathered.

4.3.3.3 Sample

The selection of group members was based on a method known as snowball sampling (Hussey & Hussey, 1997: 246-315). Members were selected based on the recommendations of people to whom the researcher had already put his questions.

Focus groups prove particularly useful for discovering the range of views and attitudes present within an organisation or part of it. They present an opportunity to observe the process by which people interact, and hence to infer something of the culture and climate of the organisation as well as providing data about the content of people's views on the issues that are explored (Schwab, 2005: 53-96).

4.3.3.4 Development of focus group agenda

The contents of the focus group agenda were borrowed from the design of the structured questionnaire. The first set of questions posted to group members tested whether the Balanced Scorecard supports the organisation in overcoming strategy implementation barriers. The second set of questions was aimed at testing the impact of the Balanced Scorecard on competitive advantage since organisations have access to numerous resources. In other words, the potential for sources of competitive advantage are numerous, and thus the role of the Balanced Scorecard in enhancing these and limiting imitation by competitors was examined. The third set of questions set out to compare the Balanced Scorecard to sustainability.

4.3.3.5 Data gathering

Each group consisted of between five to nine participants. Group members were unfamiliar with each other in that they did not work directly with each other on a day-to-day basis. The researcher wanted to discover the values, norms, assumptions and beliefs that underpin an organisation rather than explore personal history. The discussions were thus conducted in a skilful and careful manner. While it is appropriate to mix people doing different kinds of tasks at the same organisational level, Black (2002: 1-41) is of the opinion that it is not advisable to mix people across organisational levels. People in supervisor/subordinate relationships to each other may be inhibited in what they are willing to communicate in front of each other.

Members were therefore grouped together according to employee level. In order to ensure that there was no gender discrimination, an equal number of males and females were invited to the group discussions.

Individuals in the group discussions were involved in a cooperative manner by firstly discussing the purpose and the sort of information sought, as well as mentioning the individuals in the organisation that would be interested in, or affected by the conclusions and recommendations of this part of the project.

The focus group discussions were led by posing a sequence of questions that stimulated, maintained and directed the flow of discussion to ensure that the discussion was broad-ranging but relevant, and would provide data that was specific, concrete and detailed. A relatively small number of questions (five) were posed, ordered from the more general to the more specific, and preceded by a statement of the purpose of holding the group discussion. The context for the discussion was also explained to the participants. The researcher ensured that he did not diverge from the predetermined order of the questions. The researcher paid special attention to his interviewing technique. This involved making appropriate interjections and probing to maintain discussion on a particular question, legitimising various viewpoints and preventing some individuals from dominating the discussion at the expense of others.

Hussey and Hussey (1997: 22-45, 186-246) indicate that groups create their own structure and meaning, and a group interview provides access to their level of meaning, in addition to clarifying arguments and revealing diversity in views and opinions. Group interviews can also serve to assist the respondents to re-evaluate a previous position or statement that might require amplification, qualification, amendment or contradiction. In other words, the group interview is proposed as a source of validation (e.g. interviewing together respondents who have previously been interviewed separately), as well as bringing the researcher closer to the 'truth' by the addition of embellishing interpretive data.

4.3.3.6 Data handling

All focus group discussions were recorded and transcripts made.

4.3.3.7 Data analysis

The analysis of the qualitative data followed a similar process as that followed in Phase 1. Firstly, all transcripts were reviewed and, where applicable, linked to notes made by the researcher. The next step involved identifying responses that were regarded as relevant. These were referenced and coded. Next, responses were categorised and linked to the three propositions that emerged during the literature review. The last phase of the analysis involved the generalisation of responses by means of a subjective review of issues in order to gain an understanding of respondents' perceptions with regard to the Balanced Scorecard's strategic value.

4.3.4 Phase 4: Quantification of perceptions

4.3.4.1 Objective

The objective of Phase 4 was to measure the perceived strategic value of the Balanced Scorecard one year after implementation of the Balanced Scorecard focusing on the three propositions, namely strategy implementation, competitive advantage and sustainability.

4.3.4.2 Type of data collected

In this phase quantitative and qualitative data was gathered.

4.3.4.3 Sample

A similar sampling method was used for the selection of sampling units for this phase as was the case for Phase 2. The target population for this phase of the research was, however, considered to be all MultiChoice Africa (Pty) Ltd first-line, middle and senior as well as general managers. According to records from the human resources division, the relevant target population, namely MultiChoice Africa (Pty) Limited, was calculated at 484. The difference between 471 (target population Phase 1) and the target population one year later of 484 (Phase 2) is due to additional appointments.

Being dependent on the voluntary participation of respondents, the researcher chose a convenience sampling method. The first step in the sampling process was to obtain a name list containing all population elements, including contact details. The name list was made available by the human resources division and provided a breakdown by division, as summarised in Table 4.3.

Table 4.3: Breakdown of MultiChoice Africa (Pty) Limited population by employee level for Phase 4

Division Popul	**ation**	**%**
Broadcast Technology	105	22%
Content 29		6%
Corporate Communications	15	3%
Finance 30		6%
Human Resources	25	5%
Information Technology	66	14%
Interactive 31		6%
Marketing & Sales	35	7%
Orbicom 48		10%
SA Operations	100	21%
Total 484		**100%**

4.3.4.4 Development of questionnaire

The next phase of the study involved the design of the questionnaire that could be electronically administered by means of e-mail distribution. The results from the preceding phases were reviewed and used as input during the design. The focus of the questionnaire was on measuring perceptions towards the operational value of the Balanced Scorecard in terms of strategy implementation, competitive advantage and sustainability (see Annexure 7).

The questionnaire was designed in such way that it could be easily administered by e-mail. The questionnaire was a self-completion questionnaire, where respondents could indicate the appropriate code or complete semi-structured questions.

4.3.4.5 Data gathering

A pilot test of the structured questionnaire was carried out amongst five respondents in May 2006. The purpose of this was to test the relevance of the statements, to establish if the wording was clear, and also to evaluate the electronic means by which the feedback was to be transmitted. As a result of the pilot study, minor wording modifications were made to some of the questions to improve clarity.

An electronic mail-out of the questionnaire was distributed, with a request to complete the self-administered questionnaire. An invitation to participate was also issued by the Chief Executive Officer and included an explanation of the study, and an estimate of the duration and the anticipated time commitment for participation. To enhance responses, respondents could return responses via e-mail, fax or ordinary post as the questionnaire was designed in a web-page format. The convenience of this was that questionnaires could easily be completed electronically through an Internet browser.

4.3.4.6 Data handling

All questionnaires returned by respondents were visually verified and only usable questionnaires were numbered and responses captured in Microsoft Excel. This was performed in a double entry manner in order to minimise data capturing errors. The data were then exported to SPSS for Windows, a statistical software package.

4.3.4.7 Data analysis

The next step involved the analysis of data. The analysis involved the construction of one-dimensional frequency tables (see Annexure 8). This provided a useful base for summarising and presenting of data, which enabled patterns and relationships to be discovered which were not apparent in the raw data.

4.4 ENHANCING THE RELIABILITY OF THE STUDY

To enhance the overall reliability of the study, some definitions and explicit explanations were provided to the respondents. Sincere attempts were made to ensure that the title of the study was covered through the formulation of the interview questions and questionnaire statements. The research question was posed to a small group of prospective participants to provide opinions on their understanding of what will be asked.

The concept of research validity in the context of this research study refers to the extent to which the research findings accurately represent what is really happening in the case study situation. Hussey and Hussey (1997: 249) note that in phenomenological studies the aim is to capture the essence of the phenomena and to extract data that is rich in its explanation and analysis. The researcher therefore aimed to gain full access to the knowledge and meaning through the various phases of the research with the result that validity can be considered high under the phenomenological paradigm.

Hussey and Hussey (1997: 249) note that there are a number of different ways in which the validity of the research can be addressed. The most common is face validity, and involves ensuring that the measures used by the researcher actually measures or represents what it was supposed to measure. Another form of validity is that of construct validity.

Construct validity was ensured through the questions on which the respondents were requested to elaborate, and justify their selections and opinions. The summaries at each stage were therefore generated with the above aspects in mind. In addition, the summarised factors were communicated back to the participants as they were in a position to confirm the retention of the meaning.

The researcher therefore aimed to minimise the effect of error during each phase of the research process, thereby increasing the likelihood of achieving acceptable standards of validity.

The question of whether the researcher was influenced by, or has influenced the research unit, is difficult to answer. The researcher was aware of this possibility at all times, and attempted to avoid contaminating the results with his own thinking. The researcher also ensured that the respondents were not influenced by avoiding leading questions, and using concept and control questions such as ‘why’ or ‘explain’. Furthermore, the researcher validated the information of the general managers against that from the senior, middle and first-line management, strengthening the reliability of the results established from the interviews.

Quantitative research with an experiment demands that measures be taken both before and after the 'treatment'. Here the treatment is the implementation of the Balanced Scorecard as a management instrument. Since the organisation was already in the process of introducing the Balanced Scorecard when the researcher started with the study, the researcher did not have the opportunity to conduct any before-and-after analysis of the situation. As a result, the researcher attempted to use historical documentation together with the interviewees' perception of the 'before situation'. However, the lack of 'before measures' increases the risk that external causes could have influenced the results. Likewise, the perception of the project among the respondents may also change. By interviewing the senior managers, the researcher was well aware that their appraisal of their own strategy accomplishment at lower levels in the organisation might influence their answers (Kaplan & Norton, 2000a: 1-4). It is difficult to control this factor adequately, but the researcher was aware of these risks during the process and took this into account when comparing the theory in the next section.

4.5 COMPARISON WITH THEORY

The methodology was applied in an organisation, where it was expected to provide useful results in establishing whether the Balanced Scorecard can assist organisations in overcoming the barriers in strategy implementation and to establish the role of the Balanced Scorecard in enhancing an organisation's sustainable competitive advantage. The fact that the outcome was indeed useful corroborated the theory. As stated in Chapter 1, the findings of the research constructs, applicable to the case study organisation, can be exported and leveraged to similar organisations in the global market place as media organisations, for example, all interact with society as a whole and are influenced in similar ways.

However, since only one organisation was involved in verifying the theory, there is no guarantee that using this approach will lead to similar findings in other organisations (non-media). The value of the verification is therefore largely theoretical and can be generalised to the theory (Hussey & Hussey, 1997: 186-246), as it showed that the mechanisms, which are assumed to underline the theory, exist.

Other organisations that wish to use the approach will have to determine for themselves whether these mechanisms also exist in their own particular context. Further use of the approach in organisations with varying characteristics will provide more insight into the preconditions for its application. Heterogeneity between the case study organisation and other organisations that intend to employ the Balanced Scorecard will strongly facilitate assessing the applicability of the approach in specific situations.

The results of this study lead to the identification of strategic opportunities and the necessity for the existence of some relationships for MultiChoice Africa (Pty) Limited, while they also revealed that other relationships and constructs were far less important than assumed (see Chapter 5 and 6). The case study indicated how the methodology could be used to evaluate the role of the Balanced Scorecard and for setting priorities in the development of intra- and inter-organisational co-operation.

This research has been restricted to a confined domain, being a case study approach of an organisation in a service-orientated media industry. This domain was identified by using the degree of customisation and the nature of the customisation as parameters. MultiChoice Africa (Pty) Limited was considered a typical representative for this domain. The value of this research increases each time the approach is used in a different organisation, provided the study is well documented and made available to the research community.

As stated above, heterogeneity between subsequent cases will contribute to the evolution of the theory. This case study presents a starting point to identify areas in which the use of the approach will lead to enrichment of the theory. For these areas, recommendations have been given for possible future research questions. The findings have been used to detail the consequences within the domain. These consequences have been presented as starting points for further research within the domain (see Chapter 7). Such research will widen the scope of the theory and will provide additional insight into determining factors for the applicability of the concepts.

The list of the findings of the structured interviews was directly compared with those obtained from the literature. The result of this analysis indicated the extent of overlap between South African circumstances and circumstances in other countries. This thus also had a bearing on the testing of the propositions postulated for this research.

The researcher is aware that the interpretation and evaluation of data can easily become subjective and therefore avoid to merely explain observations. Based on the theoretical foundation established in the theory (see Chapter 2), the researcher analysed and discussed the 'why(s)' of the findings in Chapter 6, thereby increasing the validity of the study through linkage of theory and empirical evidence.

4.6 LIMITATIONS OF THE STUDY

The following limitations with regard to the design of the study were evident:

- As was mentioned in Section 4.3.2.3 and 4.3.4.3, being dependent on the voluntary participation of respondents, the researcher chose a convenience sampling method. This sampling method is considered to be a non-probability sampling method and is used, as its name implies, for reasons of convenience. In certain studies, however, the aim might be to draw a sample that is random and representative of the whole population in order to make inferences about that population. The aim of this study was not to make inferences about the whole population, but rather gain insight and understanding about the phenomenon being studied from a phenomenological perspective. Nonetheless, it might have been of interest to study the value of the Balanced Scorecard based on the perceptions of a number of organisations.
- Timing: Though sustainability by definition reflects a longitudinal study, the researcher opted to evaluate this construct of the perceived value of the contribution of the Balanced Scorecard towards sustainability by specifically evaluating and defining sustainability in terms of the environment and ethical behaviour.
- As there are internal and external sources of sustainable competitive advantage, those that are not under the control or influence of the organisation were not included as part of this research.
- The Networked Balanced Scorecard theoretical model, which will be proposed in Chapter 7, will not be evaluated since this is beyond the scope of this study and may serve as a research topic in future.

Most of the identified case study approach limitations were overcome by the researcher having access to a suitable organisation and the support from the organisation's management. Also sufficient organisational resources were allocated by the organisation to facilitate the pre- and post-observations.

4.7 CONCLUSION

This chapter documented the study design and methodology followed in researching the strategic value of the Balanced Scorecard within a networked economy. It also reconfirms the purpose of the research, namely to gain an understanding of the strategic value of the Balanced Scorecard within the networked economy. The purpose was thus to gain insight with regards to the Balanced Scorecard assisting, supporting and serving as an instrument in overcoming the barriers to strategy implementation and gaining a sustainable competitive advantage.

The research process followed a case study approach. MultiChoice Africa (Pty) Limited was selected to serve as a case study organisation. The research used methodological triangulation by gathering both qualitative and quantitative data. The emphasis fell on quality and depth, and is indicative of research being conducted within a phenomenological paradigm.

The study was furthermore designed in such a manner to obtain a pre- and post-evaluation of the Balanced Scorecard's implementation. The gathering of data was broken into four interlinking phases outlined in Table 4.1 and the methods that were used to gather the data and the intended aim of the objectives were recorded.

The first phase of the research involved the gathering of qualitative data by means of in-depth personal interviews amongst general managers. This served as a pilot study and provided important exploratory insight into and conceptual understanding of respondents' perceptions with regard to the Balanced Scorecard's strategic value. Critical themes and issues that emerged from the interviews provided an initial basis and were then used as input for each successive phase of the research.

The second phase involved the gathering of quantitative data through an e-mail-administered self-completion structured questionnaire that was distributed to senior, middle and first-line management. Data was gathered during the early stages of the Balanced Scorecard's implementation within MultiChoice Africa (Pty) Limited and provided insight into employees' general perceptions of the strategic value of the Balanced Scorecard.

The third phase involved gathering qualitative data by means of focus group discussions with middle and first-line management. The groups were used to augment the outcomes from the initial pilot study (Phase 1) and the quantitative research from Phase 2.

The last phase took place a year after the implementation of the Balanced Scorecard commenced and involved the same method used in Phase 2, namely the gathering of quantitative and qualitative data through an e-mail-administered self-completion structured questionnaire that was distributed to general, senior, middle and first-line management.
The findings and interpretation of the results are presented in the following two chapters. The data collected for this research supports the conclusions and findings as outlined in Chapter 7.

The study adhered to the rules of scientific evidence as described by Saunders, Lewis and Thornhill (2003: 1-42). The necessary steps were taken to ensure that the evidence provided emerged from suitable research methodology and methods. The evidence provided was relevant as it addressed the research problem and research questions. Ten Have (1999: 27-41) warns that scholars must be aware that conclusions and interpretations are only as strong as the quality of the evidence provided and that it is not uncommon for scholars to exaggerate their findings in their eagerness to impress their audience (and especially their supervisors). The aim was therefore not to make claims that exceeded the weight of the evidence provided.

The following chapter, Chapter 5, will discuss and present the data that has been gathered.

CHAPTER 5
RESULTS

Competition is a painful thing, but it produces great results.
Jerry Flint, in Forbes (2000)

5.1 INTRODUCTION

The first chapter of this thesis introduced the problem, background and rationale for this research. It stated the purpose of the research, namely to understand the strategic value of the Balanced Scorecard in a networked economy focusing on the following three propositions that emerged from the literature review. Firstly, that the Balanced Scorecard supports organisations in overcoming the barriers of strategy implementation and secondly, that the Balanced Scorecard supports organisations in gaining a competitive advantage by allowing them to focus simultaneously on sources of competitive advantage and diversification around the core business. Thirdly, it was proposed that the Balanced Scorecard may serve as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage. The implementation of a Balanced Scorecard in MultiChoice Africa (Pty) Limited served as the case study.

Chapter 2 provided a literature review and dealt with three primary aspects, namely that of strategy, strategy implementation and factors that influence sustainable competitive advantage. Chapter 3 focused on the presentation of the case study organisation, MultiChoice Africa (Pty) Limited. Chapter 4 discussed the main aspects concerning the research design and research methodology. The chapter reflected upon the purpose, processes, logic and outcomes, as well as the research paradigm, phases and methods employed in a methodological triangulation design approach that included the gathering of both qualitative and quantitative data in a four phase process.

This chapter presents the results obtained from the research. In order to provide a structured flow of presentation, the main body of this chapter is divided into four sections. Each section reports the results that were obtained from each specific phase of the data-gathering process according to the three themes. This layout of the results seems appropriate, given the fact that the phases interlink in a chronological order.

It is important for the reader to note that the results depicted in this chapter are unique to the case study organisation in its change initiatives to gain and maintain a sustainable competitive advantage.

5.2 PHASE 1: IN-DEPTH INTERVIEWS WITH GENERAL MANAGERS

This section presents the main results that were obtained from the in-depth interviews conducted with ten general managers of MultiChoice Africa (Pty) Limited (see Annexure 3). The aim of the in-depth interviews was to gain insight and a conceptual understanding of the Balanced Scorecard's strategic role in a net worked economy from a general management perspective. The results reflect management's perceptions during the early stages of the Balanced Scorecard's implementation at MultiChoice Africa (Pty) Limited.

Responses from the general managers were coded and linked to the three propositions that emerged during the literature review (see Annexure 5). The main responses are presented below.

5.2.1 The Balanced Scorecard and strategy implementation

The four dialogue boxes presented throughout this section provide the most relevant comments made by the respondents.

Proposition 1: The Balanced Scorecard supports organisations in overcoming the barriers to strategy implementation by:

Ensuring that the organisation understands the strategies and that objectives are acted upon.

- "Strategy can only be implemented if properly communicated to and understood by all stakeholders. This is the role of the Balanced Scorecard."
- "The Balanced Scorecard ultimately enhances dialogue and understanding between all stakeholders."

- "The Balanced Scorecard directly links strategy to objectives, measures and milestones. It ensures that everyone is heading in the same direction."
- "The Balanced Scorecard assists to translate key strategic objectives into tangible initiatives."
- "We as managers believe that the Balanced Scorecard should be used as a total strategic management instrument, as it incorporate both elements of planning and implementation."

The next section reflects the most relevant comments that were made in terms of the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation by linking the overall strategy to objectives at departmental, team and individual levels.

Linking the overall strategy to objectives at departmental, team and individual levels.

- "The Balanced Scorecard takes cognisance of the part each individual plays in contributing to overall achievement."
  "The Balanced Scorecard allows each division to understand and quantify the value of their individual key initiatives."
  "The measures on the Balanced Scorecard offer each individual the ability to realise what his/her individual contribution to the overall strategy is."
  "The Balanced Scorecard demystifies and enforces an understanding of how each individual person influences the overall strategy."
  "The Balanced Scorecard ensures that the importance and role of the division and individual within the organisation are highlighted."
  "The Balanced Scorecard has highlighted the role of the various divisions and the contribution of the individual towards the ultimate corporate goal."
- "It enhances transparency and encouraged participation at all levels of the organisation."
  "Through the implementation of the Balanced Scorecard, communication is enhanced, as the various activities, objectives and measurements of the divisions are now transparent across the organisation."

The section below presents comments that were made in terms of the Balanced Scorecard supporting the organisation in overcoming the barriers to strategy implementation by linking short-term resource allocation to long-term strategy.

Linking short-term resource allocation to long-term strategy.

- "Prior to implementation, the budget was allocated to a specific division's requirements and not necessarily according to long-term corporate requirements. However, the Balanced Scorecard assists to facilitate a collaborative approach in the budgeting process by linking short-term resource allocation to long-term strategy."

  "The budget was previously limited to funds available. Owing to the deployment of the Balanced Scorecard, funds are now made available on strategic intent."

  "The Balanced Scorecard allows resource and budget allocation to be based on the corporate strategic intent."

  "The Balanced Scorecard facilitates participative management. This allows short-term funding to be allocated for long-term investment."

  "The Balanced Scorecard has allowed all divisions to influence expenditure from a strategic perspective rather than from operational needs and wants requirements."
- "All initiatives have cost and resource constraints. However, this is kept to a minimum as the Balanced Scorecard assists to reduce wastage, optimise resources, including human capital, drive down operating costs, enhance internal and external relationships and grow the business as a whole."
- "The Balanced Scorecard allows the organisation, if it wishes to diversify concentrically, that resources can be deployed accordingly."
- "The Balanced Scorecard brought to light the misalignment of organisational structure and what the business requirements were."

  "Individual objectives are no longer linked to only divisional strategic intent, but also to overall corporate objectives."

The section below presents comments that were made in terms of the Balanced Scorecard in providing feedback on strategically important issues.

Providing feedback on strategically important issues.

- "The Balanced Scorecard gives MultiChoice the ability to have a dashboard with real-time reporting. This brings about communication and transparency which fosters the decision-making and problem-solving processes which in turn enhances competitive advantage. Changes to the environment and operations can be quickly identified and solutions implemented."

  "The Balanced Scorecard allows for a quick overview of not only operations but

also the strategic direction and intent."
"The Balanced Scorecard also fosters a learning organisation and enhances overall communication."
"Budget parameters are adjusted according to feedback on strategic important issues and processes."
"The Balanced Scorecard is a living entity with focus shifts depending on at-the-minute requirements that are linked to overall objectives of the organisation."
"The Scorecard allows for the constant review of measurements and targets for personal, departmental, divisional and corporate objectives."
"The Balanced Scorecard allows the focus to be placed on critical strategic issues rather than unimportant operational daily routines."

- "Innovation management is directly measured in the Balanced Scorecard in terms of the number of innovation ideas that are converted into business process enhancements."
  "Knowledge sharing and knowledge management is a key factor and is measured in the Balanced Scorecard and is shared collectively in the environmental developments and demands."
- "The Balanced Scorecard revealed that success needs to be measured on an industry level. This can only be achieved through collaboration and strategic partnering, not only on an inter-group level but also within the industry."
- "Not only are competitive advantage factors displayed on the corporate Balanced Scorecard, but also linkages through various initiatives and business development processes are critical to survival and long-term sustainability. Awareness of the organisation's competitive advantage ensures that these are further developed and nurtured through initiatives displayed on the Balanced Scorecard."
- "Corporate social responsibility does feature on the corporate Balanced Scorecard and there is a drive to develop further innovative ideas in order to support this objective."
- "Measures on the Balanced Scorecard are specific towards set objectives with initiatives linked to them. This assists to mitigate risks, improve operational effectiveness, enhance customer-centric orientation and leverage critical contacts in the environment, which are influential in policy."

5.2.2 The Balanced Scorecard and competitive advantage

This section focuses on the comments that were made relating to the second proposition, namely the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage by focusing on the sources of advantage and diversification around the core business.

Proposition 2: The Balanced Scorecard supports organisations in gaining a competitive advantage by allowing organisations to focus simultaneously on the following:

Sources of competitive advantage.

- "The Balanced Scorecard has formalised the process and contribution towards the development of the organisation's competitive advantage."
- "The Balanced Scorecard has created the ability to have an in-depth understanding into the mechanics of the organisation."
- "The Balanced Scorecard facilitates and fosters continuous improvement and re-engineering of the business processes."
- "Through the establishment of the Balanced Scorecard, greater co-operation between divisions and synergy makes it more difficult to imitate the competitive advantage held by the organisation."
- "The various objectives and measurements reflected on the Balanced Scorecard raised the barriers to imitation."

  "The Balanced Scorecard has highlighted the importance of raising barriers to imitation."
- "The time to market is crucial and owing to the transparency element of the Balanced Scorecard, the various divisions now understand their inter-relationships and dependency. This, in itself, ensures that activities are not only performed faster, but leaner and meaner."
- "The Balanced Scorecard allows collaborative efforts such as market development and market growth to take place in a transparent and constructive environment."
- "The Balanced Scorecard enhances the architecture, reputation and innovation constructs of the competitive advantage principles."

Diversification around the core business.

- “Through the setting of various strategic objectives, the Balanced Scorecard directly contributes to develop best-in-class intellectual capital.”
- “The Balanced Scorecard has created a platform for knowledge sharing and communication.”
- “The development of unique skills in terms of channel acquisition and management has always been available prior to the Balanced Scorecard implementation; however, formal transfer of skill and knowledge is now facilitated through the Balanced Scorecard.”

  “The Balanced Scorecard records knowledge sharing and a deployment of a knowledge management portfolio as a strategic objective. This objective entails learning and collaboration impact as well as overall supported efficiencies and cost reductions.”

  “The Balanced Scorecard contains elements of a multi-layered people strategy that focuses on developing skills and capacity.”
- “One of the measures on the Balanced Scorecard reflects the number of innovative ideas put into practice.”
- “The Balanced Scorecard has evolved the planning change process and is still a collaborative approach that resulted in all individuals becoming performance orientated and adopting a humanistic learning orientation by utilising a systems approach in a scientific and controlled manner.”
- “The Balanced Scorecard has fostered freedom of thinking and enhanced a participative and informal leadership style.”
- “Since the introduction of the Balanced Scorecard, the focus has been put on mitigating risk, leveraging resources and spreading and sharing knowledge. The advantages are outlined in the Balanced Scorecard and measurements have been established accordingly.”

  “The Balanced Scorecard facilitates the transparent communication of known risks to the organisation.”

  “The Balanced Scorecard evolves the perception of risk to include other elements such as workforce and environmental factors. The organisation has a strong code of conduct that is published and entrenched in the culture of the organisation. The number of disciplinary actions is measured on the Balanced Scorecard with a focus to drive this figure down.”

  “The Balanced Scorecard allows for the consolidated approach to risk management whereby all aspects, types and motives for risk are quantified and reflected. The Balanced Scorecard supports the insight into all the areas of risk management and exposed to other divisions risk factors that were not known before."

"Risk needs to be managed to meet unforeseen events. Failure to identify and mitigate these factors could prove financially costly in the short and long term, hence the reason for the position of risk on the Balanced Scorecard."

"Previously risk was regarded only as financial risk, with little exposure to other risk factors. The Balanced Scorecard has changed this perspective."

"From a South African operations perspective, the risk management strategy focuses around customer retention. Coupled with this is a drive to mitigate the high risk associated with revenue collection. These feature quite prominently on the corporate Balanced Scorecard. Now that the risk factor features on the Balanced Scorecards, stakeholders have a new appreciation for the number of interventions performed on a daily basis to mitigate risk."

"The Balanced Scorecard effectively supports the identification and mitigation of risks."

5.2.3 The Balanced Scorecard and sustainability

This section focuses on the comments that were made relating to the third proposition, namely that the Balanced Scorecard supports MultiChoice Africa (Pty) Limited and enhances the organisation's sustainability constructs.

.

Proposition 3: The Balanced Scorecard serves as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage by creating the following:

A corporate culture that supports the priority for competitive sustainability at all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees).

- "The Balanced Scorecard has enhanced the drive towards ethics and entrenching the organisation's core value system and culture."
- "The Balanced Scorecard displays strong human capital elements that focus on retention, remuneration and organisational culture development. It is precisely this factor that ensures that the human factors as a source of competitive

advantage are underpinned."

- "The Balanced Scorecard instils a more human approach rather than a systems approach."

Sustainable resource management (environmental co-operation, key technologies and innovation).

- "An important item highlighted by the Balanced Scorecard is the unique and distinctive competitive advantage, namely human capital."
- "The Balanced Scorecard supports the leveraging of collaborative forums."
- "The Balanced Scorecard fosters innovation into a formal structure and measures it accordingly. Innovation has also cultivated a culture of progression and forward thinking while competitive awareness has become a focal point."

Sustainable processes (systems, innovation, disruptive technologies, supply chain optimisation, and development of sustainable products, services, technologies and production processes).

- "The Balanced Scorecard has highlighted the fact that process improvement should feature high on the organisation's agenda."
- "Strategic involvement in projects in terms of providing value for my products and services has been incorporated into the Balanced Scorecard."
- "Through the Balanced Scorecard, communication had been enhanced internally and externally whereby technological developments are now being communicated throughout the group."
- "The Balanced Scorecard allows for the ability to leverage the technology platforms to other business units."
- "The Balanced Scorecard supports the operational developing processes as well as leveraging the ability to deploy processes and technology innovations for continuous improvement."
- "The Balanced Scorecard speeds up the interdependence with internal and external transaction partners."
- "The Balanced Scorecard allows the organisation to leverage abilities and capabilities from strategic partners."

Sustainable customer acquisition and retention (environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy) by communicating values and policies to all

stakeholders in the community.

- "Innovation is geared to support the organisation's drive to 'own' the customer."
- "The Balanced Scorecard has identified corporate reputation management as a critical success factor."
- "The Balanced Scorecard promotes building brand equity."

Sustainable profitability and stakeholder value (bottom-line efficiency and environmental excellence, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing).

No comments were made that could be linked to the above theme.

These comments support the various constructs.

5.3 PHASE 2: QUANTIFICATION OF PERCEPTIONS

The second phase of the research project involved the distribution of a structured self-completion questionnaire at senior, middle and first-line management level. The questionnaire (see Annexure 4.2) consisted of various statements that were aimed at obtaining a quantitative measurement of the perceived strategic value of the Balanced Scorecard focusing on the three propositions derived. The formulation of the statements was based on the information gained from the literature review and the insight and conceptual understanding from Phase 1.

A total of 137 questionnaires were received out of a total of 461 questionnaires distributed. This constitutes a response rate of 29.7 per cent. The table below presents the actual number of questionnaires distributed across the various divisions and the subsequent number of valid questionnaires received back.

Table 5.1: Sampling of Phase 2

Division Popu	lation	Percentage distribution	Actual sample	Percentage distribution
Broadcast Technology	103	22%	48	35%
Content 23		5%	4	3%
Corporate Communications	13	3%	1	1%
Finance 30		7%	13	9%
Human Resources	27	6%	9	7%
Information Technology	57	12%	22	16%
Interactive 29		6%	10	7%
Marketing & Sales	34	7%	7	5%
Orbicom 41		9%	8	6%
SA Operations	104	23%	15	11%
Total 461		**100.0%**	**137**	**100%**

The sub-sections below present the main results that were obtained from the analysis of the evaluation of statements.

5.3.1 The Balanced Scorecard and strategy implementation

The tables below reflect the frequency distribution of respondents' evaluation of statements dealing with the Balanced Scorecard's role in supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation.

Babbie (1998: 382) proposed that in some instances the collapsing of response categories may be considered in order to reveal clearer trends or patterns emerging from the data. Initial inspection of the frequency distribution of responses suggested that the collapsing of 'somewhat' with 'partially', and 'adequately' with 'fully' revealed better interpretable results. Based on this literature, the researcher created three new categories namely 'not at all', 'partially' and 'adequately'. Refer to Annexure 6.1 for original frequency distributions and Annexure 6.2 for derived tables as well as Annexure 8 (Section D5) and Table 5.14. No descriptive tables were produced as the data was considered to be categorical and not of a continuous nature.

Tables 5.2 to 5.5 reflect the evaluation of statements relating in particular to Proposition 1.

Table 5.2: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation by ensuring that the organisation understands the strategies and that objectives are acted upon.

Statements	**Not at all**	**Partially**	**Adequately**	**Total**
Expands the understanding of strategy by internal and external stakeholders	2%	28%	70%	100%
Translates the strategy into action	2%	34%	64%	100%
Increases top management commitment and support	2%	38%	60%	100%
Ensures a balance between operational and strategic focus	1%	42%	57%	100%
Improves overall communication	2%	45%	53%	100%
Develops management competence	1%	40%	59%	100%
Develops organisational leadership qualities	2%	53%	45%	100%
Ensures support from employees	2%	52%	46%	100%

Table 5.3: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation by linking the overall strategy to objectives at departmental, team and individual levels.

Statements	**Not at all**	**Partially**	**Adequately**	**Total**
Outlines individual responsibilities of implementers	2%	36%	62%	100%
Links the overall strategy to the objectives at the departmental, team and individual level	2%	39%	59%	100%
Supports the mission and vision	1%	35%	64%	100%
Enhances employees' capability of implementing strategy	1%	44%	55%	100%

Table 5.4: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation by linking short-term resource allocation to long-term strategy.

Statements	**Not at all**	**Partially**	**Adequately**	**Total**
Supports long-term decision-making that affects short-	2%	41%	57%	100%

term financial objectives				
Links the investment/competency development and the future investment/competency needs	3%	42%	55%	100%

Table 5.5: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation by providing feedback on strategically important issues.

Statements	Not at all	Partially	Adequately	Total
Enhances strategy formulation	3%	28%	69%	100%
Ensures adequate implementation control and follow-up systems	1%	33%	66%	100%
Addresses major problems that surface during strategy implementation	2%	34%	64%	100%
Supports the organisation's ability to adjust the overall strategy if it shows not to be appropriate	1%	36%	63%	100%
Supports senior management's belief that risk management should be embedded in every business unit and sponsors a comprehensive risk management programme	4%	45%	51%	100%
Defines appropriate management styles	2%	56%	41%	100%
Increases the organisation's awareness of governmental, social, and political factors that present opportunities or threats	4%	45%	51%	100%
Increases the organisation's awareness of trend changes, global demographics, proximity, lifestyle changes, flexibility in workplace, information hubs, convergence of technology and availability of environmental and social needs	8%	45%	47%	100%

5.3.2 The Balanced Scorecard and competitive advantage

The tables below reflect the proportional distribution of respondents' evaluations of statements dealing with the Balanced Scorecard's role in supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage.

Table 5.6: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage by allowing them to focus on the sources of competitive advantage.

Statements	Not at all	Partially	Adequately	Total
Supports the organisation's ability to combine different activities to create real economic value	6%	37%	57%	100%

Statements	Not at all	Partially	Adequately	Total
Develops the organisation's core competencies	4%	39%	57%	100%
Improves organisation's operational effectiveness (cost leadership, positioning, continuous improvement)	4%	41%	55%	100%
Supports vertical integration in terms of group systems such as centrally managed purchasing technology applications	5%	45%	50%	100%
Supports the organisation's differentiation position	3%	47%	50%	100%
Develops organisational synergy by ensuring that assets are spread over a number of markets	6%	45%	49%	100%
Supports the organisation's ability to make substantial investments in capacity to provide products and services in markets that are scale sensitive	5%	46%	49%	100%
Supports the organisation's ability to raise the barriers to imitation by competitors	4%	49%	47%	100%
Increases the organisation's time-compression by performing activities faster and with rapid response to market trends	4%	49%	47%	100%

Table 5.7: Evaluation of general statements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage by allowing them to focus on diversification around the core business.

Statements	Not at all	Partially	Adequately	Total
Ensures that the organisation's innovation management takes place in a supportive context	3%	36%	61%	100%
Fosters organisation's knowledge, skills, leadership and culture	5%	35%	60%	100%
Increases awareness of intangible assets	3%	44%	53%	100%
Enhances the organisation's access to know-how and markets	3%	46%	51%	100%
Supports the organisation's ability to learn from and share experiences with other organisations through its learning and innovation drive	6%	43%	51%	100%

5.3.3 The Balanced Scorecard and sustainability

The tables below reflect the distribution of respondents' evaluations of statements dealing with the Balanced Scorecard's role in serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage.

Table 5.8: Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of

MultiChoice Africa (Pty) Limited’s competitive advantage by creating a corporate culture that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees).

Statements	Not at all	Partially	Adequately	Total
Integrates organisational policies and procedures	1%	45%	54%	100%
Supports favourable organisational culture	4%	49%	47%	100%

Table 5.9: Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage by creating sustainable resource management.

Statements	Not at all	Partially	Adequately	Total
Supports the organisation's ability to include all relevant individuals and organisations in its network	6%	47%	47%	100%

Table 5.10: Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited’s competitive advantage by creating sustainable processes.

Statements	Not at all	Partially	Adequately	Total
Aligns organisational capabilities with changing market requirements	3%	39%	58%	100%
Increases the organisation's ability to address risk in its day-to-day decision-making processes	5%	41%	54%	100%
Enhances the organisation's relationships across organisations and supply chains	5%	48%	47%	100%
Ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment	4%	42%	54%	100%
Supports the organisation’s ability to identify and manage risk across corporate borders (risk created by unrelated service agents and vendors due to their internal weaknesses)	5%	50%	45%	100%
Supports the organisation's ability to identify and select alliance partners	4%	53%	43%	100%

Table 5.11: Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage by creating sustainable customer acquisition and retention.

Statements	Not at all	Partially	Adequately	Total
Supports the organisation's drive to own the customer	6%	34%	60%	100%
Ensures optimal customer service through people (training, commitment and ownership), technology (integrated systems and processes) and customer loyalty programmes	5%	41%	54%	100%
Enhances the organisation's reputation, relationships, switching costs and product complementaries	5%	45%	50%	100%
Supports and enhances the sustainability constructs of an organisation's competitive advantage	6%	33%	61%	100%
Enhances non-tangibles (relationship with government, autonomy, know-how, specialisation, intellectual property, etc.	6%	47%	47%	100%

Table 5.12: Evaluation of general statements about the Balanced Scorecard serving as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage by creating sustainable profitability and stakeholder value.

Statements	Not at all	Partially	Adequately	Total
Enhances the organisation's focus on creating or increasing shareholder value	5%	32%	63%	100%
Fosters values and ethics and provides a sustainable measurable foundation (nominal) for future organisational excellence	5%	45%	50%	100%
Supports the involvement of all stakeholders in major new programmes to promote their understanding	4%	48%	48%	100%

In summary, the results indicate that the respondents perceive the Balanced Scorecard to 'adequately' or 'partially' add strategic value to the organisation.

5.4 PHASE 3: FOCUS GROUP DISCUSSIONS

Following the in-depth interviews from Phase 1 and the completion of the structured questionnaires in Phase 2, three focus group discussions were held with members from middle and first-line management. The aim of the group discussions was to gain an additional perspective into employees' perceptions of the value of the Balanced Scorecard and, in particular, to identify possible gaps or shortcomings during implementation. The first part of the group discussions focused on the role of Balanced Scorecard in supporting MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation. The results are discussed in the section below.

5.4.1 The Balanced Scorecard and strategy implementation

Group members noted the following shortcomings:

- The leadership team had been working on the development of the Balanced Scorecard concept for a long time and therefore had their full commitment. Employees, on the other hand, were possibly forced into the concept and therefore did not yet give it their full support.
- The workings of the Balanced Scorecard and its basic objectives don't seem to have been communicated or understood fully, as employees think that it is an instrument only used by top management.
- Group members are of the opinion that most employees seem to perceive the Balanced Scorecard as a control instrument. Hence, they seem to feel that it will be used to 'control' employees;
- Lower management levels will hardly be able to influence the vision and strategy because it these are formed at a top managerial level.
- Strategies and action plans appear more descriptive and concretely directed to the overall organisational objectives. However, they appear less oriented towards the departments and how staff should achieve their objectives.
- The Balanced Scorecard is prepared manually at present and much time is spent on compiling the reports for the meetings. What seems to be lacking is a suitable collection and reporting instrument.
- There is no clear link between competency development and the future competency needs, and this seems to be due to the difficulties in planning or considering the future competency needs as a result of the changing external environment.
- Although the information used for feedback in the organisation appears modest, too little time is spent on the feedback process and the organisation seems to lack the instrument to collect information on the Balanced Scorecard.

- Some of the measures appear unnecessary as the Balanced Scorecard was developed by the management team and not in co-operation with the entire staff throughout the organisation.
- Although the Balanced Scorecard supports the implementation of strategies, it often only measures what is easy and possible to measure and not always what is meaningful.

5.4.2 The Balanced Scorecard and competitive advantage

The second part of the group discussions focused on the role of the Balanced Scorecard in supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage. It was noted that the Balanced Scorecard had not yet demonstrated the ability of the organisation to raise the barriers to imitation. However, it was argued that the Balanced Scorecard was still in its initial phase of introduction and this point was thus difficult to evaluate at the moment.

5.4.3 The Balanced Scorecard and sustainability

The third part of the group discussions dealt with the Balanced Scorecard enhancing the sustainability constructs.

It was noted that the Balanced Scorecard does not provide representation by all stakeholders and this should be an area for consideration as it is important to include not only the local domestic stakeholders but also international stakeholders' since the organisation operates in a global arena. The Balanced Scorecard should actively measure its impact and influence on the environment, but not only in a business context as these competencies can be leveraged not only to create growth in financial revenue for shareholders but also to benefit all direct and indirect stakeholders.

A second issue raised was that governance was a closed topic and required further transparency for all stakeholders to fully understand and take cognisance of compliancy. The Balanced Scorecard did not clearly translate this strategic objective.

It was also evident from the group that alliance partners were important but that this point was not clearly presented on the Balanced Scorecard and therefore the Balanced Scorecards fails to communicate and measure this specific strategic intent. Focusing on the Balanced Scorecard and the environment, the group members were of the opinion that the Balanced Scorecard failed to indicate the true value of corporate social investments and the benefit to society as a whole.

The group members did not support the statement that the Balanced Scorecard enhances ethical practices and organisational integrity as it was felt that the Code of Ethics and Conduct existed before the implementation of the Balanced Scorecard. The members were of the opinion that business decisions and actions are made in accordance with defined behaviours and that the Balanced Scorecard does not support the organisation's integrity. It thus does not measure the organisation's ethical standards. The group was of the opinion that this should feature more strongly on the Balanced Scorecard as the ethics of an organisation can have a substantial impact on the levels of fraud and trust in an organisation.

It was agreed that sustainability is of critical importance to ensure the long-term survival of the organisation. The Balanced Scorecard does not accurately capture the extent of relationships that are important and does not provide for representation by all stakeholders to ensure the long-term survival of the company.

