# SAINT MARY'S UNIVERSITY

# SCHOOL OF GRADUATE STUDIES

## *PRACTICES AND CHALLENGES OF BALANCED SCORECARD IMPLEMENTATION IN GOVERNMENT OFFICES: THE CASE OF KOLFE KERANIO SUB- CITY, ADDIS ABABA*

BY:  ZERU ALAMAW

ADVISOR:  DR.MARU SHETE

ADDIS ABABA, ETHIOPIA

JUNE, 2017

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**BY**

**ZERU ALAMAW ERETA**

**A THESIS SUBMITTED TO SAINT MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES, IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION**

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**APPROVED BY BOARD OF EXAMINERS**

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| Dean, Graduate Studies | Signature |
| Advisor | Signature |
| External Examiner | Signature |
| Internal Examiner | Signature |

# DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Maru Shete (Assoc. Prof.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Declared By:

Name: Zeru Alamaw

Sign_____

Date_____

**St. Mary's University, Addis Ababa**

**June, 2017**

**ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate
Studies for examination with my approval as a university advisor.

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Advisor                                         Signature

**St. Mary's University, Addis Ababa**

**June, 2017**

# Acknowledgements

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# List of Acronyms

| | |
|---|---|
| BPR | Business Process Reengineering |
| BSC | Balanced Scorecard |
| CEO | Chief Executive Officer |
| IT | Information Technology |
| KPI | Key Performance Indicators |
| SPSS | Statistical Package for Social Scientists |
| NPM | New Public Management |
| PMS | Public Management system |
| NPM | New Performance Management |

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# Abstract

*This study assessed the overall implementation and challenges faced while implementing the balanced scorecard system as a performance measurement, strategic management and communication system in three selected woredas of Kolfe Keranio Sub- city. The study tried to assess the challenges faced; the benefits gained and compared the practices of BSC implementation against the standard literatures of the system. A five-point likert scale questionnaires and semi-structured interview questions were designed and administered to 240 senior officers and management members of the selected woredas. The total population size of the study included management members and non-management senior officers of the stated woredas was 602.The study used purposive sampling technique to select 240 respondents who have the working experience and knowledge of BSC implementation, of which the responses of 181 respondents were analyzed. Common implementation challenges such as ineffectiveness and inefficiency of the dedicated process, lack of BSC education and training, inadequate IT support, limited organizational participation, and inadequate planning and communication were observed in the selected woredas. The study also showed implementation of BSC have been used in the selected woredas to address the deficiencies in traditional management system, to clarify and translates vision and strategy, to communicate strategy throughout the organization, to perform periodic and systematic strategic reviews, to serve as a strategic management system, to align departmental and personal goals to the strategy, to improve the quality of service , to minimize the time taken for delivering service, to increase effectiveness in meeting customers demand ,and to decrease the level of resource wastage. BSC implementation practice in the selected woredas varied across the four perspectives. The practice was good at internal process and customer perspectives, where as it was not satisfactory in the other two perspectives; finance perspective, and learning and growth perspective. The study advised the selected woredas to create intensive awareness creation activities about BSC, ensure organizational level participation, fulfill the necessary resources, increase the effectiveness and efficiency of the Public service and Human resource Office in overseeing the BSC implementation and, develop relevant IT system( fully automated) to effectively take full advantage of the Balanced Scorecard system.*

**Key words: Balanced Scorecard, Internal process, customer perspective, finance perspective, learning and growth perspective**

# CHAPTER ONE

# INTRODUCTION

This chapter deals with back ground of the study, problem statement, objectives of the study, the research questions, significance of the study, scope and limitation of the study.

## 1.1    Background of the Study

The Balanced Scorecard is a performance measurement and management toot that was introduced in the early 1990s by Dr. Robert S. and Kaplan of the Harvard Business School. In addition, Balanced Scorecard here after (BSC) is regarded as a comprehensive PMS that promotes value creation to the management of an organization (Crabtree and DeBusk, 2008). Moreover Balanced Scorecard is a strategy management system that helps managers to translate organization strategy into operational objectives and implement it

 Since the concept was introduced in the early 1990s by Kaplan and Norton as a performance measurement system, the BSC has attracted considerable interest among different organizations, practitioners and researchers. According to Niven (2006), 60% of the Fortune 1000 companies are either implementing or attempting to implement the BSC. Further, a study conducted by Bain & Co (2009) states that about 49% of organizations in North America, 54% in Europe, 52% in Asia, and 56% in Latin America use the BSC. Due to its wide acceptance and effectiveness, the BSC was proclaimed one of the 75 most influential ideas of the twentieth century by The Harvard Business Review (Niven 2005&2006).