The group discussions also highlighted the following. Although a key component of the Balanced Scorecard process was to implement a risk management discipline into all activities, it did not clearly translate the strategic objective regarding the transparency of governance. The Balanced Scorecard also failed to communicate and measure the importance of alliance partners. It was to some degree successful in demonstrating the organisation's awareness of trends, global dynamics and convergence. The Balanced Scorecard failed to indicate the value and benefit to society as a whole of the organisation's involvement in corporate social investment programmes.

5.5 PHASE 4: QUANTIFICATION OF PERCEPTIONS

The fourth phase of the research project involved measuring the perceptions of employees at senior, middle and first-line management level about the Balanced Scorecard one year after implementation commenced (see Annexure 7).

A t otal o f 4 84 quest ionnaires were dist ributed of which 11 3 complet ed ones wer e returned. This constitutes a response rate of 23.3 per cent. The table below presents the actual number of questionnaires distributed across t he various divisions and t he subsequent number of fully completed questionnaires received back.

Table 5.13: Sampling of Phase 4

Division Popula	tion	Percentage distribution	Response sample	Percentage distribution
Broadcast Technology	105	22%	21	19%
Content 29		6%	7	6%
Corporate Communications	15	3%	5	4%
Finance 30		6%	7	6%
Human Resources	25	5%	13	12%
Information Technology	66	14%	25	22%
Interactive 31		6%	7	6%
Marketing & Sales	35	7%	8	7%
Orbicom 48		10%	3	3%
SA Operations	100	21%	17	15%
Total 484		**100%**	**113**	**100%**

The f ollowing sub-sect ions present t he main result s t hat were obt ained f rom the analysis of the evaluation of statements.

5.5.1 General evaluation of the Balanced Scorecard

This se ction summarises t he resp onses obt ained f rom the general e valuation of statements. Table 5. 14 indicat es t hat the majority o f respondent s f elt that the Balanced Scorecard in most areas met or exceeded t heir expect ations. It should, however, be noted that a significant proportion felt the opposite, having indicated that the Balanced Scorecard did not meet their expectations.

Table 5.14: Extent of Balanced Scorecard achieving operational objectives

	Not at all	Partially	Adequately	Total
Built a favourable culture for the organisation	48% 40% 12%			100%
Built a business environment that is conducive for growth	37% 48% 15%			100%

	Not at all	Partially	Adequately	Total
Effectively met the needs of management to pursue opportunities	30%	49%	21%	100%
Built a communication environment that allowed management to recognise opportunities and threats	34%	50%	16%	100%
Built an environment where the organisation could operate effectively	28%	58%	14%	100%
Provided a framework for translating strategy into operational themes and thereby facilitated the role of management	24%	58%	18%	100%
Encouraged managers and staff to think strategically about the organisation and its future	23%	56%	21%	100%
Created an environment which is conducive to learning organisations	37%	49%	14%	100%
Provided a platform for identifying strategic and operational priorities	21%	60%	19%	100%
Assisted management in enhancing the strategy formulation process	26%	54%	20%	100%
Guided employees from all levels towards contributing to organisational objectives	38%	46%	16%	100%
Changed the business thinking perspective of employees	37%	49%	14%	100%
Improved the decision-making environment	36%	50%	14%	100%
Overcoming the barriers in strategy implementation	32%	53%	15%	100%
Assisted MultiChoice Africa (Pty) Limited in gaining a competitive advantage	31%	58%	11%	100%
Assisted MultiChoice Africa (Pty) Limited in sustaining a competitive advantage	36%	55%	9%	100%

The table below summarises the overall findings of the three propositions regarding the expectations about the Balanced Scorecard.

Table 5.15: Expectations about the Balanced Scorecard

	Not at all	Partially A	dequately	Total
Overcoming the barriers in strategy implementation	15%	58%	27%	100%
Assisting MultiChoice Africa (Pty) Limited in gaining a competitive advantage	15%	62%	23%	100%
Assisting MultiChoice Africa (Pty) Limited in sustaining a competitive advantage	24%	57%	19%	100%

5.5.2 The Balanced Scorecard and strategy implementation

The table below summarises the results from the evaluation of statements relating in particular to the first proposition.

Table 5. 16: Evaluat ion of general st atements about the Balanced Scorecard supporting Mult iChoice Af rica (Pty) Limit ed in overcomin g t he barriers t o st rategy implementation.

Statements Disag	**ree**	**Agree**	**Total**
The Balanced Scorecard provides me with valuable information that allows me to be more efficient and effective in my work	12% 88%		100%
I have found problem solving in my department to be much faster since the introduction of the Balanced Scorecard	34% 66%		100%
The Balanced Scorecard is a valuable instrument for me	12%	88%	100%
The Balanced Scorecard has assisted the organisation in successfully implementing its new strategic intent	12% 88%		100%
The Balanced Scorecard has exceeded my personal expectations in overcoming the traditional barriers to strategy implementation	20% 80%		100%
The Balanced Scorecard provides valuable feedback on strategically important issues to me	13% 87%		100%
The Balanced Scorecard effectively links short-term resource allocation with long-term strategy	16% 84%		100%
Since the implementation of the Balanced Scorecard, I find it much easier to reach my objectives	22% 78%		100%
The Balanced Scorecard assists me to understand how strategies should be implemented	13% 87%		100%
The Balanced Scorecard provides the feedback that I need to perform my job effectively	19% 81%		100%
The Balanced Scorecard has enhanced my decision-making abilities	27% 73%		100%
The Balanced Scorecard has enhanced my leadership abilities	28%	72%	100%
The Balanced Scorecard has assisted me to better exchange my views regarding important strategic objectives of the organisation	19% 81%		100%
The Balanced Scorecard has shaped the way my department operates	27% 73%		100%
The Balanced Scorecard has equipped me to overcome the barriers that exists in strategy planning	22% 78%		100%
Since the introduction of the Balanced Scorecard my department has been able to better coordinate and manage my department's budget	32% 68%		100%
I use the information the Balanced Scorecard provides to set more feasible targets for my department	23% 77%		100%
The enhancing of proper communication routes between departments by the Balanced Scorecard assists me to align the objectives more effectively	31% 69%		100%
The Balanced Scorecard assisted to narrow down the important strategic objectives of the organisation thereby enhancing the quality of the strategies implemented	14% 86%		100%
With the Balanced Scorecard it has become easier for me to link	18%	82%	100%

Statements Disag	ree	Agree	Total
strategy to action			
My department uses the Balanced Scorecard as an instrument to encourage action and appropriate change	34% 66%		100%
The Balanced Scorecard is a successful management instrument because its measures can be changed (flexible) to suit the organisation's needs in the constantly changing environment in which it operates	11% 89%		100%
It is too early to tell the real impact of the Balanced Scorecard	32%	68%	100%
The Balanced Scorecard is nothing more than a measurement instrument	24% 76%		100%
The Balanced Scorecard has brought about a positive change in the way we do business	24% 76%		100%

5.5.3 The Balanced Scorecard and competitive advantage

The table below summarises the results from the evaluation of statements relating in particular to the second proposition.

Table 5. 17: Evaluat ion of general st atements about the Balanced Scorecard supporting MultiChoice Africa (Pty) Limited in gaining a competitive advantage.

Statements Disag	ree	Agree	Total
The Balanced Scorecard assists the organisation to improve service delivery to customers	12% 88%		100%
The Balanced Scorecard assisted in identifying key success factors (product quality/customer knowledge, on-time delivery etc.) that create a sustainable competitive advantage	14% 86%		100%
The Balanced Scorecard is used as an instrument to assist management reinvent the organisation's business model in order to create a competitive advantage in the market	14% 86%		100%
The Balanced Scorecard initiates the alignment and focus of all the organisation's resources on its strategy	14% 86%		100%
I feel the Balanced Scorecard is adding value to the role of internal and external stakeholders (increasing) in the organisation's value chain	14% 86%		100%
The Balanced Scorecard assists the organisation to focus on decreasing the organisation's cost by making it more efficient in delivering business solutions	17% 83%		100%
The Balanced Scorecard initiates better cooperation and collaboration between all stakeholders	17% 83%		100%
Since the implementation of the Balanced Scorecard, the organisation was able to pursue opportunities that created a competitive advantage	19% 81%		100%
Since the introduction of the Balanced Scorecard, management has been able to act on opportunities that support gaining a competitive advantage over competitors	21% 79%		100%
The introduction of the Balanced Scorecard results in the organisation generating returns in excess of the cost of capital	21% 79%		100%

Statements Disag	ree	Agree	Total
and earning a higher rate of economic profit than the average of its competitors (competitive advantage)			
The use of the Balanced Scorecard resulted in better strategy implementation through the creation of new business models	22% 78%		100%
Since the implementation of the Balanced Scorecard, I understand the organisation's competitive environment much better	25% 75%		100%
I believe the Balanced Scorecard aided my department to rethink how to explore new markets in order to establish a sustainable competitive edge	28% 72%		100%
I use the Balanced Scorecard as a synchronisation instrument for information, human capital and the market to create new services in my department that will assist to maintain a sustainable competitive advantage	29% 71%		100%
Management uses the Balanced Scorecard as an instrument to manage the diversity in the organisation	30% 70%		100%

5.5.4 The Balanced Scorecard and sustainability

The table below summarises the results from the evaluation of statements relating in particular to the third proposition.

Table 5.18: Evaluation of general statements about the Balanced Scorecard as an instrument that supports and enhances the sustainability constructs of MultiChoice Africa (Pty) Limited's competitive advantage.

Statements Disag	ree	Agree	Total
The Balanced Scorecard enhances the effectiveness of the organisation's ability to support and maintain a sustainable competitive advantage	11% 89%		100%
The Balanced Scorecard has added real value to the business	15%	85%	100%
The Balanced Scorecard has assisted to control and manage corporate sustainability	15% 85%		100%
The Balanced Scorecard assists management in streamlining sustainability strategy and set clear targets for environmental management and corporate social responsibility	15% 85%		100%
I find the Balanced Scorecard a helpful business instrument in developing strategies to attract and retain customers	15% 85%		100%
I use the Balanced Scorecard to focus on short-term objectives in order to achieve long-term sustainability	16% 84%		100%
I used the Balanced Scorecard during the changed management process to better understand the new corporate vision and mission	19% 81%		100%
The Balanced Scorecard has built a favourable culture within MultiChoice	19% 81%		100%
The Balanced Scorecard has made me more aware of the threats and opportunities the organisation faces and how this will	20% 80%		100%

Statements Disag	ree	Agree	Total
have an impact on the business objectives and performance			
Operationally we are more effective due to the introduction of the Balanced Scorecard	21% 79%		100%
The Balanced Scorecard is an instrument that is focused on the operational side of the business	28% 72%		100%
The Balanced Scorecard has assisted me to cope with the change management process more effectively	32% 68%		100%

5.6 CONCLUSION

This chapter presented the results obtained from the analyses of the data that was gathered from the case study organisation for the purpose of this research.

The first phase of the research focussed on gaining a conceptual understanding of general management's perceived value of the Balanced Scorecard. The data gathering involved in-depth interviews with ten general managers.
The second phase of the research was aimed at obtaining a quantitative measurement of senior, middle and first-line management's perceived evaluation of the Balanced Scorecard.

Following the in-depth interviews from Phase 1 and the completion of the structured questionnaires in Phase 2, three focus group discussions were held with members from middle and first-line management. The aim of the group discussions was to gain additional perspective into employees' perceptions of the value of the Balanced Scorecard and, in particular, to identify possible gaps or short comings during implementation.

The last phase of the research project involved measuring the perceptions of employees at senior, middle and first-line management level about the Balanced Scorecard one year after implementation commenced.

In the next chapter, Chapter 6, the results presented in this chapter will be discussed and analysed.

CHAPTER 6
FINDINGS

"Everything should be made as simple as possible, but not simpler". (Albert Einstein, 1879-1955)

6.1 INTRODUCTION

MultiChoice Africa (Pty) Limited, through its transformation process and its position in the organisational life cycle, faced challenges such as the misalignment of budgets, setting of targets without proper information and misalignment of objectives. At the same time, the organisation also had to close the gap between skills, processes and risks. The management and the executive team further needed to communicate the new collective corporate business intent effectively to all internal and external stakeholders in the value chain. The imperative in the new value-added strategic goal implementation was to ensure that the group and the individual or team understands the new knowledge proposition. Another challenge was to create a learning organisation.

It is against this background that this study set out to establish whether the Balanced Scorecard as a strategic management instrument supports an organisation in overcoming barriers to strategy implementation as well as the development of and maintaining a sustainable competitive advantage in the networked economy. The research was constructed around MultiChoice Africa (Pty) Limited, which served as a case study organisation where an empirical forum for the facilitation of specific constructs was established. The case study organisation provided a strategic framework for the constructs to be qualified and quantified. Phenomenological research was carried out to examine the utility of the instrument in real practice.

Chapter 2 established the theoretical foundation of the research study by means of a literature review. The review provided a theoretical perspective on strategy, strategy management, strategic control, and the context of managing strategically, development of strategic models and instruments, and sustainability. It expanded on the sources of competitive advantage and the options available for prolonging an advantage through casual ambiguity, underlying conditions, uniqueness, economic deterrence and growth opportunities, by defining competitive advantage and sustainability, core competencies and capabilities such as innovation, reputation and architecture. Importantly, the review established the mainstream thinking of researchers regarding the Balanced Scorecard. As a result of this three propositions relate to the research questions stated in Chapter 1 emerged.

The following chapters focused on presenting the case study organisation, MultiChoice Africa (Pty) Limited (Chapter 3) as well as the manner in which the research was carried out (Chapter 4). Chapter 5 presented the results obtained from the analysis of the qualitative and quantitative data. Together with the first two chapters, these chapters form the framework for testing the propositions and answering the research questions. In this chapter, the propositions that emerged from the literature review are linked with the results that were presented in Chapter 5.

6.2 LINKING THEORY AND RESEARCH

Chapter 1 and 2 made numerous references to the function and role of the Balanced Scorecard as an instrument for strategy development, implementation, management and control. The claims that have been made regarding the Balanced Scorecard as an effective and efficient management system are numerous. An examination of various case studies reported in Kaplan and Norton (2004: 397-453), reveal that many an organisation (private, public and non-profit) declare their support for the Balanced Scorecard as they have benefited immensely from the use of it.

From the literature study the theoretical foundation for the purpose of the Balanced Scorecard was established. It was established that the Balanced Scorecard supports organisations in the implementation of strategies. Therefore the Balanced Scorecard helps organisations to develop and maintain a sustainable competitive advantage by allowing them to continuously re-evaluate and, if necessary, adjust the strategic plan based on changes in the internal and external environment. An effective control and communication system ensures that strategies are implemented as intended and that employees co-operate in carrying out the organisational objectives with reasonable efficiency. Only once such a system is in place is an organisation able of surviving in a continuously changing environment.

The theoretical foundation led to the formulation of the research questions below, testing the effectiveness of the Balanced Scorecard:

- Does the Balanced Scorecard support organisations in overcoming the barriers to strategy implementation?
- Does the Balanced Scorecard support organisations in gaining a competitive advantage by allowing them to focus simultaneously on the sources of competitive advantage and diversification around the core business?
- Does the Balanced Scorecard as an instrument support and enhance the sustainability constructs of an organisation's competitive advantage?

Furthermore, the research investigated whether the Balanced Scorecard is able to cover the strategy formulation, implementation and evaluation, and in this way introduce a competitive advantage construct into the strategic management instrument.

It is against this background that the research aimed to contribute towards the existing knowledge by considering the propositions within a case study organisation, namely MultiChoice Africa (Pty) Limited, which facilitated a process of developing and implementing the Balanced Scorecard concept to meet the challenges it faced. Although the results obtained were unique to the case study organisation, it provided an environment in the real world to establish whether the Balanced Scorecard contributes value by providing both relevant and balanced information, and creating an environment that is conducive to learning.

The overall findings indicated that during the early stages of the Balanced Scorecard implementation, the Balanced Scorecard was perceived by employees to 'partially' or 'adequately' support MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation and facilitate the development of and maintenance of a sustainable competitive advantage in the networked economy. Perceptions were mostly based on a conceptual and theoretical understanding of the Balanced Scorecard, as employees lacked operational experience at the time of the initial research. Those employees who regarded the Balanced Scorecard as only 'partially' supporting MultiChoice Africa (Pty) Ltd, saw little value in the instrument, specifically with regard to its contribution towards the organisation's strategic intent.

Research conducted one year after implementation indicated that the majority of employees (three out of every four) were of the opinion that the Balanced Scorecard met or exceeded their expectations. About four out of five believed the Balanced Scorecard facilitated the processes of overcoming the barriers to strategy implementation and supported the organisation in gaining a sustainable competitive advantage. This finding suggests that after employees had gained some operational experience with the Balanced Scorecard they were more positive towards the Balanced Scorecard.

The findings did indicate that the Balanced Scorecard did not communicate the strategic intent and competitive advantage of the organisation adequately. The results showed that there was a gap between top management, who were ultimately responsible for the development and initiation of the Balanced Scorecard, and employees at the lower management levels. This resulted in a lack of support from first-line management. Furthermore, it was difficult for respondents to understand the sustainability constructs, especially as the link to the Balanced Scorecard is only measurable over a period of time.

The following sections link Chapters 1, 2 and 5. Each section focuses on a particular proposition and fuses the knowledge from the literature review with the specific insights gained from the research results. This culminates in the conclusions regarding the usefulness of the Balanced Scorecard.

6.3 STRATEGY IMPLEMENTATION

Strategy management is the process that focuses on the state of the long-term health of an organisation whereby both the internal and external environment should be closely monitored. In fact, strategy management can be considered to address three major dimensions, namely context (the external and internal environments in which the organisation operates), content (how the organisation chooses to configure itself and relates to its external environment) and process (how an organisation chooses and implements strategies).

The literature review indicated that strategic management involves the integration and co-ordination processes of all organisational functions and resources in order to implement formulated strategies. These strategies are aligned with the environment, which leads to the achievement of the long-term objectives of the organisation. In this way then the organisation can gain a competitive advantage and adding value for the shareholders (Ehlers & Lazenby, 2004: 133-151).

Strategy management therefore broadly consists of environmental analysis, goal formulation, internal resource analysis and strategy formulation, evaluation, implementation, and monitoring and control. Strategic work starts with an analysis of internal weaknesses and strengths, and external threats and opportunities. Based on in-depth analyses of internal and external conditions, a strategy is formulated to achieve the desired objectives.

Some authors, like Thomas (1994: 683-697), argue that there is inadequate literature available to qualify exactly how strategies should be implemented. However, this aspect is certainly one of the most important elements of strategy management. Within the field of strategy, most research also focuses on analysis and strategy formulation, while implementation is barely covered. This may be partly due to the fact that implementation is a tactical and operational discipline.

Another aspect that is critical is to ensure that strategies are not only implemented effectively, but also that the right strategies are implemented.

In light of the above and through recognising some of the weaknesses and vagueness of other management approaches, the Balanced Scorecard was developed as a new approach to strategic management. The success of the Balanced Scorecard lies in it being a management system and not only a measurement system.

The results indicated that employees supported the conceptual idea within MultiChoice Africa (Pty) Limited that the Balanced Scorecard enables the organisation to clarify its vision and strategy and translate it into action. As was already mentioned, the perceptions of employees during the early stages of the Balanced Scorecard implementation were partially based on their conceptual and theoretical understanding of the Balance Scorecard's facilitating role, rather than their actual experience with the Balanced Scorecard. The results from the research conducted a year after the implementation of the Balanced Scorecard indicated more grounded beliefs from respondents, based on their operational experience. This finding is supported by results indicating that about 80 per cent of employees believed the Balanced Scorecard assisted MultiChoice Africa (Pty) Limited in successfully implementing its new strategic intent, by overcoming the barriers to strategy implementation. Eighty-five per cent indicated that the Balanced Scorecard met or exceeded their expectations in this regard. In addition, the Balanced

Scorecard equipped individuals at all levels to overcome the barriers that exist in strategy implementation.

Lastly, the Balanced Scorecard is also regarded as a successful management instrument because its measures can be changed to suit the organisation's needs in a constantly changing business environment.

The research findings also indicated that little success was achieved during the strategy formulation phase, thereby directly impacting on the implementation of the Balanced Scorecard and resulting in only partially achieving the strategic intent.

The following sub-sections link the literature from Chapter 1 and 2 with the results obtained from Chapter 5 with regard to the Balanced Scorecard's ability to overcome the specific barriers to strategy implementation, as noted by Kaplan and Norton (1996a: 139-142).

6.3.1 Ensures that the organisation understands the strategies and that objectives are acted upon

Pierce and Robinson (2003: 322-325) noted that one of the main objectives of the strategy management process is to simplify the way managers plan and implement strategies, and then evaluate the outcomes. This is an important process as strategy formulation and implementation are rarely separate processes and often overlap in practice (David, 2001: 5-6). If there is a lack of consent and clarity with regard to strategies, different groups will work with different agendas, according to their own interpretation of the strategy and vision. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategic objective (Kaplan & Norton, 1996a: 139-142). Unclear strategies will conflict with poor horizontal co-ordination (Beer & Eisenstat, 2000: 29-39).

Various authors also agreed that if employees do not understand how the strategy will be implemented or if individual responsibilities are not clear ('who'), then the strategy cannot be implemented effectively (Brache & Freedman, 1999: 10-13; Cicmil, 1999: 119-129; Corroby & O'Corrbui, 1999: 29-31).

A second important aspect of the Balanced Scorecard is its ability to enable management to act upon objectives. This added-value of the Balanced Scorecard lies in the drawing together of all key business areas, and identifying and exploiting the linkages that deliver success (Hoffecker & Goldenberg, 1994: 5-17).

In order to make rational decisions about organisational objectives and to set targets for those activities, an organisation should develop a clear idea about what it is trying to achieve (Kotler, 2003: 90-94) and what the organisation is likely to look like at an agreed future date (Olve *et al*., 1999: 32-83).

The findings from the research indicated that the Balanced Scorecard allowed employees to better understand the alignment of organisational structure with business requirements. The Balanced Scorecard 'balances' the importance of issues, which can only be achieved if all employee levels understand the strategies. The Balanced Scorecard assisted to narrow down the important strategic objectives of the organisation, thereby enhancing the quality of strategies implemented. This led to employees being encouraged to focus attention on key aspects of the business, as they were now, more than before aware of the vision and mission in relation to strategic objectives, and specifically their contribution towards achieving these objectives.

Strategy can also only be implemented if properly communicated to all stakeholders and understood by all. The initial research indicated that employees believed the Balanced Scorecard would facilitate the process by communicating the organisation's strategic intent to all stakeholders in such a way that everyone would understand it. However, it was found that the workings of the Balanced Scorecard and its basic objectives were not adequately communicated, in particularly during the early stages of implementation, and thus were not fully understood by staff. There also seemed to be a lack of commitment from the lower management levels. This might have been due to primarily top management having worked on the development of the Balanced Scorecard concept for a long time, while lower management levels were not involved in this process. This resulted in first-line management not having any influence on the vision and strategy as top management formulated it during the initial Balanced Scorecard development.

Not withstanding the above short coming, the results did indicate that the Balanced Scorecard also facilitated four other important processes. It promoted dialogue and understanding amongst all stakeholders; it translated key strategic objectives into tangible initiatives; it linked strategies to objectives, measures and milestones; and, lastly, the Balanced Scorecard was used as a total strategic management instrument as it included both elements of strategy planning and implementation.

At an operational level, the results indicated that there was strong agreement amongst employees towards the balanced Scorecard supporting them to reach their objectives and assisting them to understand how strategies should be implemented. At the same time the Balanced Scorecard has allowed employees to enhance their decision-making capabilities and better exchange their views regarding the important strategic objectives of the organisation. Nine out of ten employees believed the Balanced Scorecard to be a valuable instrument.

6.3.2 Links overall strategy to the objectives at departmental, team and individual levels

Thomas (1994: 683-697) stated that all stakeholders should be identified during the first step of the strategic management process. It is therefore important to emphasise that strategic management is not only the executive management's responsibility but should filter down to the lower levels of employment, and, in fact, will only be executed successfully by involving all the employees in the strategy planning process.

For an organisation to implement its mission and strategies successfully, it is imperative that all divisions move in the same direction. Functional and departmental managers should therefore ensure that the objectives that they set for their specific unit/department do not conflict with the objectives of other units and departments Flood *et al*. (2000: 184-189, 236-243).

The strategy management process is a dynamic and interrelated process. Decisions made about strategy formulation impact directly on strategy implementation, which in turn impacts on strategic control. Pearce and Robinson (2003: 322-325) noted that decisions about strategy implementation must be anticipated and incorporated into the decisions concerning formulation.

According to the results, the Balanced Scorecard seems to cover most of the points raised above. The results indicated that the Balanced Scorecard was seen as a totally transparent instrument, enhancing communication and therefore fostering an understanding of the part that each division, team and individual plays in the organisation's strategic intent. This again assists to encourage participation at all levels of the organisation.

The Balanced Scorecard also facilitated the process of linking strategies across all employee levels and divisions, ensuring that everyone within the organisation strove towards the same objective. The Balanced Scorecard supported the collaborative approach amongst divisions and employees, which helped to demystify the interpretation of strategies and enforce an understanding on how each individual person influences the overall strategy.

From an operational point of view, two out of three employees believed the Balanced Scorecard to be used by their departments as an instrument to encourage action and appropriate change. The Balanced Scorecard also allowed departments to set more feasible targets.

The Balanced Scorecard should be implemented in such a way that top management as well as middle and first-line management will support it. If this is not achieved, the lack of support from these quarters will prove to be a stumbling block in linking the overall strategy to the objectives at departmental, team and individual levels. A lack of cohesion and co-operation will be experienced within the organisation if the various management levels do not support the implementation of the Balanced Scorecard.

6.3.3 Links short-term resources allocation to long-term strategy

Within MultiChoice Africa (Pty) Limited, the budget was, before the introduction of the Balanced Scorecard, limited to funds available. As a result of the deployment of the Balanced Scorecard funds are now made available based on strategic intent and departments have been able to better co-ordinate and manage their budgets. The Balanced Scorecard allows all divisions to influence expenditure from a strategic perspective rather than from operational 'wants and needs' requirements.

Through the Balanced Scorecard, a new structure to match the objectives and the initiatives of the business are put in place. The real benefit of this is only visible when the alignment in the business is fully understood and budgets are formulated accordingly to objectives. Kaplan and Norton (1996a: 8, 47-62) acknowledged the traditional need for financial data in the Balanced Scorecard. The Balanced Scorecard is therefore directly linked to the budget in the sense that a management team can freely prioritise funds allocated to them.

Some criticism of the Balanced Scorecard was attributed to the process of constructing and putting it together. During the early stages of the implementation of the Balanced Scorecard it was made manually and resulted in managers spending much time on preparing reports for meetings. The Balanced Scorecard should, except for the information that it contains, be developed within a systems environment of effective and efficient collection and reporting of relevant information. Timely and accurate data will always be a priority and systems have to be put in place to ensure the quick and accurate collection of relevant data. This could be achieved through the implementation of a data warehouse, where the processing can be centralised and automated.

The Balanced Scorecard and its link to the financials of an organisation is nonetheless only one dimension of its intended function. An organisation has various resource pools and the Balanced Scorecard's function is to link these to long-term strategic initiatives. Eight out of ten employees agreed that the Balanced Scorecard effectively links short-term allocation to long-term strategy.

A weakness in the Balanced Scorecard that was identified relates to the lack of establishing a clear link between competency development as a source and the future competency needs of the organisation. The Balanced Scorecard only partially develops organisational leadership, which is critical for supporting a favourable organisational culture. This shortcoming in the Balanced Scorecard can be attributed to the difficulties associated with planning in an ever-changing external environment. The Balanced Scorecard is thus not able to fully align the organisational capabilities with the changing external environment, i.e. changing market requirements. Also, during the initial research employees argued that the Balanced Scorecard does not ensure complete robustness to withstand uncontrollable external factors.

Another important point to take cognisance of is to balance the aspects that are measured by the Balanced Scorecard so that short-term improvements do not conflict with long-term objectives. What is often measured is what is easy and possible to measure, but what is meaningful is in some instances not possible to measure. The Balanced Scorecard should support long-term decision-making that affects short-term financial objectives.

Lastly, the findings again signified the emergence of an important aspect of the Balanced Scorecard, namely that the Balanced Scorecard facilitates the collaboration and participative management processes of resource allocation and management.

6.3.4 Provides feedback on strategically important issues

The literature revealed that an important criticism levelled against strategic management is that management does not always know whether strategies have been implemented successfully. This is because organisations do not utilise measurement instruments such as the Balanced Scorecard to evaluate the impact of the chosen strategy (Bowman & Helfat, 2001: 1-23). Strategic control systems are therefore a necessary requirement when implementation is being conducted (Brache & Freedman, 1999: 10-13; Goold & Quinn, 1990: 43-57). Organisations frequently lack appropriate controlling systems that can be implemented and be used to control environmental, social and economic objectives within one instrument (Bieker *et al*., 2001: 28-30; Orssatto *et al*., 2001: 263-273).

Strategic control is, in essence, the phase of the strategic management process that concentrates on evaluating the chosen strategy in order to verify whether the results produced by the strategy are those intended. Strategies focus on the long-term future, and time elapses between the formulation and implementation of a strategy and the achievement of its intended results (Dooley *et al*., 2000: 1237-1258). Furthermore, in order for effective coordination to be achieved, the information systems used to monitor implementation have to be appropriate (Al-Ghamdi, 1998: 322-328; Brache & Freedman, 1999: 10-13; Grundy, 1998: 459-468).

Strategic control has two focal points, namely to evaluate the content of the strategy and monitor the strategy implementation activities. Premise control is used to evaluate systematically and continuously the assumptions on which the strategy is based for validity. Strategic surveillance, on the other hand, monitors and interprets a broad range of events not previously identified (both internal and external to the organisation) that may affect the course of the strategy, as a change in the strategy may be required.

The Balanced Scorecard primarily builds on the idea of measurement-based management and feedback. By combining financial and non-financial measures in a single report, the Balanced Scorecard aims to provide managers with richer and more relevant information about the activities they are managing than is provided by financial measures alone (Rigby, 2001: 44-93). In other words, the Balanced Scorecard incorporates feedback around internal business process outputs, but also adds a feedback loop around the outcomes of business strategies.

The research results indicated that the Balanced Scorecard provided an opportunity for constant review of measurements and targets for personal and divisional objectives. On an individual level, employees agreed that the Balanced Scorecard provided feedback that they required to perform their jobs effectively. Some criticism towards the Balanced Scorecard suggested that although the information used for feedback appears insignificant, feedback is one of the most essential factors regarding an organisation's performance and it was felt that too little time might be spent on this process. This can be attributed to the lack of an effective system to collect relevant data for the Balanced Scorecard.

Furthermore, an aspect that emerges from the concept of the Balanced Scorecard itself is that the number of objectives within the Balanced Scorecard needs to be restricted in order to focus on the most important strategic objectives. Therefore, environmental or social custodians must be aware of the fact that in the standard Balanced Scorecard only a restricted number of objectives can be considered, with the consequence that the instrument can only be used in a reductive manner.

The results did indicate that the Balanced Scorecard might be perceived by some employees as a control instrument only, hence, the understanding that top management would use it as an aid to control employees. The Balanced Scorecard should be used as a strategic management approach that supports in providing feedback measures that can assist all parts of the organisation to move in the same direction.

The Balanced Scorecard allows for a quick overview, not only with regard to operations but also to the strategic direction and intent. From a gap perspective, the results indicated that the case study organisation does not utilise the Balanced Scorecard for external marketing (therefore not communicating the organisation's competitive advantage) but merely for internal managerial purposes.

In summary, the results indicated that employees believed the Balanced Scorecard to provide feedback on strategically important issues that assist to overcome the barriers to strategy implementation. One particular comment made by a respondent emphasised the advantage of the Balanced Scorecard in this regard when it was stated that the '…Balanced Scorecard gives MultiChoice the ability to have a dashboard with real-time reporting. This brings about communication and transparency, which fosters the decision-making and problem-solving processes, which in turn enhances competitive advantage. Changes to the environment and operations can be identified quickly and solutions implemented.'

6.4 COMPETITIVE ADVANTAGE

The literature review made various references to the aspect of competitive advantage. Ehlers and Lazenby (2004: 1-2) stated that competitive advantage is the edge that an organisation has over other organisations and through strategy management deliberate efforts and actions are implemented to surpass competitors. Barney (1991: 99-119) stated that a competitive advantage is an advantage over competitors gained by offering consumers excellent value by means of lower prices or by providing superior benefits and services rather than just higher prices.

According to Clayton (2001: 105-110) competitive advantage derives ultimately from the ownership of a valuable resource, as a superior performance derives from developing a competitively distinct set of resources and deploying them in a well-conceived strategy. In line with Clayton's definition, Flood *et al*. (2000: 184-189, 236-243) asked themselves what competitive advantage is and how the resources of an organisation contribute to the attainment of a competitive advantage. They concluded that it is centred in a specific activity that an organisation performs better than its competitors. At least one of the long-term objectives of the organisation will revolve around its competitive advantage. To survive, grow and prosper, an organisation has to distinguish itself from its competitors.

Sustaining business growth is one of the critical challenges to the business leader. At some stage in its lifecycle an organisation must seek new growth opportunities in order to address realities such as mature markets, competitive threats and take advantage of opportunities by utilising innovative technologies, exploiting new markets and capitalising on changing customer demographics (Thomas, 1994: 683-697).

It is against this background that the second proposition was stated, namely: The Balanced Scorecard supports organisations in gaining a 'competitive advantage' by allowing them to focus simultaneously on sources of competitive advantage and diversification around the core business.

The results highlighted communication, transparency, collaboration and the sharing of knowledge as key processes that the Balanced Scorecard facilitated. This ultimately leads to mitigation of risks, quick decision-making, innovation, skills development, and leadership development.

With regard to the evaluation by employees, 85 per cent indicated that the Balanced Scorecard met or exceeded their expectations in assisting MultiChoice Africa (Pty) Limited in gaining a competitive advantage. This was only achievable through the building of a communication environment that allowed management to recognise opportunities and threats.

The proposition considers two underlying aspects, namely that of sources of competitive advantage and diversification around the core business, which are discussed below.

6.4.1 Sources of competitive advantage

The results revealed that, in general, respondents believed that the Balanced Scorecard supported management in identifying and utilising the relevant resources to develop and maintain a sustainable competitive advantage. This was achieved through various activities and channels, and included identifying core competencies and operational effectiveness, differentiation, collaboration across organisations and supply chains, resource utilisation and value creation. Research conducted a year after the implementation found that operationally the Balanced Scorecard assisted in identifying key success factors, i.e. product quality, customer knowledge, etc. These factors ultimately assist in creating a competitive advantage. The measuring of the sustainability constructs, however, seemed to present a shortcoming of the Balanced Scorecard. However, the Balanced Scorecard does initiate the alignment of all the organisation's resources with its strategy.

With regard to core competencies, the literature noted that organisations have to distinguish themselves from competitors through distinctive competencies, such as special capabilities and technologies or resources that competitors will not be able to imitate readily (Flood *et al*., 2000: 178-179, 184-189). In the case of MultiChoice Africa (Pty) Limited, employees acknowledged that the Balanced Scorecard supported the process of formalising core competencies and contributed towards the development of the organisation's competitive advantage. The Balanced Scorecard helped to foster an in-depth understanding of the mechanics of the organisation. It supported the organisation in remaining focused on its core competencies and investing in core development while at the same time de-emphasising activities that did not add value to the organisation. Management also used the Balanced Scorecard as an instrument to manage the diversity in the organisation.

The research results indicated that MultiChoice Africa (Pty) Limited has a certain history and is known for deriving competitive advantage through operational effectiveness. It is believed that the Balanced Scorecard enhances this aspect by being flexible and thus can respond rapidly to environmental and market changes; benchmarking continuously to achieve the best practice efficiencies. On the other hand, first-line managers indicated that the Balanced Scorecard only partially develops organisational synergy, which is a desired outcome of organisational effectiveness. The Balanced Scorecard also seems to fail in supporting vertical integration of systems.

For an organisation like MultiChoice Africa (Pty) Limited to obtain a competitive advantage, the organisation must truly be unique at something, or be perceived as unique, if it is to expect a premium price. Top management believed the Balanced Scorecard to adequately facilitate this differentiation by helping management to focus on the areas and resources that set the organisation apart from its competitors. Middle management perceived the Balanced Scorecard to only partially support the differentiation process.

Flood *et al*. (2000: 184-189, 236-243) argue that the benefits of non-adversarial relations with both suppliers and customers have become apparent. Instead of bargaining in what appears to be a zero sum game, co-operative links with customers and suppliers can increase competitive advantage, by improving both the value of innovations to customers and the efficiency with which they are supplied as stated in Chapter 2 and 7. For MultiChoice Africa (Pty) Limited collaboration across organisations and supply chains (relationships) has been enhanced as a result of the Balanced Scorecard. Nearly nine out of ten employees agreed that the Balanced Scorecard added value to the role of the internal and external stakeholders in the organisational value chain.

The literature furthermore suggests that resources should be used by organisations to pursue and exploit opportunities or neutralise threats. In order for resources to contribute towards a competitive advantage, it must be rare and, ideally, competing organisations should not possess the same resources. Competitors should not be able to imitate the resources, either by duplicating them or by developing a substitute, and the organisation should have the necessary structures, systems, policies, procedures and processes in place to take advantage of the competitive advantage. Competitive advantage is thus derived from possessing unique organisational assets or capabilities, while determinants of profitability are derived from the type, amount and nature of the organisation's resources. The focus is internal and the major concern is on analysing competencies and resources, whilst strategic choices should be based on developing unique resources and capabilities (Caldwell, 2006: 60-121). On the other hand, the research indicated that if resources are poorly utilised or are vulnerable to internal and external deficiencies during strategy implementation, it could raise unnecessary self-inflicted internal barriers. The Balanced Scorecard assists to overcome these barriers and supports the organisation in utilising resources more effectively.

The Balanced Scorecard was first introduced as an innovative strategic management approach (and not only business performance measurement system), in the belief that existing performance measurement approaches, relying primarily on financial accounting measures, were becoming obsolete (Kaplan & Norton, 1996b: 75-85; 1996d: 53-79). The Balanced Scorecard approach was also able to take into account the intangible or 'soft' factors, which are vital in order to stay competitive, but which had previously been considered as immeasurable. Employees of MultiChoice Africa (Pty) Limited believe that the Balanced Scorecard facilitates and fosters continuous improvement and re-engineering of the business processes, which is both directly and indirectly measurable. The Balanced Scorecard is a living entity, which shifts the focus, depending on at -the-minute requirements that are linked to overall objectives of the organisation. Metrics are developed based on priorities of the strategic plan alongside processes that collect information relevant to these metrics. The objective of establishing measurements is to allow management to have unobstructed insight from many perspectives into the workings of the organisation and how the implementation of strategies results in changes, which can be easily reviewed through the Balanced Scorecard. The Balanced Scorecard is therefore used as an instrument to assist management to reinvent the organisation's business model in order to create a competitive advantage.

According to Holliday (2001: 129-135), value creation as a source of competitive advantage requires organisations to focus on creating or increasing shareholder value and organisations must continually demonstrate that business practices founded on sustainable growth are generating tangible financial gain. This, according to the research results, is where the Balanced Scorecard can work as a valuable aid in supporting MultiChoice Africa (Pty) Limited. This is also in line with Porter's view (Porter, 1987: 43-59), who argued that competitive advantage results from the value an organisation is able to create for its customers, which exceeds the organisation's cost of creating it. The results indicated that employees felt that the introduction of the Balanced Scorecard resulted in the organisation generating returns in excess of the cost of capital and earning a higher rate of economic profit than the average of its competitors.

Another important driver of competitive advantage emphasised by the respondents, is the development and fostering of intellectual capital. Through the setting of various strategic objectives, the Balanced Scorecard directly contributes to developing best-in-class intellectual capital, ultimately achieving a competitive advantage. For example, competitive advantage has resulted in the development of a unique skills set in terms of channel acquisition and management for MultiChoice Africa (Pty) Limited. This has always been available prior to the Balanced Scorecard implementation but formal transfer of skills and knowledge is now facilitated through the Balanced Scorecard. Results also indicated that the Balanced Scorecard is used as a synchronisation instrument for information about human capital and the market to create new services that will assist to maintain a competitive advantage.

Strategic involvement in projects in terms of providing value for money and products and services has been incorporated into the Balanced Scorecard. The focus has now been put on mitigating risk, leveraging resources, and spreading and sharing knowledge. The advantages are outlined in the Balanced Scorecard and relevant measurements have been established.

The Balanced Scorecard has also highlighted the fact that process improvement should feature high on the agenda. The Balanced Scorecard focuses all activities on a divisional level around the corporate mission and vision.

The Balanced Scorecard enhances the ability to leverage economies of scale and scope, and is perceived by management as a potential source of competitive advantage. The transparency element built into the Balanced Scorecard ensures that activities are performed faster and more effectively. This enhances the architecture reputation and innovation constructs of the competitive advantage principle and supports the diversification around the core business that results in enhanced performance.

Ensuring a competitive advantage requires significant investment from the organisation to raise barriers to imitation. This can be achieved through casual ambiguity, fit, underlying conditions, physical uniqueness, path dependency and economic deterrence, which prolong the advantage, thus creating a sustainable competitive advantage.

The results indicated that employees believe that through the establishment of the Balanced Scorecard greater co-operation between divisions is achieved, resulting in synergy and a unique fit between processes, which raises the barriers to imitation. The Balanced Scorecard has also supported the internal and external communication within MultiChoice Africa (Pty) Limited, resulting in technological developments that raise the barriers to imitation. Through the Balanced Scorecard an awareness of the importance of raising the barriers to imitation was created, and set measures and objectives to support this are now formalised. In other words, the Balanced Scorecard initiates better co-operation and collaboration between all stakeholders.

The results also showed that the Balanced Scorecard has to be an evolution in the planning change process. Through a collaborative approach it has resulted in all individuals becoming performance orientated and adopting a humanistic learning approach by utilising a systems approach in a scientific and controlled manner. This addresses the issue of integration of capabilities, resulting in a supported value chain that raises the barriers.

Due to the transparency element of the Balanced Scorecard, the various divisions now understand their interrelationships and dependency and this, in itself, ensures that activities are performed faster. The Balanced Scorecard has also allowed collaborative efforts such as market development and market growth to take place in a transparent and constructive environment. Previously these initiatives were limited to a few key individuals with little or no lead-time to implementation and involvement by other divisions.

It was also found that the benefits of the Balanced Scorecard allowed management to have a dashboard with real-time reporting, thereby helping the organisation to adjust to a rapid changing business environment, and thereby ensuring that the competitive advantage is maintained for longer. Changes to the environment and operations can therefore be quickly identified and solutions can then be implemented.

6.4.2 Diversification around the core business

In the literature review it was noted that it is important for an organisation to focus its strategies on long-term wealth maximisation for all stakeholders, emphasising sustainability and survival over an extended period of time. Organisations must constantly work towards understanding their true strength and unique assets, deepening their strategic positions and reaching full potential of the core business (Markides, 1997: 93-100; Porter, 1996: 61-78; Zook, 2001b: 48-52; Zook & Allen, 2001: 24-30, 57, 92-150). This will ensure that organisations do not 'undermine their competitive advantage' (Porter, 1996: 61-78).

The literature review also cited Prahalad and Hamel (1990: 79-91; 1994: 301-303), who believed that core competencies are the major source of competitive advantage. Kanter (1990: 7-8) proposed that to be successful, organisations must remain focused on their core competencies, invest in their development and de-emphasise activities that do not add value. While other sources of competitive advantage exist, investment in core competencies is the source of competitive advantage most widely agreed upon in the literature (Campbell & Goold, 1995: 120-133; Chandler, 1992: 79-101; Christensen, 2001: 105-109; Hamel & Prahalad, 1991: 81-93; Olesen, 1994: 23-26; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102; Stork, 1995: 17; Von Krogh & Roos, 1995: 56-76; Zook, 2001a: 10; Zook, 2001b: 48-52).

Various results from the research have pointed to the advantages of the Balanced Scorecard in supporting the organisation to diversify around its core business. The results reflect that the Balanced Scorecard assists the organisation in creating conditions for shared, innovative problem-identification and -solving as mentioned by Bessant and Caffyn (1997: 7-28), and Kay (1993: 160-180). The findings further supported Markides (2000: 76-77, 84-88), who highlights that the essence of strategic innovation is the creation of a unique strategic position. The perception of the strategic value of the Balanced Scorecard by the respondents confirmed that this was achieved in the case study organisation.

The Balanced Scorecard has allowed the organisation to focus on critical strategic issues rather than unimportant operational daily routines.

It was indicated that the Balanced Scorecard is seen to support the development of processes around core operational aspects as well as leveraging the diversification processes and technology innovations for continuous improvement. Innovation management is thus directly measured by the Balanced Scorecard in terms of the number of innovation ideas that are converted into business process enhancements. Knowledge sharing and knowledge management is a key factor and is measured in the Balanced Scorecard and shared collectively in the environmental developments and demands.

The Balanced Scorecard has lead to divisional strategies working more synergistically. Although in many cases divisional strategies were aligned with each other before the rollout of the Balanced Scorecard, the organisation as whole is now aware of the benefits that can be gained in ensuring synergy of divisional strategies.

Another important item highlighted by the Balanced Scorecard has been human capital. Should MultiChoice Africa (Pty) Limited wish to diversify concentrically, the resources can be deployed accordingly. The results indicated that although some relationships are measured in the current Balanced Scorecard, intellectual assets and their relationships to the organisation were not.

Christensen (2001: 105-109), Teece (1998: 55-79) and Tidd (2000c: 5-25), state that successful innovation is strategy-based and depends on effective internal and external linkages which enable mechanisms for change management and is only realised within a supportive organisational context. The research supports this statement, despite the fact that respondents thought that external linkages were lacking in the current Balanced Scorecard.

The Balanced Scorecard thus directly contributed to a competitive advantage in the case study organisation, as it further enabled the organisation to learn and respond to new and often unforeseen opportunities and threats.

6.5 SUSTAINABILITY

Grundy (1998: 459-468) postulated that in each organisation strategy implementation takes place in a different organisational context. The challenge is to create a series of tight fits between the chosen strategy and leadership, culture, reward systems, structure and resource allocation. This combined effort in the organisation creates a foundation for the Balanced Scorecard to act as an instrument to support and enhance the sustainability constructs of an organisation's competitive advantage.

Sustainable competitive advantage, according to Barney (1991: 99-119), is the prolonged benefit of being able to implement a unique value-creating strategy not simultaneously being implemented by any current or potential competitor(s), coupled with the inability to duplicate the benefits of the strategy. Nonetheless, this ability of the organisation to prevent imitation does not last forever, thus the organisation's ability to delay this eventuality is essential in order to derive the maximum benefit from any competitive advantage (Christensen, 2001: 105-109; Pearce & Robinson, 2003: 218-233; Porter, 1996: 61-78; Reed & De Filippi, 1990: 88-102; Shrivastava, 1994: 180-182, 972-983).

The literature review also indicated that competitive advantage can be derived from numerous sources and that strategy manipulates the sources of advantages under the organisation's control in order to successfully raise the barriers to prevent imitation (Porter, 1987: 43-59; Reed & De Filippi, 1990: 88-102). These distinctive capabilities or sources as defined by Kay (1993:127-130) are those derived from sustainable and appropriate characteristics that others lack, which becomes a competitive advantage when it is applied in an industry or brought to a market.

The findings did indicate that respondents held the belief, *albeit* in theory, that the Balanced Scorecard supports and enhances the sustainability constructs. Respondents were, however, able to comment extensively on the Balanced Scorecard's sustainability constructs. Sustainability is an outcome that is only measurable over a period of time and it was suggested that it was too early to establish the real impact of the Balanced Scorecard in this regard. This is also reflected in the fact that one in four employees indicated the Balanced Scorecard has not met their expectations in assisting MultiChoice Africa (Pty) Limited in sustaining a competitive advantage. They also felt that the Balanced Scorecard did not clearly communicate the sustainability constructs.

6.5.1 Strategic intent and corporate culture

Continuous improvement in an organisation's strategic management process due to the ever-changing environment ensures that it can sustain a competitive advantage. In MultiChoice Africa (Pty) Limited the Balanced Scorecard facilitated transparent communication of known risks to the organisation. This transparency created an evolution in the perception of risk in general to include other elements such as workforce and environmental factors.

From top management's perspective, the Balanced Scorecard has allowed for the fusion of all risk aspects, quantifying types and motives, and was clearly reflected. This enabled divisions to gain insight in to all the areas of risk management and exposed risk factors that the divisions had not been aware of before. It is clear that the Balanced Scorecard can assist in changing the perspective that risk is only limited to the financial component of the organisation, and can expose risk factors. This change in perspective created the opportunity to identify potential risks in the organisation and mitigate those potential risks using tried and tested financial modelling.

Furthermore, the awareness of risk as it is entrenched in daily operations and measured in the Balanced Scorecard in terms of ensuring effective governance and legislative compliance is formulated into policies, procedure and standards. This aids in the proactive identification of operational risks and directly contributes to strengthening the sustainable competitive advantage construct. The Balanced

Scorecard thus placed a great emphasis on risk and risk management in the working environment.

By allocating dedicated resources to monitor certain aspects of risk using the Balanced Scorecard, the organisation can respond appropriately if unnecessary exposure occurs. Risk strategy and management has become a component of the performance review and discussions, and management can now deal effectively with it on an operational level without compromising the competitive advantage of the organisation. The objective is to reduce the risk factors and, ultimately, increase awareness and stakeholder value. Risk management is a crucial component in all business activities. Although MultiChoice Africa (Pty) Limited has got action plans to develop and maintain a sustainable competitive advantage, it is also critical in such an organisation to have a clear strategy regarding the environment and external stakeholders, which is currently lacking.

Lastly, risk management also focuses on customer retention. Coupled with this is a drive to mitigate the high risk associated with revenue collection. This is now reflected prominently on the Balanced Scorecard of MultiChoice Africa (Pty) Limited. This brings a new appreciation for the number of interventions performed on a daily basis to mitigate risk amongst stakeholders and management.

6.5.2 Sustainable resource management

To create a sustainable competitive advantage the role of relationship-building as a means of obtaining resources should be examined. Resources can be combined in order to form higher-order resources, or competencies, from which the organisation can eventually achieve a competitive advantage, as it is difficult for outsiders to replicate the process of building a long-term relationship. Resources such as loyalty, trust and reputation are immobile and cannot be purchased. Relationships formed to acquire organisational, relational or informational resources will commonly result in sustainable resource-based competitive advantage (J.P. Morgan, 1999: 491-503).

The Balanced Scorecard contains elements of a multi-layered people strategy that focuses on building teams and building capacity for the future. It promotes a more human approach rather than a systems approach. As a result of this approach, increasing communication and openness are promoted by the Balanced Scorecard.

Strong focus is placed on innovation, human capital retention and the development of intellectual capital. For the organisation to maintain a sustainable competitive advantage it is of the utmost importance that innovative ideas be mined and thus reflected on the Balanced Scorecard.

According to Meyer (1997: 5-8), critical success factors include the following: the ability to embrace change, the development of creativity and innovation capabilities, being a world-class organisation with a strong customer focus, continual learning and development improvements, flexible organisational structures, and creative human resource management. An equilibrium climate where all stakeholders are treated equally and are kept informed, and are able to participate in the decision-making process, supported by innovative technological infrastructure and systems, are further critical success factors in maintaining a sustainable competitive advantage.

To ensure the long-term survival ability of the organisation, sustainability is of critical importance. But, as noted in the qualitative group discussions, the Balanced Scorecard does not accurately capture the extent to which relationships are important. Measurements on the Balanced Scorecard do not provide representation by all stakeholders. It is important to include not only the local domestic stakeholders but also international stakeholders, as the organisation operates in the global arena.

Oliver (1997: 697-713) combines the institutional and resource-based views when he defined sustainable competitive advantage. He proposes a model of organisation heterogeneity, which suggests that both resource capital and institutional capital are indispensable to sustainable competitive advantage. This reflects the general managers' view as the Balanced Scorecard displays strong human capital elements focusing on retention, remuneration and organisational culture development. This is a critical factor in creating and maintaining a competitive advantage.

To create and maintain a competitive advantage it is important that all divisions in the organisation be informed of the changing business environment inside the organisation. The Balanced Scorecard enhances open and constructive communication, thereby making organisational activities more transparent. It ultimately promotes dialogue and understanding between all stakeholders, resulting in enhanced transparency and increased participation at all levels of the organisation. Cross-divisional communication is enhanced and this results in better teamwork inside the organisation.

The Balanced Scorecard not only creates another platform for knowledge sharing and communication but also fosters freedom of thinking, and enhances a participative and informal leadership style. Sustainable competitive advantage can only be accomplished and maintained if success is not only measured at the level of individual organisations but in order for the organisation and the industry to survive, success also needs to be measured at an industry level. The Balanced Scorecard, from an organisational perspective, achieves this.

The Balanced Scorecard encourages innovation to take place in a formal structure and can then be measured more easily and appropriately. Innovation also cultivates a culture of progression and forward thinking, and at the same time there is an awareness of the competition which is encouraged and promoted by the use of the Balanced Scorecard.

6.5.3 Sustainable processes

Prahalad and Hamel (1990: 79-91; 1994: 301-303) are of the opinion that the sustainable competitive advantage of an organisation resides not in the organisation's products but in its core competencies. The real sources of advantage are to be found in management's ability to consolidate corporate-wide technologies and production skills into competencies that empower individual organisations to adapt rapidly to changing opportunities.

Sustainable competitive advantage depends on sustainable processes in the organisation. This can only be achieved if an appropriate measurement instrument is in place. The Balanced Scorecard, according to the general managers, not only displays competitive advantage, but also links to the overall strategy through various initiatives. In this way business development processes are displayed that are critical to survival and long-term sustainability. These linkages exist in the form of core competencies, operational effectiveness, differentiation, access, economies of scale and relationships. However, as only a limited number of measurements can be accommodated in the Balanced Scorecard, key elements are added and refined as and when required.

The Balanced Scorecard highlights the critical issue of stakeholder relationships regarding competitive advantage. To enhance the ability to create and maintain competitive advantage, relationships with stakeholders must be nurtured and managed. The Balanced Scorecard supports this objective and speeds up the interdependence with internal and external transaction partners. It highlights this objective and makes its importance clear to the rest of the organisation. However, the study revealed that although alliance partners are important, this was not clearly articulated on the Balanced Scorecard and therefore the Balanced Scorecard failed in this instance to communicate and measure this specific strategic intent.

The concept of corporate governance is a fairly new concept and requires the organisation to link business objectives in such a way that they will contribute to true economic development. However, the study revealed that governance was a closed topic and will require further transparency for all stakeholders to fully understand these concepts. The Balanced Scorecard does not clearly reflect this strategic objective.

6.5.4 Environment

The literature review indicated that the Balanced Scorecard supports the important strategic environmental and/or social objectives of the organisation and illustrates causal relationships between qualitative 'soft' issues and financial performance. This means that the potential for value-add which emerges from social and/or environmental aspects is enhanced, as it presents a framework for understanding how causalities between the economical, environmental and social objectives can arise.

The organisation's survival in the long term can only be secured by good corporate citizenship. The measures on the Balanced Scorecard help MultiChoice Africa (Pty) Limited to take note of developments worldwide, and align itself with the demands and practices of the new-world economy. Without this alignment the organisation will lose its ability to obtain and maintain a competitive advantage. The Balanced Scorecard, to some degree, is able to demonstrate the organisation's awareness of trends, global dynamics and convergence but additional measures on the Balanced Scorecard should include impact on the environment, such as radiation, wastage and recycling. The Balanced Scorecard leads to improved communication regarding the organisation's commitment to implementing an ethical Code of Conduct, thereby demonstrating good corporate citizenship, which is imperative for operating in a global environment. The objectives, as measured on the Balanced Scorecard, form the basis for the values and ethics of the organisation in terms of their interaction with the community and stakeholders at large.

With the support of the Balanced Scorecard, MultiChoice Africa (Pty) Limited can constantly measure its position, regarding its role in terms of values and ethics in the wider community and internally. However, the group discussions revealed that although the organisation is actively involved in corporate social investment programmes, the Balanced Scorecard fails to indicate the true value of such investments and the benefit to society as a whole. However, once this aspect of the Balanced Scorecard is more fully developed, the Balanced Scorecard will be able to support the organisation in understanding how future sustainability can be leveraged.

6.5.5 Sustainable profitability and stakeholder value

Maintaining a competitive advantage will generally result in sustainable profit. Corporate reputation as a third capability is, in a sense, a type of architecture but it is so widespread and important that it is best to treat it as a distinct source of competitive advantage (Grant, 1995: 149-172, 331-392). Grant (1995: 149-172, 331-392) believes that though easier to maintain than to create, reputation meets the essential conditions for sustainability.

In this regard, MultiChoice Africa (Pty) Limited utilised the Balanced Scorecard to act as a measuring instrument and catalyst to enhance sustainable profit turnover by actively measuring the organisation's impact and influence on the environment. These competencies can be leveraged not only to create growth in financial revenue for shareholders but also to benefit all direct and indirect stakeholders.

The Balanced Scorecard also displays the competitive advantage factors. These are, however, not prominent but disguised, due to the creation of barriers to imitation. The organisation realised that marketing social responsibility initiatives is just as important as marketing its products and services to current and potential stakeholders. This point has received more attention since the implementation of the Balanced Scorecard.

Results suggested that business decisions and actions are made in accordance with defined behaviours, yet the Balanced Scorecard does not support the organisation's integrity or measure its ethical standards. This should feature more strongly on the Balanced Scorecard, as the ethics of an organisation can have a substantial impact on the levels of fraud and trust in an organisation.

The research results have demonstrated that the Balanced Scorecard has the potential to streamline sustainability and to set, track and control targets for environmental management and corporate social responsibility.

A further finding from the study revealed that corporate responsibility and business integrity were not adequately represented. Corporate responsibility and business integrity seemed to be linked to limited social activity.

The results indicated that the organisation has failed to successfully match the organisation to its environment and this can be traced back to the strategy formulation phase as the Balanced Scorecard indicators focused on easy-to-measure stakeholders.

6.6 CONCLUSION

The literature review highlighted some of the main features of the Balanced Scorecard. This provided the basis for stating three propositions about the Balanced Scorecard which were tested in the case study organisation. The research results revealed that the Balanced Scorecard supports MultiChoice Africa (Pty) Limited in overcoming the barriers to strategy implementation. The Balanced Scorecard also supports the organisation in developing and maintaining a 'sustainable competitive advantage'. On the other hand, the research did reveal some limitations of the Balanced Scorecard from the perspective of the case study organisation.

In conclusion, the research has highlighted important aspects surrounding employees' and stakeholders' 'support' of the Balanced Scorecard concept. Due to the natural development and implementation of the Balanced Scorecard within an organisation, top management was directly involved with specifying and constructing the Balanced Scorecard right from the beginning. Furthermore, since top management was the driving force behind the introduction of the Balanced

Scorecard, it promoted its benefits and strongly believed in its possibilities, as top management also ultimately had to take the responsibility for its implementation.

The research has revealed that the Balanced Scorecard concept should be closely managed. Much emphasis is placed on the advantages of the Balanced Scorecard, which in its early stages within MultiChoice Africa (Pty) Limited did affirm the stated propositions to some extent. However, if the Balanced Scorecard is not properly communicated or presented to the entire organisation and all employee levels, the adoption of the Balanced Scorecard in the organisation will be severely hampered, and the full benefits will not be realised for some time to come. It could even create unwanted negative perceptions towards the role and function of the Balanced Scorecard, impeding the full effectiveness of this management instrument and approach. Managing the roll-out process of such an approach is thus as critical as correctly using the instrument itself in the ongoing implementation and measurement of the organisation's objectives.

The Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in realising its strategic intent by leveraging change initiatives to enable the organisation to develop and maintain a sustainable competitive advantage in its micro decision-making environment. It incorporates the objectives of the organisation, management of the functions, entrepreneurial ability, interest groups and all other aspects controllable by management.

The findings suggests that, because of the implementation of the Balanced Scorecard, changes took place that otherwise would probably not have occurred. The study has found that the individuals have willingness to act, and the ability to use the Balanced Scorecard as an instrument, as well as the knowledge of how to use this instrument.

The mere concept of a Balanced Scorecard is an indication that what finally count are not only financial outcomes, but also long-term relationships with customers and employees. These relationships can be facilitated or obstructed by organisational structures. It still remains to be investigated whether organisations really regard the Balanced Scorecard as a vision or as a priority, or merely as an instrument to accomplish superior financial performance.

In the next chapter, Chapter 7, conclusions of the research are provided and a Networked Balanced Scorecard theoretical model is introduced for developing and maintaining a sustainable competitive advantage in the networked economy.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

'The purpose of leadership is taking the organisation from where it is to where it has the potential to be.' – D'Aveni (1998: 183-195)

7.1 INTRODUCTION

In order to succeed in today's dynamic global economic landscape, organisations require innovative business practices and management instruments such as Kaplan and Norton's Balanced Scorecard to assist them in realising their strategic intent.

The purpose of this research was to evaluate the perceived strategic and operational value of the Balanced Scorecard in the networked economy, utilising a case study design by following a phenomenological paradigm approach.

This chapter provides a summary and conclusion of the findings of the three propositions. These were, firstly, whether the Balanced Scorecard supports organisations in 'overcoming the barriers' in strategy implementation (see Section 7.2.1). Secondly, whether the Balanced Scorecard supports organisations in 'developing and maintaining a sustainable competitive advantage' by allowing organisations to focus simultaneously on the sources of competitive advantages (see Section 7.2.2). Thirdly, whether the Balanced Scorecard 'supports and enhances the sustainability constructs' (see Section 7.2.3) of an organisation's competitive advantage. Sustainability in this context was specifically evaluated against the environment and ethical behaviour constructs.

A perspective on the global business landscape demands innovative strategies and business model architectures that require the convergence of aggregated metrics of all role players in the borderless network, as outlined in the proposed theoretical model (see Section 7.4), to develop and maintain a sustainable competitive advantage (Boulding & Christen, 2001: 20-21; Bunger *et al.*, 2002: 1-4; Grulke & Silber, 2001: 170-189, 245-273; Kotler, 2003: 38-39, 348-352; Mahadevan, 2000: 55-69; Petrovic *et. al.*, 2001: 3-8; Viscio & Paternack, 1996: 93-104).

The proposed theoretical model outlines how individual organisations can reform and integrate their individual Balanced Scorecards into a Networked Balanced Scorecard to support strategy formulation, implementation and control. Individual organisations should focus on organisational development strategies that encapsulate the network concomitance structure and architecture. The final section of the theoretical model explores possible direction and motivation for future research on the subject. The following section provides a review of the three main constructs of the research.

7.2 REVIEW OF THE THREE MAIN CONSTRUCTS

The findings of the research, although unique to the case study organisation, were used to evaluate three propositions, which encapsulated the strategic outcome-based values of the Balanced Scorecard. MultiChoice Africa (Pty) Limited, through its transformation process and its position in the organisational life cycle, faced challenges such as the misalignment of budgets, setting of targets without proper information, misalignment of objectives, while the organisation also had to close the gap between skills, processes and risks. The management and the executive team further needed to communicate the new collective corporate business intent and change management initiatives effectively to all internal and external stakeholders in the value chain. At the same time they had to define and align the organisational structure to support and develop a performance management system that entrenched a quality approach to the industry.

Change management initiatives for MultiChoice Africa (Pty) Limited provided many opportunities and threats. During the change management process, a new value proposition had to be created, which led to the formation of a new corporate mission and vision. The imperative in the new value- added strategic goal implementation was to ensure that the group, the individual and team understand the new knowledge proposition. Collaborative working methodologies and strategies are the most important imperative for MultiChoice Africa (Pty) Limited to use now for greater association, internally and externally, to secure product flow from service to customer and price offering for greater customer satisfaction. The organisation also has to acknowledge its phases of flux, transformation and paradox as it adapts to larger outer environmental systems and re-aligns itself with internal changes and association.

The results indicate that MultiChoice Africa (Pty) Limited, an empowered organisation, is in a position to participate in a changing global environment and can create a significant service investment, which is consistent with world standards and global Total Quality Management. This, in turn, creates a new future value proposition for the organisation to use in its co-operation and network policy, and a high risk dynamic, to create future solutions and product and service offerings for an ever-changing global competitive market and economy. The Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in realising its strategic intent by leveraging change initiatives to enable the organisation to develop and maintain a sustainable competitive advantage in its micro decision-making environment. Change management in this context incorporates the objectives of the organisation, management of the functions, entrepreneurial ability, identifying interest groups and all other aspects controllable by management.

The following section highlights the key findings of the role of the Balanced Scorecard as a strategy implementation instrument in leveraging the change initiatives of MultiChoice Africa (Pty) Limited's strategic intent.

7.2.1 Strategy implementation

The Balanced Scorecard is not just another metrics reporting system but a measurement and management system, which has a significant impact on an organisation's operations (Butler, Letza & Neale, 1997: 24-37; Kaplan & Norton, 2004: 45-50, 363-381). In the case study example, the Balanced Scorecard was used as an instrument for change. It supported the organisation in the quality of strategies implemented by being instrumental in narrowing down the important strategic objectives and preventing omissions by recognising four perspectives and linkages among each strategic goal. During the course of this study, it became apparent that the organisation took cognisance of McCunn's (1998: 42-46) 'ten commandments' as mentioned in Chapter 2.

The Balanced Scorecard encouraged employees to focus their attention on key aspects of the business, particularly with regard to the vision and mission in relation to strategic objectives and, more specifically, their contribution towards its achievement. The Balanced Scorecard also fosters systems thinking by identifying cause-and-effect relationships between selected objectives. The results of the study indicated that the case study organisation did not utilise the Balanced Scorecard for external marketing (therefore not communicating or measuring the organisation's competitive advantage) but merely applied it to internal managerial purposes. Evidence from the results revealed that the Balanced Scorecard does not measure the quality of the strategy but rather the implementation thereof. It therefore stands to reason that the Balanced Scorecard cannot prevent the implementation of a poor strategy.

According to Niven (2002: 60-79) and Gray (2000: 91-102), the Balanced Scorecard indicators are too restricted and do not capture drivers and processes behind the organisation's output, such as feelings, values, beliefs, relationships, fears and dreams. It was found that it could not be conclusively shown whether the case study organisation really practises the Balanced Scorecard as a vision or priorities or merely employs it as an instrument to accomplish superior financial performance through value chain initiatives.

It should thus be noted that the Balanced Scorecard is based on Whittington's (1994: 3, 79-90, 99-108) classic strategy perspective and is therefore susceptible to its shortfalls, such as being limited to the value chain without taking cognisance of the networked economy. Strategy implementation can be problematic in the sense that controls are not put into place to ensure that the strategy is indeed implemented and carried out as intended. For example, Melallieu (1984: 1) is of the opinion that strategy implementation should be audited but provides no guidance on auditing methods and principles that can be employed. Fitzray and Hulbert (2005: 27-54, 179-215) states that Balanced Scorecard literature has identified a number of shortcomings such as the integration of qualitative and quantitative measures to provide an indication of the success of the implementation of the Balanced Scorecard.

7.2.2 Competitive advantage

This research focused on the evolution of the concept of competitive advantage from the study of the industrial environment to the analysis of resources such as knowledge and specific competencies embedded in organisations. In the traditional competitive environment, organisations can build a successful strategy that will be translated into a solid and durable competitive position, based on developing distinctive capabilities that characterise the single organisation. Hyper-conditioning is a faster form of competitive environment, but more importantly, it is a different way of competing according to Aaker (2007: 37-125, 141-147). Therefore, organisations must follow different rules of behaviour and respond to the market needs with rapid changes of strategy. Grulke and Silber (2001: 244-273) further highlight that the new hyper-competitive environment rejects some paradoxes. Organisations that want to construct solid and durable competitive positions have to change and continually destroy their competitive advantages. In traditional competition, competitive advantage is a long-term dimension.

According to Aaker (2007: 37-125, 141-147) the focus of research shifts from results (competitive advantage) to process (the strategy development of the organisation towards success), while Grulke and Silbert (2001: 244-273) state that the goal of strategy has shifted from sustaining advantages to disrupting advantages.

There are no management methodologies and instruments that guarantee competitive advantage according to Lioukas and Spanos (2001: 907-934). The results of the study have indicated that the Balanced Scorecard contributes to competitive advantage. The findings further reflect that the Balanced Scorecard assists the organisation in creating conditions for shared innovative problem identification and solving as confirmed by Bessant and Caffyn (1997: 7-28) and Kay (1993: 124-143). This finding supports the proposed Networked Balanced Scorecard theoretical model (see Section 7.4) in that it leverages innovation and knowledge management capabilities (intangibles) in the networked economy, thus becoming the new value proposition.

The research findings and the literature reviewed indicate that there is no consensus as to what constitutes an intangible. Measurements for intangibles are thus also lacking. A standard setting in respect of intangibles is already under way as some organisations have already taken part in the standard-setting procedure, despite the fact that intangibles are defined in numerous ways (Levy, 1997b : 19-36). The research found that the process of establishing measures for intangibles and intellectual property in itself has significant value in bringing consensus and understanding of what drives the organisation into the future. The measuring and reporting of intangibles thus becomes a continuous learning process. However, it should be noted that comparability and the possibility to understand these measurements from an external stakeholder perspective becomes problematic until a universal standard is defined (Webber, 1998: 6). The real issue with intangible measurements is not whether there is a metric, but whose metric it will be and how it will become a standard.

What became evident in the findings in Chapter 6 is that the current Balanced Scorecard does measure the value chain to a certain degree and that this is a prerequisite for the proposed Networked Balanced Scorecard theoretical model in order to achieve its strategic intent in the networked economy.

The findings further support Markides (2000 : 179-192), who believes that the essence of strategic innovation is the creation of a unique strategic position. The perception of the strategic value of the Balanced Scorecard by the respondents confirmed that this was achieved in the case study organisation.

The successful Balanced Scorecard implementation therefore implies that the Balanced Scorecard directly contributed towards a competitive advantage in the case study organisation as it further enabled the organisation to learn and respond to new and often unforeseen opportunities and threats, allowing the creation of a unique strategic position. Kay (1993: 302-319) defines distinctive capabilities as those derived from sustainable and appropriate characteristics that others lack, therefore becoming a competitive advantage when it is applied in an industry or brought to a market. Kay (1993: 302-319) further states that cost leadership is not a competitive advantage but value-add in the traditional value chain perspective as measured in the current Balanced Scorecard. The author therefore indirectly supports the statement that value-add in the networked economy should be an outward-focused approach instead of an internal operational cost analysis.

Christensen (2001: 105-109) and Tidd (2000c: 5-25) state that successful innovation is strategy-based and depends on effective internal and external linkages), thereby enabling mechanisms for change management. Teece (1998: 55-79) supports the notion and states that successful innovation is only realised within a supportive co-operative organisational context (internal and external). The research supports this statement, despite the fact that respondents believed that external linkages were lacking in the current Balanced Scorecard. Organisations are constantly seeking new answers to old problems through leverage, existing methodologies and instruments. However, in the networked economy, organisations are facing new challenges and require new answers to be able to develop a sustainable competitive advantage.

The research indicates that limited success was achieved in the strategy formulation phase, thereby directly impacting on the implementation of the Balanced Scorecard, resulting in only partially achieving the strategic intent. Caldwell (2006: 60-121) postulate that the resource-based approach in strategy formulation dictates that organisational resources are more important than industry structure in that it must add value by enabling organisations to exploit opportunities or neutralise threats to develop and maintain an advantage. Srivastava *et al*. (1998: 2-18) comment that the market-based assets approach leverages relational and intellectual assets towards a sustainable competitive advantage if unique value can be added to a customer. The findings indicated that some relationships were measured in the current Balanced Scorecard. However relationship of intellectual assets was not measured. Knowledge management and its utilisation therefore become the new value proposition in the networked economy, thereby contributing towards a sustainable competitive advantage.

A limitation in the current Balanced Scorecard deployment is the fact that it does not provide for any two organisations to share architectural knowledge as no two organisations can have the same identical history and structure, which in itself limits the organisation's competitive advantage specifically in the networked economy. The proposed theoretical model overcomes this shortcoming in that it allows all players in the network to combine, collaborate and contribute their specific architectural knowledge towards a sustainable competitive advantage in a networked approach.

The literature reflects that for a single organisation to prevent imitation by itself is not effective in the long term (Porter, 1996: 61-78). The literature, however, does not provide answers how to overcome this. However, in the networked economy, competitive advantage is created and leveraged across organisations, thereby prolonging imitation and directly enhancing sustainable competitive advantage for organisations in the networked approach.

By making use of the networked economy approach through collaboration and co-operation, organisations can mitigate the scarcity of intangibles by leveraging intangible assets in a borderless network. The strategic management approach should therefore incorporate all components of value-based management such as intangibles in support of the overall strategic intent. The current Balanced Scorecard focuses specifically on architecture as a system of relationships within the organisation's value chain. The networked economy, however, requires organisations to leverage architectural knowledge, which needs to be flexible enough to include competitors and those outside the industry or sector to develop and maintain a sustainable competitive advantage in the networked economy (Hamel, 2006: 1-11).

Day and Nedungadi (1994: 31-44) propose that organisations use different types of information to assess whether a competitive advantage has been obtained according to the type of orientation (competitor or customer) employed, which affects the constructs of their Balanced Scorecards. The networked economy calls for organisations to embrace both constructs in their strategic intent through collaboration. By incorporating the two knowledge constructs into a consolidated knowledge construct, innovative products and services that are outside the market orientation of a single organisation will become available.

Prahalad and Hamel (1990: 79-91; 1994: 245-259) highlight the importance of associated organisational competencies such as communication, involvement and a deep commitment, and working across organisational boundaries. An organisation that is committed to its core competencies will inevitably influence patterns of concentric diversification, skills development, resource allocation and approaches to alliances and outsourcing, thereby leveraging factors of production at a specific time for a specific need.

According to Holliday (2001: 129-135) and Porter (1996: 61-78) competitive analysis is derived from the organisation's position in the industry. The analysis focuses on the external environment and focuses on the competition and is reflected in the traditional Balanced Scorecard. Organisations should not position themselves according to a specific industry, but rather leverage their core competencies in the networked approach in order to attain their strategic intent and ultimately achieve superior stock market performance.

Tansik (1990: 55-61) states that organisations respond to specific customer requests and solve complicated problems that span across functional areas through interfunctional co-ordination. However, the researcher is of the opinion that due to the fact that interfunctional co-ordination is limited to the value chain, it is a prerequisite for participating in the networked economy to collaborate across organisations to respond to customer needs. This new market orientation thus becomes the organisation's sustainable competitive advantage. What becomes critical is that organisations are forced to leverage customer knowledge across traditional organisational boundaries to learn about the customer rather than from them (Bohlander & Snell, 2007: 53, 343). As stated in Chapter 2 (see Section 2.9.1), this in itself enhances transparency of potentials for value-add emerging from social and/or environmental aspects as outlined in the following section.

7.2.3 Sustainability

It is important that sustainability activities become more relevant to top management (Becker *et al*., 2001: 36-52; Bieker *et al*., 2001: 28-30; Marion, 1997: 23, 192-208) in order to develop and maintain a sustainable competitive advantage. The question is whether the Balanced Scorecard assisted in this. The literature review in Chapter 2 revealed that research on the Balanced Scorecard does not sufficiently address this question as it is focused more on reporting and auditing, rather than on controlling and managing corporate sustainability.

The research results of this study have indicated that the Balanced Scorecard has the potential to streamline sustainability and to set, track and control targets for environmental management and corporate social responsibility.

Meyer (1997: 94-123) states that the Balanced Scorecard is forward looking and starts from the visionary end goal and works its way back, which is aligned with Tichy's (2002: 172-188) value-captured leadership. The author further stresses that the European Foundation for Quality Management Excellence Model adds a deeper dimension to the Balanced Scorecard. It provides a clear action plan for the entire organisation to improve performance through set relationships, therefore enhancing the sustainable competitive advantage of the organisation.

K. Morgan (1997: 491-503) highlights the purpose of business activity is to establish a set of relationships that maximises added-value. Results revealed that current Balanced Scorecards fail to measure the effectiveness of relationships because the intangible components are not being quantified and measured. Kaptein and Wempe

(2001: 91-106) support this finding and further state that the Balanced Scorecard literature has neglected the importance and application of ethical issues.

From the literature study in Chapter 2 it emerged that corporate responsibility and business integrity were not adequately represented and that it related to limited social activity. Furthermore, information presented in organisational paraphernalia proved to be inconclusive. This shortcoming of the Balanced Scorecard limits the perception and confidence for investors and analysts as non-financial indicators, such as environmental and ethical issues, are also considered in the decision-making process. The value proposition in the networked economy forces organisations to comply with sound ethical industry standards, encompassing political co-responsibility, thereby reflecting good corporate citizenship. Furthermore, Kaptein and Wempe (2001: 91-106) state that the third generation of corporate responsibility focuses on remoulding sustainable competitive advantage through multi-stakeholder standards and partnerships, institution building, corporate responsibility advocacy and public policy.

Atkinson *et al.* (1997: 28-42) further criticise the research to date as failing to highlight or establish employee and supplier contributions, and failing to consider the extended value chain which is an essential element of today's networked economy. Flood *et al.* (2000: 16-23, 178-179) and Thomas (1994: 683-697) comment that current systems do not report on other driver parameters, such as values that sustain the organisation's strategies, and, if they do, it is limited within the boundary system of the organisation. In the networked economy organisations are required to implement and export their value systems to the society as a whole and report on it accordingly.

According to Hitt *et al.* (2003: 105-121, 282-283, 320-322, 362-366, 385-386) organisations should focus on long-term wealth maximisation for all stakeholders. This study has found that the organisation failed to successfully match the organisation to its environment which can be traced back to the strategy formulation phase during which the Balanced Scorecard indicators focused on easy-to-measure stakeholders. It can therefore be concluded that the proposed Networked Balanced Scorecard theoretical model should incorporate components of the Performance Prism as it encompasses all stakeholders (Meyer, 1997: 94-123).

In terms of the Balanced Scorecard currently being employed, limited elements from governance and business continuity guidelines from the King II Report on Corporate Governance (2002) and the Sarbanes-Oxley Act (2002) are measured. A prerequisite for an organisation to operate within the networked economy is a culture where governance and legislative compliance are included in a holistic and single initiative. This should be a standard requirement and shared with all role players, rather than applied in isolation and limited to the organisation's boundary system. What compounds the issue is that organisations frequently lack appropriate controlling and reporting systems that can be used to implement and control environmental, social and economic objectives within one instrument (Bieker *et al*., 2001: 28-30; Orssatto *et al*., 2001: 263-273).

David (2001: 335-337) states that organisations are said to operate sustainably if they act and report in a manner that displays concern about the environment, economy and community (referred to as the triple bottom line), where no one factor is compromised over another. The researcher has taken cognisance of the triple bottom line and factored it into the development of the proposed Networked Balanced Scorecard theoretical model. The theoretical model serves as a guideline for developing and maintaining a sustainable competitive advantage for organisations operating in the business landscape of the networked economy. The following section will highlight factors that should be taken into consideration when organisations create revised business models within the business landscape of the networked economy.

7.3 THE BUSINESS LANDSCAPE OF THE NEW NETWORKED ECONOMY

As stated by Peteraf (1993: 179-191), imagination and intuition are prerequisites to add value in the new economy. Innovation, creativity and knowledge management are therefore crucial for modern-day organisations to be successful. The creation of new business ideas, products, services or processes requires creativity and innovation on the part of the entrepreneur of the modern organisation (D'Aveni, 1998: 183-195; Kotler, 2003: 13).

A sensitivity for internal and external environmental factors, which creates harmonious functioning, can also be achieved through expressive spontaneity, which contributes towards productive skills, newness and a fresh approach to decision-making and problem-solving through knowledge management (Robinson & Pearce, 1988: 43-60).

Grulke and Silber (2001: 244-273) state that to survive and thrive today, organisations require innovation and should set themselves extraordinary objectives. Through the achievement of those objectives, organisations should utilise knowledge management systems to share their ideas, attitudes and experiences – valuable connections to the real word in order to build their own context for thriving as a business radical in the networked economy (Grulke & Silber, 2001: 244-273). Organisations should further leverage their customer base and create competitive advantage through the incorporation of knowledge management in their business models (Grulke & Silber, 2001: 244-273) as elaborated on in the following section.

7.3.1 Business models in the networked economy

Organisational models and their reinvention has become the focus of scholarly investigations in the field of strategic management. There is a constant search for new bases of building a strategic competitive advantage, not only to surpass competitors but also to leapfrog them into new areas of competitive advantage (Margretta, 2002: 3-8).

Every organisation has a business model, simply described as its 'way of doing business' or its 'business concept' (Hamel, 1999: 19-16; Hamel, 2000: 243; Schmid, Zimmermann & Buchet, 2001 : 3-9) to enable sustainability. This creation and reinvention of new business models, and not just continuous improvement, are regarded as providing the disruptive competitive advantages necessary to survive and thrive in an environment where the 'rules of the game' change quickly (Schmid *et al.*, 2001: 3-9). The test for organisations is to develop frameworks to examine how new business models and industries emerge, which will enable managers to develop new business models and implement accompanying organisational change and fitness requirements (Margretta, 2002: 3-8).

Organisations need to adopt a particular business concept that encapsulates its core value propositions for customers, leadership, governance and its configured value networks (Iacobucci & Hopkins, 1992:5-17). This value proposition should consists of strategic capabilities as well as other external value networks in order to reinvent itself and continually satisfy the multiple objectives of its various stakeholders, including shareholders (Kotler, 2003: 536-537).

New business models should incorporate the discontinuities that differentiate the 'new' economy from the 'old'. Examples include digitisation of information (Tapscott, 1997: 8-14), virtual space where economic transactions are increasingly taking place (Kelly, 1999: 1-8, 31-35, 50-107), relying more on knowledge and intellectual assets (intangible assets) (Davenport & Voelpel, 2001: 212-221), and industry convergence (Prahalad & Oosterveld, 1999: 31-39; Viscio & Paternack, 1996: 39-104). Innovation as a main source of value (Hamel, 1998: 19-26; Senge & Carstedt, 2001: 24-38), employee mobility as accelerating and increasing knowledge, innovation and value creation (Davenport *et al.,* 2006: 250-259) and networking (Ashkenas, 1999: 5-10) are also cited in the literature. Gibbert *et al.*, (2003: 459-469) state that the new economy is characterised by the deconstruction and reformulation of traditional business structures and value chains and the disintermediation and re-intermediation.

The above shifts in the post-modern networked business environment have changed the traditional industry structures and sources of competitive advantage. These changes further suggest that organisations have to adjust or transform their industry maps for sustainability in the 'new' business landscape (Beinhocker, 1997: 24-38; Beinhocker, 1999: 95-105; Fiorina, 2000: 5-6; Govindarajan & Gupta, 2001: 3-12; Hamel, 2000: 289-290).

Through alignment and focus of all its resources, the new business imperatives for investment management start with the organisation's strategy, based on intellectual capital and organisational development that is structured on the three pillars of knowledge management, technology management and risk management. This will ultimately lead to support performance and distribution of assets in a networked architecture configuration (Mahadevan, 2000: 55-69).

In the new digital economy, it is imperative that organisations craft an enterprise-to-enterprise collaboration strategy. This will ensure that the participation and collaboration of the entire network in the new digital networked economy ultimately contributes to the development and maintenance of a new organisational architecture, the virtual networked organisation, which will create the future networked value proposition (Kornelius, 1999: 47-68).

7.3.2 Virtual organisations

Individual organisations are required to extend their resources, their control structures and their information systems to enable them to become an attractive partner for organisations that market products and services that are complementary to their own products and services (Hamel, 2000: 232-243, 289-290). Hamel (2000: 232-243, 289-290) postulates that organisations therefore need criteria that allow them to decide with whom they need to co-operate (relationship-building), and which means and structures they need to invest in. In the process these organisations are configuring their own networks.

Kornelius (1999: 47-68) summarises the various constructs of inter-organisational relationships and virtual corporations, and defines a virtual corporation as a network of independent organisations that provide a joint offering. Evans and Wurster (1997: 193-220) illustrate the complexity of inter-organisational interactions and interdependencies in their 'hyperarchy' model. In a hyperarchy every one communicates with every one else, while in a hierarchy each organisational unit depends on one superior organisational unit that has access to information that by definition is not available to its subordinates. Since the bargaining power in buyer-supplier relationships depends highly on this asymmetry of information, such relationships will drastically change if information technology eliminates this asymmetry. Evans and Wurster (1997: 70-82) claim that under the influence of information technology and standardisation of communication, hyperarchies will challenge, and, eventually, replace hierarchies.

Davidow and Malone (1992: 3-7) refer to organisations in the network as 'The Virtual Corporation' while Konsynski, Benn and McFarlan (1993: 114-120), refer to it as the extended enterprise and argue that information technology transforms the boundaries of organisations. The real-time adaptation of the virtual product to the customer need requires the virtual corporation to maintain integrated and ever-changing data files on customers, products, and product and design methodologies.

By critically examining these statements, it becomes evident that developing a strategy for inter-organisational co-operation in the networked economy requires a new paradigm of inter-organisational relationships. Furthermore, the number of inter-organisational relationships that influence a single organisation, in theory, is almost infinite. An organisation should thus make a selection of the relationships it wants to control, thus selecting the players it considers part of its network (Kornelius, 1999: 47-68).