Kaplan and Norton (1999) advocated the BSC as a management system designed for organizations to manage their strategy. Specifically, the scorecard was a way to (1) clarify and translate vision and strategy; (2) communicate and link strategic objectives and measures; (3) plan, set targets, and align strategic initiatives; and (4) enhance strategic feedback and learning.

BSC has promised many benefits. According to Lawson, Stratton and Hatch (2008), operational and strategic benefits are the main benefits expected by every organization from effective implementation of BSC. Tracking progress towards achieving organizational goals

and measuring performance at different levels from different perspectives are the most important operational benefits. Whereas, the major strategic benefits include communicating strategy to every members and stakeholders of the organization, and linking and aligning the organization around strategy. BSC used as a tool for measuring performance, a strategic management tool, and tool for communication.

Despite its worldwide popularity, the success of the BSC is quite low. According to Atkinson (2006), cited by Othman, (2007), it is estimated that 70% of BSC initiatives have failed. This fact brings to mind the difficulties involved in the implementation process of the BSC, and the reasons which cause so many BSC initiatives to fail. Osborne and Gaebler (1992, cited by Poister, 2003) in their book "Reinventing Government" stated: "What gets measured gets done. If you don't measure results, you can't tell success from failure. If you can't see success, you can't reward it. If you can't reward success, you're probably rewarding failure. If you can't recognize failure, you can't correct it.

According to Aaltonen and Ikåvalko (2009, cited in Tsion, 2014), the major challenges in implementing BSC appear to be more cultural and behavioral in nature, including the impact of poor communication and diminished feelings of ownership and commitment. In addition to these, another inhibitor to successful strategy implementation that has received considerable amount of attention is the impact of an organization's existing management controls and particularly its budgeting systems. Budgets are increasingly viewed as being bureaucratic, protracted, and that they focus on cost minimization rather than value maximization (Wanjiku, 2009).

Initially BSC's application was introduced in private sectors, and gradually its applicability was expanded to public organizations. Now the concept embedded in BSC is increasingly becoming applicable in both public and private organizations at large. Public Administrations in many countries underwent reform in the last years of the twentieth century. It was based on reforms such as a major emphasis on consumer orientation (Aberbach & Christensen, 2005), privatization, decentralization, strategic planning and management, outsourcing, new accounting methods, the measurement of results, financial efficiency, and separation of politics from administrations (Lane, 2000). These reforms were performed under the paradigm known as New Public Management (NPM) (Hood, 1991).

Although the NPM process has been criticized for not considering the peculiarities of the public sector (e.g. Brown, et al, 2003), in all cases, the public sector reforms have focused on increasing efficiency and effectiveness, seeking excellent organization. In this regard, several public sector authors have suggested the use of business improvement methodologies and techniques such as the Business Excellence Model (European Foundation of Quality Management, 1999), and the Balanced Scorecard (Kaplan & Norton, 1992 & 1996) to assist in improving services and making more effective use of resources (McAdam & Walker, 2003). The BSC approach can be an invaluable tool for governmental administrators in transforming their organizations and those whose organizations have implemented BSC have a strong belief that its benefits outweigh the costs (Chan, 2004). Indeed, there is growing evidence on its suitability for application in the not-for-profit sector, especially the government sector (Irwin, 2002).

For the public administration the economic and financial outlook is no longer considered to be the primary aim, rather it is a mean to achieve the customer satisfaction. Due to the different scopes of a private company and a public administration, the adoption of such a tool in a public administration requires to amend the original architecture of the BSC. In fact, many of the problems and difficulties associated with public sector measurement arise from frameworks imported from the private sectors. Radnor and McGuire (2004) or Moullin (2004) have confirmed this fact in their study showing that most performance measurement solutions originate from profit generating commercial organizations, and as such have limited application to public sector management.

In Ethiopia the public sector has undergone several reform initiatives at both federal and regional government levels. After Ethiopian Government has launched a massive civil service reform program throughout the country as of 2002, all public institutions are compelled to re-engineer responsive, efficient and effective. As a result the BSC management tool has been introduced over the last seven years. According to (Tsion, 2014) many public sector offices in Ethiopia have implemented BSC. Based on the documented information produced by the World Bank issued on 2015, it states that around nearly all of the regional and federal government offices in Ethiopia have implemented BSC; the institutions have integrated BSC measures in their strategic plans. But lack of good

governance and the public outcry for efficient and effective public sector service is still widespread regardless of BSC and other public sector reforms implementation by the government (Tola and Daniel, 2015).On the other hand Government of the Country in general, the City Government of Addis Ababa in particular are saying that BSC and other public sector reforms are implemented effectively across all public sectors of the country. These controversies initiated the student researcher to assess the BSC implementation practice, the challenges faced, and the benefits gained from the implementation in the public sectors.

## 1.2. Statement of the Problem.

After advocated to the public sector by Kaplan (2001) BSC has been used by many public sectors across the world. Rehor and Holatova (2013) suggested that BSC implementation in public sector is for increasing quality and efficiency of individual public services and process of strategic management, and raising quality of life of citizens. But according to Niven (2003)  government organizations experience some degree of difficulty applying the original architecture of the BSC, mainly due to the overriding financial perspective in the NPM environment. Even if Kaplan(2001),advocated the uses of BSC to the public organization for bridging the gap between vague mission and strategy; for developing a process to achieve strategic focus ;for shifting their focus from programs to outcomes ;for aligning initiatives, departments and individuals to work to achieve dramatic performance improvements, recent criticisms of the balanced scorecard concerning lack of so called cause-and-effect relationships, lack of clarity, and failure to consider some types of stakeholders can tempered the above mention BSC uses (Johansson et al. 2006).In relation to effective implementation, Niven (2002) suggests that cascading of strategy, linking the BSC to compensation, and maintaining the BSC through constant review and automated systems are critical elements. In addition Moullin (2004) has acknowledged that even if the BSC model has been used in the public sector environments, there are still difficulties associated in particular with its implementation in this sector. Similarly, Wisniewski and Olafsson (2004) have highlighted that developing and adopting a BSC across a local authority comprising a variety of complex services will be much more difficult than in a

private one. Therefore, the original BSC framework has recently been modified to reflect the objectives of non-profit and government organizations.

While literature offers numerous studies about theory as well as application of BSC in private organizations, still little attention has been paid to BSC application in the public ones (Niven, 2011). When we come to studies regarding BSC implementation in Ethiopia public sectors the problem is complicated. After the BSC management tool has been introduced to the public sectors both at the federal and regional level over the last seven years, only few research have been conducted regarding BSC implementation, even most of them were conducted by student researcher. The study of Tolla and Daniel (2015) found the following as major challenges of BSC implementation in selected sectors of Oromia Regional Government**:** un systematic monitoring and the evaluation  approach  , top down approach, the training which did not go deep enough to create a shared understanding and technical mastery on the use of BSC, frequent turnovers of trained BSC employees and instances of assigning the wrong person for training , low quality service ,problem with  reward system ,problem of designing a performance management system ,erratic  political and management support  , realization of  intentions has remained more form than substance, limitations in maintaining the momentum of the reform. In addition according to Yosef (2011) lack of qualified civil servant, poor communication, lack of resource, limited commitment, limited awareness about BSC, and slow pace of acceptance towards change were the major challenges of BSC implementation in Adama City Administration. In addition to the above challenges the study of Fetiya (2015) found lack of measurement for some objectives, lack of clarity, overlap of responsibility, mistrust between management and the staff as major challenges of BSC implementation at Federal Ministry of Health.