The research has shown that the Balanced Scorecard can assist in the formulation and implementation of an individual organisation's strategic management process. Furthermore, the Balanced Scorecard also assists in developing and maintaining a sustainable competitive advantage. A Networked Balanced Scorecard theoretical model will be proposed below which aims to illustrate theory development in assisting organisations to develop and maintain a sustainable competitive advantage by incorporating networked economy value propositions in business models through strategy formulation and implementation.

7.4 A PROPOSED THEORETICAL MODEL – THE NETWORKED ECONOMY VALUE PROPOSITION

Despite different applications of the Balanced Scorecard model, scientific studies regarding the impact of the use of the concept lag behind and information regarding the influence on organisational management is hard to find.

In the study it was found that individuals in the study case organisation were at first not knowledgeable with the Balanced Scorecard and saw little value in the instrument, specifically its contribution towards the organisation's strategic intent. However, the post-study revealed that after implementation, employees had changed their view somewhat and believed that it did have operational value in that it supported the strategic intent; even though the organisation's competitive advantage was not clearly communicated. Furthermore, the findings of the pre- and post-studies indicated that the perception was that the current format neglected the sustainability construct, which specifically encompassed the organisation's environment and ethical behaviour.

The concept of the Balanced Scorecard has inspired the development and application of a variety of models. These not only relate to financial outcomes but intangibles such as intellectual capital, relationships with customers and employees. The measurements of intangibles are included, thereby creating a vision of continuous learning and adaptation to change to create value for the future. All these aspects, including the human performance issues as identified in the variations of the

Balanced Scorecard model, are incorporated in the proposed Networked Balanced Scorecard theoretical model as proposed by Ittner and Lackner (1998:205-238).

The main objective of the proposed theoretical model is to provide a user-centered design approach for networked user participation in the development of a new economical value proposition to create a successful global future advantage. The theoretical model is structured around three phases. Essentially each phase represents a separate learning process and different foundation. These then interact concomitantly to enable the realisation of sustainable value creation in the long-term. In terms of value creation, the organisation is viewed as a collection of resources and capabilities. This view, more than strategy, seems to parallel the concept of the business model (Sviokla, 1998c: 171-198). Also evident from this view is how strategy mediates between the organisation and its environment.

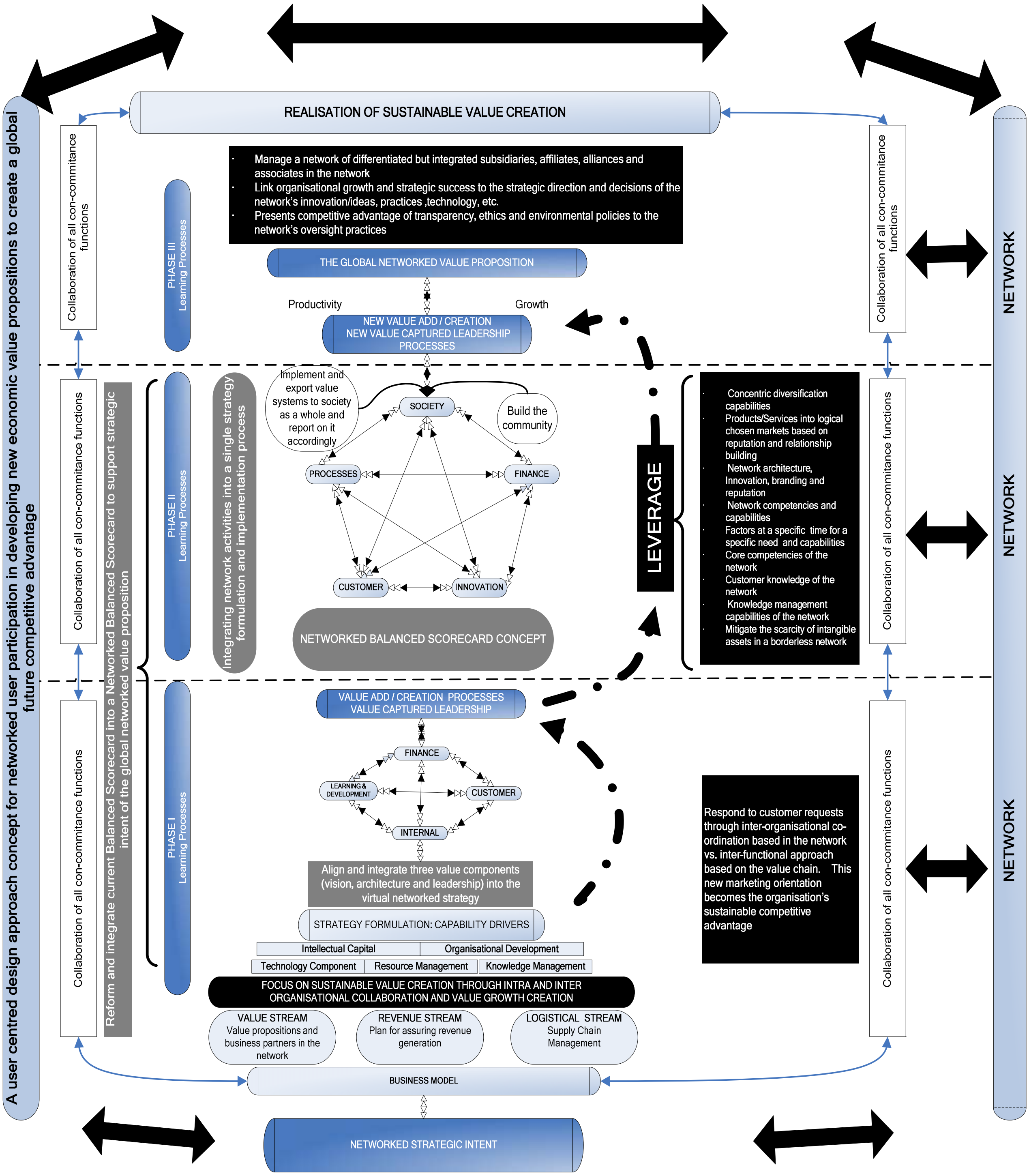
Currently, economic environment is moving towards networks, open markets, mobile labour and information abundance (Kay, 1993: 160-180, 302-319). Resources are becoming increasingly tradable, and the advantages accruing from market positioning and strategic imitation are falling (Fahy & Hooley, 2002: 241-253). An analysis of an organisation's web-related activities and that of its stakeholders now provides clues to its competencies (such as alliances, vendors, value chain, technologies, skills and pricing policies), previously invisible to a competitor. In the fluid resource markets of today sustainable advantage is reinforced by assets that are not easily discernable (Zack, 1999: 185-203).

Economies are no longer the study of scarcity within the networked economy. Customers are confronted with abundance, as many of the non-physical knowledge-based products of the networked economy are reproduced and distributed at near zero marginal cost (Tapscott, 1997: 8-14; 145-227; Tapscott, 2001: 1-8; Tapscott, Ticoll & Lowly, 2000: 173-204). This makes the creation of value that much more of a central purpose in today's business. The new drivers in the economy and the changes in the environment have encouraged entrepreneurs to adopt novel approaches to value creation. Value creation flows from cost reductions through transaction efficiencies. One of the main benefits of transacting over the Internet or in any highly networked environment is the reduction in transaction cost it engenders (Becker & Knudsen, 2002: 387-402). As the networked economy blurs capacity boundaries through the creation of strategic alliances and highest level of collaboration, so strategy, in order to remain relevant, has had to broaden its base to cater for the intra- and extra-organisational linkage between strategic entities to create and add value through value-captured leadership (Tichy, 2002: 79-103).

Strategy aims for sustainable competitive advantage and business models are set to be the *sine qua non* of value creation (Amit & Zott, 2001: 493-520; Hax & Wilde, 2001: 379-391). Organisations in the networked economy may ask which approach is more relevant and whether either or both are sufficient for success. In the networked economy, the Internet with its open standards has created commercial arrangements, which manifest a disdain for traditional boundaries and demand new patents of management behaviour for effective performance (Murray, 1988: 390 - 400).

Based on the findings and conclusions of the study, a Networked Balanced Scorecard theoretical model is proposed for the utilisation of a Balanced Scorecard approach that is aligned with the networked economy. The theoretical model takes into account the theoretical and practical limitations of the strategic value of the Balanced Scorecard in relation to the three main constructs of strategy implementation, competitive advantage and sustainability. The theoretical model also provides recommendations based on theory in relation to the value of the Balanced Scorecard, given its application in the networked economy.

Figure 7.1: The Networked Balanced Scorecard theoretical model of an individual organisation in a virtual network as a value framework for sustainable value creation



Note: Phase 1 outlines the four traditional areas of the Balanced Scorecard, namely: finance, customers, processes (internal) and learning and development. In Phase 2 a fifth dimension; namely society is added to represent the network of which the organisation forms part of and includes all stakeholders such as competitors, suppliers, organisations in other industries, etc. – the world community as a whole.

The transition that organisations of today face must leverage the value proposition and is therefore proposed in a three-phase theoretical model.

Phase 1 provides a foundation and is based on all recognised models, which still prove to be inadequate. In this phase the organisation must first consolidate its competitive advantage in its traditional business and ensure that it gains the maximum benefit before venturing into adjacencies. Methods to sustain the competitive advantage in the core business include paying attention to underlying conditions and factors, physically unique resources, causal ambiguity, economic deterrence and strategic fit.

Phase 2 focuses on networked principles, which means the old set of principles are replaced by the new, suggesting a multi-dimensional matrix and a salvageable information enabler forming a networked whole. Examples include the integration of network activities into a single strategy implementation process add value by stimulating the exchange and recombination of resources across organisational borders and generating profit from architectural knowledge by establishing relationships throughout the extended value chain. Phase 2 requires the organisation to transform its own value framework and combine it with that of its networked value frameworks through the creation of a Networked Balanced Scorecard concept. In this way the diverse capabilities and multiple perspectives can be identified to achieve unity of purpose.

In the context of the theoretical model, the organisation's transformation involves a sequence of events whereby the shift between a coherent set of management principles and technologies is examined. This shift is enabled by the human capital. This act of transformation should be considered as a conscious decision of strategic intent before it is required. This process of creative destruction and the creation of a new spherical networked facility is outlined in Phase 3.

All three phases correlate positively with the significance and importance of creating a new sustainable competitive advantage based on the contribution of the Balanced Scorecard to create a shared organisation global vision and proposal that advocates collaboration and value-captured leadership as a prerequisite to successful transformation. The phases also support the idea that the set of information economic management principles is a process of evolution which is driven throughout by the new networked strategic intent.

The theoretical model outlines the basic framework of how the organisation is going to create a sustainable competitive advantage in its chosen markets. Elements to consider include identifying and analysing key success factors such as product quality to consistently meet customer specifications, customer knowledge, technology and knowledge investments, flexible manufacturing to respond to customer specifications, providing on-time delivery, and improving efficiency and waste reduction through process improvements. This directly corresponds with the original objectives of the Balanced Scorecard.

The theoretical model was designed to identify the three prerequisite phases needed to accelerate and enable the process of transition. Information obtained from the respondents gave insight in to the importance of establishing a new core value proposition to be leveraged by multiple global networks simultaneously. The three phases incorporate the traditional economical concept of empirical competency and provide a logical research analysis to substantiate the notion that the strategic outcome of the Balanced Scorecard depends on a global transformation in order to effectively create a new sustainable edge for the future economy.

The theoretical model outlines how the individual organisation can cultivate an innovation network beyond itself, a network that extends inside (research and development, manufacturing) and outside (including customers, suppliers, partners and others). Innovation requires developing and maintaining an open and collaborative network – no easy task, considering the complexities of relationships, different motivations and different objectives of all the role players. Managing effective partnerships with customers, suppliers, consultants and even competitors in the network to assist the individual organisation is a core competency of innovation. For example, 3M has always maintained a robust network of contracts in a wide range of technological areas and the organisation regularly contacts the network to get new ideas and build teams for new initiatives (Grulke & Silber, 2001: 244-273).

The starting point that leads from Phase 1 into Phase 3 requires beginning with the end in mind, this being the strategic intent of the organisation in the networked economy.

7.4.1 Phase 1: Networked strategic intent

Amit and Zott (2001: 493-520), Christensen and Raynor (2003: 66-74), Gibbert *et al.* (2001: 109-126), and Weil and Vitale (2001: 25, 34-35, 314-318), view business models as a description of the roles and relationships among an organisation's consumers, customers, alliances and suppliers that identify the major flows of product, information and money, and the major benefits to participants. Mahadevan (2000: 55-69) combines business models into a blend of three business-critical streams: the value stream, which identifies the value proposition for the business partners and the buyers; the revenue stream, a plan for assuring revenue generation for the organisation; and the logistical stream, which addresses the supply chain of the organisation.

Petrovic, Kittle and Teksten (2001: 77-124) expand the business model's contextual scope to include the Internet and dynamic business evolution. Their analysis begins by viewing an organisation as an organised social system composed of interdependent parts delineated by identifiable boundaries whose boundary-spanning activities enable it to persist and evolve over time. They posit that a business model describes the logic of a business system, which is the source of value creation. In a similar fashion J. Clark (1995: 1-4, 7-48, 134-137, 226-240) perceives the business model as describing the structure, relationships among elements and its response to the real world.

The proposed theoretical model is a systems approach where all the functions in the organisation should jointly be responsible for the development and implementation of the strategy that is built upon a business model of an organisation in a virtual network. The new strategy should start with the customer and competitor, through the concept of value-captured leadership, not the product or service, and affects every aspect of the organisation's operation as outlined below.

7.4.1.1 Purpose, value-add and value-captured leadership

Value-captured leadership takes into consideration the role of the leader, whether a frontline supervisor, a middle manager, or chief executive officer, which in this approach is to add value to the group beyond that which the group would achieve on its own. Adding value means managing the limited resources – people, financial and physical – of the organisation to maximise productivity.

The theoretical model evolves with value-creation and value-captured leadership through an industry analysis and can be divided into three parts. Firstly, creating a networked industry map to understand the players, constructing profit pools to establish whether (and why) the distribution of economic profits have changed over the measuring industry, stability and classifying the industry so as to improve alertness to key issues and opportunities. The industry map should include all the players who might have an impact on an organisation's profitability to understand the current and potential interactions that ultimately shape the sustainable value-creation prospects for the whole industry as well as the individual organisations within the industry. The next step is to construct a 'profit pool' that indicates how the pieces of an industry's value-added pie are distributed. Over time a review of the profit pools provides an excellent way of establishing value migrations through exchange.

Value-captured leadership in Phase 1 creates sustainable value, which has two dimensions – how much economic profit an organisation earns and how long it can earn access returns (Drucker, 2001: 197-201; Teece, 1998: 55-79). Both are of prime interest to investors and corporate investors. Sustainable value creation is rare because competitor forces, including innovation drive, return down towards the cost of capital and investors are careful about how much they pay for future value creation. An industry analysis is therefore an appropriate place to start investigating sustainable value-creation (Drucker, 2001 : 197-201; Porter, 1996 : 61-78; Teece, 1998: 55-79). Gaining an understanding of the players, reviewing the profit pools and industry stability, followed by a five-force analysis and an assessment of the likelihood of disruptive technologies is an ideal starting point. A clear understanding of how an organisation creates shareholder value is central to understanding sustainable value-creation (Drucker, 2001: 197-201; Teece, 1998: 55-79). Three broad sources of added-value are production, consumer and external advantages (i.e. governmental advantage). How organisations interact with one another plays an important role in shaping sustainable value-creation (Tapscott, 2001: 1-8; Welborn & Kasten, 2003: 276). In this process organisations should co-evolve as complementors. The issue is no longer sustainable competitive advantage but sustainable value-creation through intra- and inter-organisational collaboration (Kornelius, 1999: 47-68).

The second dimension of sustainable value creation is how long an organisation can earn returns in excess of the cost of capital (Welborn & Kasten, 2003: 276). This concept is also known as fade rate, competitive advantage period or value-growth duration. Welborn and Kasten (2003: 276) highlight that sustainable value creation differs from the more popular sustainable competitive advantage belief in that the latter requires two characteristics before an organisation can claim it has a competitive advantage. The first is that it must generate or have an ability to generate returns in excess of the cost of capital. Secondly, the organisation must earn a higher rate of economic profit than the average of its competitors.

As the focus of the theoretical model is on sustainable value creation, it is important to understand and measure an organisation's economic performance relative to the cost of capital, not relative to its competitors (although these are interlinked as well). If sustainable value creation is rare, then sustainable competitive advantage is even rarer, given that it requires an organisation to perform better than its peers through continuous learning and improved business performance (Christensen, 2001: 105-109).

7.4.1.2 Characteristics of the organisation in the networked economy

Characteristics of the organisation in the networked economy in terms of strategy implementation include continuous learning and improved business performance. Competitive advantage characteristics include multi-skilled staff, dynamic coalitions, flexible general purpose assets, integrative skills, joint ventures, strategic alliances and partnerships, resulting in a sustainable competitive advantage based on collaborative advantage, porous boundaries, and societal and customer knowledge.

The framework of characteristics shows how organisations can gain sustainable competitive advantage in the market by basing their strategy on building and leveraging their unique internal capabilities. The focus of the theoretical model is on how organisations can create new value for themselves to increase their long-term profitability through leveraging off capability-driven strategies, rather than how to divide markets. The framework provides explicit mechanisms that drive value creation, co-operation and integration. The theoretical model continues by defining value creation through corporate level capabilities as sources of competitive advantage. The organisation's specific complex resources are aligned for long-term success in world-wide markets through business models and strategies of network integration and expansion through organisational learning.

The theoretical model outlines the importance of the individual organisations' corporate level architecture capabilities to allow the incorporation of new, ever foreign-based assets and capabilities. At the same time efficient management is maintained, corporate level architecture capabilities are leveraged and strategies are put into place to ensure a sustainable competitive advantage. Resource-based models place emphasis on managerial capabilities for organising component knowledge into profit-generating bundles as drivers of organisational expansion (Viscio & Paternack, 1996: 93-104). New models of technological developments in organisations treat architectural capabilities as essential to the co-ordination of technological efforts across boundaries. They outline how corporate level capabilities are subject to improvement, discovery, and recreation or innovate through global learning and sharing. Porter (1990: 1-18 ; 1996: 61-78) is of the opinion that the ability of organisations to access network-based clusters of excellence is a clear source of competitive advantage in gaining component knowledge-based advantages.

Organisations must learn new ways of organising, rewarding and communicating in the virtual network (Tapscott, 2001: 1-8). The theoretical model proposed in this study further highlights the importance for individual organisations to create new internal systems, as a strict relationship of hierarchy is unable to handle the complex and changing environment characteristics of global networked businesses. The architectural knowledge needed to identify, build and leverage off new capabilities requires a level of managerial sophistication that will move the organisation towards real-value creation through the networked approach. This can be done by looking at the world through the virtual networked approach and not only through the perspective of the individual organisation. This requires the development of entirely new internal processes for co-ordinating the organisation's role in the network during its transformation, including strategic human resource management and accounting systems. In addition, a new organisational culture is created through the networked strategic intent. The following section highlights current Balanced Scorecard applications and characteristics in relation to the requirements of the network.

7.4.1.3 Balanced Scorecard applications

A Balanced Scorecard is a measurement-based strategic management system, originated by Robert Kaplan and David Norton, which provides a method of aligning business activities to the strategy, and monitoring performance of strategic objectives over time.

7.4.1.3.1 Strategy implementation

A strategy here is defined as follows: Firstly, a strategy contains propositions that propose the direction an organisation or agency should take to fulfil its vision and maximise the possibility of its future success. Secondly, a strategy suggests unique and sustainable ways by which organisations create value (Kaplan & Norton, 2000a: 1-4). When setting a strategy, the question must be answered whether the organisation is doing the right things. A strategy is thus an expression of what the organisation must do to get from one reference point to another point. Strategy is often expressed in terms of a mission statement, vision and objectives. Strategy is usually developed at the top levels of the organisation, but executed by lower levels within the organisation.

Strategic management, on the other hand can be described as the process that focuses on the long-term 'health' of the organisation and addresses three major dimensions, namely context, content and process.

As the founders of the Balanced Scorecard, Kaplan and Norton (1996a: 8-18, 224-292) promote the concept primarily as an instrument that can provide assistance in the implementation of strategy.

Operational effectiveness as a competitive necessity, according to Porter (1996: 61-78), underwrites that both strategy and operational effectiveness are essential for superior performance. As competitors imitate each other's improvements in quality, cycle times or supplier partnerships, their strategies converge and it becomes a series of races down identical paths that no-one can win, resulting in mutually destructive competition. This also erodes competitive advantages for all and thus remains applicable in Phase 1 of the Networked Balanced Scorecard theoretical model. The impact of measures considered in isolation would probably be minimal as success is derived from the comprehensive visibility of all key influences.

The overall findings indicate that the Balanced Scorecard assists organisations in overcoming the primary barriers of strategy implementation. It is imperative that the Balanced Scorecard be used as an instrument to formulate, implement and communicate capability-driven strategies based on a business model that embraces the value and revenue streams, and logistical systems.

It is important that the organisation in the Networked Balanced Scorecard theoretical model utilises the Balanced Score card's communication and collaboration abilities. This will ensure that all functions in the organisation are jointly responsible for strategy development and implementation in creating a unique strategic position for the organisation and overcoming the barriers of strategy implementation. The organisation's Balanced Scorecard through the Networked Balanced Scorecard theoretical model should also ensure that the organisation does not position itself in terms of a specific industry but rather promotes the organisation's competencies and strategic intent through alignment, decentralisation and breaking down structures and functions.

Through involving all functions in the strategy formulation and implementation processes, the organisation's new vision and strategic intent will be understood and communicated to all stakeholders. Strategic resources will in this way be linked to long-term strategic intent through collaboration and participative management processes of resource allocation and management.

It is important in the Networked Balanced Scorecard theoretical model that measurements in the basic corporate Balanced Scorecard include the measurement of intangibles, which will lead to a vision of continuous learning and development. The Balanced Scorecard findings support this requirement as the findings indicate that the Balanced Scorecard encourages quick decision-making and problem-solving processes, which in turn enhance competitive advantage.

Value creation should further form the basis for measurement in all four perspectives of the Balanced Scorecard (financial, customer, learning and development, and process/internal). The Balanced Scorecard theoretical model proposes that the organisation in Phase 1 of its Balanced Scorecard should utilise the Balanced Scorecard as a 'change instrument' by installing new patterns of management behaviour, breakdown structures, measuring the organisation's value chain and promoting change initiatives in the organisation's micro decision-making structures. Being a measurement instrument, the organisation should further ensure that it incorporates other measurement instruments into the Balanced Scorecard such as the Performance Prism, Just-In-Time and Total Quality Management to support the organisation's competitive advantage (Rao, Solis & Raghunathan, 1999: 37-85). This will, for example, ensure that the organisation takes all its stakeholders and role players into account and overcomes the current Balanced Scorecard's limitation of only focusing on the organisation's value chain and therefore enhances the organisation's competitive advantage in the long-term.

7.4.1.3.2 Competitive advantage

Competitive advantage is an advantage over competitors gained by offering consumers and business networks excellent value by means of lower prices or by providing superior benefits and services than just higher prices.

Business networks consist of multiple relationships, with each participating and gaining the resources needed to build core competencies and obtain a sustainable competitive advantage (Jarillo, 1988: 31-41). Porter (1987: 43-59) discusses the formation of 'coalitions' that allow the sharing of activities in order to support an organisation's competitive advantage. However, Porter's value chain (Porter, 1987: 43-59) approach focuses on activities within a single organisation. The proposed theoretical model adapts his approach in order to understand the value-added processes comprising dyadic and network inter-organisation activities, which foster each organisation's sustainable competitive advantage. Webster (1992: 1-17) presents a continuum of marketing relationships, which move from discrete interactions towards network organisations and just-in-time exchanges. As the continuum moves further from discrete transactions, more administrative and less market control occurs. The process of building up a reputation can further be accelerated by staking a reputation that has been established in a related market, or by making a clear public demonstration of commitment to a market or society in general, which is clearly demonstrated in the relationship of short-term sustainable competitive advantage to other strategic concepts.

This study has found that the Balanced Scorecard supports an organisation's competitive advantage by supporting an organisation's operations. The Networked Balanced Scorecard theoretical model makes use of the Balanced Scorecard to enable the organisation to respond to customer requests by means of intra- and inter-organisational co-ordination and relationship-building. Communication, transparency, collaboration and the sharing of knowledge emerged as key processes that are facilitated by the Balanced Scorecard, which leads to the lowering of risks, quick decision-making, innovation, and skills and leadership development.

The findings indicate that the Balanced Scorecard supports the fit of various activities or units in the organisation, which makes imitating the sources of competitive advantage more difficult, thus prolonging the competitive advantage. The findings further indicate that the Balanced Scorecard assists organisations in realising the underlying factors that underpin competitive advantage. It also assists management and staff to observe how these factors change over time to enable the organisation to match strategy with these factors and conditions. Furthermore, the Balanced Scorecard supports the path dependency of the organisation. This means that any competitor will take years to acquire the necessary assets, skills, expertise, infrastructure, reputation or capabilities to compete with the organisation.

The collaboration characteristic embedded in the Balanced Scorecard can and should be used to position and enable the organisation to leverage factors of production at a specific time for a specific need. In terms of the Networked Balanced Scorecard theoretical model, the organisation should utilise the architecture, reputation and innovation support capabilities of the Balanced Scorecard to consolidate the organisation's competitive advantage in its traditional operations and business first. Only then will the organisation be in a position to not only position itself within a specific industry but can promote and use its competitive advantage and customer knowledge within a consolidated knowledge construct outside its existing market orientation. This will enable the organisation to participate in the network and ensure a sustainable competitive advantage.

7.4.1.3.3 Sustainability

A sustainable competitive advantage can be described as the prolonged benefit of being able to implement a unique value-creating strategy not simultaneously being implemented by any current or potential competitor(s), coupled with the inability to duplicate the benefits of the strategy.

According to Christensen (2001: 105-109), the practices and business models that constitute competitive advantage are only relevant at a particular time with particular factors at play and under certain conditions, thus competitive advantage in itself is not sustainable. Strategists should therefore consider the underlying factors that underpin competitive advantage and attune themselves to how these factors change over time. Furthermore, strategists should continuously match strategy with these factors and conditions to overcome the barriers of short-term sustainability. This requires manipulating Networked Balanced Scorecard theoretical model components and applying them to activities in Phase 1. Failure to do so will result in short-term sustainability as supported by the research findings.

Though the findings indicated that the Balanced Scorecard did support organisational sustainability to some degree, the failure to include sustainability measurements in the corporate Balanced Scorecard could impact negatively on the organisation's new strategic intent to participate in the networked economy. The Networked Balanced Scorecard theoretical model therefore stresses the fact that organisations should have an outward focus. Also, the organisation should use current standards and guidelines such as the Sarbanes-Oxley Act (2002) and King II Report on Corporate Governance (2002) and measure ethical behaviour in the corporate Balanced Scorecard as a prerequisite to participate in the networked economy through value-captured leadership.

Value-captured leadership requires the individual organisation to have an outward approach instead of an internal operational cost reduction focus. The research study revealed that the Balanced Scorecard has the potential to streamline sustainability and to set, track and control targets for environmental management and corporate social responsibility. The findings indicated that the Balanced Scorecard supports the strategic environmental and/or social objectives of the organisation and illustrates causal relationships between qualitative 'soft' issues and financial performance. The Networked Balanced Scorecard theoretical model highlights that this characteristic of the Balanced Scorecard enhances the transparency of potential for value-add emerging from social and/ or environmental aspects. It offers a frame of reference and a measurement instrument for understanding how causalities between the economical, environmental and social objectives may arise.

The measurement of sustainability intangibles, as required by the Networked Balanced Scorecard theoretical model, will enable the organisation to create value as its central purpose on the highest level of collaboration as outlined and required in Phase 3. Matching the organisation to its environment in the networked economy now becomes a focus point during the organisation's strategy formulation phase.

7.4.1.3.4 Summary

The Balanced Scorecard has inspired the development and application of a variety of models and is an illustration of temporary 'best practice' in accounting for strategic positioning (Davenport et al., 2006: 250-259, 284-359). The Balanced Scorecard is closely related to intellectual capital and comprises not only instruments for the measurement of intangible resources but also a vision of continuous learning and change to create value for the future. The mere existence of a Balanced Scorecard reveals a message that what finally counts is not only financial outcomes, but also long-term relationships with customers and employees. It remains to be seen whether organisations really implement the Balanced Scorecard as a vision of priorities to exploit the networked economy through theoretical models such as the Networked Balanced Scorecard concept as outlined in Phase 2, or merely implement it as an instrument to accomplish a financial performance in the short term.

7.4.2 Phase 2: The Networked Balanced Scorecard concept

The Networked Balanced Scorecard concept is the managerial process of integrating network activities into a single strategy implementation process by managing a network of differentiated but integrated subsidiaries, affiliates, alliances and associates. Global networked types of organisations, such as Hewlett Packard or DuPont, add value by stimulating the exchange and recombination of resources in such a way that new capabilities are incorporated into the fabric of the network, effectively generating profits from architectural knowledge (Barney, 2002: 121-124).

The process of creating architectural knowledge regarding efficient and effective operations in an integrated global networked organisation must be understood as the idiosyncratic process close to the historical order of events and decisions in the single organisation in the network. Understanding these aspects of the modern networked organisation requires an explicit capability-driven strategic approach (Kornelius, 1999: 47-68) through a higher dimension of value-add and value-captured leadership.

7.4.2.1 Purpose, value-add and new value-captured leadership

Value networks as defined by the researcher in the context of the study denote a group of organisations, each specialising in one piece of the networked value chain, and linked together in a virtual way to create and deliver products and services as and when required. Customers of value networks often care who the other customers of the network are because much of the value they receive is derived from explicit or implicit exchanges with each other. Furthermore, the nature of a value network is such that customers often receive more value as more customers are added to the network. Another feature of value networks is that they always co-produce value for competitors and players outside the immediate value chain, for example when a telecommunications organisation supplies interconnections to the networks of other, competing, telecommunications organisations.

This framework builds a coherent theoretical model of an individual organisation and network integration from two basic types of complex assets (component and architectural capabilities) and the two basic capability processes (leverage and building). Leading organisations in technology-intensive industries are not only networking to build or discover new capabilities but to further leverage their existing assets and skills, for example through total quality management (Savolainen, 2000: 211-226). Savolainen (2000: 211-226) makes the point that organisations enhance their external co-operation skills as total quality management breaks down the organisation's frontiers and favours the setting up of associated relationships throughout the extended value chain (Rao, Solis & Raghunathan, 1999: 1047-1077) in support of value creation.

Value creation requires organisations to focus on creating or increasing shareholder value as well as continually demonstrating that business practices founded on sustainable growth are generating tangible financial gain (Holliday, 2001: 129-135). In the theoretical model, for an individual organisation to create value it should adopt a value framework that is integrated into the organisation's extended network. The three-dimensional component, namely vision, architecture and leadership, should be integrated into and aligned with the individual organisation's virtual network strategy approach as well as with the network, thereby establishing the future value proposition.

Welborn and Kasten (2003: 276-295) confirm that sustainable value-add (SVA) creates a strong mutual beneficial relationship between the organisation and its core customers. Both sides have an economic stake in the other's success. Therefore, both parties have a vested interest in process improvement and waste reduction. Welborn and Kasten (2003: 276-295) postulate that one of the results of the SVA pricing structure is that the organisation and its associates are compelled to talk more openly and frequently. This required level of communication will lead organisations in the network towards ongoing innovation and collaboration. Day (1994: 27-35, 130-133) conclude that organisations that are topmost in their industry have agreed upon measures that managers understand and are linking net worked strategic measures to operational ones. These organisations regularly update their strategic plans, while clearly communicating measures and progress to all stakeholders across the networked profit pool.

7.4.2.2 Characteristics of the organisation in the new networked profit pool

Organisations in the new networked profit pool enhance strategy formulation and implementation with total quality management, leadership based on value-captured leadership in support of the global networked value propositions, strategic management, competitive intelligence, business scope and competitive positioning in mind. These organisations closely monitor industry and global economic structures while continuously adjusting their strategic agenda through adaptive processes and extended and networked value chains. Characteristics that support the competitive advantage construct include network architecture, value delivery/ creation of networks, network innovation, competencies and capabilities, network reputation and branding. Sustainability is furthermore characterised through the practice of global governance and legal frameworks, ethical practice and behaviour, environmental development and global economic development for the global society as a whole and not in isolation of the individual organisational profit and short-term sustainability. The following section outlines the application of a Networked Balanced Scorecard concept in enabling the individual organisation to leverage and manage a network of differentiated but integrated subsidiaries, affiliates, alliances and associates.

7.4.2.3 The Networked Balanced Scorecard application

In combining its own value framework with that of its networked value framework, the organisation is forced to adjust or adopt a business model that is built on co-operation and collaboration to ensure a sustainable competitive advantage (Viscio & Paternack, 1996: 93-104). As was demonstrated in previous chapters, the Balanced Scorecard does assist the individual organisation in developing and maintaining a sustainable competitive advantage to some degree. However, if the individual organisation wants to survive in the networked economy, the organisation's individual corporate Balanced Scorecard should be adjusted to incorporate a Networked Balanced Scorecard concept.

The Networked Balanced Scorecard concept includes a fifth element, namely that of the society (the network which the organisation forms part of). The organisation should also allocate measurements in terms of the fifth perspective with regard to what benefits can be achieved from participating in the networked economy. It should also consider the contributions that it can make not only to the network itself but also to society as a whole (Bieker et al., 2001: 28-30). This indicates the inadequacy of previous models. As stated in Chapter 6 (see Section 6.5), the challenge is to create a series of tight fits between the chosen strategy and leadership, culture, reward systems, structure and resource allocation. As a result of this study, the conclusion was reached that only through the awareness and incorporation of specific measurements of a series of tight fits into the organisation's Networked Balanced Scorecard concept can the organisation successfully participate in the networked economy. The organisation's Networked Balanced Scorecard concept now forms the foundation and serves as an instrument to support and enhance the sustainability constructs of the organisation's competitive advantage as a prerequisite for participating in the network.

However, first the value segments in the market must be identified. Unlike traditional market segmentation, where demographics drive the segmentation process, value segments are defined by identifying common benefits sought by different customers through collaboration (Kornelius, 1999: 47-68). There can be a number of these value segments. Kornelius (1999: 47-68) highlight that each individual value segment is defined by a unique value proposition, which describes target customers, benefits sought by those customers and the price they are willing to pay to acquire those benefits. To identify the value segments, the organisation must first interact with a representative cross-section of organisations in its market. The intent of the discussions is merely to identify how to better satisfy customers and to find the 'white space' in the market – those areas of untapped opportunities where there is a clear and unmet customer need.

A common ground for discussions amongst organisations is to establish how customers in the industry might take cost out of their business (Kornelius, 1999: 47-68). How can customers gain and sustain their competitive advantage? The focus should slide down the value chain, closer to the consumer. In other words, how can the organisation add value for their customers? Kornelius (1999: 47-68) proposes that the old product-oriented business model – how we can sell what we make - should give way to a more market-focused approach, one that poses an entirely different question - what should we do to attract and retain customers? Sustained profits would come only as the result of a clear networked market focus based on a collaborative strategic intent (Mellahi et al., 2005c: 31-98, 317-344) through leveraging capabilities and competencies.

Awad (2002: 1-7) and Tapscott *et al.* (2000: 187-220) state that organisations that will thrive and survive the transition into the networked economy will be those that can manipulate the diverse capabilities and multiple perspectives embedded within them to achieve unity of purpose as translated into the networked strategic intent. The Network Balanced Scorecard concept creates a new value proposition to become the new competitive advantage and create a new strategic imperative as a global direction indicator. This forms the global matrix as indicated in Phase 3 of the theoretical Networked Balanced Scorecard model. The introduction of this new transformational theoretical model needs to be sensitively handled and provides management with a true challenge to enable the organisation to transform.

Although the focus of the Networked Balanced Scorecard theoretical model is the creation of a strategic vision for the networked economy, it challenges the status quo of the present economy. It provides an organisational structure and value framework to facilitate the collaboration plans of strategy management and transformation on an intra- and inter-organisational and global level as outlined in the following section.

7.4.2.3.1 Strategy implementation

The context of managing strategically today, demands that conventional techniques and hierarchical decision-making are replaced with new techniques in order to exploit value generation in the new economy. An essential source of value creation is human resources as they play a critical role in the strategy execution. Strategic focus should shift from an internal to an external perspective, coupled with an approach that can vary from adopting a competitive to a resource-based view of the organisation (see Section 2.5.1). This is measurable and quantifiable through instruments such as the Balanced Scorecard (see Section 2.6.1) and the Performance Prism (see Section 2.6.2). Control and measurement instruments should include, inter alia, the investment in intangible assets on a strategic and tactical level. On the tactical level, Davenport and Probst (2002: 55-107) propose that intangible investments are aimed at a quantitative change or extension of existing knowledge, while on the strategic level they are aimed at the acquisition of completely new knowledge. Both tactical and strategic intangible initiatives become critical in the overall success of the organisation's strategic intent in the networked economy through the introduction of the Networked Balanced Scorecard concept. According to the study the Balanced Scorecard assists with the implementation of strategy since its measures and objectives can be adapted to suit the organisation's needs in a constantly changing business environment.

As stated in Chapter 2, the concept of the complexity theory (Brown & Eisenhardt: 1997: 1-34; Hamel, 2000: 4-16), which formed the basis of Beer and Eisenstat's (2000: 29-39) statement of 'competing on the edge', implies the need to replace conventional optimisation techniques and deterministic, hierarchical decision-making with looser notions of positioning 'at the edge of chaos', creating guiding frameworks of rules and replacing direction with self-organisation. The findings did indicate that the Balanced Scorecard assists in ensuring that the organisation understands the strategies and those objectives which need to be acted upon, and therefore supports quick decision-making. This finding of the Balanced Scorecard supports the Networked Balanced Scorecard concept in its drive to enhance consent and clarity with regard to the organisation's networked strategic intent. The Networked Balanced Scorecard concept therefore supports organisations in ensuring that different groups in the organisation work according to a set agenda with a clear understanding of the strategy and vision, and are able to act and respond accordingly.

Levy (1997 b: 19-36) suggests that although non-financial information is of considerable use, non-financial measures ought to be transformed into financial ones, which would link them to the financial reporting system. The intention of these measurements is to highlight the value drivers linked to intangibles in relation to the five perspectives of the Networked Balanced Scorecard concept. The findings did indicate that the Balanced Scorecard allowed employees to better understand the alignment of the organisational structure with business requirements as the scorecard 'balances' the importance of issues, which can only be achieved if all employee levels understand the strategies. The Networked Balanced Scorecard concept will therefore further help employees to focus on key aspects of the business as they are now aware of the vision and mission in relation to the organisation's networked strategic goals. The Networked Balanced Scorecard concept model requires the measurement of the individual's contribution towards the achievement of leveraging and combining the organisation's value framework with that of the network in support of the organisation's competitive advantage.

7.4.2.3.2 Competitive advantage

Competitive advantage in the networked economy can be defined as an organisation's competencies and capabilities in relation to its network architecture, network innovation and network reputation. Competitive advantage becomes a by-product of co-ordination and collaboration through its interaction and formation of loose relationships. This enables the realisation of the organisation's strategic intent at a specific time, being sustainable in the networked economy. The findings indicated that the Balanced Scorecard did support the organisation's architecture, innovation and reputation. The co-ordination and collaboration support element of the Balanced Scorecard needs to be transferred into the Networked Balanced Scorecard concept and be aligned with the organisation's network architecture, network innovation and network reputation in support of the organisation's driving forces that support its competitive advantage.

Driving forces are creating economic uncertainty through reduced need for physical assets, vanishing distance and compressed time, which makes the world one's customer as well as competitor (Meyer, 1997: 32-69, 94-123). Critical success factors ensuring compliancy with the networked economy include the ability to embrace change and the development of creativity and innovation capabilities. Robinson and Steyn (1998: 1-10) state that world-class organisations all have a strong customer focus, continual learning and development improvement programmes, flexible organisational structures, creative human resources management and a climate of equilibrium where all stakeholders are treated equally and kept informed of changes. Stakeholders are able to participate in the decision-making processes through innovative technological infrastructures and systems.

The results indicated that the Balanced Scorecard facilitates important processes such as dialogue and understanding amongst all stakeholders. It also translates key strategic objectives into tangible initiatives, links strategies to objectives, measures and milestones, and it includes both elements of strategy planning and implementation. The characteristics of the Balanced Scorecard are thus now incorporated into the Networked Balanced Scorecard concept and aid in managing a network of differentiated but integrated subsidiaries, affiliates, alliances and associates. On a networked level, it allows the organisation to focus on assets (component and architectural capabilities) and capacity processes (leveraging architecture, innovation and reputation as well as capacity-building) through knowledge management.

Christensen (2001: 105-109) underlines the importance of knowledge management as a competitive advantage and believes that organisations must be able to share resources across markets, while making sure that the cost of the resources remains largely fixed. Woodruff (1997: 139-153) also perceives the next major source of competitor advantage coming from a more outward orientation to acquire commercial knowledge. Woodruff (1997: 139-153) defines commercial knowledge as an explicitly developed and managed network of imperatives, patterns, rules and scripts embodied in the organisational network, and distributed throughout the network that creates market place performance. Commercial knowledge is tacit, shared by a group or embodied in raw materials, products and services, machinery and mechanisms, business practices and processes or environment and culture. It appears thus that knowledge management in the networked economy includes the construction of knowledge, the transformation of tacit knowledge into processes and practices, and the dissemination of embodied knowledge throughout the network. The disseminated knowledge can then be applied to particular problems and opportunities.

Woodruff (1997: 139-153) states that metrics concerned with knowledge management itself have no ultimate value to the organisation. What finally counts, are economic factors such as market share, revenue, gross margin and customer satisfaction. These opinions differ slightly from those put forward by Kaptein and Wempe (2001: 91-106), who argues that for the long-term sustainability of the organisation it is more important to focus on nurturing the roots than harvesting the fruit.

7.4.2.3.3 Sustainability

There are thus several approaches that support clarifying the concept of sustainability at the corporate level (Kaptein and Wempe, 2001: 91-106). However, there is confusion on how the dilemmas between the economic, environmental and social dimensions should be dealt with. Halme (2001: 100-114) is of the opinion that the notion of sustainability developments implies a process for organisations rather than a final outcome.