All of the above study have been conducted at the federal and (or) regional level. The student researcher could not find any study conducted at the lower level of public sector (woreda and sub-city level) which are very near to the public with the needed service. One of the rationale for undertaking this particular study was the curiosity to check the practices of the BSC at selected woredas of Kolfe Keranio Sub- City which are low level of administration (public service organization) but very near to the public with the needed service in Addis Ababa City Government Administration. Following this suggestion and

owing to the little information available in the literature regarding BSC implementation in Ethiopia public service sectors especially at the low level government offices this study aimed to provide additional insights on the implementation of BSC at the low level administration( woreda and sub-city level )in Addis Ababa City Administration.

Tola and Daniel (2015) argued that, even if Ethiopia has been actively engaged in reforming its public sector in an attempt to make it more responsive, transparent, flexible, and compatible with the demand of the public and its constituencies; despite repeated comprehensive reform programs and the acclaimed success stories by public authorities, the public outcry for efficient and effective public sector service is still widespread. They added that, to a certain extent the country is falling behind the standards of some African countries to measure the effectiveness of the public sector. The country is also deteriorating in terms of its global competitiveness ranking including institutional quality. On the other hand Government of the Country in general, the City Government of Addis Ababa in particular are saying that BSC and other public sector reforms are implemented effectively across all public sectors of the country.

Thus; having these controversies this study wonders if the aforementioned and other benefits and promises of BSC are being achieved in the public sectors under the study as it has been said by the authorities. The study also intended to assess the aforementioned and other challenges faced by the public sectors and the way they conquered them.

## 1.3. Research Questions

• What are the practices of BSC implementation in the selected woredas?

• What are the challenges encountered during BSC implementation in the selected woredas?

• What benefits are gained from BSC implementation in the sectors (woredas) under the study?

## 1.4 Objective of the study

### 1.4.1 General Objective

The general objective of this study was to assess the overall practices, challenges and Benefits of BSC implementation in the selected woredas of Kolfe Keranio Sub city.

### 1.4.2 Specific Objectives

More specifically, the study intends to address the following specific objectives:

• To assess the BSC implementation practices in the selected woredas

• To identify the challenges that the organizations face in the implementation of BSC;

• To assess the benefits gained from BSC implementation in the selected woredas;

## 1.5. Significance of the study

• The study can provide some insight about  proper balanced scorecard implementation to the    management of Public sectors under the study; It can help to share the experience of kolfe keranio sub city in general and the Selected woredas in particular in BSC implementation with similar other organization;

• This study can give some insight and documented information for any student researcher or others (those who wants to conduct further study on the topic) about the challenges, benefits and practices of BSC implementation in such low level of public sectors ( woredas and sub-cities) which are very near to the public with the needed service.

## 1.6. Scope of the study

Among many of government offices (public sectors) which implemented BSC the study was conducted on 3 selected woredas of Kolfe Keranio Sub-city.Accessebility of information, proximity, and familiarity of the organization to the researcher were among the criteria in selection of the organization. This study focused on BSC implementation practices specifically the BSC implementation practices across the 4 perspectives, the challenges faced, and the benefits gained during BSC implementation. The study also focused on Ethiopian government offices (public sectors) specifically 3 selected woredas of kolfe keranio sub city..

## 1.7. Limitation of the study

The current study provided a number of useful insights on the benefits, practices and challenges of BSC implementation in government offices. However, despite the efforts made by the student researchers to ensure that the study is without flaws, there are several constraints that need to be highlighted so that they can be addressed in the future. First, the

findings of the study were restricted to a sample size of 240 respondents who were based in 3 woredas under one sub city namely Kolfe Keranio Sub-City. Therefore, caution should be exercised regarding the direct generalization of the findings to other contexts, sub-cities, woredas and regions in the country and beyond. Second, lack of cooperation from respondents in filling the questionnaires limited the outcome of the research. Moreover it was not possible for the researcher to control how the respondents completed the questionnaires. Consequently, respondents completed the questionnaires at their own time and in the absence of the researcher. Greater accuracy could have been achieved if the questionnaires had been completed in the presence of the researcher and his assistants. This was not possible because the researcher did not have access to the offices and due to lack of time. Third, the student researcher acknowledges the study's reliance on descriptive statistics as the primary data analysis method.