Co-operative links with customers and suppliers can increase competitive advantage. This can be done by improving both the value of innovations to customers and the efficiency with which they are supplied within the value-based management framework (Flood *et al*., 2000: 184-189, 236-243; Thomas, 1994: 683-697). Co-operative links with competitors have become a prerequisite for a sustainable competitive advantage in the networked value framework economy. In combining its own value framework with that of its networked value framework, the organisation is forced to adjust or adopt a business model to secure a sustainable competitive advantage (Mahadevan 2000: 55-69; Viscio & Paternack, 1996: 129-142), thus ensuring a long-term sustainable competitive advantage.

A shift towards elements such as trust, are key to building relationships between all stakeholders in the networked economy, thus ensuring sustainability. Similarly, Anderson *et al*. (1994: 1-15) and Iacobbuchi and Hopkins (1992: 5-17), view networks as a step beyond dyadic relationships or partnerships, just as Webster (1992: 1-17) does in his continuum of marketing relationships. Galaskiewicz and Zaheer (1999: 237-261) further suggest that social networks enhance competitive advantage. Relationships, according to Kanter (1990: 7-8), and collaboration across organisations and supply chains, especially supplier-customer partnerships, provide a further source of advantage.

As stated previously, most Balanced Scorecard models only relate to the internal strategic management of the organisation. The researcher believes that owing to the networked economy, the Networked Balanced Scorecard concept would require the periodic publishing of an external organisational Balanced Scorecard to enable transparency and enhance communication and collaboration between all stakeholders. Publishing an external Balanced Scorecard will support the process of leveraging network architecture, innovation and reputation. It will furthermore enhance the formation of partnerships, institution-building and corporate responsibility advocacy and public policy, all of which are requirements for an organisation to participate in the networked economy. It will also assist in overcoming current Balanced Scorecard obstacles such as establishing a measurement standard for intangibles by incorporating multi-stakeholder standards and will demonstrate compliance with sound ethical standards, thereby reflecting good corporate citizenship.

Gray (2000: 23-31, 91-102) further highlight that corporate social reporting has been investigated from two perspectives. The first is a conventional accounting approach where the principal user is the financial community. In the second approach, social and environmental reporting are at the heart of an examination of the role of information in an organisation-society dialogue. Corporate social reporting could be seen as forming part of the symbolic universe of language, signs, meanings, norms, beliefs, perceptions and values through which individual and institutions define themselves and are defined by others. Clearly, while many organisations do make social disclosures, the vast bulk of their social disclosures are declarative statements.

Although there are many recent studies on the extent to which organisations disclose information on intangibles, it is difficult to draw any specific conclusions regarding to what extent quantitative information is released. This is due to the existence of a variety of models and a variety of stakeholder's interests that have to be taken into account. The overall view is that outside stakeholders, such as investors and analysts, consider non-financial indicators in their decision-making. It is apparent that investors and analysts do consider market-orientated information, but opinions differ largely whether issues such as employee satisfaction, ethics and environmental issues are considered by investors.

7.4.2.3.4 Summary

In examining the literature, some patterns for achieving improved business performance through effective diversification have emerged. It appears that organisations that diversify concentrically and take their competitive advantage in their core business into consideration when diversifying have a greater chance of success than those who do not. The research has also shown that for organisations to be successful in the networked economy they need to leverage concentric diversification capabilities in order to create and maintain a sustainable competitive advantage. Concentric diversification in the context of the research is defined as building fluid and flexible relationships with integrated organisations in the network to pool together a network of core competencies. In this way long-term sustainability for all participants can be ensured. The research has shown that achieving effective concentric diversification or growth around the core business requires the organisation to have a competitive advantage in its core business.

As stated in Chapter 2, the organisation should first consolidate its competitive advantage in its traditional business and ensure that it gains the maximum benefit before venturing into adjacencies. Several methods of sustaining the competitive advantage in the core business are reported in the literature (Christensen, 2001: 105-109; Pearce & Robinson, 2003: 247-312, 322-325; Porter, 1987: 43-59; Porter, 1996: 61-78; Reed & DeFillippi, 1990: 88-102). Some of these include paying attention to underlying conditions and factors, physically unique resources, causal ambiguity, economic deterrence and strategic fit.

Once the organisation is able to consolidate its competitive advantage, i.e. make it sustainable in the short-term, it is able to use this as a basis for concentric growth without undermining its existing sustainable competitive advantage in the long term. The organisation will then be in a position to leverage its products and services into any logically chosen markets it wishes to enter. Effective concentric diversification in the networked economy through reputation and relationships further strengthens competitive advantage as it broadens the core business, enhances the capabilities of the organisation and ultimately improves the profitability of the organisation. Phase 3 of the Networked Balanced Scorecard theoretical model highlights the global networked value proposition and is directly linked to the networked strategic intent (Phase 1) of the individual organisation. The networked strategic intent prescribes that the organisation should include the global networked value propositions as key objectives in the formulation and implementation of the organisation's strategic intent to participate and contribute to the overall network. The organisation will realise its networked strategic intent through the creative destruction of the existing strategy and the creation of a new spherical networked facility, thereby capitalising on the value propositions offered by the global network.

7.4.3 Phase 3: The global networked value proposition

Bradenburger and Stuart (1996: 5-24) offer a very concrete and sound definition of how an organisation adds value in their framework for added-value analyses. Their equation is deceptively straightforward: value created = willingness to pay by the buyer minus the opportunity cost of the supplier. The equation illustrates that the value an organisation creates is the difference between what it gets for its product or service and what it costs to produce that product (including the opportunity cost of capital). Bradenburger teamed up with Barry Nalebuff to create what they call a value net (Bradenburger & Nalebuff, 1996: 3-15) and their model fits comfortably into the proposed Networked Balanced Scorecard, as outlined in Phase 1 and 2.

The value net creates opportunities for both the organisation and its wider value chains. The principle of the co-operative game theory can be applied here. Co-operative game theory recognises that many industries are dynamic and present opportunities to co-operate as well to compete – the opposite from non-co-operative game theory. If more than one interactive network is competing for customers, the network that pulls ahead will benefit from positive feedback, which emphasises the systems approach as suggested by the theoretical model where a key concept behind interactive networks is positive feedback (Bradenburger & Nalebuff, 1996: 3-15).

The researcher proposes that to enable the organisation to provide feedback to the network, organisations should publish an external Balanced Scorecard that includes aspects of the organisation's Networked Balanced Scorecard, which the organisation has used as a strategic management instrument to benchmark itself in relationship to other players in the network. Through this, organisations can test their readiness to participate in initiatives in the networked economy without hampering their short-term sustainable competitive advantage.

The three-phase theoretical model is multi-dimensional and encapsulates the emergence of the information networked economy by suggesting a methodology for the actual process of transformation. The three phases build on after the foundation is laid in Phase 1. Phase 2 then addresses the role of information technology in business transformation and the Balanced Scorecard methodologies. The specific characteristics of the transformed organisation focus on the future value proposition and, lastly, a path for transformation is suggested where a new vault of assets is created and taken into account in the future value proposition (Phase 3). Transformation is a long-term process and achieving Phase 1 and Phase 2 are prerequisites for the establishment of Phase 3. To ease the burden of management, a three-phase transformation sequence, involving the launch of several initiatives is suggested. A structured approach makes the transformation process easier as it is scientifically based and maximises the changes for a successful 'Übergang'.

Kornelius (1999: 47-68) supports the notion that competitors create the market paradigm and create networked economies of future trade. More recently economists have realised it is not the number of assets that is important but rather the degree to which those assets are specific to a market. If an organisation's assets are only valuable in a specific market, that organisation is likely to fight harder to maintain its position. This is the reason why organisations will collaborate to reduce the risk and to be flexible in their decisions (J. Clark, 1995: 1-4, 7-48, 134-137, 226-240). The theoretical model also proposes that rivalry and new entrants will be kept out of the industry because of the advantages that inter-organisation networks will create. Suppliers are essential players in the global 'role play' since a disruptive technology framework presents important insights as well as provides a basis of competition away from performance to speed-to-market and delivery flexibility (J. Clark, 1995: 1-4, 7-48, 134-137, 226-240).

Relationships become intimate through building bonds with role players that are very difficult to break through shared measures, processes/systems and beliefs (Marion, 1999: 218-222). Strategic intent now builds bonds with role players that are very difficult to break as relationships now rely more on the long-term 'bond' between the organisation and its network and less on individual transactions. Organisations should share their strategy with participants in the network and confirm the findings of market analysis efforts (Bradenburger & Nalebuff, 1996: 3-15; Welborn & Kasten, 2003: 276).

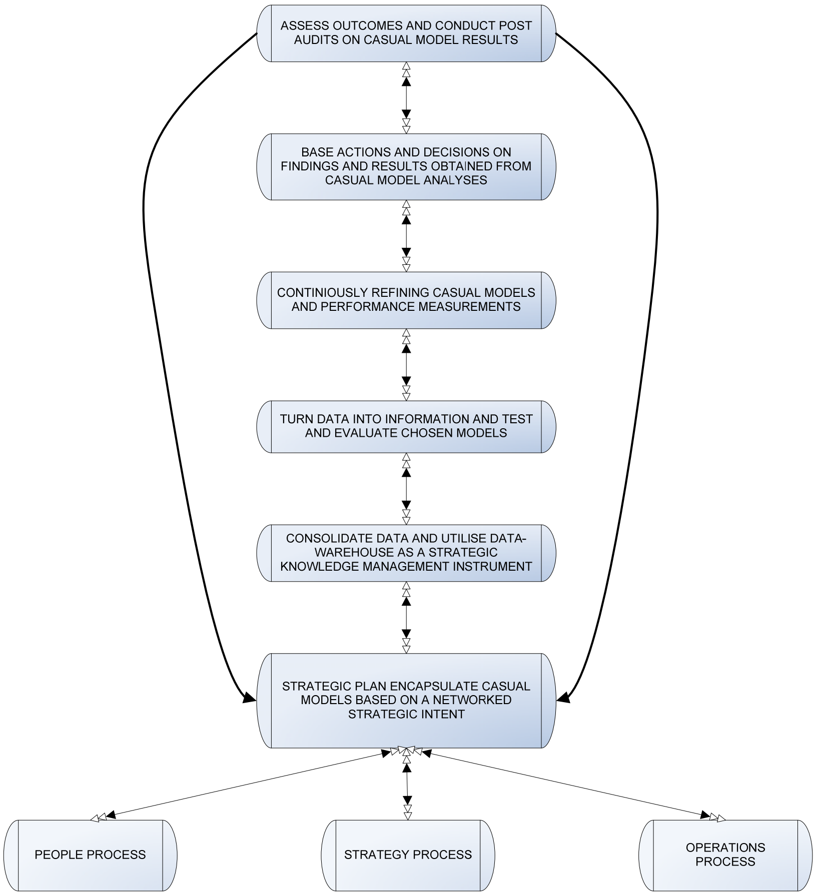
Bradenburger and Nalebuff (1996: 3-15) believe that complementors enable an organisation to interact with other organisations and this plays an important role in shaping sustainable value creation. The authors state that organisations should not only concentrate on how they interact with competitors but also how they can co-evolve. Game theory is one of the best methods to understand the interaction of other players, rather than viewing the game solely from one's own perspective. Thoughtful strategic analyses also recognise the roles of co-evolution in business as not all business relationship are conflictual (Drucker, 2001: 197-201). Most times organisations outside the boundaries of an organisation's competitive set can influence its value creation prospects (Bradenburger & Nalebuff, 1996: 3-15). The proposed Network Balanced Scorecard theoretical model implementation as outlined in the following section supports the notion that organisations should measure co-operation with complementors in the extended value chain to support a sustainable value creation.

7.4.3.1 Model implementation

The concept of value creation in a networked approach - already successfully used in various organisations - provides the required framework for the network. In order to establish the true value contribution of the network, the individual organisation needs to link organisational growth and strategic success to the strategic thinking and direction decisions of the network. Furthermore it also needs to exchange innovative ideas, processes, technological developments and organisational practices and increase market impact to all participants in the network, industries and the community at large. Only when the organisation presents its competitive advantage of transparency, ethics and environmental policies to the network's oversight practices and links the stability of the organisation and ability to carry out its plans to the asset-risk assessment of the network, can it benefit from participating in the network. Only through connecting the availability of key resources and effective creation of alliances and partnerships to the diplomacy and influence of the network, will the individual organisation ensure sustainability. The new rules for business success in the networked economy therefore place a premium on value creation and its concomitance proposition (Hax & Wilde, 2001: 379-391; Bradenburger & Nalebuff, 1996: 3-15).

In order for organisations to attain the above concomitance, the researcher proposes that organisations should consider the following six steps during the implementation of the proposed Networked Balanced Scorecard theoretical model.

Figure 7.2: VALUE CREATION CONCOMITANCE MODEL IMPLEMENTATION IN A NETWORKED APPROACH



Firstly, the strategic plan should be a roadmap, not a mission or a vision statement, where organisations should develop casual models based on a net worked strategic intent. Secondly, the organisation should consolidate its data and utilise its data warehouse as a strategic knowledge management instrument to avoid collecting data that already exists. Thirdly, organisations should employ various techniques to turn data into information to test and evaluate the chosen casual model. Step 4 entails continuously refining the casual model as key performance areas can change when the competitive environment changes. Even in stable environments continuous analysis leads to the refinement of performance measurements. The components beneath the proven drivers of performance lay the components of those drivers. Step 5 requires that organisations base decisions and actions on findings and results obtained by analysing the data of the casual model. In the final step, organisations must assess outcomes and conduct post-audits to determine if the actions based on the casual model produced the desired results. If not, the casual model must be revised accordingly.

7.4.4 Summary

Expansion outside the organisational boundaries is taking place. Tapscott (2001: 1-8) points out that there is a trend towards a collaborative approach where alliances and networks of organisations are established as and when required. There are also competing trends towards tighter co-operation between competing value chains (Tapscott, 2001: 1-8). The execution of the proposed Networked Balanced Scorecard theoretical model involves three processes: the people process, the strategy process and the operations process. Strategy must take into account the organisation's ability to execute the strategy. Managers must link operations to strategic objectives and human capability. Organisations need to find and create organisational structures that allow them sufficient flexibility in a fast changing environment. Sustainable value creation requires a constant balancing act between delivering current results and allocating the appropriate resources to assure a vibrant and sustainable business in the future (Holliday, 2001: 129-135). Only through new innovative extended value chain co-operation can individual organisations and industries revitalise themselves through the presented Networked Balanced Scorecard theoretical model. Networks are vital in the new economy but without a blueprint of what kind of network is needed, an organisation may end up with a set of high-maintenance, low-value networks (Hax & Wilde, 2001: 379-391).

The main advantage of the Networked Balanced Scorecard theoretical model is that it forces business leaders to reflect on management strategy and public policy through a more productive paradigm. Rather than viewing the organisational Balanced Scorecard as the unit of analysis, it encourages managers to be outward focused. Organisations can use the Networked Balanced Scorecard theoretical model as an instrument in the process of strategy implementation or as a strategic control system or measurement framework, which improves alignment of actions to the strategic objectives and intent. The Networked Balanced Scorecard theoretical model allows the measurement of the current strategy's performance, whilst enabling time and energy to be invested in the formulation of future strategies.

Organisations willing to apply the concepts described in the proposed theoretical model now have an instrument and concept to enable them to embark on a steep learning curve and improve their results. Managing the mechanics requires a disciplined and tested integration programme. Meeting the strategic leadership challenge is the steady hand that combines all the elements into a cohesive whole. The Networked Balanced Scorecard theoretical model thus presents an integration of several extant bodies of theory into a coherent explanation of value-capture and value-creation into a network, based on individual organisational strategies and intent. The Networked Balanced Scorecard theoretical model, just as in the case of the individual corporate Balanced Scorecard that assists organisations in the implementation of their strategic intent, will ultimately ensure a long-term sustainable competitive advantage in the networked economy.

The new value proposition has no boundaries, be they organic or non-organic. There is therefore a need to present a broad comprehensive model to help organisations navigate the global transformation process. Consequently, the transition from one set of economic production factors to another requires radical transformation. The acceptance of new management principles and changes in organisational practice may be fraught with problems as inertia may lead to resistance to casting off absolute principles and understanding inherent biases towards the status quo of the networked economy. The essence of the Networked Balanced Scorecard theoretical model is a networked collaboration of global organisations, encapsulating the new networked strategic intent, which provides avenues for further research.

7.5 RECOMMENDATIONS FOR FURTHER RESEARCH

There are many opportunities for further research with regard to this study. Perhaps the most ambitious would involve creating a set of measures to study the three main constructs in a cross-industry environment rather than in a single organisation. In the best tradition of theory building, each proposition provides a basis for empirical verification. Future studies should consider further testing and development of the proposed theoretical model to evaluate the practical application of addressing the limitations of the traditional Balanced Scorecard in the networked economy.

Questions that need answers which can serve as the basis for future research are the following:

- How much do strategies vary in their emphases on each of the three propositions? For instance, do managers place more emphasis on strategy formulation and implementation than on sustainable competitive advantage?
- Are there differences in the strategy-resource and management-sustainability competitive advantage link by industry? More specifically, does the same pattern hold for strategists in manufacturing organisations, for example?
- One could examine whether any factors mediate or moderate the basic relationships between the constructs in the strategy-resource management - sustainability competitive advantage process.
- Similarly, it would be interesting to see whether large and small organisations differ in the manner and effectiveness in which they utilise the Balanced Scorecard as a strategic management instrument.
- Opinions from further levels within organisations can also identify disparities that can then be explored to enhance future understanding in the field.
- Additional case studies. This research resulted in the implementation of the Balanced Scorecard in a single organisation. Although the methodology and research provided useful results for this particular organisation, there is no guarantee that using the approach in other organisations will lead to similar findings. Additional case studies may increase the understanding of the mechanisms that determine the success of the methodology. This understanding could help managers and experts to decide on whether they should use the Balanced Scorecard as a strategic management instrument in developing and maintaining a sustainable competitive advantage.
- The Kaplan and Norton Balanced Scorecard is an instrument for strategy implementation and for employee motivation. Owing to its simplification and comprehensive ability, it represents a readily available combination of strategies for executives who are willing to invest a significant sum to achieve quick results in moving the organisation in the desired strategic direction. It does appear best suited to short-term success. Its appropriateness in the context of building long-term competitive advantages, such as learning ability or other intangible competencies, should be of great interest for future research.
- Finally, the theoretical model presented has not been tested as part of this research. A promising direction for future research would thus be to explore the

validity of the various components of the theoretical model as well as the implementation and effect thereof.

The researcher trusts that this theoretical model will lay the foundation for further research which will examine the assertions posited in greater detail, using empirical methods such as acquiring and using corporate intelligence and counter-intelligence in the networked economy to refine the transformation process.

7.6 CONCLUSION

As mentioned, the purpose of this study was to understand the strategic value of the Balanced Scorecard in the networked economy. The research outcome is based on a pre- and post-analyses of the implementation of the Balanced Scorecard, focusing on the Balanced Scorecard's perceived value towards overcoming the barriers to strategy implementation, developing a competitive advantage and sustaining this advantage.

The existing Balanced Scorecard configuration was reformed and integrated into a Networked Balanced Scorecard theoretical model in which strategy formulation, implementation and measurement takes place. This new theoretical model includes the consideration of competitive intelligence and co-operation within the extended network of the individual organisation. The initial Balanced Scorecard configuration is based on the value chain of an individual organisation, whereas the networked economy demands a new strategic intent of co-operation and collaboration across extended value chains and industry sectors. The focus is on the environment and society as part of the organisation's strategic intent.

This study reflects the experience of an organisation facing transformation dilemmas related to making tactical and strategic decisions about the organisation's product and service offerings as it seeks to develop and expand a differential advantage in an increasingly competitive and changing industry and global environment. The case study organisation, MultiChoice Africa (Pty) Limited, introduced the Balanced Scorecard as a strategic management instrument to assist the organisation in its change initiatives to developing and maintaining a sustainable competitive advantage.

In conclusion, the Networked Balanced Scorecard theoretical model as suggested is adapted further from previous theoretical models, which are insufficient in transforming the present economy of knowledge into a networked economy. The transition from an industrial economy to an information-networked economy is neither the first, nor will it be the last transformation to bring about radical changes in the rules of economic and business activity. According to Phase 1 of the theoretical model, which creates a solid foundation for the modern business paradigm and aligns the Balanced Scorecard to this first proposition, the modern economy is in the midst of an epic economic transformation that is placing extraordinary demands on today's executives.

The following three prerequisites drive Phase 1 into Phase 2 and evolve into its final phase. Firstly, the mastery of new information technologies of computing and networking enables new value knowledge Hitt *et al.* (2003: 105-121, 282-283, 320-322, 362-366, 385-386). Secondly, the mastery of new organisational structures, such as information technology, enabled networked organisations that can leverage the new value proposition successfully. And it is this that is the cardinal economic challenge (Ashkenas, 1999: 5-10; Schaeffer, 2002: 1-4). The creation of a multi-dimensional functional hyperarchy with matrix structures that are not power-based, but based on information and knowledge-sharing is essential. This introduces a learning organisation that facilitates the establishment of the networked economy. And finally, the mastery of managing a new dimension of professional human capital freed up by the revolutionary productivity gains in industry and industrial activity to create the new value proposition, becomes the competitive advantage.

Similarly, in the final phase, the information networked activity demands not only new structures for organising but also new principles for managing resources and value-captured leadership in the networked economy (Davenport & Voelspel, 2001: 212-221; Tichy, 2002:65-127, 172-188). This leads to the fully-fledged networking sphere that provides information and the apparent knowledge needed to create the value proposition outcome. This new networked paradigm was also pointed out by the economist Joseph Schumpeter (in sharp contrast to the classic economist network) who believed that optimisation and equilibrium in the new modern approach is not equilibrium but dynamic disequilibrium (Kelly, 1999: 1-8, 31-35, 50-107).

Entrepreneurial activities and technological dynamics are not the exception but the rule. Dynamic disequilibrium is caused by entrepreneurs engaged in a process of destruction as they dismantle the old order of economic activity and simultaneously invent and build the new sphere (Wiggings & Ruefli, 2002: 82-105). The transformational process is one characterised by disequilibrium and creative destruction in order to start building a foundation for understanding the future economy. The value of the new information resources will be increased with use as the knowledge creation process evolves into Phase 3. Events from Phase 1 and 2 are processed into data through observation and description of events. Changing data into information through analysis and then making decisions is the final phase. In this phase inter-organisational learning takes place which creates a new strategic intent for the enablement of a global value proposition.

The creation of knowledge in this last spherical dynamic is as vital to the global business enterprise as the creation of capital was in the traditional economy. Capital now becomes intellectual property or the leveraging of knowledge assets. The knowledge creation process creates a no-boundary dynamic, which is continuously expanding and contracting as various network relationships are added and subtracted from the networked economy.

The media industry was selected for this research for many reasons, one of which is that there is a general lack of research by marketing researchers and practitioners in this field. This industry plays a vital role in the entertainment industry and thus the collaboration between these two sectors is of interest. The research was also based on the realisation that if a strategic management implementation framework for developing and maintaining a sustainable competitive advantage can be provided, then discussions of the potential benefits to other industries may be developed and investigated by practitioners and academics. This could result in further empirical research that might prove to be useful in managing organisations in the new age economy and, ultimately, contribute to developing and maintaining a long-term sustainable competitive advantage for organisations in the networked economy.

BIBLIOGRAPHY

Aaker, D.A. (2007). *Strategic market management*. (7th Edition). New York: John Wiley and Sons.

Abelson, R.P. (1995). *Statistics as principled argument*. Hillsdale, NJ: Lawrence Erlbaum.

Al-Ghamdi, S.M. (1998). Obstacles to successful implementation of strategic decisions: the British experience. *European Business Review*, 98(6):322-328.

Amit, R. and Zott, C. (2001). Value creation in e-business. *Strategic Management Journal,* 22:493-520.

Anderson, J.C., Hakansson, H. and Johanson, J. (1994). Dyadic business relationships within a business network context. *Journal of Marketing*, 58(10):1-15.

Ashkenas, R. (1999). Creating the boundaryless organisation, *Business Horizons*, 42(5):5-10.

Atkinson, A.A., Waterhouse, J.H. and Wells, R.B. (1997). A stakeholder approach to strategic performance measurement. *Sloan Management Review, 32(4):*28-42.

Awad, E. (2002). *Electronic commerce*. Upper Saddle River: Prentice Hall.

Babbie, E. (1998). *The practice of social research.* (8th Edition). Belmont: Wadsworth.

Bailey, C.A. (1995). *A guide to field research*. Thousand Oaks, CA: Pine Forge.

Bainbridge, C. (1996a). Balancing act management. *Management Consultancy,* (7/8):30-33.

Bainbridge, C. (1996b). The role of the process template in organisational change. Strategic Change, 5(2):107-115.

Barney, J.B. (1991). Firm resources and sustainable competitive advantage. *Journal of Marketing*, 17(1):99-120.

Barney, J.B. (2002). *Gaining and sustaining competitive advantage*. Upper Saddle River, NJ: Prentice-Hall, Inc.

Becker, B.E., Huselid, M.A. and Ulrich, D. (2001). *The human resources scorecard: Linking people, strategy and performance management.* Boston: Harvard Business School Press.

Becker, M.C. and Knudsen, T. (2002). Schumpeter 1911. Farsighted visions on economic development. *American Journal of Economics and Sociology*, 61(2):387-403.

Beer, M. and Eisenstat, R.A. (1996). Developing an organisation capable of strategy implementation and learning. *Human Relations*, 49(5):597-619.

Beer, M. and Eisenstat, R.A. (2000). The silent killers of strategy implementation and learning. *Sloan Management Review*, 41(4):29-40.

Beinhocker, E. (1997). Strategy at the edge of chaos, *The McKinsey Quarterly*, 1:24-39.

Beinhocker, E. (1999). Robust adaptive strategies, *Sloan Management Review*, 40(3):95-106.

Beiz, F.M. (2001). *Integrated eco-marketing*. Wiesbaden : St. Gallen University Press.

Bell, W. (1997). *Foundation of Future Studies: Human Science for a new environment*. New Jersey: Transaction.

Berg, B.L. (1998). *Qualitative research methods for the social sciences*. Boston: Allyn & Bacon.

Besanko, D., Dranove, D., and Shanley, M. (2000). *Economics of strategy*. (2nd Edition). New York: John Wiley and Sons.

Bessant, J. and Caffyn, S. (1997). High involvement innovation. *International Journal of Technology Management*, 14(1):7-28.

Bharadwaj, S.G., Varadarajan, P.R. and Fahy, J. (1993). Sustainable competitive advantage in service industries: A conceptual model and research propositions. *Journal of Marketing*, 57(10):83-99.

Bieker, T., Gminder, C.U., Hahn, T. and Wagner, M. (2001). Implementing corporate sustainability in ecological economies. *Okologisches Wirtschaften*, 5:28-30.

Birchard, B. (1995). Making it count. *CFO, the magazine for Senior Financial Executives*, 10:42-5.

Black, T.R. (2002). *Understanding social science research*. (2nd Edition). London: Sage Publication.

Bohlander, G. and Snell, S. (2007). *Human resource management*. Ottlo: Thomson South-Western.

Boulding, W. and Christen, M. (2001). First mover advantage, *Harvard Business Review* 79(9):20-21.

Bowman, E.H. and Helfat, C.E. (2001). Does corporate strategy matter? *Strategic Management Journal*, 22(1):1-23.

Brache, A. and Freedman, M. (1999). Is our vision any good? *Journal of Business Strategy*, 20(2):10-13.

Brandenburger, A.M. and Nalebuff, J. (1996). *Co-opetition*. New York: Doubleday.

Bradenburger, A. and Stuart, G. (1996). Value-based business strategy. *Journal of Economics and Management Strategy*, 5:5-24.

Brill, P.L. and Worth, R. (1997). *The four levers of corporate change.* New York: Amacom

Brinker, B.J. (1997). *Performance measurement*. Boston: WG&L-RA Group.

Brinkerhoff, R.O. (2003). *The success case method: find out quickly what's working and what's not.* San Fransisco, CA: Berret-Koehler Publishers Inc.

Brown, J.S. and Duguid, P. (2001). Knowledge and organisation: a social-practice perspective. *Organisation Science*, 12:98-213.

Brown, S.L. and Eisenhardt, K.M. (1997). The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting environments. *Administrative Science Quarterly*, 42:1-34.

Bunger, M.D., Brown, E.G. and Schaeffer, J. (2002). Inter-company change fuels post-recession growth. *Forrester Research*, May. 2nd:1-4

Butler, A., Letza, S.R. and Neale, B. (1997). Linking the Balanced Scorecard to strategy. *Long Range Planning*, Vol. 30 (2):24-37

Caldwell, R. (2006). Agency and change: Rethinking change agency in organizations. New Work: Routlege.

Cameron, B., Mines, C. and Boynton, E. (2002) CIO's: attack technology chokepoints. *Forrester Report.* March 21st:1-13.

Campbell, A. and Goold, M. (1995). Corporate strategy: The quest for parenting advantage. *Harvard Business Review*, 73(2):120-133.

Chandler, A.D. (1992). Organisational capabilities and the economic history of the industrial enterprise. *Journal of Economic Perspectives*, 6(3):79-101.

Christensen, C.M. (2001). The past and future of competitive advantage. *Sloan Management Review*, 42(2):105-109.

Christensen, C. M. and Raynor, M.E. (2003). Why hard-nosed executives should care about management theory. *Harvard Business Review*, 9:66-74.

Cicmil, S. (1999). Implementing organisational change projects: Impediments and gaps. *Strategic Change*, 8(2):119-129.

Clark, D. N. (2000). Implementation issues in core competence strategy making. *Strategic Change*, 9(2):115-127.

Clark, J. (1995). *Managing innovation and change*. London: Sage Publications.

Clayton, C. (2001). The past and future of competitive advantage. *Sloan Management Review*, 42(2):105-110.

Corroboy, M. and O'Corrbui, D. (1999). The seven deadly sins of strategy. *Management Accounting: Magazine for Chartered Management Accountants*, 77(10):29-31.

Coulson-Thomas, C.J. (1998). The relative roles and risks of change and continuity. *Strategic Change*, 7(8):449-458.

Daniels, J.D. (1998c). *International business: environments and operations*. (8th Edition). Massachusetts: Addisson-Wesley.

Davenport, T.H. and Probst, G.J.B. (2002). *Knowledge management book*. New York: Wiley and Sons.

Davenport, T. and Voelpel, S. (2001). The rise of knowledge towards attention management. *Journal of Knowledge Management*, 5(3):212-221.

Davenport, T., Leibold, M. and Voelpel, S. (2006). *Strategic management in the innovation*. Germany: Publicis Kommunikations Agentur, Corporate Publication.

D'Aveni, R. A. (1998). Waking up to the new era of hyper-competition. *The Washington Quarterly*, Winter:183-195.

David, F.R. (2001). *Strategic management concepts*. (8th Edition). Upper Saddle River, New Jersey: Prentice Hall.

Davidow, W.H. and Malone, M.S. (1992). *The virtual corporation: Structuring and revitalising the corporation for the 21st century*. New York: HarperCollins Publishers.

Davis, T. R.V., (1996). Developed an employee-Balanced Scorecard: Linking frontline performance to corporate objectives. *Management Decision*, Vol. 34(4):14-18.

Day, G.S. (1994). *Strategic market planning: The pursuit of competitive advantage*. St. Paul, MN: West Publishing Company.

Day, G. S. and Nedungadi, P. (1994). Managerial representations of competitive advantage. *Journal of Marketing*, 58 (4):31-44.

DesJardins, J. (2002). *Contemporary issues in business management*. Bellmont, CA: Nadsworth-Thompson Learning.

Dooley, R.S., Fryxell, G.E. and Judge, W.Q. (2000). Belabouring the not so obvious: consensus, commitment, and strategy implementation speed and success. *Journal of Management*, 26(6):1237-1258.

Drennan, D. (1992). *Transforming company culture: getting your company from where you are now to where you want to be*. New York: McGraw-Hill.

Drew, S (1997). From knowledge to action: the impact of benchmarking on organisational performance. *Long range Planning*, 30(3):427-441.

Drucker, P. (2001). *Foundations of the future – the new realities.* New York: Harvard Publishing.

Ehlers, T.M.B. and Lazenby, K.J.A.A. (2004). *Strategic management - South African concepts and cases.* Pretoria: Van Schaik Publishers.

Evans, P. and Wurster, T. (2000). *Blown to bits – how the new economies of information transforms strategy.* Boston: Harvard Business School Press.

Evans, P.B. and Wurster, T. S. (1997). Strategy and the new economics of information. *Harvard Business Review*, September-October 1997:70-82.

Fahy, J. and Hooley, G. (2002). Sustainable competitive advantage in electronic business: Towards a contingency perspective on the resourced-based view. *Journal* of *Strategic Marketing*, 10:241-253.

Feurer, R.C. (1995). Performance management in strategic change. *Benchmarking for quality management and technology*, Vol. 2 (2):64-83.

Feurer, R. and Chaharbaghi, K. (1995). Strategy development: past, present and future. *Management Decision*, 33(6):11-21.

Fiorina, C. (2000). Reinvention in the new economy, *Executive Excellence*, 17(12):5-6.

Fitzray, P and Hulbert, J.M. (2005). *Strategic management: creating value in a turbulent world*. Chichester: John Wiley and Sons.

Flood, P.C., Dromgoole, T., Carrol, S.J. and Gorman, L. (2000). *Managing strategy implementation.* Oxford: Blackwell Publishers.

Floyd, S. W. and Wooldridge, B. (1992). Managing strategic consensus: the foundations of effective implementation. *Academy of Management Executive*, 6(4):27-39.

Franklin, P. (1996). Dialogues in strategy. *Strategic Change*, 5(4):211-221.

Galaskiewicz, J. and Zaheer, A. (1999). Networks of competitive advantage. In: *Research in the sociology of organisations*, 1999. Eds. by S. Andrews and D. Knoke. Greenwich: JAI Press, 237-261.

Gibbert, M., Leibold, M. and Probst, G. (2003). Five styles of customer knowledge management and how smart companies use them to create value. *European Management Journal*, 20(5):459-469.

Gibbert, M., Leibold, M. and Voelpel, S. (2001). Rejuvenating corporate intellectual capital (IC) by co-opting customer competence. *Journal of Intellectual Capital*, 2(2):109-126.

Gillham, B. (2005). *Research interviewing*. London: Harvard University Press.

Golden, B.R. (1992). SBU strategy and performance: The moderating effects of the corporate-SBU relationship. *Strategic Management Journal*, 13(2):145-158.

Goold, M. and Quinn, J. J. (1990). The paradox of strategic controls. *Strategic Management Journal*, 11(1):43-57.

Govindarajan, V. and Gupta, A. (2001). Strategic innovation: a conceptual road map. *Business Horizons*, 44(4):3-12.

Grant, R.M. (1995). *Contemporary strategy analysis: concepts, techniques and applications*. Cambrigde: Blackwell.

Gray, D. (2002). *Intellectual capital: measuring and enhancing the true value of your business*. Harlow Financial times: Prentice Hall.

Grundy, T. (1998). Strategy as simplicity - rediscovering the essence of strategic management. *Strategic Change*, 7(8):459-468.

Grulke, W. and Silber, G. (2001). *Lessons in radical innovation: South Africans leading the world.* Johannesburg: CTP Book Printers (Pty) Limited.

Gulati, R. and Garino, J. (2000). Get the right mix of bricks and clicks. *Harvard Business Review*, Vol. 78(3):107-114.

Gupta, A.K. (1987). SBU strategies, corporate SBU relations and SBU effectiveness in strategy implementation. *Academy of Management Journal*, 30(3):477-500.

Hall, R. (1993). A framework linking intangible resources and capabilities to sustainable competitive advantage. *Strategic Management Journal,* 11(14):607-618.

Halme, M. (2001). Learning for sustainable development in tourism networks. *Business Strategy and the Environment*, 10:100-114.

Hamel, G. (1998). The challenge today: Changing the rules of the game. *Business Strategy Review*, 9(2):19-26.

Hamel, G. (2000). *Leading the revolution*. Boston: Harvard Business School Press.

Hamel, G. (2006). The Why, What, and How of Management Innovation. *Harvard Business Review*, February 2006:1-11.

Hamel G. and Prahalad, C.K. (1989). Strategic intent. *Harvard Business Review* 5/6(67):63-76.

Hamel, G. and Prahalad, C. K. (1991). Corporate imagination and expeditionary marketing. *Harvard Business Review*, 69(4):81-93.

Handy, C. (1994). *Understanding organisations*. (5th Edition). Harmondsworth: Penguin Publishers.

Hargadon, A. and Sutton, R.I. (2000). Building an innovation factory. *Harvard Business Review* 5/6:157-166.

Hax, A. and Wilde, D. (2001). The Delta model: Discovering new sources of profitability in a networked economy. *European Management Journal*, 19(4): 379-391.

Henderson, R. and Clark, K.B. (1990). Architectural innovation: The reconfiguration of existing product technologies and the failure of established firms. *Administrative Science Quarterly*, 35:1-30.

Henderson, R. and Cockburn, I. (1994). Measuring competence. Exploring firm effects in pharmaceutical research. *Strategic Management Journal*, 15:63-84.

Herbert, T.D. and Deresky, H. (1987). Should general managers match their business strategies? *Organisational Dynamics*, 15(3):40-51.

Hitt, M.A., Ireland, R.D. and Hoskinson, R. E. (2003). *Strategic management: competitiveness and globalisation*. Mason, Ohio: Thomson Learning.

Hoffecker, J. and Goldenberg, C. (1994). Using the Balanced Scorecard to develop company-wide performance measures. *Cost Management*, Fall:5-17.

Holliday, C. (2001). Sustainable growth, the DuPont way. *Harvard Business Review*, 79(8):129-135.

Hrebiniak, L. G. and Joyce, W.F. (1986). The strategic importance of managing myopia. *Sloan Management Review*, 28(1):5-14.

Hunt, S. D. and Morgan, R.M. (1995). The comparative advantage theory of competition. *Journal of Marketing,* 59 (4):1-14.

Hussey, D. (1999). Strategy implementation: nice more with feeling. *Strategic Change*, 8(4):187-188.

Hussey, J. and Hussey, R. (1997). *Business research. A practical guide for undergraduate and post graduate students*. London: MacMillan Press Limited.

Iacobucci, D. and Hopkins, N. (1992). Modelling dyadic interactions and networks in marketing. *Journal of Marketing Research*, 29(2):5-17.

Ittner, C.D. and Lackner, D.F. (1998). Innovations in performance measurements: trends and research implications. *Journal of Management Accounting Research*, 205-238.

Ittner, C.D. and Lackner, D.F. (2001). Assessing empirical research in managerial accounting: a value based management perspective. *Journal of Accounting and economics*:95-117.

Jankowicz, A.D. (1995). *Business research projects*. (2nd Edition). London: Chapman and Hall.

Jarillo, J.C. (1988). On strategic networks. *Strategic Management Journal*, 9:31-41.

Kakabadse, A., Ludlow, R. and Vinnicombe, S. (1995). (5th Edition). *Working in organisations.* London: Penguin Books Limited.

Kanter, R.M. (1990). How to compete. *Harvard Business Review*, 68(4):7-8.

Kaplan, R.S. and Norton, D.P. (1992). The Balanced Scorecard measure that drive performance. *Harvard Business Review*, 1/2:71-79.

Kaplan, R.S. and Norton, D.P. (1996a). *The Balanced Scorecard*. Boston: Harvard Business School Press.

Kaplan, R.S. and Norton, D.P. (1996b). Using the Balanced Scorecard as a strategic management system. *Harvard Business Review*, 1/2:75-85.

Kaplan, R.S. and Norton D. P. (1996c). Strategic learning and the Balanced Scorecard. *Strategy and Leadership*, 9/10:17-24.

Kaplan, R.S. and Norton, D.P. (1996d). Linking the Balanced Scorecard to strategy. *California Management Review*, Fall:53-79.

Kaplan, R.S. and Norton, D.P. (2000a). Double loop management: Making strategy a continuous process. Balanced Scorecard Report, *Harvard Business Review, 7/8 Vol. 2 (4):1-4.*

Kaplan, R.S. and Norton, D.P. (2000b). Having trouble with your strategy? Then map it. *Harvard Business Review*, 9/10:167-176.

Kaplan, R. S. and Norton, D. P. (2001b). Transforming Balanced Scorecard from performance measurement to strategic management. *Accounting Horizons*, 6, Vol. 15(2):147-161.

Kaplan, R.S. and Norton, D.P. (2004). *Strategy maps: converting intangible assets into tangible outcomes.* Boston: Harvard Business School Publishing.

Kaptein, M and Wempe, J. (2001). Sustainability management - balancing conflicting economic, environmental and social corporate responsibility. *The Journal of Corporate Citizenship*, Summer:91-106.

Katzenbach, J.R. and Smith, D.K. (1994). *The wisdom of teams - creating the high performance organisation.* Boston: McGraw-Hill.

Kay, J. (1993). *Foundations of corporate success: how business strategies add value*. Oxford: Oxford University Press.

Kelly, K. (1999). *New rules for the new economy: ten radical strategies for a connected world.* New York: Viking Penguin.

King Committee. (1994). *King I report on corporate governance*. Pretoria. Government Printer.

King Committee. (2002). *King II report on corporate governance*. Pretoria. Government Printer

Kogut, B., Walker, G., Shan, W. and Kim, D. J. (1994). Platform technologies and national industrial networks. In: *Technical change and the world economy, 1994. Ed. by J. Hagedoorn.* London: Edward Elgar, 55-82.

Konsynski, B.R., Benn, R. and McFarlan, E.W. (1990). Information partnerships – shared data, shared scale. *Harvard Business Review,* 9/10, 1990:114-120.

Kornelius, L. (1999). *Inter-organisational infrastructure for competitive advantage: strategic alignment in virtual corporations*. Thesis (PhD). Eindhoven: Eindhoven University.

Kotler, P. (2003). *Marketing management*. (11th Edition). New Jersey: Prentice Hall.

Lee, T.S., Adam, E. and Tuan, C. (1999). The convergent and predictive validity of quality and productivity practices in Hong Kong industry. *Total Quality Management*, 10:73-84.

Levy, B. (1997b). The old rules no longer apply. *Forbes*, April 7th:19-36.

Lewis, D. (2000). The usefulness of the organisational culture concept: a response to Gert Jan Hofstede's comments. *Strategic Change*, 9(2):139-141.

Li, C. , Walker, J., Denton, A., Roshan, S. And Flemming, G. N. (2002). Media's technogoly priorities. *Forrester Report,* August 27th:1-4.

Lioukas, S. and Spanos, Y.E. (2001). An examination into the causal logic of rent generation: contrasting Porter's competitive strategy framework and the resource based perspective. *Strategic Management Journal*, 22(10):907-934.

Lussier, R.N. (2003c). *Management fundamental concepts application skill development*. (2nd Edition). Sydney: South Western.

Lynch, B. K. (1996). *Language program evaluation: theory and practice*. Cambridgeshire: Cambridge University.

Mahadevan, B. (2000). Business models for internet-based e-commerce: an anatomy. *California Management Review*, 42(4):55-69.

Margretta, J. (2002). Why business models matter. *Harvard Business Review*, 5:3-8.

Marion, R. (1999). *The edge of organization: chaos and complexity theories of formal social systems*. Thousand Oaks, CA: Sage Publications.

Markides, C. (1997). To diversify or not to diversify. *Harvard Business Review*, 75(6):93-100.

Markides, C. (2000). *All the right moves*. Boston: Harvard Business School Press.

Matusik, S. and Hill, C.W.L. (1998). The utilisation of contingent work knowledge creation and competitive advantage. *Academy of Management Review*, 23:680-697.

McCunn, P (1998). The Balanced Scorecard: the eleventh commandment. *Management Account*, 76:42-46.

McGaughey, S. L. (2002). Strategic interventions in intellectual asset flows. *Academy of Management Review*, 27:248-274.

McHugh, M. and Bennett, H. (1999). Dream on: team work from the confines of bureaucratic cage. *Strategic Change*, 8(4):189-203.

Meldrum, M. and Atkinson, S. (1998). Meta-abilities and the implementation of strategy: knowing what to do is simply not enough. *Journal of Management Scorecardment*, 17(8):564-575.

Mellahi, K., Jedrzej, G.F. and Finlay, P. (2005c). *Global strategic management*. Oxford: Oxford University Press.

Mellalieu, P.J. (1984). Auditing the strategic plan. *Managerial Auditing Journal*, 7:1.

Meyer, T. (1997). *Creating competitiveness through competencies: currency for the 21st century*. Pretoria: Sigma Press.

Morgan, J.P. (1999). *e-Tailing and the five C's*. New York: Prentice Hall.

Morgan, K. (1997). The learning region: Institutions, innovation and regional renewal. *Regional Studies*, 31:491-503.

MultiChoice Africa (Pty) Limited, (2005). *Annual Report*. Johannesburg: Hot Dot Print.

MultiChoice Africa (Pty) Limited, (2006). *Annual Report*. Johannesburg: Hot Dot Print.

MultiChoice Africa (Pty) Limited, (2005). *Business Report.* Johannesburg: Hot Dot Print.

MultiChoice Africa (Pty) Limited, (2005). *Organisational Climate Report.* Johannesburg: Hot Dot Print.

MultiChoice Africa (Pty) Limited, (2005). *NetworkNews.* Johannesburg: Hot Dot Print, April.

MultiChoice Africa (Pty) Limited, (2005). *Strategy document.* Johannesburg: Hot Dot Print..

Murray, A.I. (1988). A contingency view of Porter's generic strategies. *Academy of Management Review*, 13(3):390-400.

Narver, J.C. and Slater, S.F. (1990). The effect of a market orientation on business profitability. *Journal of Marketing*, 54(10):20-35.

Niven, P.R. (2002). *Balanced Scorecard step-by-step: Maximising performance and maintaining results*. New York: Wiley and Sons.

Niven, P. R. (2006c). *Balanced Scorecard step-by-step: for government and non-profit agencies*. Hoboken, New Jersey: Wiley.

Nutt, P.C. (1998). Leverage, resistance and the success of implementation approaches. *Journal of Management Studies*, 35(2):213-240.

Nutt, P. C. (1999). Surprising but true: half the decisions in organisations fail. *Academy of Management Executive*, 13(4):75-90.

Nutt, P. C., Backoff, R.W. and Hogan, M. F. (2000). Managing the paradoxes of strategic change. *Journal of Applied Management Studies*, 9(1):5-31.

Oakland, J.S. (1999). *Total quality management*. Oxford: Butterworth Heinemann.

Olesen, D.E. (1994). To be competitive follow these four steps. *Research and Design Magazine*, 36(2):23-26.

Oliver, C. (1997). Sustainable competitive advantage: combining institutional and resource-based views. *Strategic Management Journal*, 10(18):697-713.

Olve, N., and Roy, J. and Wetter, M. (1999). *Performance drivers: A practical guide to using the Balanced Scorecard*. UK: Wiley and Sons.

Orssatto, R. Zingales, F. and O'Rourke , A. (2001). Environment and socio-related balanced scorecard: Towards a conceptual framework. *Proceedings of the 10th business strategy and the environment conference*. Leeds:267-273

Oster, S. (1990). *Modern competitive analysis*. Oxford: Oxford University Press.

Pearce, J.A. and Robinson, R.B. (2003). *Formulation, implementation and control of competitive strategy.* (8th Edition). Boston: McGraw-Hill/Iriwn.

Peteraf, M.A. (1993). The cornerstone of competitive advantage: a resource-based view. *Strategic Management Journal*, Vol. 14:179-191.

Petrovic, O., Kittle, C. and Teksten, R.D. (2001). Developing business models for business. Paper presented at the *International Conference on Electronic Commerce 2001*, Vienna:77-124.

Porter, M.E. (1987). From competitive advantage to corporate strategy. *Harvard Business Review*, 65(3):43-59.

Porter, M.E. (1990). *The competitive advantage of nations*. New York: Free Press.

Porter, M.E. (1996). What is strategy? *Harvard Business Review*, 74(6):61-78.

Prahalad, C.K. and Hamel, G. (1990). The core competencies of the corporation. *Harvard Business Review*, 5/6:79-91.

Prahalad, C.K. and Hamel, G. (1994). *Competing for the future*. Boston: Harvard Business School Press.

Prahalad, C. and Oosterveld, J. (1999). Transforming internal governance: the challenge for multinationals. *Sloan Management Review*, 40(3):31-39.

Rao, S.S., Solis, L.E. and Raghunathan, T.S. (1999). A framework for international quality management research: Development and validation of a measurement instrument. *Total Quality Management*, 10:1047-1077.

Reed, R. and De Filippi, R. (1990). Casual ambiguity, barriers to imitation and sustainable competitive advantage. *Academy of Management Review*, 15(1):88-102.

Reilly, R (1992). Interstate intangible asset transfer programs. *CPA Journal*, 62(8):34-40.

Rigby, D.K. (2001). Management tools and techniques: a survey, *California Management Review*, Vol. 43 (2):44-93.

Robinson, A.G. and Steyn, S. (1998). *Corporate creativity*. San Francisco: Berret-Koehler.

Robinson, R.B. and Pearce, J.A. (1988). Planned patterns of strategic behaviour and their relationship to business unit performance. *Strategic Management Journal*, 9(1):43-60.

Roca Puig, V. (2001). Measuring the relationship between total quality management and sustainable competitive advantage: A resource-based review. *Total Quality Management*, 12(7):932-939.

Royse, D. (2004). *Research methods in social work*. (4th Edition). California: Brooks-Cole-Thompson Learning.

Sandelands, E. (1994). All talk and no action: perish the thought. *Management Decision*, 32(5):10-11.

Saunders, M.N., Lewis, P. and Thornhill, A. (2003). *Research methods for business students*. London: Pitman Publishers.

Savolainen, T. (2000). Strategies for gaining business excellence through total quality management: A Finnish case study. *Total Quality Management*, 11:211-226.

Schaeffer, J. (2002). Media's technology priorities. *Forrester Research*, August. San Francisco: Forrester Inc. Publishers:1-4.

Schwab, D.P. (1999). *Research methods for organisational studies*. Mahwah, NJ: Erlbaum.

Schmid, B., Zimmermann, H. and Buchet, B. (2001). Anniversary edition: business models'. *Electronic markets*, 42:(1):3-9.

Sekaran, U. (2000). *Research methods for business: a skill-building approach*. New York: Wiley Publishers.

Senge, P. and Carstedt, G. (2001). Innovating our way to the next industrial revolution. *Information Technology Sloan Management Review*, 42(2):24-38.

Shavanina, L.V. (2003). *International handbook on innovation*. Oxford: Elsevier Ltd.

Shrivastava, P. (1994). *Strategic management: Concepts and practices*. Mason, Ohio: South-Western.

Shorter Oxford Dictionery. (1993). 9th ed. Oxford: OUP.

Slater, S.F. (1997). Developing a customer-value based theory of the firm. *Journal of the Academy of Marketing Science*, 25(2):162-167.

Slater, S. F. and Narver, J .C. (1995). Market orientation and the learning organisation. *Journal of Marketing*, 58(1):63-74.

South Africa. 1998. *Employment Equity Act, act 55 of 1998*. Pretoria: Government Printer.

South Africa. 1997. *Basic Conditions of Employment Act, act 75 of 1997*. Pretoria: Government Printer.

South Africa. 1995. *Labour Relations Act of South Africa (as amended), act 66 of 1995*. Pretoria: Government Printer.

South Africa. 2000. *Preferential Procurement Policy Framework Act, act 5 of 2000.* Pretoria: Government Printer.

South Africa. 1999. *Skills Development Facilitation Act, act 67 of 1998*. Pretoria: Government Printer.

Sviokla, J.J. (1998c). *Harvard business review on strategies for growth.* Boston: Harvard Business School Press.

Srivastava, R.K., Shervani, T.A. and Fahey, L. (1998). Market-based assets and shareholder value: A framework for analysis. *Journal of Marketing*, 62(1):2-18.

Stake, R.E. (1995). *The art of case study research*. London: Sage Publications.

Stewart, T .A. (2001). *The wealth of knowledge*. London: Nicholas Brealey Publishing.

Stork, K. (1995). What best practice is best. *Purchasing*, 119(7):17.

Strebel, P. (2006). *Why do employees resist change*. *Harvard Business Review of Change*. Boston: Harvard Business School Publishing.

Tansik, D. A. (1990). Balance in service system design. *Journal of Business Research*, 20 (1):55-61.

Tapscott, D . (1997). Strategy in the new economy. *Strategy and Leadership* , 25(6):8-14.

Tapscott, D. (2001). Rethinking strategy in a networked world (or Why Michael Porter is wrong about the Internet). *Strategy and Business*, 3rd Quarter:1-8.

Tapscott, D., Ticoll, D. and Lowly, A. (2000). *Digital capital: harnessing the power of business webs.* Boston: Harvard Business School Press.

Teece, D. (1998). Capturing value from knowledge assets: the new economy markets for know-how and intangible assets. *California Management Review*, 40(3):55-79.

Teece, D., Pisano, G. and Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18:509-533.

Ten Have, P. (1999). *Doing conversation analysis: A practical guide* . London: Sage Publishers.

Thomas, S. (1994). Artifactual study in the analysis of culture: a defence of content analysis in post-modern age. *Communication Research*, 21(6):683-697.

Tichy, N.M. (2002). *The leadership engine: how winning companies build leaders at every level.* New York: HarperCollins Publishers.

Tidd, J. (2000c). *From knowledge management to strategic competence: measuring technological, market and organisational change*. London: Imperial College Press.

Turban, E. and Aronson, J. E. (2001). *Decision support systems and intelligent systems*. New York: Prentice Hall.

United States of America. 2002. *Sarbanes-Oxley Act, act 43 of 2002*. Washington DC: Government Printers.

Varadarajan, P. R. and Jayachandran, G. (1999). Marketing strategy: an assessment of the state of the filed and outlook. *Journal of the Academy of Marketing Science*, 27(2):120-143.

Vinzat, D.H. and Vinzat , J.C. (1996). Strategy and organisational capacity. *Public Productivity & Management Review*, 20(2):139-158.

Viscio, A. and Paternack, B. (1996). Towards a new business model. *Strategy and Leadership*, Volume 20, 2nd quarter:93-104

Von Krogh, G. and Roos, J. (1995). A perspective on knowledge, competence and strategy. *Personnel Review*, 24(30):56-76.

Waldersee, R. and Sheather, S. (1996). The effects of strategy type on strategy implementation actions. *Human Relations*, 49(1):105-122.

Wallman, S. (1996). The future of accounting and financial reporting. Part II: the colorised approach. *Accounting Horizons*, 9(3):88-91.

Waterman, R.H., Peters, T.J. and Phillips, J.R. (1990). Structure is not organisation. *Business Horizons*, 6:14-26.

Webber, A. (1998). Legacy metrics: who will set the new standard? *Perspectives on business innovation*, no 2. Ernst & Young Center for Business Innovation:6.

Webster, F.E. (1992). The changing role of marketing in the corporation. *Journal of Marketing*, 56 (10):1-17.

Weil, P. and Vitale, M.R. (2001). *Place to space: Migrating to e-business models.* Boston Mass: Harvard Business School Press.

Welborn, R. and Kasten, V. (2003). *The Jericho principle. How companies use strategic collaboration to find new sources of value.* New Jersey: John Wiley & Sons.

Wheelen, T.L. (2004c). *Strategic management and business policy*. New Jersey: Pearson Prentice Hall.

Whetten, D., Cameron, K. and Woods, M. (2000). *Developing management skills for Europe.* (2nd Edition). London: Pearson Education Limited.

Whittington, R. (1994). *What is strategy and does it matter?* London: Routledge.

Wiggings, R.R. and Ruefli, T.W. (2002. Sustained competitive advantage: Temporal dynamics and the incidence and persistence of superior economic performance. *Organisation Science*, 13(1):82-105.

Woodruff, R.B. (1997). Customer value: the next source of competitive advantage. *Journal of the Academy of Marketing Science*, 25(2):139-153.

Zack, M.H. (1999). *Knowledge and strategy*. Woburn: Butterworth-Heinemann.

Zahra, S.A. and George, G. (2002). Absorptive capacity: A review, reconceptualisation and extension. *Academy of Management Review*, 27:185-203.

Zajac, E. J., Kraatz, M.S. and Bresser, R. K.F. (2000). Modeling the dynamics of strategic fit: A normative approach to strategic change. *Strategic Management Journal*, 21:24.

Zook, C. (2001a). Desperately seeking growth: the virtues of tending to your core. *Harvard Management Update,* 6(6):10.

Zook, C. (2001b). Step by step. *World Link*, 48-52.

Zook, C. and Allen, J. (2001). *Profit from the core: growth*. Boston: Harvard Business School Publishing.

Annexure 1: Terms of reference

Activity-Based Costing (ABC): A business practice in which costs are tagged and accounted in detailed activity categories, so that return on investment and improvement effectiveness can be evaluated. Implementing ABC requires proper data structures, and an adequate data reporting and collection system involving all employees in the activity.

Activity-Based Management: The use of ABC data to ascertain the efficiency or profitability of business units, and the use of strategic initiatives and operational changes in an effort to optimise financial performance.

Applied Information Economics (AIE): AIE is a practical application of scientific and mathematical methods to the Information Technology investment process. AIE uses statistical methods to maintain consistency in risk analysis and decision making with a specified level of uncertainty.

Architecture: Design; the way components fit together. May be conceived of any complex system such as 'software architecture' or 'network architecture'. An information technology architecture is a design for the arrangement and interoperation of technical components that together provide an organisation with its information and communication infrastructure.

Backhaul: In television, the circuits (usually satellite or telephone) used to transmit or 'haul' a signal back from a remote site to a network headquarters, television station or other central location for processing before being distributed. MultiChoice receives various signals from across the world for the DStv platform(s), i.e. BBC, CNN, etc. These signals are backhaul signals.

Baldrige Award: A prestigious award, developed by Malcom Baldrige in 1984 to offer an incentive to organisations that score highest on a detailed set of management quality assessment criteria. The criteria include leadership, use of information and analysis, strategic planning, human resources, business process management, financial results and customer focus and satisfaction.

Bandwidth: Refers to the amount of data a cable or transponder can carry.

Baseline: Data on the current process that provides the metrics against which to compare improvements and to use in benchmarking.

Benchmarking: The process of comparing one set of measurements of a process, product or service to those of another organisation. The objective of benchmarking is to set appropriate reliability and quality metrics for your company based on metrics for similar processes in other organisations.

Business Case: A structured proposal for business improvement that functions as a decision package for organisational decision-makers. A business case includes an analysis of business process performance and associated needs or problems proposed alternative solutions, assumptions, constraints, and a risk-adjusted cost-benefit analysis.

Business Process Improvement (BPI): A methodology for focused change in a business process achieved by analysing the AS-IS process using flowcharts and other instruments, then developing a streamlined TO-BE process in which automation may be added to result in a process that is better, faster, and cheaper. BPI aims at cost reductions of 10-40%, with moderate risk.

Business Process Reengineering: A methodology for radical, rapid change in business processes achieved by redesigning the process from scratch and then adding automation. Aimed at cost reductions of 70% or more when starting with antiquated processes, but with a significant risk of lower results.

Cause Effect Relationship: The natural flow of business performance from a lower level to an upper level within or between perspectives. For example, training employees on customer relation's leads to better customer service, which in turn leads to improved financial results. One side is the leader or driver, producing an end result or effect on the other side.

C-Band: Satellite services operating on a much lower frequency than for example Ku-Band.

Core Capability: A competitive advantage of an organisation; e. g. specific organisational competencies such as intangible assets or resource deployments. These are built up over time and cannot be imitated easily. They are distinct from supplemental and enabling capabilities, neither of which is sufficiently superior to those of competitors to offer sustainable advantage. Technological capability is a term used to encompass a system of activities, tangible assets, skills, information bases, managerial systems, and values that together create a special advantage for an organisation.

Cost-Benefit Analysis: A technique used to compare the various costs associated with an investment with the benefits that it proposes to return. Both tangible and intangible factors should be addressed and accounted for.

Customers: In the private sector, those who pay for products or services. In government, customers consist of (a) the taxpayers; (b) taxpayer representatives; (c) the sponsors of the agency; (d) the managers of an agency programme; (e) the recipients of the agency's products and services. There may be several more categories of 'customers'; they should be carefully identified for maximum strategic benefit.

Discount Factor: The factor that translates expected financial benefits or costs in any given future year into present value terms. The discount factor is equal to 1/(1 + i)t where i is the interest rate and t is the number of years from the date of initiation for the programme or policy until the given future year.

Downlink: Earth station used to receive signals from a satellite.

DTH: Direct-to-home. CD quality audio to a video broadcast system.

Economic Value Added (EVA): Net operating profit after taxes minus (capital x cost of capital). EVA is a measure of the economic value of an investment or project.

Earned Value Management: Earned value is a project management technique that relates resource planning to schedules and to technical cost and schedule requirements. All work is planned, budgeted, and scheduled in time-phased "planned value" increments constituting a cost and schedule measurement baseline. There are two major objectives of an earned value system: to encourage contractors to use effective internal cost and schedule management control systems; and to permit the customer to be able to rely on timely data produced by those systems for determining product-oriented contract status.

Effectiveness: (a) Degree to which an activity or initiative is successful in achieving a specified goal; (b) degree to which activities of a unit achieve the unit's mission or goal.

Efficiency: (a) Degree of capability or productivity of a process, such as the number of cases closed per year; (b) tasks accomplished per unit cost.

Enterprise: A system of business endeavour within a particular business environment. An enterprise architecture is a design for the arrangement and inter-operation of business components (e. g., policies, operations, infrastructure, information) that together make up the enterprise's means of operation.

Executive Information System: Generic term for a software application that provides high-level information to decision makers, usually to support resource allocation, strategy or priority decisions. This could include a Balanced Scorecard system, Enterprise Resource Planning (ERP) system, Decision Support System (DSS), etc. Technologies include databases, a data warehouse, and analytic applications such as OLAP (On-Line Analysis Protocol), and many mission-specific data reporting systems.

Feedback: Information obtained from the results of a process that is used in guiding the way that the process is done. There should be feedback loops around all important activities. Strategic feedback (for each strategic activity) validates effectiveness of the strategy by measuring outcomes (long-term). Diagnostic feedback tracks efficiency of internal business processes (usually generic across all mission activities). Metrics feedback allows for refining the selection of metrics to be measured. Measurement feedback allows for the improvement of measurement techniques and frequency.

Footprint: Area on earth within which a satellite's signal can be received.

Framework: A logical structure for classifying and organising complex information.

Functional Economic Analysis (FEA): An analytical technique for assessing the value added at various stages or functions in a process. Most relevant in manufacturing industries where such increments in value can be readily measured.

Gap Analysis: Gap analysis naturally flows from benchmarking or other assessments. Once we understand what is the general expectation of performance in industry, we can then compare that with current capabilities, and this becomes the gap analysis.

Goal: A specific intended result of a strategy; used interchangeably with objective.

Generic Model: Refers to the fact that most outcomes are generic or the same for businesses. Things like customer service, operational excellence, profitability and a productive workforce. These are common to almost every business. However, unlike the outcomes, drivers are unique to each and every organisation. Therefore, the generic model applies to outcomes, but not necessarily the drivers that enable outcomes. (Refer to Section 7.4.2 – Networked Balanced Scorecard model).

Improvement: An activity undertaken based on strategic objectives such as reduced cycle time, reduced cost, and customer satisfaction. All improvement efforts should be linked to the strategy. They are either improvements directly in mission activities (production, design, testing, etc.) or in support activities for the mission. There may be some overlap in these.

Indicator: A simple metric that is intended to be easy to measure. Its intent is to obtain general information about performance trends by means of surveys, telephone interviews, and the like.

Information Technology (IT): Includes all matters concerned with the furtherance of computer science and technology and with the design, development, installation, and implementation of information systems and applications. An information technology architecture is an integrated framework for acquiring and evolving information technology to achieve strategic objectives. It has both logical and technical components. Logical components include mission, functional and information requirements, system configurations, and information flows. Technical components include information technology standards and rules that will be used to implement the logical architecture.

Intermediate Outcome: An outcome from a business activity that can be identified and measured in the near term, which is practical when long-term outcomes are diffuse or otherwise difficult to measure. It is intermediate between outputs and outcomes.

Intelsat: International Telecommunications Satellite organisation. The agency that operates networks of satellites for international transmission.

ISO 9000: ISO, the International Organisation for Standardization, has established a series of performance and quality management system standards for industrial organisations. Organisations may receive certification from the ISO Certification body if they are in compliance with the relevant international standards.

Information Technology Investment Management Approach: An analytical framework for linking information technology investment decisions to an organisation's strategic objectives and business plans. The investment management approach consists of three phases - select, control and evaluate. Among other things, this management approach requires discipline, executive management involvement, accountability, and a focus on risks and returns using quantifiable measures.

Interactive Television: Interactive television allows the viewer to interact with content provided through television set. The return path in MultiChoice Africa Pty) Limited's interactive offering is a standard telephone line.

Key Performance Indicators (KPI): A short list of metrics that a company's managers have identified as the most important constructs reflecting mission success or organisational performance.

Key Success Factors (KSF): The three to five broad areas on which an organisation must focus in order to achieve its vision. They may be major weaknesses that must be fixed before other objectives can be achieved. They are not as specific as strategies. Sometimes called critical success factors.

Knowledge Management: 'Knowledge Management caters to the critical issues of organisational adaptation, survival and competence in face of increasingly discontinuous environmental change. Essentially, it embodies organisational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings.'

Measurement: An observation that reduces the amount of uncertainty about the value of a quantity. In the Balanced Scorecard, measurements are collected for feedback. The measurement system gathers information about all the significant activities of a company. Measurements are the data resulting from the measurement effort. Measurement also implies a methodology, analysis, and other activities involved with how particular measurements are collected and managed. There may be many ways of measuring the same thing.

Measures: Quantitative or qualitative data collected for feedback. The measurement system is another layer underlying all the activities of a company. Some measures will be incommensurate outside this unit, even though they are very significant internally, so they can't be directly benchmarked or interpreted outside. Other measures will be generic, and they can be aggregated, e.g. cycle time, customer satisfaction, financial results.

Metrics: Often used interchangeably with measurements. However, it is helpful to separate these definitions. Metrics are the various parameters or ways of looking at a process that is to be measured. Metrics define what is to be measured. Some metrics are specialised, so they can't be directly benchmarked or interpreted outside a mission-specific business unit. Other measures will be generic, and they can be aggregated across business units, e.g. cycle time, customer satisfaction, and financial results.

Mission activities: Things that an agency does for its customers. For private organisations, profit or value creation is an overarching mission. For non-profit organisations, the mission itself takes priority, although cost reduction is still usually a high priority activity.

Mission effectiveness: Degree to which mission activities achieve mission objectives.

Mission value: (1) Mission outcome benefits per unit cost; a key metric for non-profit and governmental organisations. (2) For a collection of missions within an organisation, the relative value contributed by each mission. (3) The combination of strategic significance and results produced by a mission.

Mixed system: An information system that supports both financial and non-financial functions.

Model: A representation of a set of components of a process, system, or subject area, generally developed for understanding, analysis, improvement, and/or replacement of the process. A representation of information, activities, relationships, and constraints. A model is an abstract representation of reality that defines a set of entities and their relationships. A business model most commonly describes the linkage between an organisation's resources and functions and its environment. It is a contingency model that finds an optimal mode of operation for a specific situation in a specific market. The evolving business model concept is derived from a quest for value creation driven by environmental developments and infrastructural opportunities.

Net Present Value (NPV): The future stream of benefits and costs converted into equivalent values today. This is done by assigning military values to benefits and costs, discounting future benefits and costs using an appropriate discount rate, and subtracting the sum total of discounted costs from the sum total of discounted benefits.

Non-Value-Added Work: Work activities that add no value to the mission of the organisation. Such activities may or may not be necessary; necessary ones may include utilities, supplies, travel and maintenance; unnecessary ones may include searching for information, duplicating work, rework, time not working, etc.

Objective: An aim or intended result of a strategy.

Organisation: The command, control and feedback relationships among employees in an agency, and their information. The data flow structure for the performance management system generally follows the organisational structure.

Outcome: A description of the intended result, effect, or consequence that will occur from carrying out a programme or activity. A long-term, ultimate measure of success or strategic effectiveness.

Output: A description of the level of activity or effort that will be produced or provided over a period of time or by a specified date, including a description of the characteristics and attributes (e.g., timeliness) established as standards in the course of conducting the activity or effort. A tactical or short-term quality or efficiency indicator for a business process.

Performance-Based Budgeting: A management process in which performance of various activities in an organisation is measured, and budgets for further work on these activities is adjusted based on their performance.

Performance Goal: A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Performance Indicator: A particular value or characteristic used to measure output or outcome.

Performance Measurement (PM): The process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined objectives and using such indicators to assess progress in achieving these objectives. A performance gap is the gap between what customers and stakeholders expect and what each process and related sub-processes produces in terms of quality, quantity, time, and cost of services and products.

Performance Metric: see Metrics.

Perspectives: Four or five different views of what drives the organisation. Perspectives provide a framework for measurement. The four most common perspectives are: Financial (final outcomes), Customer, Internal Processes, and Learning and Growth (innovation).

Plan: A prescribed, written sequence of actions to achieve a goal, usually ordered in phases or steps with a schedule and measurable targets; defines who is responsible for achievement, who will do the work, and links to other related plans and objectives. By law agencies must have strategic plans, business plans, and performance plans. They may also have implementation plans, programme plans, project plans, management plans, office plans, personnel plans, operational plans, etc.

Profit: Financial gain, or revenues minus expenses. Profit is the overarching mission of private-sector organisations. Non-profit or governmental organisations either operate at a loss or attempt to achieve a zero profit; for them the overarching mission is a charter for a service, or a goal to be achieved. Therefore, there is a basic distinction in measures of strategic success between profit and non-profit or governmental organisations.

Programmes: Major initiatives or projects that must be undertaken in order to meet one or more strategic objectives.

Project management: A set of well-defined methods and techniques for managing a team of people to accomplish a series of work tasks within a well-defined schedule and budget. The techniques may include work breakdown structure, workflow, earned value management (EVM), total quality management (TQM), statistical process control (SPC), quality function deployment (QFD), design of experiments, concurrent engineering and Six Sigma. Instruments include flowcharts, PERT charts, GANTT charts (e.g. Microsoft Project), control charts, cause-and-effect (tree or wishbone) diagrams, Pareto diagrams, etc. (Note that the Balanced Scorecard is a strategic management, not a project management technique).

Return on Investment (ROI): In the private sector, the annual financial benefit after an investment minus the cost of the investment. In the public sector, cost reduction or cost avoidance obtained after an improvement in processes or systems, minus the cost of the improvement.

Risk Analysis: A technique to identify and assess factors that may jeopardise the success of a project or achieving a goal. This technique also assists defining preventive measures to reduce the probability of these factors from occurring and identify countermeasures to successfully deal with these constraints when they develop.

Sensitivity Analysis: Analysis of how sensitive outcomes are to changes in the assumptions. The assumptions that deserve the most attention should depend largely on the dominant benefit and cost elements and the areas of greatest uncertainty of the programme or process being analysed.

Six Sigma: Literally, refers to the reduction of errors to six standard deviations from the mean value of a process output or task opportunities, i.e. about one error in 300,000 opportunities. In modern practice, this terminology has been applied to a quality improvement methodology for industry.

Stakeholder: An individual or group with an interest in the success of an organisation in delivering intended results and maintaining the viability of the organisation's products and services. Stakeholders influence programmes, products, and services. Examples include members and personnel of relevant appropriations, authorising, and oversight committees; representatives of central management and oversight entities such as OMB and GAO; and representatives of key interest groups, including those groups that represent the organisation's customers and interested members of the public.

Standard: A set of criteria (some of which may be mandatory), voluntary guidelines, and best practices. Examples include application development, project management, vendor management, production operation, user support, asset management, technology evaluation, architecture governance, configuration management, problem resolution.

Statistical Process Control (SPC): A mathematical procedure for measuring and tracking the variability in a manufacturing process; developed by Shewhart in the 1930s and applied by Deming in TQM.

Strategic Area: A major strategic thrust for the organisation, such as maximising shareholder value or improving the efficiency of operations. Strategic areas define the scope for building the Balanced Scorecard system.

Strategic Goal or General Goal: An elaboration of the mission statement, developing with greater specificity how an agency will carry out its mission. The goal may be of a programmatic, policy, or management nature, and is expressed in a manner which allows a future assessment to be made of whether the goal was or is being achieved. (OMB). The quantifiable aims of strategic activities, including outcome objectives and output objectives.

Strategic Grid: A logical framework for organising a collection of strategic objectives over four or more perspectives. Everything is linked to capture a cause-and-effect relationship. Strategic grids are the foundation for building the Balanced Scorecard.

Strategic Model: The combination of all strategic objectives over a strategic grid, well connected and complete, providing a single model or structure for managing the strategic area.

Strategic objective or general objective: Often synonymous with a general goal. In a strategic plan, an objective may complement a general goal whose achievement cannot be directly measured. The assessment is made on the objective rather than the general goal. Objectives may also be characterised as being particularly focused on the conduct of basic agency functions and operations that support the conduct of programmes and activities.

Strategic Activities: Activities or initiatives that a company or agency does for itself, to achieve its overall strategic objectives.

Strategic Imperatives: Company values.

Strategic Initiatives: Specific activities or actions undertaken to achieve a strategic goal, including the plans and milestones.

Strategic Measures or Metrics: Quantifiable indicators of status of a strategic activity.

Strategic Plan: A document used by an organisation to align its organisation and budget structure with organisational priorities, missions, and objectives. According to the requirements of the Government Performance and Results Act (1993), a strategic plan should include a mission statement, a description of the agency's long-term objectives, and strategies or means the agency plans to use to achieve these general objectives. The strategic plan may also identify external factors that could affect achievement of long-term objectives. Strategic planning is a systematic method used by an organisation to anticipate and adapt to expected changes. The IRM portion of strategic planning sets broad direction and objectives for managing information and supporting delivery of services to customers and the public, and identifies the major IRM activities to be undertaken to accomplish the desired agency mission and objectives.

Strategic Targets: Numbers to achieve on each strategic metric by a specified time.

Strategic Themes: The general strategy broken down into categories which focus on different perspectives of the company that can lead to overall success, such as customer satisfaction, reduced cost and employee growth. Usually general and not quantified.

Strategy Map: A 2-dimensional visual instrument for designing strategies and identifying strategic objectives. It usually shows the four perspectives of the Balanced Scorecard in four layers, with learning and growth at the bottom, followed by business processes, customer satisfaction, and financial results (or mission value in the case of non-profits). Activities to achieve strategic objectives are mapped as 'bubbles' linked by cause-effect arrows that are assumed to occur. Sometimes called 'strategic map'.

Sunk Cost: A cost incurred in the past that will not be affected by any present or future decision. Sunk costs should be ignored in determining whether a new investment is worthwhile.

Support Activities: Internal business activities that enable achievement of mission activities and strategic activities, but that are permanent and not directly linked to specific objectives.

Sustainable Competitive Advantage: A sustainable competitive advantage can be described as the prolonged benefit of being able to implement a unique value-creating strategy not simultaneously being implemented by any current or potential competitor(s), coupled with the inability to duplicate the benefits of the strategy.

System: A collection of components organised to accomplish a specific function or set of functions.

System Theoretical Perspective: Objectives and strategy practices depend on the particular social system in which strategy composition and execution take place. The systematic strategies often deviate from the profit maximisation norm quite deliberately, thus the social background provides objectives other than profit. Organisations therefore differ according to the social and economic systems in which they are embedded, reflecting the particular social system in which they participate, defining the interest in which they act and the rules by which they exist.

Tactical Goal: see Output Goal.

Target: A quantitative measurement of a performance metric that is to be achieved by a given time. Both the metric and the schedule need to be specified for targets. A stretch target is the same thing, but its quantitative value is much higher, demanding breakthrough performance to achieve.

Templates: Visual instruments for supporting people with building a Balanced Scorecard, typically used for capturing and comparing data within the four components of the Balanced Scorecard: Strategic Grids, Measurements, Targets and Programmes.

Total Quality Management (TQM): A methodology for continuous monitoring and incremental improvement of a supply-line process by identifying causes of variation and reducing them. Originated by Deming in the 1950s.

Transponder: Satellite transmitter/receiver that picks up signals transmitted from earth translates them into new frequencies and amplifies them before re-transmitting them back to earth.

Unit: (1) A functional or business component of an agency, generally with a specified mission or support activity. (2) A standard basis for quantitative measurements.

Unit Cost : A financial metric in which cost is based on the unit of delivery or consumption of a product or service, such as number of requests processed per day.

Uplink: Earth station used for transmitting to satellite.

Value: Benefit per unit cost.

Value-Added: Those activities or steps that add to or change a product or service as it goes through a process; these are the activities or steps that customers view as important and necessary.

Value Chain: The sequential set of basic and support activities that an enterprise performs to turn inputs into value-added outputs for its external customers. An information technology value chain is that subset of enterprise activities that pertain to information technology operations, both to add value directly for external customers and to add indirect value by supporting other enterprise operations.

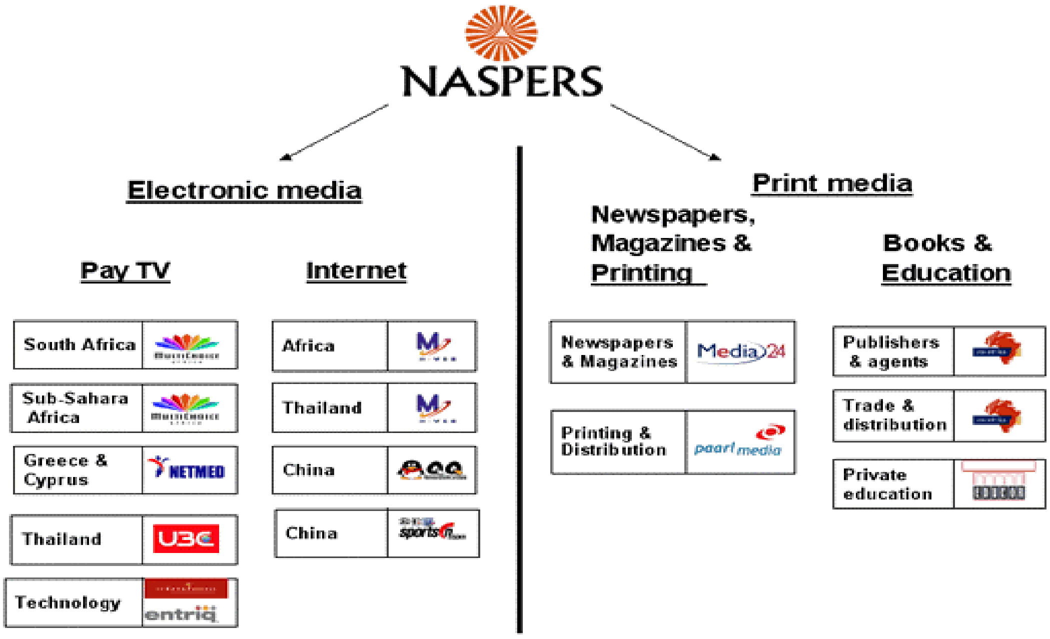
Valued Capture Leadership: The role of the leader – whether a frontline supervisor, a middle manager, or chief executive officer - is to add value to the group beyond that which the group would achieve on its own. Adding value means managing the limited resources – people, financial and physical – of the organisation to maximise productivity.

Value Proposition: 1. The unique added-value an organisation offers customers through their operations. 2. The logical link between action and pay-off that knowledge management must create to be effective; e.g., customer intimacy, product-to-market excellence, and operational excellence.

Values: General guiding principles that are to govern all activities.

Vision: Long-term goal of strategy. Answers the question, 'How would the country be different if your mission were fully successful?'

Annexure 2: MultiChoice Africa (Pty) Limited shareholding structure



MIH operates pay television and Internet subscriber platforms in Africa, China, Thailand, Greece and Cyprus and owns Irdeto access company

Media24 is a publisher, printer and distributor of newspapers, magazines, printing and related products in sub-Saharan Africa

via afrika
via afrika is a publisher and distributor of books and conducts private education businesses. The businesses mostly operate in southern Africa

Annexure 3: Discussion guide

Problem statement: Does the Balanced Scorecard as a strategic management instrument contribute to overcoming barriers to strategy implementation as well as developing and maintaining a sustainable competitive advantage?

In order to measure the propositions, the following questions were developed:

Proposition 1: The Balanced Scorecard supports organisations in overcoming the barriers to strategy implementation by:

Sub-criteria

1.1 ensuring that the organisation understands the strategies;

Question	Rationale
Comment on the main ideas of the organisation's overall strategy.	Description of the main ideas of the strategy is a minimum requirement for hypothesis support. An exact word-by-word reproduction is not required; the critical aspect is a description of the main ideas of the strategy.
How has the strategy been communicated?	Awareness about how it has been communicated may support a good understanding of the strategies.
Outline the medium(s) that have been used to communicate the strategy.	As above.
Outline the vision and mission of the organisation.	The question directly tests the hypothesis. A positive response indicates support, but does not secure that the vision and mission is fully understood.
Can you provide any examples of how the strategy as translated in the Balanced Scorecard influences your	Testing whether the answers above are all there, or whether the strategy actually has materialised this far. A good

work?	response provides strong evidence that the strategy is understood, but still says nothing about the Balanced Scorecard's role in this context.
What are the main objectives of the Balanced Scorecard in relation to the strategy?	A good response should be a basis for questions exploring the deeper understanding of the underlying strategy.
In what way, if any, has the implementation of the Balanced Scorecard supported your understanding of the overall strategy?	Sanity-check whether the answers to the prior questions were based on perceptions or facts.

1.2 ensuring that objectives are acted upon;

Question Rat	ionale
How easy is it to translate the strategy into action?	A reflective answer provides strong support towards the hypothesis.
If so, how can this be done? Please provide examples.	Sanity-check of the response to the prior question.
Are there main strategies without support of corresponding action plans?	Testing whether the strategy was really understood.
Are there action plans without a clear strategy?	As above.
Explain the rationale behind the measures on the Balanced Scorecard?	A positive answer provides strong support towards the hypothesis.
What are the objectives that lie behind the concrete measurements in the Balanced Scorecard?	Concreteness test – were the prior answers factual?

1.3 linking the overall strategy to objectives at departmental, team and individual levels;

Question Rat	ionale
Comment on the budget process in your section in relation to changes since the Balanced Scorecard was implemented.	The budget process is the key instrument to prioritise, guide and steer the activities and efforts of the organisation. Hence, it

	is also one of the most powerful instruments to establish linkage and relationships across the organisational layers. Depending on the process, is it reasonable to contribute any effects to the Balanced Scorecard?
Is the strategy process and budget linked in any way and, if so, what are the consequences of a budget overrun?	The key question. If not, positive answers to the other questions are probably insufficient to verify the hypothesis as a key aspect in maintaining the budget's power to enforce the priorities. If it provides no actual guidance for the use of resources, it becomes impotent and powerless.
Do you have any kind of activity-based or flexible budget and is it critical to use the entire budget?	In relation to the above rationale, the power of the budget should work both ways. In this case, if the budget serves as a 'spending authorisation', not subjected to revision as more information becomes available, the budget may stimulate prior priorities, not current ones. Ideally, the budget should be based on ABC or some other flexible accounting system. Whereas ABC is far from a requirement, use of this concept is highly compatible with the Balanced Scorecard.
Outline any important activities not included in any of the Balanced Scorecards.	Testing whether the strategy is really understood. Are the links and relationships sufficiently understood? If focus is on 'excluded items' it is doubtful that the links from the overall strategy have been clarified sufficiently.
Are unimportant activities being measured in the Balanced Scorecard?	A negative test of the above, a positive response about 'unimportant' assessments indicates that the

	relationships are not really understood.
Is individual performance easily traced to the aggregate performance of the group or department?	A positive answer may indicate support. A negative one most likely reveals absence of such links.
Do you have a regular performance appraisal conversation and does it include individual objectives?	The natural area to establish linkage from the individual level and above. As the natural forum for goal setting, exclusion would both encompass a waste of the best opportunity and diminish the general ability to clarify the linkage. A contrary action supports the clarification of the linkage.
Do you consider these objectives linked to the overall strategy?	Is the linkage to the overall strategy (if there is any) successful? Is lack of linkage caused by absence of effort/focus or the less successful establishment of the relationships between individual objectives and the overall strategy?
What is the consequence of non-compliance or lack of effort towards the objectives established in the performance appraisal discussions in relation to the strategy?	Do the objectives carry any actual meaning or is it only a formality? To carry actual stimulation and guidance of effort, it must be part of daily life and not only take place once a year.
Do you have an analysis of current and future competence needs?	As competence is the core in the implementation of strategies, and an issue that involves everybody, it is reasonable to expect both existence and awareness of such an analysis to verify the hypothesis.
Do you have competence development plans?	The actual follow-up of the requirement analysis. Extends the analysis from a formality to reality.
Do you see a link between investment/competence development and the future investment/competence	Whereas a negative response does not mean that there isn't any, a positive response reveals that the link has been

needs? successf	ully communicated.
If so, has this changed since the Balanced Scorecard was deployed?	Is it reasonable to conclude that any improvement is triggered by the implementation of the Balanced Scorecard?