In order to overcome the limits the student researcher triangulated the data found from different sources. More over the findings were concluded to only the selected woredas

## 1.8. Organization of the study

This paper consists of 5 chapters. The first chapter deals with the introduction part. It consists of back ground of the study, problem statements, and objectives of the study, significance of the study, Definition of Terms, Organization of the study, scope and limitation of the study. The second chapter deals with the review literature. The BSC back ground, frame works, benefits and challenges, the 4 perspectives of BSC are included in this section. The third chapter deals with the research method and design. The research approach, research design, the sampling issue, data collection instrument, the sources of data, and the data analysis method included in this chapter. The fourth chapter deals with results of the study and the discussion of the result .The collected data which shows the challenges and benefits of BSC implementation as well as its practices across the 4 perspectives systematically presented, analyzed and discussed under this chapter. The last chapter (chapter5) deals with summarizing the major findings, making sound conclusions and putting some recommendations.

## 1.9. Definition of Terms

- *Balanced Scorecard*: is a tool that translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system (Norton and Kaplan, 1996).

- *Balanced Scorecard Perspective*: the performance lens through which the organization shall gauge its performance. Mainly, they are four: Financial, Customer, Internal business process and Learning and Growth (Niven, 2006).

- *Cascading*: refers to the process of developing Balanced Scorecards at each and every level of your organization (Niven, 2006).

- *Lag Measure*): are measures focusing on results at the end of a time period. They normally characterize historical performance and are easy to identify and capture (Niven, 2006).

- *Lead Measures* are measures that drive or lead to the performance of lag measures.

- *Management Members*: refers to chief executives, sector managers, coordinators (team leaders), in the 3 selected woredas under the study.

# CHAPTER TWO
# LITERATURE REVIEW

Under this chapter the origin, concepts, frame works, benefits, challenges , perspectives of BSC and the conceptual frame work are presented the details are as follows.

## 2.1 Origin of Balanced Scorecard

Back in 1990, Nolan Norton Institute, the research arm of KPMG, sponsored a one- year multi-company study called Measuring Performance in the Organization of the Future. The study was motivated by a belief that existing performance measurement approaches, primarily relying on financial accounting measures, were becoming obsolete. The study participants believed that reliance on summary financial-performance measures were hindering organizations' abilities to create future economic value (Kaplan and Norton, 1992).

Representatives from a dozen companies: manufacturing and service, heavy industry and high-tech-met bi-monthly throughout 1990 to develop a new performance-measurement model. Art Schneider man, the then vice president of quality improvement and productivity at Analog Devices, came to one meeting to share his company's experiences with the scorecard.

The subsequent group discussions on this experience of adopting the scorecard model to measure performance led to an expansion of the scorecard to what is finally labeled a "Balanced Scorecard," organized around four distinct perspectives- financial, customer, internal, and innovation and learning. The name reflected the balance provided between short and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between external and internal performance perspectives. Several participants experimented with building prototype Balanced Scorecards at pilot sites in their companies. They reported back to the study group on the acceptance, the barriers, and the opportunities of the Balanced Scorecard. The conclusion of the study, in December 1990, documented the feasibility and the benefits from such a balanced measurement system (Kaplan and Norton, 1992). This finally gives birth to the concept of the Balanced Scorecard

which has subsequently been developed to one of the world's known strategic management, performance measurement and strategy communication tools.

## 2.2 Why Balanced Scorecard

If we can't measure our processes, we can't manage our processes. If we can't manage our processes, we can't improve our processes. If we can't improve our processes, we can't meet or exceed our customers' expectations. What gets measured gets done. Measurement is core of the Balanced Scorecard-BSC (Kaplan and Norton, 1996). In the same way (Stillar leader ship, 2014) argued that you "can't manage what you can't measure." In response to this the balanced scorecard includes a series of measures that, when tracked, let managers know how well the organization is performing. The scorecard helps you to monitor the organization from four perspectives which are considered critical to any organization's success.

To ensure their survival and growth in this neck-to-neck racing business environment, organizations need to measure their performance from time to time and make the necessary adjustments depending on circumstantial factors. Measuring organizational performance strongly affects the behavior of people from within and outside of an organization. The measurement system employed by the organization needs to be holistic one that is derived from its strategy and capabilities (Kaplan & Norton, 1992).