1.4 linking short-term resource allocation to long-term strategy; and

Question Test	
Are resources for new positions allocated in conjunction with budget preparations and linked to long-term strategy?	Generally, the allocation and priority of resources is the most important and powerful force in steering the efforts of the organisation. Without support of the necessary means, involving enough personnel, sufficiently qualified personnel, support staff, equipment and other instruments, it may be problematic to comply with the priorities in the strategies.
Is the budget based on funds available or on the strategy crafted?	The issue for both questions is whether long-term objectives are supported by the required investments – today. As there is no direct conclusion to the answer of this question, the point is to determine if job-positions, the most important (and expensive) factor, are based on the funds available or current and future needs. Likewise, a 'spending budget' may be provided 'as is', or prepared on the basis of identified needs.
Is there flexibility in individual compensation in relation to objectives, linked to overall strategy?	One objective is to attract and retain qualified personnel. A flexible compensation system is most likely a necessity to achieve this goal. Similar rationale as previous hypothesis.
Are investments with a negative effect	With few exceptions, it is necessary to

today made, even if the pay-back won't materialise until a few years later? If yes, please provide examples.	make investments 'hurting' current finances. The hypothesis imposes that this is likely if current priorities are based on longer-term objectives. An actual example strengthens a positive response to the question.
Are short-term negative effect investments recorded or is it up to each manager in each case to take account of other considerations too?	The support system in place provides guidance for the actions that shall be taken. Backing by the systems for considerations, taking into account long-term needs, makes it easier for any manager to make unpleasant short-term investment decisions.
What influence do you have over your section's budget, including any allocations?	For the managers, how is the commitment towards the budget? Do they feel any 'ownership'? Absence of such may make linkage to future strategy doubtful.
Has this changed from prior years; and how?	Has the Balanced Scorecard changed anything in this respect?

1.5 providing feedback on strategically important issues.

Question	Rationale
To what degree is the performance information utilised?	The objective is to identify both managers' and employees' understanding of how the performance measurements are utilised. Ultimately, the response should confirm that the performance information is used to assess accomplishment in areas outside the strictly financial measures. However, if either employees or managers feel the performance information is solely a 'control device', the strategic linkage has certainly failed.

Do the objectives change if long-term strategy changes?	If strategy changes, the objectives should be changed, otherwise feedback can't be on strategically important issues.
Are the objectives adjusted with strategy if it indicates not to be appropriate?	Reporting on out-dated parameters, operational, tactical or strategic, is a waste of resources. If the objectives aren't adjusted along with the strategy, it is difficult to conclude that the Balanced Scorecard secures feedback on strategically important parameters.
How has the budget process changed as managerial information on several areas is now available?	One may expect the budget process to incorporate information from other areas; or ideally to be integrated or closely related to the Balanced Scorecard.
How much time is spent on the feedback process in relation to strategically important issues?	If no time is spent, how can feedback on strategically important areas be feasible? Is there unity between ideal and action?
How frequently are the measures reported and how much time do you spend on providing and processing feedback?	With infrequently conducted measurements, it is less reasonable to expect any consciousness or 'natural importance'. Same rationale as the feedback process in general.
How is this feedback used in the budget process?	This question is a cross-check of the description of the budget process.
Provide an example of a non-financial measure.	Examples to be provided to test if the hypothesis can be verified.
Provide an example of an objective of primarily strategic importance.	Examples to be provided to test if the hypothesis can be verified.

Proposition 2: The Balanced Scorecard supports organisations in gaining a competitive advantage by allowing organisations to focus simultaneously on:

Sub-criteria:

2.1 sources of competitive advantage (i. e. core competencies, operational effectiveness, differentiation, strategic fit, path dependency, economic deterrence, time compression, partnerships and casual ambiguity); and

Question	Rationale
Elaborate on the organisation's core business.	Highlighting the strong and differentiated core would require awareness of the organisation's competitive advantage.
Elaborate on how the strategy manipulates the sources of advantage under the organisation's control in order to generate a competitive advantage.	Description of the main ideas of the strategy and its enhancement of the competitive advantage is a minimum requirement for hypothesis support. The critical aspect is the description of the main ideas of the development of the current and potential advantages.
What are the main objectives of the Balanced Scorecard in relation to enhancing competitive advantage?	A good response should be a suitable basis for questions exploring the deeper understanding of the Balanced Scorecard's role in developing and maintaining competitive advantage.
Comment on how the advantages have been communicated and reported in the Balanced Scorecard.	Conscience about how it has been 'captured' in the Balanced Score card may support a good understanding of the competitive advantage. The question tests the hypothesis directly.
Comment on how your work influences the organisation's competitive advantage.	A positive answer or response indicates support, but still does not secure the development. Testing whether the answers above are all there is or whether the intended strategy as captured in the objectives and measurements are linked to the organisation's competitive advantage. A strong response provides evidence that the strategy is captured and cascaded in support of competitive advantage and outlines the Balanced

	Scorecard's role in this context.
In which way has the implementation of the Balanced Scorecard supported your contribution towards the development of the organisation's competitive advantage?	Sanity-check whether the answers to the prior questions were based on perceptions or facts.
In what way has the implementation of the Balanced Scorecard supported the organisation's ability to leverage factors of production into competencies that empowered the organisation to adapt quickly to changing opportunities?	Same as above.
In what way has the Balanced Scorecard ensured that the organisation remains focused and invested in its core competency development and de-emphasised activities that do not add value?	By defining the organisation's core competencies and organising to support and augment them, will ensure continuing success in changing conditions.
In your opinion, are there important activities not included on any of the Balanced Scorecards?	Testing whether the current strategy as translated in the Balanced Scorecard is really understood. Are the links and relationships sufficiently understood? If focus is on 'excluded items', it is doubtful that the links from the overall strategy have been clarified sufficiently.
In what way, if any, has the strategy been linked to operational effectiveness for superior performance in relation to the implementation of the Balanced Scorecard?	Examples of benchmarking and outsourcing will demonstrate similar strategies to competitors while outsourcing activities will lead to the activities becoming generic. Examples of improvement in quality, cycle times or supplier partnerships will demonstrate the convergence of strategies – resulting in mutually destructive competition.
How has the organisation captured the attributes that customers perceive as	The organisation's differentiation is directly tested as it must truly be unique

important and unique in order for the organisation to meet customer needs?	at something or be perceived as unique, if it is to expect a premium price.
In what way has the organisation captured know-how (superior access to information) to reflect the benefits of scale, experience or 'inputs', tying up inputs or preferred access to markets?	The answer will reflect the organisation's focus on self-enforcing mechanisms such as reputation, relationships, switching costs and product complementaries.

2.2 diversification around the core business (concentric diversification) that results in enhanced performance. The Balanced Scorecard reduces the overall risk and enhances competitive advantage through focusing on innovation and knowledge management (learning and development) constructs.

Question	Rationale
In what way does the Balanced Scorecard reflect how the organisation has created the advantage it enjoys, thereby enhancing the competitive advantage?	A positive answer will ensure that competitors will be able to comprehend the competencies on which the advantage is based while a negative answer will support the hypothesis directly.
In what way has the development of the Balanced Scorecard assisted the organisation in raising the barriers to imitation?	Description of the main ideas of strategy elements is a minimum requirement for hypothesis support. The critical aspect is a description of the main ideas of the strategy elements that raise the barriers to imitation that is captured and measured in the Balanced Scorecard.
In what way has the Balanced Scorecard enhanced/combined the different activities of the organisation?	Examples of the way activities of an organisation fit and reinforce one another will support the development and maintenance of competitive advantage to create real economic value. The answer will demonstrate how the organisation is seen as a whole as discrete organisational activities often affect one

	another. It might demonstrate that the organisation is not relying only on core competencies, key success factors or critical resources and that the Balanced Scorecard ensures/reduces the lack of fit to reduced performance and competitive advantage.
Elaborate on how the implementation of the Balanced Scorecard in the organisation has managed to raise the barriers of imitation of its competitive advantage by making substantial investments in capacity to provide products and services in markets that are scale sensitive.	A positive answer will demonstrate that the size of the investment deters competitors from imitating the competence (i.e. resource or skill) required to compete. This question directly tests the hypothesis and highlights the types of investment that organisations can make to ensure a sustainable competitive advantage. This question is also a sanity check whether the answers to the prior questions are based on perceptions or facts.
In what way is the product line breadth captured and measured in the Balanced Scorecard to provide an advantage?	The answer will demonstrate the conditions under which the organisational 'synergy' works. Does the Balanced Scorecard enhance/ensure that the economies are affected by spreading assets over a greater number of markets and has the Balanced Scorecard served as an instrument to achieve this?
Has the Scorecard ensured that activities are being performed faster and is it measured in the Balanced Scorecard? Please provide examples.	Examples that demonstrate the organisation's awareness of competing on time from first mover advantage via innovation to faster cycle times for product development to just-in-time deliveries and rapid response to market trends as captured. Measured in the Balanced Scorecard will demonstrate the concept of time compression as a

	competitive advantage.
In what way has the Balanced Scorecard ensured that the organisation is satisfying customer needs that have not yet been satisfied?	Examples that demonstrate integration of group organisational activities to address the major subsystems of a product or service, effectively extracting the most performance possible out of the available technology will directly support this hypothesis.
Are core competencies that are complex and that generate ambiguity, captured and measured in the Balanced Scorecard? Please provide examples.	Complexities result from large number of technologies, organisational routines and experience. Complexity in and between the organisation's core competencies guarantees that few, if any, individuals have sufficient breadth and depth of knowledge to understand the overall performance of the organisation.
In what way has the implementation of the Balanced Scorecard supported your understanding and importance of raising the barriers to imitation?	Sanity-check whether the answer to the prior questions were based on perceptions or facts.

Question	Rationale
Does the organisation take a strategic approach to innovation management?	How does innovation strategy link formally to corporate strategy? Do organisational practices reinforce the exploitation of technological opportunities? What potential innovative advantages (disadvantages) derive from the environment and what action is being taken to benefit from foreign systems of innovation?
What effective external linkages has the organisation established and how is this displayed and measured in the Balanced Scorecard?	A reflective answer. Does the organisation include all relevant individuals and organisations in its network? Do they seek to develop and maintain formal and informal knowledge

	networks? Do they use exploratory techniques such as Delphi and scenarios to identify future trends? Does the organisation specify and communicate its education and training needs to local and leading providers, and provide appropriate support? Does the organisation's links with government provide early warning of relevant regulation and promotion and mechanisms for responding and communicating? Are all financial stakeholders and society as a whole involved in major new programmes to promote their understanding?
Does innovation take place in a supportive organisational context in relation to the implementation of the Balanced Scorecard? Please provide examples.	How far is the workforce involved in innovation? Are there formal mechanisms that people use for finding and solving problems? Are these linked to monitoring and measurement systems to guide improvement? An awareness will directly support the hypothesis.
In what way has the implementation of the Balanced Scorecard supported the organisation's understanding and awareness of intangible assets? Please provide examples.	The question tests the hypothesis directly. A positive response indicates support but does not secure that it is successfully implemented through the Balanced Scorecard.
Comment on the organisation as a 'learning organisation' with regard to innovation management.	Counter-check if there are formal mechanisms in place to capture and share learning. How far does the organisation seek to learn from the experiences of others in managing innovation (within its own sector and outside) and how well does the organisation keep up with new thinking and concepts in innovation

	management?
What non-tangible assets are included in the evaluation criteria of the objectives/measures in the Balanced Scorecard?	Conscience about non-tangible elements may support a good understanding of the value of intangible assets.
Elaborate on how the Balanced Scorecard measures influence your work in terms of intangible assets and the measurement thereof.	Testing whether the answers provided are all that there is, or whether the strategy and the implementation of the Balanced Scorecard have captured the essence and importance of non-tangible assets. A good response provides strong evidence that the Balanced Scorecard enhances the awareness and measurement of non-tangible assets and directly supports the hypothesis.
Elaborate on the 'tacitness' (skill- based competencies – tacit knowledge) that is captured in the Balanced Scorecard.	A good response should be a suitable basis for questions exploring the deeper understanding of the importance to focus on growth and growth opportunities linked to innovation and knowledge management constructs.
Elaborate on how the organisation's strategy, as captured and measured in the Balanced Scorecard through its unique design, led the organisation to prevent making the following mistakes: Competing in more ways than one; Failing to adapt acquired services, products or features to the strategy; Expanding into new markets where the organisation has nothing special to offer (e.g. wider variety of products that can dilute the organisation's image).	This question directly tests the hypothesis, while a reflective answer provides strong support towards it. By providing examples of how new acquisitions are tailored to the organisation by e.g. auditing acquired factories, human resources, cost accounting, planning and budgeting systems, and how it has been supported and made to conform to central organisational policies.
Faced with pressures of growth or maturing markets, how has the Balanced	Concrete test whether the previous answers were based on perceptions or

Scorecard assisted the organisation to broaden its position into adjacencies, e.g. by extending product lines, adding new features, copying competitors, matching processes or making acquisitions?	facts.
Are pressures of growth or maturing markets measured in the Balanced Scorecard? If so, how does it influence the top-line growth (i. e. growth in revenue but a decline in profitability) – did the organisation manage to create economic value in the long term besides only creating shareholder wealth in the short term?	A reflective answer provides strong support towards the hypothesis and also serves as a sanity-check of the response to the prior questions and tests whether the strategy that is being implemented through the Balanced Scorecard encapsulates and raises the barriers to imitation by supporting the constructs of core competencies.

Proposition 3: The Balanced Scorecard serves as an instrument that supports and enhances the sustainability constructs of an organisation's competitive advantage by creating:

Sub-criteria:

3.1 a corporate culture that supports the priority for competitive sustainability on all levels by integrating environmental practice and ethical behaviour of all stakeholders (including employees);

Question	Rationale
Outline the organisation's risk management strategy.	Description of the main ideas of the risk management strategy is a minimum requirement for hypothesis support. The critical aspect is a description of the main ideas of the risk strategy.
Comment on how the risk strategy has been communicated.	Awareness about how it has been communicated supports a good understanding of the risk strategies.
Elaborate how the risk strategy influences your work.	Testing whether the above answers are all there is, or whether the risk strategy

	has actually materialised. A suitable response will provide strong evidence that the risk strategy is understood but still says nothing about the Balanced Scorecard's role in this context.
In what way has the implementation of the Balanced Scorecard supported your understanding of the risk management strategy of the organisation?	Sanity-check whether the answers to the prior questions were based on perceptions or facts.
To what extent is the statement 'Risk management consists of a strategic, centrally managed approach to understanding, managing and controlling damage from all forms of business risk, from sales fraud to computer security to natural disasters' reflective of your organisation?	A reflective answer provides strong support towards the hypothesis.
How well do you believe your organisation addresses risk in its day-to-day decision-making processes to determine the level of risk currently experienced by the organisation?	Testing whether the risk strategy was understood and communicated. A positive answer provides strong support towards the hypothesis.
Explain the rationale behind the measurement of risk in the Balanced Scorecard and what objectives lie behind the concrete measurement of risk in the Balanced Scorecard?	Concrete test.
How effective is your organisation in identifying and managing risk across corporate borders (risk created by unrelated organisations and vendors due to their internal weaknesses) and how frequently are the measures reported in the Balanced Scorecard process?	With measures infrequently conducted it is less reasonable to expect consciousness or 'natural' importance. The timeframe on spending and providing feedback and processing feedback will determine the level of importance attached to the construct.
To what extent is risk management presented as a competitive differentiator	With presentations and audits infrequently conducted, it is less

to the organisation's clients and customers, and is this measured in the Balanced Scorecard?	reasonable to expect any consciousness or 'natural' importance.
Describe the organisation's risk management and ethical business constructs and what the consequences of non-compliance or lack of effort towards the objectives established in the Balanced Scorecard are.	Testing whether the objectives carry any actual meaning or are they only a formality. To carry out actual stimulation and guidance of effort, it must be part of daily life and not only looked at on an ad-hoc basis.
Has this changed since the Balanced Scorecard was implemented?	Is it reasonable to conclude that any improvement is triggered by the implementation of the Balanced Scorecard?

3.2 sustainable resource management (environmental co-operation, key technologies and innovation);

Question	Rationale
Is the organisation's strategic intent linked to the mission and vision?	The question tests the hypothesis directly. A positive response indicates support, but still does not secure that the vision and mission is fully understood and acted upon.
Elaborate on how the Balanced Scorecard has ensured that the sources of competitive advantage are underpinned by human factors.	The answer will explain the rationale behind the measurements of the effective use of these resources, such as closer co-operation between organisational classes, knowledge management, etc.
Elaborate on how the implementation of the Balanced Scorecard changed the culture of the organisation.	A reflective answer provides strong support towards the hypothesis.
Elaborate on how the implementation of the Balanced Scorecard has changed the openness of ideas in the organisation.	Sanity-check of the response to the prior questions and testing whether the Balanced Scorecard enhances this construct.
Elaborate on how the implementation of	Same as above.

the Balanced Scorecard has changed the leadership style of the organisation.	
Elaborate on how the implementation of the Balanced Scorecard has changed teamwork in the organisation.	Same as above.
Elaborate on how the implementation of the Balanced Scorecard has changed the entrepreneurial drive in/ of the organisation.	Same as above.
Elaborate on how the implementation of the Balanced Scorecard has enhanced or reduced open communication in the organisation.	Same as above.
Which tacit and non-tacit competencies are needed to create a foundation for future organisational sustainability and how is this displayed and measured in the Balanced Scorecard?	Global governance, values and ethics, global culture transformation, new world order, open systems thinking, shared knowledge, global partnershipping, publicity, trend changes, global demographics, proximity, lifestyles, flexibility in workplace, information hubs, convergence of technology and availability of knowledge and wisdom are all prerequisites for supporting the sustainability construct and an awareness as a result of the implementation of the Balanced Scorecard.

3.3 sustainable processes (systems, innovation, disruptive technologies, supply chain optimisation, and development of sustainable products, services, technologies and production processes);

3.4 sustainable customer acquisition and retention (environmental marketing, efficiency, stakeholder demands and ethically justifiable standards within the system of the market economy by communicating values and policies to all stakeholders in the community); and

3.5 sustainable profitability and stakeholder value (bottom-line efficiency and environmental excellence, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing).

Question Rat	ionale
In what way is the strategy that is captured in the Balanced Scorecard able to display, identify and communicate the values and ethics of the organisation to all stakeholders in the community?	Description of the main ideas of the organisation's values and ethics is a minimum requirement for hypothesis support. The critical aspect is a description of the main ideas.
In what way do the organisation's values and ethics provide a sustainable measurable foundation (nominal) for future organisational excellence?	Same as above.
In what way is the strategy that is captured in the Balanced Scorecard able to display and identify the underlying factors that underpin competitive advantage and attune themselves to how these factors change over time and continuously match these factors and conditions?	Is the linkage to the overall strategy successful? Is lack of linkage caused by absence of effort/focus/awareness?
In what way has the implementation of the Balanced Scorecard enhanced the deployment of competencies such as 'specificity and interdependence' with the organisation's internal and external transaction partners?	A positive answer may indicate support while a negative one most likely reveals absence of such links in the Balanced Scorecard.
In what way are non-tangibles (relationship with government, autonomy, know-how, specialisation, intellectual property, etc.) displayed in the strategy and translated in the Balanced Scorecard?	Non-tangibles are needed to create extended organisational and product sustainability. This question tests the hypothesis directly.
Elaborate on how the value of the	It is reasonable to conclude that any

relationships is measured in the Balanced Scorecard and whether these have changed since the Balanced Scorecard was implemented.	improvement is triggered by the implementation of the Balanced Scorecard. This question tests the hypothesis directly.
Does the organisation measure its success in a broad comprehensive way?	This question directly tests the hypothesis.
Which global dynamics contributing to the organisation and product offering sustainability are displayed in the strategy and measured in the Balanced Scorecard?	An awareness of global dynamics and overall impact/effect to the organisation supports this construct.
How does wisdom (higher organisational cognisance) effect sustainability and how will this influence new product development in the entertainment industry?	Does the organisation take cognisance of global developments such as nano technology, cloning and biotics, etc.? Awareness of higher organisational cognisance provides a sanity check.
Elaborate on how sustainability issues are tackled by the organisation at its normative, strategic and operational level. How, if at all, does the organisation measure and judge its environmental and social performance?	Does the organisation have a ‘sustainability Balanced Scorecard’? A concrete answer will directly support the hypothesis.
Has this changed since implementation of the Balanced Scorecard?	Is it reasonable to conclude that any improvement is triggered by the implementation of the Balanced Scorecard?

Annexure 4: Research invitation and questionnaire: Phase 2

Attention: (Insert name of participant)

'The strategic value of the Balanced Scorecard in the Networked Economy. A MultiChoice Africa (Pty) Limited case study."

A research study by Nico Theunissen at the Central University of Technology undertaken in partial fulfillment of the requirements of a D. Tech. Business Administration at the School for Entrepreneurship and Business Development (Faculty of Management Sciences).

We would like to invite you to be part of a selected group at MultiChoice Africa (Pty) Limited to participate in this executive research programme.

The study will commence in April 2005. The following contribution will be requested from you as part of this research:

Round 1: Complete the research survey questionnaire by rating the Balanced Scorecard, using a five-point scale. The first set of questions aims to evaluate the Balanced Scorecard in terms of overcoming strategy implementation barriers. The second set of questions aims to evaluate and rate the Balanced Scorecard's role in enhancing the competitive advantage. The third set of questions evaluates the Balanced Scorecard's role in enhancing sustainable profit through turnover driven by environmental excellence and bottom-line efficiency, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing.

Round 2: Receive feedback on inputs from other participants. As part of this feedback the researcher will also highlight any significant contrasts between the various management levels. You will also be requested to comment on the contribution of the other members on a selected panel.

Once the research has been completed, you will receive a 4-5-page summary of the findings in appreciation of your contribution. Should you be willing to participate, please respond by completing the enclosed questionnaire. Your participation will be of great importance to the study, as we will value the contributions that you may be willing to make. It will be appreciated if could return the completed questionnaire by 20 May 2005.

Your contributions can be sent to: Nico Theunissen, MultiChoice Africa (Pty) Limited, Broadcast Technology Division or via e-mail: ntheunis@multichoice.co.za.

Thanking you in anticipation for your participation.

Yours sincerely

Nico Theunissen
Cell: 083 419 8000
++ 27 11 289-3572
Research survey - 2005: MultiChoice Africa (Pty) Limited

RESEARCH SURVEY: 2005 – MULTICHOICE AFRICA (PTY) LIMITED

'The strategic value of the Balanced Scorecard in the Networked Economy. A MultiChoice Africa (Pty) Limited case study.

The following questionnaire evaluates the role of the Balanced Scorecard in overcoming the barriers to successful strategy implementation, enhancing the organisation's current competitive advantage and developing long-term sustainability.

Rate the Balanced Scorecard, using a five-point scale where:

1. Not at all 2. Somewhat 3. Partially 4. Adequately 5. Fully

Name: Department: Date:

Strategic Management and the Balanced Scorecard:

	Rate the scorecard in terms of overcoming the following strategy implementation barriers.	1	2	3	4	5
1	Enhances strategy formulation					
2	Addresses major problems that surface during implementation					
3	Outlines individual responsibilities of implementers					
4	Expands the understanding of strategy by internal and external stakeholders					
5	Enhances employees' capability of implementing strategy					
6	Ensures buy-in from employees					
7	Develops management competence					
8	Increases top management commitment and support					
9	Ensures a balance between operational and strategic focus					
10	Defines appropriate management styles					
11	Develops organisational leadership qualities					
12	Ensures adequate implementation control and follow-up systems					
13	Improves overall communication					
14	Supports favourable organisational culture					
15	Aligns organisational capabilities with changing market requirements					
16	Integrates organisational policies and procedures					
17	Supports the mission and vision					
18	Translates the strategy into action					
19	Links the overall strategy to the goals at the departmental, team and individual level					
20	Supports long-term decision-making that affects short-term financial objectives					
21	Supports the organisation's ability to adjust the overall strategy if it shows not to be appropriate					
22	Links the investment/competency development and the future investment/ competency needs					
23	Ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment					

Rate the Balanced Scorecard, using a five-point scale where:

1. Not at all 2. Somewhat 3. Partially 4. Adequately

5. Fully

The Balanced Scorecard and Competitive Advantage:

Companies having access to numerous resources, thus the potential for sources of competitive advantage are numerous.

		1	2	3	4	5
24	Develops the organisation's core competencies					
25	Improves organisation's operational effectiveness (cost leadership, positioning, continuous improvement)					
26	Supports the organisation's differentiation position					
27	Enhances the organisation's access to know-how and markets					
28	Enhances the organisation's reputation, relationships, switching costs and product complementaries					
29	Supports the organisation's ability to combine different activities to create real economic value					
30	Supports the organisation's ability to make substantial investments in capacity to provide products and services in markets that are scale sensitive					
31	Develops organisational synergy by ensuring that assets are spread over a number of markets					
32	Increases the organisation's time-compression by performing activities faster and with rapid response to market trends					
33	Enhances the organisation's relationships across companies and supply chains					
34	Supports vertical integration in terms of group systems such as centrally managed purchasing technology applications					
35	Enhances the organisation's focus on creating or increasing shareholder value					
36	Increases awareness of intangible assets					
37	Supports the organisation's ability to raise the barriers to imitation by competitors					
38	Ensures that the organisation's innovation management takes place in a supportive context					
39	Supports the organisation's drive to own the customer					
40	Ensures optimal customer service through people (training, commitment and ownership), technology (integrated systems and processes), and customer loyalty programmes					
41	Fosters organisation's knowledge, skills, leadership and culture					

Rate the Balanced Scorecard, using a five-point scale where:

1. Not at all　　2. Somewhat　　3. Partially　　4. Adequately
5. Fully

The Balanced Scorecard and Sustainability

The scorecard enhances sustainable profit through turnover driven by environmental excellence and bottom-line efficiency, business integrity that enhances value creation through binding business principles, comprehensive integrity management and value to society through ethical auditing.

		1	2	3	4	5
42	Increases the organisation's ability to address risk in its day-to-day decision-making processes					
43	Supports the organisation's ability to identify and manage risk across corporate borders (risk created by unrelated service agents and vendors due to their internal weaknesses)					
44	Supports senior management's belief that risk management should be embedded in every business unit and sponsors a comprehensive risk management programme					
45	Enhances non-tangibles (relationship with government, autonomy, know-how specialisation, intellectual property, etc.) to create extended organisational and product sustainability					
46	Fosters values and ethics and provides a sustainable measurable foundation (nominal) for future organisational excellence					
47	Increases the organisation's awareness of trend changes, global demographics, proximity, lifestyles changes, flexibility in workplace, information hubs, convergence of technology and availability of environmental and social needs					
48	Increases the organisation's awareness of governmental, social, and political factors that present opportunities or threats					
49	Supports the organisation's ability to identify and select alliance partners					
50	Supports the organisation's ability to include all relevant individuals and organisations in its network					
51	Supports the involvement of all stakeholders in major new programmes to promote their understanding					
52	Supports the organisation's ability to learn from and share experiences with other organisations through its learning and innovation drive					
53	The scorecard as an instrument supports and enhances the sustainability constructs of an organisation's competitive advantage					

Annexure 5: Main themes summarised: Content analysis – data reduction of interviews, questionnaires and group discussions

Annexure 5 reports on the content analysis that was used to generate the list of constructs from the documented data received during the structured interviews. This data was used to design the structured questionnaire followed by the semi-structured group discussions. The first part describes the procedure that was followed. The second part presents the results that were obtained from the analysis.

The following were the steps that were taken when the coding for this study was performed.

Step 1: Level of analysis

Responses were received during the structured interviews. These were in the form of discussions, sentences and phrases. In order to conduct a content analysis in this study, the text was coded into manageable categories, firstly on a thematic level and then on a sub-thematic level, after which it was examined using conceptual analysis. The inputs were thus examined with the purpose of identifying the underlying themes and sub-themes that were being presented.

Step 2: Category construction

The codes were developed as the material was analysed, and during this process some of the codes had to be revised. A typical code denoted 'SM' as Proposition 1: The Balanced Scorecard and strategy management. The themes identified under Proposition 1 were then grouped and identified through an extended coding process, for example 'SM-EXE' was used to represent the theme 'The Balanced Scorecard and strategy execution'. The various sub-themes were then group and coded accordingly, for example 'The Balanced Scorecard enhances strategy implementation' was coded as SM-EXE-FOR. A decision was made to develop an interactive set of codes; therefore the number of coding categories was flexible during the coding process. Concepts gained from the literature also guided this part of the process.

Step 3: Coding for existence of a concept

In the analysis of the responses, the text was coded for frequency and value. That is, the number of respondents during the structured interviews that indicated a particular construct was noted during the analysis and the comments on the contribution and importance was weighted. A definition of the importance of a construct from the original interviews was established if the construct was mentioned by four or more of the ten individuals that were originally interviewed during the structured interview.

Step 4: Treatment of 'irrelevant' information

A decision was made to ignore information that was regarded irrelevant. The respondents provided no 'irrelevant 'information. However, the frequency with which some statements were raised meant that they could not be included (criterion set up in step 3).

Step 5: Coding the text

The coding was done manually, i.e. reading through the text and manually writing down concept occurrences.

The final results of the content analysis are presented below:

Proposition 1

Theme	Code	Statement	Code
Understanding	SM-UND	The Balanced Scorecard enhances strategy formulation	SM-UND-SF
		The Balanced Scorecard expands the understanding of strategy by internal and external stakeholders	SM-UND-EU
		The Balanced Scorecard Scorecards manages competence	SM-UND-MC

		The Balanced Scorecard supports the mission and vision	SM-UND-MV
Execution	SM-EXE	The Balanced Scorecard addresses major problems that surface during implementation	SM-EXE-PS
		The Balanced Scorecard enhances employee's capability of implementing strategy	SM-EXE-EC
		The Balanced Scorecard increases top management commitment and support	SM-EXE-CS
		The Balanced Scorecard translates the strategy into action	SM-EXE-SA
Operationalise	SM-OPE	The Balanced Scorecard ensures support from employees	SM-OPE-BE
		The Balanced Scorecard ensures a balance between operational and strategic focus	SM-OPE-BF
		The Balanced Scorecard integrates organisational policies and procedures	SM-OPE-IP
		The Balanced Scorecard links the overall strategy to the objectives at the departmental, team and individual level	SM-OPE-LG
		The Balanced Scorecard links the investment/competency development and the future investment/competency needs	SM-OPE-LC
Resources	SM-RES	The Balanced Scorecard outlines individual responsibilities of implementers	SM-RES-OR
		The Balanced Scorecard Scorecards outlines organisational leadership qualities	SM-RES-DL
		The Balanced Scorecard supports favourable organisational culture	SM-RES-SC
		The Balanced Scorecard aligns organisational capabilities with changing market requirements	SM-RES-AC
		The Balanced Scorecard supports long-term decision-making that affects short-term financial objectives	SM-RES-SD

Communication	SM-COM	The Balanced Scorecard defines appropriate management styles	SM-COM-MS
		The Balanced Scorecard ensures adequate implementation control and follow-up systems	SM-COM-IC
		The Balanced Scorecard improves overall communication	SM-COM-OC
		The Balanced Scorecard supports the organisation's ability to adjust the overall strategy if it is shown not to be appropriate	SM-COM-AS
		The Balanced Scorecard ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment	SM-COM-SR

Proposition 2

Theme	Code	Statement	Code
Sources	CA-SOU	The Balanced Scorecard develops the organisation's core competencies	CA-SOU-DC
		The Balanced Scorecard supports the organisation's differentiation position	CA-SOU-SP
		The Balanced Scorecard supports the organisation's ability to make substantial investments in capacity to provide products and services in markets that are scale sensitive	CA-SOU-AI
		The Balanced Scorecard supports the organisation's ability to raise the barriers to imitation by competitors	CA-SOU-BI
Competitive Sustainability	CA-CSU	The Balanced Scorecard improves organisation's operational effectiveness (cost leadership, positioning, continuous improvement)	CA-CSU-OE
		The Balanced Scorecard supports the organisation's ability to combine different activities to create real economic value	CA-CSU-EV
		The Balanced Scorecard develops organisational synergy by ensuring that assets are spread over a number of markets	CA-CSU-OS

Governance	CA-GOV	The Balanced Scorecard supports vertical integration in terms of group systems such as centrally managed purchasing technology applications	CA-GOV-VI
		The Balanced Scorecard increases awareness of intangible assets	CA-GOV-IA
		The Balanced Scorecard fosters organisation's knowledge, skills, leadership and culture	CA-GOV-FC
Innovation and Knowledge Management	CA-IKM	The Balanced Scorecard enhances the organisation's access to know-how and markets	CA-IKM-AM
		The Balanced Scorecard increases the organisation's time-compression by performing activities faster and with rapid response to market trends	CA-IKM-TC
		The Balanced Scorecard ensures that the organisation's innovation management takes place in a supportive context	CA-IKM-IM
		The Balanced Scorecard ensures optimal customer service through people (training, commitment and ownership), technology (integrated systems and processes), and customer loyalty programmes	CA-IKM-CA
Stakeholder Involvement	CA-SIE	The Balanced Scorecard enhances the organisation's reputation, relationships, switching costs and product complementaries	CA-SIE-ER
		The Balanced Scorecard enhances the organisation's relationships across organisations and supply chains	CA-SIE-ES
		The Balanced Scorecard enhances the organisation's focus on creating or increasing shareholder value	CA-SIE-SV
		The Balanced Scorecard supports the organisation's drive to own the customer	CR-SIE-CR

Proposition 3

Theme	Code	Statement	Code
Strategic Intent	**SU-STI**	The Balanced Scorecard supports senior management's belief that risk management should be embedded in every business unit and sponsors a comprehensive risk management programme	SU-STI-RM
		The Balanced Scorecard supports the involvement of all stakeholders in major new programmes to promote their understanding	SU-STI-SU
Sustainable Resource Management	**SU-REM**	The Balanced Scorecard increases the organisation's awareness of governmental, social, and political factors that present opportunities or threats	SU-REM-OT
		The Balanced Scorecard supports the organisation's ability to include all relevant individuals and organisation's in its network	SU-REM-ON
Sustainable Processes	**SU-STP**	The Balanced Scorecard increases the organisation's ability to address risk in its day-to-day-decision-making processes	SU-STP-RD
		The Balanced Scorecard supports the organisation's ability to identify and select alliance partners	SU-STP-AP
Environment	**SU-ENV**	The Balanced Scorecard supports the organisation's ability to identify and manage risk across corporate borders (risk created by unrelated service agents and vendors due to their internal weaknesses)	SU-ENV-MR
		The Balanced Scorecard increases the organisation's awareness of trend changes, global demographics, proximity, lifestyle changes, flexibility in workplace, information hubs, convergence of technology and availability of environmental and social needs	SU-ENV-AE

		The Balanced Scorecard supports the organisation's ability to learn from and share experiences with other organisations through its learning and innovation drive	SU-ENV-LI
Ethics	SU-ETH	The Balanced Scorecard enhances non-tangibles (relationship with government, autonomy, know-how specialisation, intellectual property, etc.) to create extended organisational and product sustainability	SU-ENV-NT
		The Balanced Scorecard fosters values and ethics and provides a sustainable measurable foundation (nominal) for future organisational excellence	SU-ENV-VE
		The Balanced Scorecard ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment	SU-ENV-EE

In total, 15 themes were identified from the three propositions as the main constructs to developing and maintaining a sustainable competitive advantage by utilising the Balanced Scorecard as a strategic management instrument, followed by 53 sub-themes. The frequencies and percentage weighting, showing the number of respondents per statement during the ten structured interviews are given in Table 5.1. The themes and sub-themes were also evaluated during the three semi-structured group discussions, consisting of eight individuals per group (group one discussed Proposition 1, group two, Proposition 2 and group three, Proposition 3). The overall findings were categorised according to percentage weightings according to the categories used in the Likert scale that was used for the 137 structured questionnaires. In total, 171 individuals participated in this research. The same was done for the initial structured interviews. The results of the structured interviews, the questionnaire and the group discussions were compared in a triangulation verification approach.

The following constructs/phrases/words from the structured interviews were used to compile the structured questionnaire:

Theme Con	structs/phrases/words	Code
Understanding Su	pports strategy formulation	SM-UND-SF

Ex	pands strategy understanding	SM-UND-EU
Dev	elops management competence	SM-UND-MC
	Supports mission and vision	SM-UND-MV
Execution	Addresses implementation issues	SM-EXE-PS
	Enhances employee capability	SM-EXE-EC
	Top management commitment and support	SM-EXE-CS
	Translates strategy into action	SM-EXE-SA
Operationalise Bu	y-in from employees	SM-OPE-BE
	Balance between operations and strategy	SM-OPE-BF
	Integrate policies and procedures	SM-OPE-IP
	Links overall strategy to individual performance	SM-OPE-LG
	Links current to future investment/competency	SM-OPE-LC
Resources Outline	individual responsibilities	SM-RES-OR
	Develop organisational leadership	SM-RES-DL
	Support organisational culture	SM-RES-SC
	Align organisational capabilities	SM-RES-AC
	Support long-term decision-making	SM-RES-SD
Communication Defines	management styles	SM-COM-MS
	Implementation control and follow-up systems	SM-COM-IC
Improve	s overall communication	SM-COM-OC
	Ability to adjust overall strategy	SM-COM-AS
Su	pports strategy robustness	SM-COM-SR
Sources	Develop core competencies	CA-SOU-DC
	Support the differentiation position	CA-SOU-SP
	Enhance capacity for scale-sensitive markets	CA-SOU-AI
	Raise the barriers to imitation	CA-SOU-BI
Competitive sustainability	Improves organisational effectiveness	CA-CSU-OE
	Combines activities to create economic value	CA-CSU-EV
Dev	elops organisational synergy	CA-CSU-OS
Governance	Supports vertical integration of systems	CA-GOV-VI
	Increases awareness of intangible assets	CA-GOV-IA
	Fosters knowledge, skills, leadership and culture	CA-GOV-FC

Innovation	Enhances access to know-how and markets	CA-IKM-AM
I	ncreases time compression	CA-IKM-TC
Su	pports innovation management	CA-IKM-IM
	Ensures optimal customer service	CA-IKM-CA
Stakeholder involvement	Enhances organisational reputation/relationships	CA-SIE-ER
	Enhances supply chain management	CA-SIE-ES
	Increases stakeholder value	CA-SIE-SV
	Supports drive to own the customer	CA-SIE-CR
Strategic intent	Supports risk management	SU-STI-RM
Promo	tes stakeholder understanding	SU-STI-SU
Sustainable resource management	Increases awareness of external factors	SU-REM-OT
En	hances organisational networks	SU-REM-ON
Sustainable processes	Address risk in day-to-day operations	SU-STP-RD
	Support ability to select alliance partners SU-S	TP-AP
Environment	Enhances to manage risk across borders	SU-ENV-MR
	Increases organisational awareness of trends	SU-ENV-AE
	Supports learning and innovation drive	SU-ENV-LI
Ethics	Create organisational and product sustainability	SU-ENV-NT
	Foster values and ethics	SU-ENV-VE
	Support external strategy robustness	SU-ENV-EE

Annexure 6.1: Original frequency distributions – Phase 2

1. Enhances strategy formulation	Not at all	n	4
		%	2.9%
	Somewhat	N	6
		%	4.4%
	Partially	n	33
		%	24.1%
	Adequately	n	63
		%	46.0%
	Fully	n	31
		%	22.6%
Total	n		137
	%		100.0%

2. Addresses major problems that surface during implementation	Not at all	n	3
		%	2.2%
	Somewhat	n	10
		%	7.3%
	Partially	n	37
		%	27.0%
	Adequately	n	79
		%	57.7%
	Fully	n	8
		%	5.8%
Total	n		137
	%		100.0%

3. Outlines individual responsibilities of implementers	Not at all	n	2
		%	1.5%
	Somewhat	n	5
		%	3.6%
	Partially	n	45
		%	32.8%
	Adequately	n	60
		%	43.8%
	Fully	n	25
		%	18.2%
Total	n		137
	%		100.0%

4. Expands the understanding of strategy by internal and external stakeholders	Not at all	n	2
		%	1.5%
	Somewhat	n	2
		%	1.5%
	Partially	n	37
		%	27.0%
	Adequately	n	71
		%	51.8%
	Fully	n	25
		%	18.2%
Total	n		137
	%		100.0%

5. Enhances employees' capability of implementing strategy	Not at all	n	2
		%	1.5%
	Somewhat	n	10
		%	7.3%
	Partially	n	50
		%	36.5%
	Adequately	n	59
		%	43.1%
	Fully	n	16
		%	11.7%
Total	n		137
	%		100.0%

6. Ensures buy-in from employees	Not at all	n	3
		%	2.2%
	Somewhat	n	16
		%	11.7%
	Partially	n	55
		%	40.1%
	Adequately	n	54
		%	39.4%
	Fully	n	9
		%	6.6%
Total	n		137
	%		100.0%

7. Develops management competence	Not at all	n	1
		%	.7%
	Somewhat	n	12
		%	8.8%
	Partially	n	43
		%	31.4%
	Adequately	n	69
		%	50.4%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

8. Increases top management commitment and support	Not at all	n	3
		%	2.2%
	Somewhat	n	6
		%	4.4%
	Partially	n	46
		%	33.6%
	Adequately	n	60
		%	43.8%
	Fully	n	22
		%	16.1%
Total	n		137
	%		100.0%

9. Ensures a balance between operational and strategic focus	Not at all	n	2
		%	1.5%
	Somewhat	n	5
		%	3.6%
	Partially	n	52
		%	38.0%
	Adequately	n	59
		%	43.1%
	Fully	n	19
		%	13.9%
Total	n		137
	%		100.0%

10. Defines appropriate management styles	Not at all	n	3
		%	2.2%
	Somewhat	n	20
		%	14.6%
	Partially	n	57
		%	41.6%
	Adequately	n	45
		%	32.8%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

11. Develops organisational leadership qualities	Not at all	n	2
		%	1.5%
	Somewhat	n	18
		%	13.1%
	Partially	n	55
		%	40.1%
	Adequately	n	49
		%	35.8%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

12. Ensures adequate implementation control and follow-up systems	Not at all	n	2
		%	1.5%
	Somewhat	n	4
		%	2.9%
	Partially	n	41
		%	29.9%
	Adequately	n	81
		%	59.1%
	Fully	n	9
		%	6.6%
Total	n		137
	%		100.0%

13. Improves overall communication	Not at all	n	2
		%	1.5%
	Somewhat	n	9
		%	6.6%
	Partially	n	53
		%	38.7%
	Adequately	n	56
		%	40.9%
	Fully	n	17
		%	12.4%
Total	n		137
	%		100.0%

14. Supports favourable organisational culture	Not at all	n	5
		%	3.6%
	Somewhat	n	11
		%	8.0%
	Partially	n	56
		%	40.9%
	Adequately	n	55
		%	40.1%
	Fully	n	10
		%	7.3%
Total	n		137
	%		100.0%