According to Ruben (1999), one of the defining themes of contemporary organizational theory is the emphasis of information and measurement for assessing, tracking and promoting organizational excellence. Almost all company managers have no doughty to believe in the necessity of measuring organizational performance. The problem, however, arises when it comes to what should be measured and how it should be measured. Traditionally, for-profit organizations have measured their performances using a financial accounting model that emphasizes profitability, return on investment, sales growth, cash flow or economic value added (Ruben, 1999). However, study after study indicated that finance-based measures have inherent drawbacks to sufficiently represent the range of factors associated with organizational excellence in modern times (Kaplan and Norton, 1992, 1996 & 2001; Ruben, 1992). In particular, Kaplan and Norton (1992) pointed out that accounting-based measures: (1) are too historical; (2) lack predictive power; (3) reward the wrong behavior; (4) are focused on inputs and not outputs; (5) do not capture key business

changes until it is too late; (6) reflect functions, not cross-functional processes within a company; and (7) give inadequate consideration to difficult-to-quantify resources such as intellectual capital. Ruben (1999) has also suggested that accounting-based measures are unable to capture key elements of an organization's mission, customer satisfaction and loyalty, employee satisfaction and turnover, employee capability, organizational adaptability or innovation, environmental competitiveness, research and development productivity, market growth and success, and other important company-specific factors.

Recognizing some of the weaknesses and vagueness of previous management approaches, Kaplan and Norton have introduced the balanced scorecard approach in 1992. From its outset, the Kaplan and Norton's balanced scorecard looks at a company from four perspectives.

Just as large ships chart their position before commencing a voyage, organizations should measure their present position before determining their future direction (Nair ,2004). Kaplan and Norton (1996b) argue that an organization's measurement system greatly affects the actions of people inside and outside the organization. They go as far as to say: "If you can't measure it, you can't manage it." Business performance measurement is a basic management technique; it would therefore be expected that most organizations would have an established performance measurement system by now (Neely, 1999:206). However, performance measurement and management are generally problematic, with 80% of organizations surveyed reporting that they had made changes to their performance management system during the past three years, 33% of which were major overhauls (Niven, 2003:38).

## 2.3 Basic Components and Perspectives of BSC

### 2.3.1 Basic Components of BSC

According to Kaplan and Norton (1996) there are six basic components of BSC. They are perspectives, themes, objectives, measures, targets, and initiatives.

**Perspectives:** There are four standard perspectives as suggested by Kaplan and Norton. These are financial, customer, internal business process, and learning and growth. However, organizations can choose any number of perspectives as may suit their need of sufficiently measuring the present performance and the drivers of future performance. The number

would depend on how the stakeholders' expectations are being represented and the manner in which the organization would decipher their strategy. All relevant factors for strategy execution are accounted for in these perspectives, thus creating a balance between the short term and long term objectives as well as linking the desired outcomes and the performance drivers for those outcomes. Thus, perspectives are the basic architecture of BSC.

**Themes:** Themes are inherent in the strategy and provide an insight into how an organization would carry out its mission. There are usually three to four basic themes consisting of a collection of objectives across perspectives which enable execution of the theme. Objectives: They highlight critical factors to the success of the organization which must certainly be achieved.

**Measures**: What gets measured gets achieved. Measures help organization determine its success in executing strategy. The two fundamental purposes served by measures are organizational motivation and objective evaluation of the strategy as well as strategic learning.

**Targets:** Targets help define the level of performance or the rate of improvement that is needed.

**Initiatives**: These are key action programs that are required to achieve the objectives.

The distinguishing characteristic of BSC which is not found in other management control systems is the assumption of the cause-and-effect relationships between measures across the four perspectives. Strategy is understood in terms of a series of linked hypothesis that describe cause-and-effect relationships. For example, it can be hypothesized that 'employee satisfaction' shall lead to 'employee retention' and 'employee productivity'.

Accordingly, when there is improvement in 'employee satisfaction' the other two 'effect' parameters shall also show improvements. If they don't, the hypothesis can be considered invalid. Thus, measurements in BSC provide an ongoing account of the projected cause and-effect relationships across perspectives which are essential for making informed decisions. The causal relationships across four perspectives help predict the financial performance based on the indication from non-financial measures. BSC constitutes a good balance between financial and non-financial measures. Objectives across the four perspectives show

balance between the external measures usually present in the financial and customer perspectives and the internal measures that are in the other two perspectives of internal business process and learning and growth. It also indicates a balance between the lag indicators of past performance and the lead indicators that drive future performance.
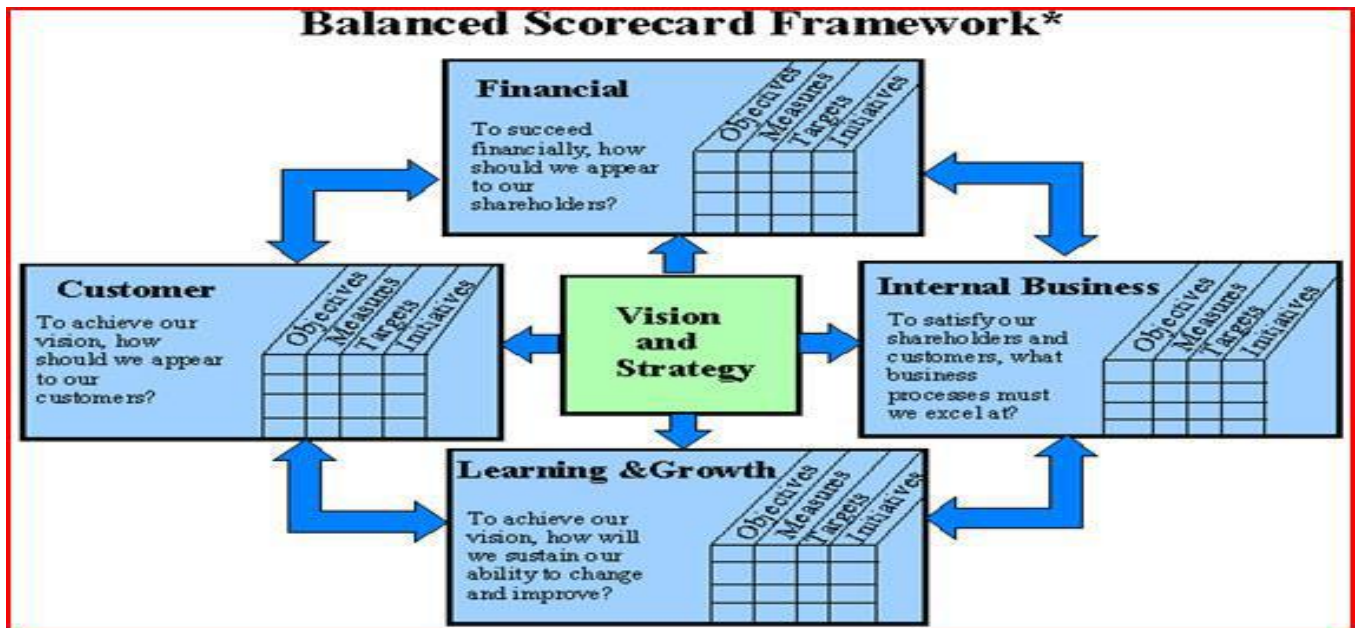


Figure 2.1: The Balanced Scorecard Framework

Source: Adapted from Kaplan and Norton (1996a: 76)

### 2.3.2 Perspectives of Balanced Scorecard

According to many studies, the heart of the balanced scorecard is a framework of four major categories or perspectives for strategy implementation – financial, customer, internal business, and innovation and learning:

Kaplan and Norton (1992) divide the BSC into four quadrants of measures: financials, customer, internal business process and learning and growth. The BSC philosophy assumes that an organization's vision and strategy are best achieved when the organization is viewed from four perspectives (Drury, 2004). On the other hand Kaplan and Norton (1992) argued that adoption of measures from the four quadrants are not mandatory, rather it is the need to establish measures that link them to an organization's strategy that guides the adoption.