15. Aligns organisational capabilities with changing market requirements	Not at all	n	4
		%	2.9%
	Somewhat	n	7
		%	5.1%
	Partially	n	47
		%	34.3%
	Adequately	n	58
		%	42.3%
	Fully	n	21
		%	15.3%
Total	n		137
	%		100.0%

16. Integrates organisational policies and procedures	Not at all	n	2
		%	1.5%
	Somewhat	n	8
		%	5.8%
	Partially	n	53
		%	38.7%
	Adequately	n	62
		%	45.3%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

17. Supports the mission and vision	Not at all	n	1
		%	.7%
	Somewhat	n	4
		%	2.9%
	Partially	n	44
		%	32.1%
	Adequately	n	55
		%	40.1%
	Fully	n	33
		%	24.1%
Total	n		137
	%		100.0%

18. Translates the strategy into action	Not at all	n	3
		%	2.2%
	Somewhat	n	6
		%	4.4%
	Partially	n	41
		%	29.9%
	Adequately	n	69
		%	50.4%
	Fully	n	18
		%	13.1%
Total	n		137
	%		100.0%

19. Links the overall strategy to the goals at the departmental, team and individual level	Not at all	n	3
		%	2.2%
	Somewhat	n	7
		%	5.1%
	Partially	n	46
		%	33.6%
	Adequately	n	62
		%	45.3%
	Fully	n	19
		%	13.9%
Total	n		137
	%		100.0%

20. Supports long-term decision-making that affects short-term financial objectives	Not at all	n	3
		%	2.2%
	Somewhat	n	9
		%	6.6%
	Partially	n	47
		%	34.3%
	Adequately	n	62
		%	45.3%
	Fully	n	16
		%	11.7%
Total	n		137
	%		100.0%

21. Supports the organisation's ability to adjust the overall strategy if it proves not to be appropriate	Not at all	n	2
		%	1.5%
	Somewhat	n	4
		%	2.9%
	Partially	n	45
		%	32.8%
	Adequately	n	72
		%	52.6%
	Fully	n	14
		%	10.2%
Total	n		137
	%		100.0%

22. Links the investment/competency development and the future investment/competency needs	Not at all	n	3
		%	2.2%
	Somewhat	n	6
		%	4.4%
	Partially	n	52
		%	38.0%
	Adequately	n	62
		%	45.3%
	Fully	n	14
		%	10.2%
Total	n		137
	%		100.0%

23. Ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment	Not at all	n	5
		%	3.6%
	Somewhat	n	13
		%	9.5%
	Partially	n	45
		%	32.8%
	Adequately	n	63
		%	46.0%
	Fully	n	11
		%	8.0%
Total	n		137
	%		100.0%

24. Develops the organisation's core competencies	Not at all	n	6
		%	4.4%
	Somewhat	n	10
		%	7.3%
	Partially	n	43
		%	31.4%
	Adequately	n	65
		%	47.4%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

25. Improves organisation's operational effectiveness (cost leadership, positioning, continuous improvement)	Not at all	n	6
		%	4.4%
	Somewhat	n	11
		%	8.0%
	Partially	n	45
		%	32.8%
	Adequately	n	62
		%	45.3%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

26. Supports the organisation's differentiation position	Not at all	n	4
		%	2.9%
	Somewhat	n	17
		%	12.4%
	Partially	n	47
		%	34.3%
	Adequately	n	61
		%	44.5%
	Fully	n	8
		%	5.8%
Total	n		137
	%		100.0%

27. Enhances the organisation's access to know-how and markets	Not at all	n	4
		%	2.9%
	Somewhat	n	26
		%	19.0%
	Partially	n	37
		%	27.0%
	Adequately	n	57
		%	41.6%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

28. Enhances the organisation's reputation, relationships, switching costs and product complementaries	Not at all	n	6
		%	4.4%
	Somewhat	n	20
		%	14.6%
	Partially	n	42
		%	30.7%
	Adequately	n	47
		%	34.3%
	Fully	n	22
		%	16.1%
Total	n		137
	%		100.0%

29. Supports the organisation's ability to combine different activities to create real economic value	Not at all	n	8
		%	5.8%
	Somewhat	n	16
		%	11.7%
	Partially	n	35
		%	25.5%
	Adequately	n	63
		%	46.0%
	Fully	n	15
		%	10.9%
Total	n		137
	%		100.0%

30. Supports the organisation's ability to make substantial investments in capacity to provide products and services in markets that are scale sensitive	Not at all	n	7
		%	5.1%
	Somewhat	n	17
		%	12.4%
	Partially	n	46
		%	33.6%
	Adequately	n	57
		%	41.6%
	Fully	n	10
		%	7.3%
Total	n		137
	%		100.0%

31. Develops organisational synergy by ensuring that assets are spread over a number of markets	Not at all	n	9
		%	6.6%
	Somewhat	n	20
		%	14.6%
	Partially	n	41
		%	29.9%
	Adequately	n	54
		%	39.4%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

32. Increases the organisation's time-compression by performing activities faster and with rapid response to market trends	Not at all	n	5
		%	3.6%
	Somewhat	n	16
		%	11.7%
	Partially	n	51
		%	37.2%
	Adequately	n	53
		%	38.7%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

33. Enhances the organisation's relationships across companies and supply chains	Not at all	n	6
		%	4.4%
	Somewhat	n	22
		%	16.1%
	Partially	n	44
		%	32.1%
	Adequately	n	54
		%	39.4%
	Fully	n	11
		%	8.0%
Total	n		137
	%		100.0%

34. Supports vertical integration in terms of group systems such as centrally managed purchasing technology applications	Not at all	n	8
		%	5.8%
	Somewhat	n	17
		%	12.4%
	Partially	n	44
		%	32.1%
	Adequately	n	56
		%	40.9%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

35. Enhances the organisation's focus on creating or increasing shareholder value	Not at all	n	7
		%	5.1%
	Somewhat	n	12
		%	8.8%
	Partially	n	32
		%	23.4%
	Adequately	n	67
		%	48.9%
	Fully	n	19
		%	13.9%
Total	n		137
	%		100.0%

36. Increases awareness of intangible assets	Not at all	n	5
		%	3.6%
	Somewhat	n	14
		%	10.2%
	Partially	n	46
		%	33.6%
	Adequately	n	60
		%	43.8%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

37. Supports the organisation's ability to raise the barriers to imitation by competitors	Not at all	n	6
		%	4.4%
	Somewhat	n	17
		%	12.4%
	Partially	n	50
		%	36.5%
	Adequately	n	48
		%	35.0%
	Fully	n	16
		%	11.7%
Total	n		137
	%		100.0%

38. Ensures that the organisation's innovation management takes place in a supportive context	Not at all	n	4
		%	2.9%
	Somewhat	n	16
		%	11.7%
	Partially	n	33
		%	24.1%
	Adequately	n	71
		%	51.8%
	Fully	n	13
		%	9.5%
Total	n		137
	%		100.0%

39. Supports the organisation's drive to own the customer	Not at all	n	8
		%	5.8%
	Somewhat	n	14
		%	10.2%
	Partially	n	33
		%	24.1%
	Adequately	n	57
		%	41.6%
	Fully	n	25
		%	18.2%
Total	n		137
	%		100.0%

40. Ensures optimal customer service through people (training, commitment and ownership), technology (integrated systems and processes), and customer loyalty programmes	Not at all	n	7
		%	5.1%
	Somewhat	n	15
		%	10.9%
	Partially	n	41
		%	29.9%
	Adequately	n	49
		%	35.8%
	Fully	n	25
		%	18.2%
Total	n		137
	%		100.0%

41. Fosters organisation's knowledge, skills, leadership and culture	Not at all	n	7
		%	5.1%
	Somewhat	n	12
		%	8.8%
	Partially	n	36
		%	26.3%
	Adequately	n	59
		%	43.1%
	Fully	n	23
		%	16.8%
Total	n		137
	%		100.0%

42. Increases the organisation's ability to address risk in its day-to-day decision-making processes	Not at all	n	7
		%	5.1%
	Somewhat	n	14
		%	10.2%
	Partially	n	42
		%	30.7%
	Adequately	n	59
		%	43.1%
	Fully	n	15
		%	10.9%
Total	n		137
	%		100.0%

43. Supports the organisation's ability to identify and manage risk across corporate borders (risk created by unrelated service agents and vendors due to their internal weaknesses)	Not at all	n	7
		%	5.1%
	Somewhat	n	18
		%	13.1%
	Partially	n	50
		%	36.5%
	Adequately	n	51
		%	37.2%
	Fully	n	11
		%	8.0%
Total	n		137
	%		100.0%

44. Supports senior management's belief that risk management should be embedded in every business unit and sponsors a comprehensive risk management programme	Not at all	n	5
		%	3.6%
	Somewhat	n	18
		%	13.1%
	Partially	n	44
		%	32.1%
	Adequately	n	49
		%	35.8%
	Fully	n	21
		%	15.3%
Total	n		137
	%		100.0%

45. Enhances non-tangibles (relationship with government, autonomy, know-how specialisation, intellectual property, etc.) to create extended organisational and product sustainability	Not at all	n	7
		%	5.1%
	Somewhat	n	17
		%	12.4%
	Partially	n	48
		%	35.0%
	Adequately	n	56
		%	40.9%
	Fully	n	9
		%	6.6%
Total	n		137
	%		100.0%

46. Fosters values and ethics and provides a sustainable measurable foundation (nominal) for future organisational excellence	Not at all	n	7
		%	5.1%
	Somewhat	n	20
		%	14.6%
	Partially	n	42
		%	30.7%
	Adequately	n	51
		%	37.2%
	Fully	n	17
		%	12.4%
Total	n		137
	%		100.0%

47. Increases the organisation's awareness of trend changes, global demographics, proximity, lifestyles changes, flexibility in workplace, information hubs, convergence of technology and availability of environmental and social needs	Not at all	n	10
		%	7.3%
	Somewhat	n	20
		%	14.6%
	Partially	n	42
		%	30.7%
	Adequately	n	45
		%	32.8%
	Fully	n	20
		%	14.6%
Total	n		137
	%		100.0%

48. Increase the organisation's awareness of governmental, social, and political factors that present opportunities or threats	Not at all	n	5
		%	3.6%
	Somewhat	n	24
		%	17.5%
	Partially	n	38
		%	27.7%
	Adequately	n	50
		%	36.5%
	Fully	n	20
		%	14.6%
Total	n		137
	%		100.0%

49. Supports the organisation's ability to identify and select alliance partners	Not at all	n	6
		%	4.4%
	Somewhat	n	25
		%	18.2%
	Partially	n	47
		%	34.3%
	Adequately	n	42
		%	30.7%
	Fully	n	17
		%	12.4%
Total	n		137
	%		100.0%

50. Supports the organisation's ability to include all relevant individuals and organisations in its network	Not at all	n	7
		%	5.1%
	Somewhat	n	20
		%	14.6%
	Partially	n	45
		%	32.8%
	Adequately	n	46
		%	33.6%
	Fully	n	19
		%	13.9%
Total	n		137
	%		100.0%

51. Supports the involvement of all stakeholders in major new programmes to promote their understanding	Not at all	n	5
		%	3.6%
	Somewhat	n	23
		%	16.8%
	Partially	n	43
		%	31.4%
	Adequately	n	47
		%	34.3%
	Fully	n	19
		%	13.9%
Total	n		137
	%		100.0%

52. Supports the organisation's ability to learn from and share experiences with other organisations through its learning and innovation drive	Not at all	n	8
		%	5.8%
	Somewhat	n	22
		%	16.1%
	Partially	n	37
		%	27.0%
	Adequately	n	58
		%	42.3%
	Fully	n	12
		%	8.8%
Total	n		137
	%		100.0%

53. The scorecard as an instrument supports and enhances the sustainability constructs of an organisation's competitive advantage	Not at all	n	8
		%	5.8%
	Somewhat	n	12
		%	8.8%
	Partially	n	33
		%	24.1%
	Adequately	n	61
		%	44.5%
	Fully	n	23
		%	16.8%
Total	n		137
	%		100.0%

Annexure 6.2: Frequency tables (derived) – Phase 2

v1 1. Enhances strategy formulation

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	4	2.9	2.9	2.9
	2 Partially	39	28.5	28.5	31.4
	3 Adequately	94	68.6	68.6	100.0
	Total	137	100.0	100.0	

v2 2. Addresses major problems that surface during implementation

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	47	34.3	34.3	36.5
	3 Adequately	87	63.5	63.5	100.0
	Total	137	100.0	100.0	

v3 3. Outlines individual responsibilities of implementers

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	50	36.5	36.5	38.0
	3 Adequately	85	62.0	62.0	100.0
	Total	137	100.0	100.0	

v4 4. Expands the understanding of strategy by internal and external stakeholders

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	39	28.5	28.5	29.9
	3 Adequately	96	70.1	70.1	100.0
	Total	137	100.0	100.0	

v5 5. Enhances employees' capability of implementing strategy

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	60	43.8	43.8	45.3
	3 Adequately	75	54.7	54.7	100.0
	Total	137	100.0	100.0	

v6 6. Ensures support from employees

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	71	51.8	51.8	54.0
	3 Adequately	63	46.0	46.0	100.0
	Total	137	100.0	100.0	

v7 7. Develops management competence

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	1	.7	.7	.7
	2 Partially	55	40.1	40.1	40.9
	3 Adequately	81	59.1	59.1	100.0
	Total	137	100.0	100.0	

v8 8. Increases top management commitment and support

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	52	38.0	38.0	40.1
	3 Adequately	82	59.9	59.9	100.0
	Total	137	100.0	100.0	

v9 9. Ensures a balance between operational and strategic focus

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	57	41.6	41.6	43.1
	3 Adequately	78	56.9	56.9	100.0
	Total	137	100.0	100.0	

v10 10. Defines appropriate management styles

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	77	56.2	56.2	58.4
	3 Adequately	57	41.6	41.6	100.0
	Total	137	100.0	100.0	

v11 11. Develops organisational leadership qualities

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	73	53.3	53.3	54.7
	3 Adequately	62	45.3	45.3	100.0
	Total	137	100.0	100.0	

v12 12. Ensures adequate implementation control and follow-up systems

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	45	32.8	32.8	34.3
	3 Adequately	90	65.7	65.7	100.0
	Total	137	100.0	100.0	

v13 13. Improves overall communication

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	62	45.3	45.3	46.7
	3 Adequately	73	53.3	53.3	100.0
	Total	137	100.0	100.0	

v14 14. Supports favourable organisational culture

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	67	48.9	48.9	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v15 15. Aligns organisational capabilities with changing market requirements

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	4	2.9	2.9	2.9
	2 Partially	54	39.4	39.4	42.3
	3 Adequately	79	57.7	57.7	100.0
	Total	137	100.0	100.0	

v16 16. Integrates organisational policies and procedures

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	61	44.5	44.5	46.0
	3 Adequately	74	54.0	54.0	100.0
	Total	137	100.0	100.0	

v17 17. Supports the mission and vision

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	1	.7	.7	.7
	2 Partially	48	35.0	35.0	35.8
	3 Adequately	88	64.2	64.2	100.0
	Total	137	100.0	100.0	

v18 18. Translates the strategy into action

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	47	34.3	34.3	36.5
	3 Adequately	87	63.5	63.5	100.0
	Total	137	100.0	100.0	

v19 19. Links the overall strategy to the objectives at the departmental, team and individual level

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	53	38.7	38.7	40.9
	3 Adequately	81	59.1	59.1	100.0
	Total	137	100.0	100.0	

v20 20. Supports long-term decision-making that affects short-term financial objectives

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	56	40.9	40.9	43.1
	3 Adequately	78	56.9	56.9	100.0
	Total	137	100.0	100.0	

v21 21. Supports the organisation's ability to adjust the overall strategy if it shows not to be appropriate

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	2	1.5	1.5	1.5
	2 Partially	49	35.8	35.8	37.2
	3 Adequately	86	62.8	62.8	100.0
	Total	137	100.0	100.0	

v22 22. Links the investment/competency development and the future investment/competency needs

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	3	2.2	2.2	2.2
	2 Partially	58	42.3	42.3	44.5
	3 Adequately	76	55.5	55.5	100.0
	Total	137	100.0	100.0	

v23 23. Ensures that the strategy is robust enough to withstand uncontrollable factors in the external environment

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	58	42.3	42.3	46.0
	3 Adequately	74	54.0	54.0	100.0
	Total	137	100.0	100.0	

v24 24. Develops the organisation's core competencies

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	53	38.7	38.7	43.1
	3 Adequately	78	56.9	56.9	100.0
	Total	137	100.0	100.0	

v25 25. Improves organisation's operational effectiveness (cost leadership, positioning, continuous improvement)

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	56	40.9	40.9	45.3
	3 Adequately	75	54.7	54.7	100.0
	Total	137	100.0	100.0	

v26 26. Supports the organisation's differentiation position

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	4	2.9	2.9	2.9
	2 Partially	64	46.7	46.7	49.6
	3 Adequately	69	50.4	50.4	100.0
	Total	137	100.0	100.0	

v27 27. Enhances the organisation's access to know-how and markets

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	4	2.9	2.9	2.9
	2 Partially	63	46.0	46.0	48.9
	3 Adequately	70	51.1	51.1	100.0
	Total	137	100.0	100.0	

v28 28. Enhances the organisation's reputation, relationships, switching costs and product complementaries

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	62	45.3	45.3	49.6
	3 Adequately	69	50.4	50.4	100.0
	Total	137	100.0	100.0	

v29 29. Supports the organisation's ability to combine different activities to create real economic value

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	8	5.8	5.8	5.8
	2 Partially	51	37.2	37.2	43.1
	3 Adequately	78	56.9	56.9	100.0
	Total	137	100.0	100.0	

v30 30. Supports the organisation's ability to make substantial investments in capacity to provide products and services in markets that are scale sensitive

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	63	46.0	46.0	51.1
	3 Adequately	67	48.9	48.9	100.0
	Total	137	100.0	100.0	

v31 31. Develops organisational synergy by ensuring that assets are spread over a number of markets

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	9	6.6	6.6	6.6
	2 Partially	61	44.5	44.5	51.1
	3 Adequately	67	48.9	48.9	100.0
	Total	137	100.0	100.0	

v32 32. Increases the organisation's time-compression by performing activities faster and with rapid response to market trends

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	67	48.9	48.9	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v33 33. Enhances the organisation's relationships across organisations and supply chains

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	66	48.2	48.2	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v34 34. Supports vertical integration in terms of group systems such as centrally managed purchasing technology applications

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	8	5.8	5.8	5.8
	2 Partially	61	44.5	44.5	50.4
	3 Adequately	68	49.6	49.6	100.0
	Total	137	100.0	100.0	

v35 35. Enhances the organisation's focus on creating or increasing shareholder value

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	44	32.1	32.1	37.2
	3 Adequately	86	62.8	62.8	100.0
	Total	137	100.0	100.0	

v36 36. Increases awareness of intangible assets

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	60	43.8	43.8	47.4
	3 Adequately	72	52.6	52.6	100.0
	Total	137	100.0	100.0	

v37 37. Supports the organisation's ability to raise the barriers to imitation by competitors

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	67	48.9	48.9	53.3
	3 Adequately	64	46.7	46.7	100.0
	Total	137	100.0	100.0	

v38 38. Ensures that the organisation's innovation management takes place in a supportive context

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	4	2.9	2.9	2.9
	2 Partially	49	35.8	35.8	38.7
	3 Adequately	84	61.3	61.3	100.0
	Total	137	100.0	100.0	

v39 39. Supports the organisation's drive to own the customer

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	8	5.8	5.8	5.8
	2 Partially	47	34.3	34.3	40.1
	3 Adequately	82	59.9	59.9	100.0
	Total	137	100.0	100.0	

v40 40. Ensures optimal customer service through people (training, commitment and ownership), technology (integrated systems and processes) …

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	56	40.9	40.9	46.0
	3 Adequately	74	54.0	54.0	100.0
	Total	137	100.0	100.0	

v41 41. Fosters organisation's knowledge, skills, leadership and culture

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	48	35.0	35.0	40.1
	3 Adequately	82	59.9	59.9	100.0
	Total	137	100.0	100.0	

v42 42. Increases the organisation's ability to address risk in its day-to-day decision-making processes

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	56	40.9	40.9	46.0
	3 Adequately	74	54.0	54.0	100.0
	Total	137	100.0	100.0	

v43 43. Supports the organisation's ability to identify and manage risk across corporate borders (risk created by unrelated service agents…

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	68	49.6	49.6	54.7
	3 Adequately	62	45.3	45.3	100.0
	Total	137	100.0	100.0	

v44 44. Supports senior management's belief that risk management should be embedded in every business unit and sponsors a comprehensive risk management programme

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	62	45.3	45.3	48.9
	3 Adequately	70	51.1	51.1	100.0
	Total	137	100.0	100.0	

v45 45. Enhances non-tangibles (relationship with government, autonomy, know-hoe specialisation, intellectual property, etc.) to …

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	65	47.4	47.4	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v46 46. Fosters values and ethics and provides a sustainable measurable foundation (nominal) for future organisational excellence

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	62	45.3	45.3	50.4
	3 Adequately	68	49.6	49.6	100.0
	Total	137	100.0	100.0	

v47 47. Increases the organisation's awareness of trend changes, global demographics, proximity, lifestyles changes, flexibility…

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	10	7.3	7.3	7.3
	2 Partially	62	45.3	45.3	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v48 48. Increase the organisation's awareness of governmental, social, and political factors that present opportunities or threats

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	62	45.3	45.3	48.9
	3 Adequately	70	51.1	51.1	100.0
	Total	137	100.0	100.0	

v49 49. Supports the organisation's ability to identify and select alliance partners

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	6	4.4	4.4	4.4
	2 Partially	72	52.6	52.6	56.9
	3 Adequately	59	43.1	43.1	100.0
	Total	137	100.0	100.0	

v50 50. Supports the organisation's ability to include all relevant individuals and organisations in its network

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	7	5.1	5.1	5.1
	2 Partially	65	47.4	47.4	52.6
	3 Adequately	65	47.4	47.4	100.0
	Total	137	100.0	100.0	

v51 51. Supports the involvement of all stakeholders in major new programmes to promote their understanding

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	5	3.6	3.6	3.6
	2 Partially	66	48.2	48.2	51.8
	3 Adequately	66	48.2	48.2	100.0
	Total	137	100.0	100.0	

v52 52. Supports the organisation's ability to learn from and share experiences with other organisations through its learning and innovative drive

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	8	5.8	5.8	5.8
	2 Partially	59	43.1	43.1	48.9
	3 Adequately	70	51.1	51.1	100.0
	Total	137	100.0	100.0	

v53 53. The Balanced Scorecard as an instrument supports and enhances the sustainability constructs of an organisation's competitive advantage

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	1 Not at all	8	5.8	5.8	5.8
	2 Partially	45	32.8	32.8	38.7
	3 Adequately	84	61.3	61.3	100.0
	Total	137	100.0	100.0	

Annexure 7: Research questionnaire – Phase 4

THE STRATEGIC VALUE OF THE BALANCED SCORECARD IN THE NETWORKED ECONOMY

A MultiChoice Africa (Pty) Limited Case Study

> Dear respondent
>
> This questionnaire aims at measuring your perceptions towards the **operational value** of the Balanced Scorecard in terms of strategy implementation, competitive advantage and sustainability. The completion of this questionnaire will take approximately 20 minutes. Thank you for participating in this study.

SECTION A: DEMOGRAPHIC CHARACTERISICS

Please tick the appropriate code

Gender	Male	1	☐	
	Female	2	☐	/1
Age	18 – 24 years	1	☐	
	25 – 34 years	2	☐	
	35 – 49 years	3	☐	
	50+ years	4	☐	/2
Employee level	General Staff / Administrative	1	☐	
	Supervisory / Junior Management	2	☐	
	Middle Management	3	☐	
	Senior Management	4	☐	
	General Manager / EXCO	5	☐	
	Other	6	☐	/3
Department	Broadcast Technology Division	1	☐	
	Content	2	☐	
	Corporate Communication	3	☐	
	Finance	4	☐	
	Human Resources	5	☐	
	Information Technology Division	6	☐	
	Interactive	7	☐	

Marketing	8☐	
Regulatory	9☐	
SA Operations	10☐	/4

SECTION B: THE BALANCED SCORECARD AND STRATEGY MANAGEMENT

1. Please indicate if you agree or disagree with the following statements. Please tick the appropriate code.

	Disagree	Agree	
The Balanced Scorecard provides me with **valuable information** that allows me to be more efficient and effective in my work	1☐	2☐	/5
I have found **problem solving** in my department to be much faster since the introduction of the Balanced Scorecard	1☐	2☐	/6
The Balanced Scorecard is a **valuable instrument** for me	1☐	2☐	/7
The Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in successfully implementing their new **strategic intent**	1☐	2☐	/8
The Balanced Scorecard has exceeded my personal expectations in overcoming the traditional barriers to strategy implementation	1☐	2☐	/9
The Balanced Scorecard provides **valuable feedback** on strategically important issues to me	1☐	2☐	/10
The Balanced Scorecard **effectively links** short-term resource allocation with long-term strategy	1☐	2☐	/11
Since the implementation of the Balanced Scorecard, I find it much easier to **reach my objectives**	1☐	2☐	/12
The Balanced Scorecard assists me to understand how **strategies** should be **implemented**	1☐	2☐	/13
The Balanced Scorecard provides the feedback that I need to **perform my job effectively**	1☐	2☐	/14
The Balanced Scorecard has enhanced my **decision making abilities**	1☐	2☐	/15
The Balanced Scorecard has enhanced my **leadership abilities**	1☐	2☐	/16
The Balanced Scorecard has assisted me to **better exchange my views** regarding important strategic objectives of the organisation	1☐	2☐	/17

The Balanced Scorecard has shaped the way my **department operates**	1☐	2☐	/18
The Balanced Scorecard has equipped me to **overcome the barriers** that exists in strategy planning	1☐	2☐	/19
Since the introduction of the Balanced Scorecard my department has been able to better **coordinate and manage** my departments' budget	1☐	2☐	/20
I use the information the Balanced Scorecard provides to **set more feasible targets** for my department	1☐	2☐	/21
The **enhancing of proper communication routes** between departments by the Balanced Scorecard assists me to align the objectives more effectively	1☐	2☐	/22
The Balanced Scorecard assisted to narrow down the **important strategic objectives** of the organisation thereby enhancing the quality of the strategies implemented	1☐	2☐	/23
With the Balanced Scorecard it has become easier for me to **link strategy to action**	1☐	2☐	/24
My department uses the Balanced Scorecard as an instrument to **encourage action** and **appropriate change**	1☐	2☐	/25
The Balanced Scorecard is a **successful management instrument** because its measures can be changed (**flexible**) to suit the organisation's needs in the constantly changing environment it operates	1☐	2☐	/26
It is too early to tell the **real impact** of the Balanced Scorecard	1☐	2☐	/27
The Balanced Scorecard has brought about a **positive change** in the way we do business	1☐	2☐	/28
The Balanced Scorecard is nothing more than a **measurement instrument**	1☐	2☐	/29

SECTION B: THE BALANCED SCORECARD AND COMPETITIVE ADVANTAGE

2. Please indicate if you agree or disagree with the following statements. Please tick the appropriate code.

	Disagree	Agree	
Since the implementation of the Balanced Scorecard, MultiChoice Africa (Pty) Limited was able to **pursue opportunities** that created a competitive advantage	1☐	2☐	/30
Since the introduction of the Balanced Scorecard, management is able to **act on opportunities** that supports gaining a competitive advantage over competitors	1☐	2☐	/31
Since the implementation of the Balanced Scorecard, I understand MultiChoice Africa (Pty) Limited's **competitive environment** much better	1☐	2☐	/32
I believe the Balanced Scorecard aided my department to rethink how to **explore new markets** in order to establish a sustainable competitive edge	1☐	2☐	/33
The Balanced Scorecard assisted in **identifying key success factors** (product quality/customer knowledge, on-time delivery etc.) that creates a sustainable competitive advantage	1☐	2☐	/34
I use the Balanced Scorecard as a **synchronisation instrument** for information, human capital and the market to create new services in my department that will assist and maintain a sustainable competitive advantage	1☐	2☐	/35
Management uses the Balanced Scorecard as an instrument to **manage the diversity** in the organisation	1☐	2☐	/36
The Balanced Scorecard assists the organisation to focus on **decreasing the organisation's cost** by making it more efficient in delivering business solutions	1☐	2☐	/37
The Balanced Scorecard assists the organisation to improve **service** delivery to customers	1☐	2☐	/38
The Balanced Scorecard is used as an instrument to assist management **reinvent the organisation's business model** in order to create a competitive advantage in the market	1☐	2☐	/39

The Balanced Scorecard initiates the **alignment and focus of all the organisation's resources** on its strategy	1☐	2☐	/40
The use of the Balanced Scorecard resulted in better strategy implementation through the **creation of new business models**	1☐	2☐	/41
I feel the Balanced Scorecard is **adding value to the role of** internal and external **stakeholders** (increasing) in the organisation's value chain	1☐	2☐	/42
The Balanced Scorecard **initiates better cooperation and collaboration** between all stakeholders	1☐	2☐	/43
The introduction of the Balanced Scorecard results in the organisation **generating returns in excess of the cost of capital** and **earning a higher rate of economic profit** than the average of its competitors (competitive advantage)	1☐	2☐	/44

SECTION C: THE BALANCED SCORECARD AND SUSTAINABILITY

3. Please indicate if you agree or disagree with the following statements. Please tick the appropriate code.

	Disagree	Agree	
The Balanced Scorecard has built a **favourable culture** within MultiChoice	1☐	2☐	/45
Operationally we are **more effective** due to the introduction of the Balanced Scorecard	1☐	2☐	/46
The Balanced Scorecard has assisted me to cope with the **change management process** more effectively	1☐	2☐	/47
The Balanced Scorecard is an instrument that is focused on the **operational side** of the business	1☐	2☐	/48
The Balanced Scorecard has **added real value** to the business	1☐	2☐	/49
The Balanced Scorecard has assisted to **control and manage** corporate sustainability	1☐	2☐	/50
The Balanced Scorecard assists management in **streamlining sustainability strategy** and set clear targets for environmental management and corporate social responsibility	1☐	2☐	/51
I find the Balanced Scorecard a helpful **business instrument** in developing strategies to attract and retain customers	1☐	2☐	/52
The Balanced Scorecard has made me more aware of the **threats and opportunities** the organisation faces and how this will have an impact on the business objectives and performance	1☐	2☐	/53
The Balanced Scorecard **enhances the effectiveness** of the organisation's ability to develop and maintain a sustainable competitive advantage	1☐	2☐	/54
I use the Balanced Scorecard to focus on short-term objectives in order to **achieve long-term sustainability**	1☐	2☐	/55
I used the Balanced Scorecard during the changed management process to better **understand the new corporate vision and mission**	1☐	2☐	/56

SECTION D: GENERAL

4. To what extent would you say the Balanced Scorecard has met your expectations with regard to the following key issues, where 1 = Not met my expectations; 2 = Met my expectation; and 3 = Exceeded my expectations. Please tick the appropriate code.

	Not met expectations	Met expectations	Exceeded expectations	
Overcoming the barriers in strategy implementation	1☐	2☐	3☐	/57
Assisting MultiChoice Africa (Pty) Limited in **gaining a competitive advantage**	1☐	2☐	3☐	/58
Assisting MultiChoice Africa (Pty) Limited in **sustaining a competitive advantage**	1☐	2☐	3☐	/59

5. To what extent has the BALANCED SCORECARD since its introduction/implementation achieved the following operational objectives? (1 = Not at all; 2 = To some extent; 3 = To a large extent; 4 = Completely) Please tick the appropriate code.

	Not at all	To some extent	To a large extent	Completely	
Build a **favourable culture** for MultiChoice Africa (Pty) Limited	1☐	2☐	3☐	4☐	/60
Build a business environment that is **conducive for growth**	1☐	2☐	3☐	4☐	/61
Effectively **met the needs** of management to pursue opportunities	1☐	2☐	3☐	4☐	/62
Build a **communication environment** that allows management to recognise opportunities and threats	1☐	2☐	3☐	4☐	/63
Build an environment where the company **operates effectively**	1☐	2☐	3☐	4☐	/64
Provided a framework for	1☐	2☐	3☐	4☐	/66

	Not at all	To some extent	To a large extent	Completely	
translating strategy into operational themes and thereby facilitating the role of management					
Encouraged managers and staff to **think strategically** about the organisation and its future	1☐	2☐	3☐	4☐	/67
Created an environment which is **conducive to learning organisations**	1☐	2☐	3☐	4☐	/68
Provided a platform for **identifying strategic and operational priorities**	1☐	2☐	3☐	4☐	/69

	Not at all	To some extent	To a large extent	Completely	
Assisted management in **enhancing the strategy formulation process**	1☐	2☐	3☐	4☐	/70
Guided employees from all levels towards contributing to organisational objectives	1☐	2☐	3☐	4☐	/71
Changed the **business thinking perspective** of employees	1☐	2☐	3☐	4☐	/72
Improved the decision-making environment	1☐	2☐	3☐	4☐	/73
Overcoming the barriers in strategy implementation	1☐	2☐	3☐	4☐	/74
Assisting MultiChoice Africa (Pty) Limited in **gaining a competitive advantage**	1☐	2☐	3☐	4☐	/75
Assisting MultiChoice Africa (Pty) Limited in **sustaining a competitive advantage**	1☐	2☐	3☐	4☐	/76

6. In what areas of the business would you say the Balanced Scorecard has had the most effect?

Please motivate

/76

7. In what areas do you think does the Balanced Scorecard fail? Please elaborate

/77

8. What are the main uses of the Balanced Scorecard in your department?

/78

9. From your perspective, how would you evaluate the impact of the Balanced Scorecard since its introduction? Please motivate why you say so

No or limited results	**Some progress**	**Achieved breakthrough results**	**Exceeded my expectations**	
1☐	2☐	3☐	4☐	/76
				/77

Thank you for your participation

After completing the survey, please save this document to your local hard drive (e.g. c:\temp) and attach to e-mail addressed to ntheunissen@sars.gov.za

Annexure 8: Frequency tables – Phase 4

Section B1: Strategy management		Disagree	Agree	Total
The Balanced Scorecard provides me with **valuable information** that allows me to be more efficient and effective in my work.	%	12%	88%	100%
I have found **problem solving** in my department to be much faster since the introduction of the Balanced Scorecard.	%	34%	66%	100%
The Balanced Scorecard is a **valuable instrument** for me.	%	12%	88%	100%
The Balanced Scorecard has assisted MultiChoice Africa (Pty) Limited in **successfully implementing** their new strategic intent.	%	12%	88%	100%
The Balanced Scorecard has exceeded my personal expectations in overcoming the **traditional barriers to strategy implementation.**	%	20%	80%	100%
The Balanced Scorecard provides **valuable feedback** on strategically important issues to me.	%	13%	87%	100%
The Balanced Scorecard **effectively links** short-term resource allocation with long-term strategy.	%	16%	84%	100%
Since the implementation of the Balanced Scorecard, I find it much easier to **reach my objectives**.	%	22%	78%	100%
The Balanced Scorecard helps me to understand how strategies should be **implemented**.	%	13%	87%	100%
The Balanced Scorecard provides the feedback that I need to **perform my job effectively**.	%	19%	81%	100%
The Balanced Scorecard has enhanced my **decision-making abilities.**	%	27%	73%	100%
The Balanced Scorecard has enhanced my **leadership abilities**.	%	28%	72%	100%
The Balanced Scorecard has helped me **to better exchange my views** regarding important strategic objectives of the organisation.	%	19%	81%	100%
The Balanced Scorecard has shaped the way **my department operates.**	%	27%	73%	100%
The Balanced Scorecard has equipped me to overcome **the barriers** that exist in strategy planning.	%	22%	78%	100%
Since the introduction of the Balanced Scorecard my department has been able to better **co-ordinate and manage** my departments' budget.	%	32%	68%	100%
I use the information in the Balanced Scorecard **to set more feasible targets** for my department.	%	23%	77%	100%
The enhancing of proper **communication** routes between departments by the Balanced Scorecard helped me to align the objectives more effectively.	%	31%	69%	100%
The Balanced Scorecard assisted to narrow down **the important strategic objectives** of the organisation, thereby enhancing the quality of the strategies implemented.	%	14%	86%	100%
With the Balanced Scorecard it has become easier for me to **link**	%	18%	82%	100%

strategy to action.				
My department uses the Balanced Scorecard as an instrument to **encourage action and appropriate change**.	%	34%	66%	100%
The Balanced Scorecard is a **successful management instrument** because its measures can be changed (flexible) to suit the organisation's needs in the constantly changing environment it operates.	%	11%	89%	100%
It is too early to tell the **real impact** of the Balanced Scorecard.	%	32%	68%	100%
The Balanced Scorecard has brought about a **positive change** in the way we do business.	%	24%	76%	100%
The Balanced Scorecard is nothing more than a **measurement instrument.**	%	54%	46%	100%

Section B2 – Competitive Advantage		Disagree	Agree	Total
Since the implementation of the Balanced Scorecard, MultiChoice Africa (Pty) Limited was able to **pursue opportunities** that created a competitive advantage.	%	19%	81%	100%
Since the introduction of the Balanced Scorecard, management has been able **to act on opportunities** that support gaining a competitive advantage over competitors.	%	21%	79%	100%
Since the implementation of the Balanced Scorecard, I understand MultiChoice Africa (Pty) Limited's **competitive environment** much better.	%	25%	75%	100%
I believe the Balanced Scorecard aided my department to rethink how to **explore new markets** in order to establish a sustainable competitive edge.	%	28%	72%	100%
The Balanced Scorecard assisted in **identifying key success factors** (product quality/customer knowledge, on-time delivery etc.) that create a sustainable competitive advantage.	%	14%	86%	100%
I use the Balanced Scorecard as a **synchronisation instrument** for information, human capital and the market to create new services in my department that will help to maintain a sustainable competitive advantage.	%	29%	71%	100%
Management uses the Balanced Scorecard as an instrument to **manage the diversity in the organisation**.	%	30%	70%	100%
The Balanced Scorecard assists the organisation to focus on **decreasing the organisation's cost** by making it more efficient in delivering business solutions.	%	17%	83%	100%
The Balanced Scorecard assists the organisation to improve **service delivery** to customers.	%	12%	88%	100%
The Balanced Scorecard is used as an instrument to assist management **reinvent the organisation's business model** in order to create a competitive advantage in the market.	%	14%	86%	100%
The Balanced Scorecard initiates the **alignment and focus** of all the	%	14%	86%	100%

organisation's **resources** on its strategy.				
The use of the Balanced Scorecard resulted in better strategy implementation through **the creation of new business models**.	%	22%	78%	100%
I feel the Balanced Scorecard is **adding value** to the role of internal and external stakeholders (increasing) in the organisation's value chain.	%	14%	86%	100%
The Balanced Scorecard initiates **better co-operation** and **collaboration** between all stakeholders.	%	17%	83%	100%
The introduction of the Balanced Scorecard results in the organisation **generating returns in excess of the cost of capital** and earning a higher rate of economic profit than the average of its competitors (competitive advantage).	%	21%	79%	100%

Section C3: Sustainability		Disagree	Agree	Total
The Balanced Scorecard has built a **favourable culture** within MultiChoice.	%	19%	81%	100%
Operationally we are **more effective** due to the introduction of the Balanced Scorecard.	%	21%	79%	100%
The Balanced Scorecard has assisted me to cope with the **change management** process more effectively.	%	32%	68%	100%
The Balanced Scorecard is an instrument that is focused on the **operational side** of the business.	%	28%	72%	100%
The Balanced Scorecard **has added real value** to the business.	%	15%	85%	100%
The Balanced Scorecard has helped to **control and manage** corporate sustainability.	%	15%	85%	100%
The Balanced Scorecard assists management **in streamlining sustainability** strategy and set clear targets for environmental management and corporate social responsibility.	%	15%	85%	100%
I find the Balanced Scorecard a helpful **business instrument** in developing strategies to attract and retain customers.	%	15%	85%	100%
The Balanced Scorecard has made me more aware of **the threats and opportunities** the organisation faces and how this will have an impact on the business objectives and performance	%	20%	80%	100%
The Balanced Scorecard **enhances the effectiveness** of the organisation's ability to develop and maintain a sustainable competitive advantage.	%	11%	89%	100%
I use the Balanced Scorecard to focus on short-term objectives in order to **achieve long-term sustainability**.	%	16%	84%	100%
I used the Balanced Scorecard during the change management process to better understand **the new corporate vision and mission**.	%	19%	81%	100%

Section D4: General	Not met my expectations	Met my expectations	Exceeded my expectations	Total
Overcoming the barriers in strategy implementation. %	15%	58%	27%	100%

Assisting MultiChoice Africa (Pty) Limited in **gaining a competitive advantage**.	%	15%	62%	23%	100%
Assisting MultiChoice Africa (Pty) Limited **in sustaining a competitive advantage.**	%	24%	57%	19%	100%

Section D5		Not at all	To some extent	To a large extent	Completely	Total
Built a **favourable culture** for MultiChoice Africa (Pty) Limited.	%	6%	42%	41%	12%	100%
Built a business environment that is **conducive for growth**.	%	4%	33%	48%	15%	100%
Effectively **met the needs o**f management to pursue opportunities.	%	3%	27%	49%	21%	100%
Built a **communication environment** that allowed management to recognise opportunities and threats.	%	9%	25%	50%	16%	100%
Built an environment where the company **operates effectively**.	%	4%	24%	58%	14%	100%
Provided a framework **for translating strategy into operational themes** and thereby facilitated the role of management.	%	4%	20%	58%	18%	100%
Encouraged managers and staff to **think strategically** about the organisation and its future.	%	4%	19%	56%	21%	100%
Created an environment which is **conducive to learning** organisations.	%	7%	30%	49%	14%	100%
Provided a platform for **identifying** strategic and operational **priorities**.	%	3%	19%	60%	19%	100%
Assisted management in **enhancing the strategy formulation** process.	%	2%	24%	54%	20%	100%
Guided employees from all levels towards contributing to organisational objectives.	%	7%	31%	46%	16%	100%
Changed **the business thinking** perspective of employees.	%	8%	29%	49%	14%	100%
Improved the decision-making environment.	%	5%	31%	50%	14%	100%
Overcame the barriers in strategy implementation.	%	5%	27%	53%	15%	100%
Assisted MultiChoice Africa (Pty) Limited in **sustaining a competitive** advantage.	%	10%	27%	55%	9%	100%

Section D5		Not at all	To some extent	To a large extent	Completely	Total
Assisted MultiChoice Africa (Pty) Limited in gaining a competitive advantage.	%	6%	25%	58%	11%	100%

Section D9	No or limited results	Some progress	Achieved breakthrough results	Exceeded my expectations	Total
9. From your perspective, how would you evaluate the impact of the Balanced Scorecard since its introduction?	5%	55%	31%	9%	100%