According to Kaplan and Norton (2004), the balanced scorecard model is a conceptual framework for translating an organization's vision into a set of performance indicators distributed among four perspectives: Financial, Customer, Internal Business Process, and Learning and Growth as shown in the figure below. Each perspective is related to the other three perspectives, meaning that the performance obtained in one perspective may influence the performance obtained in the remaining. These relationships are schematically represented in the so called "strategic map". Moreover, for each one of the four perspectives, it has to be defined an objective, that is the aim of the perspective measurement, the measures that refer to this objective, the target values for each measures, that is the value the organization aims to reach, and finally the initiatives, that is the actions that have to be implemented in order to reach the above mentioned target values. A schematic representation of a general model of BSC is depicted in Figure 2.2: The four perspectives of the BSC model proposed by Kaplan and, Norton (1996 a)
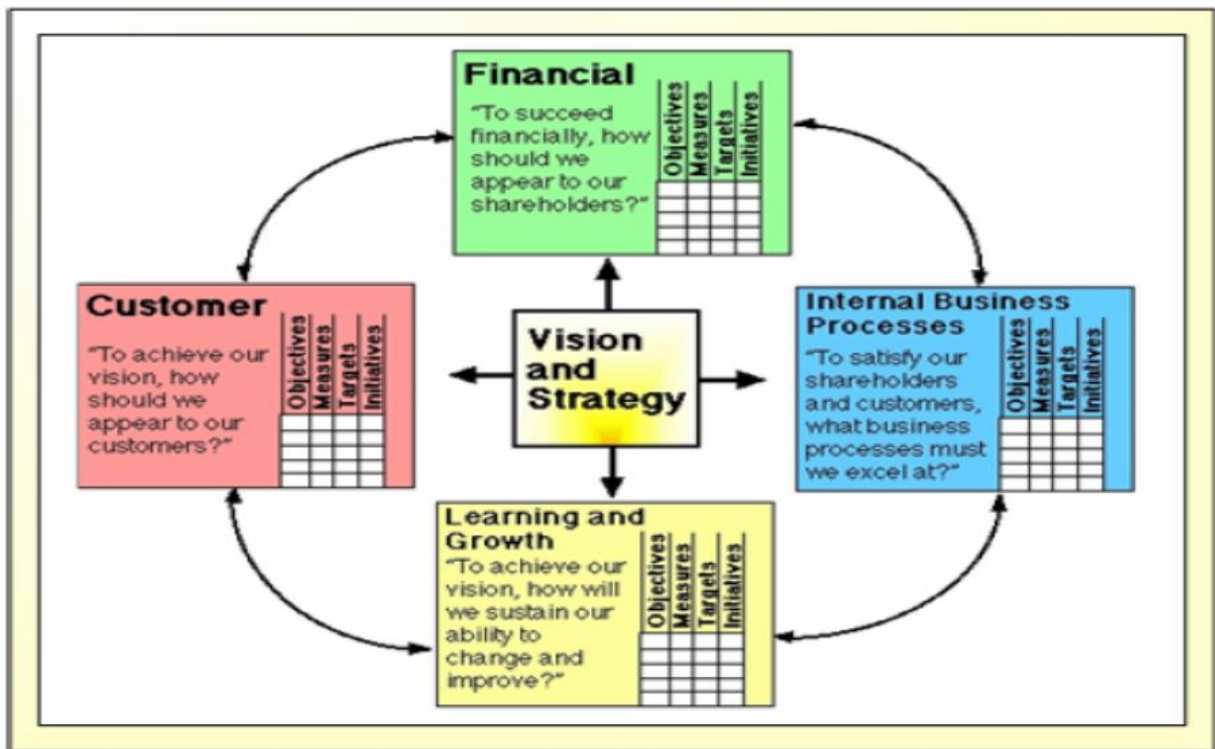


Figure 2.2: The Four Perspectives of the BSC

**Source:** Kaplan and Norton (1996a:76).

## A. Financial Perspective

The financial perspective represents the financial results of the strategies from the other perspectives (Olve et al., 1999), and serves as a focus for the objectives and measures in all of them (Kaplan and Norton, 1996a). Many aspects are taken into consideration, such as owner's expectations of the organization's growth and financial progresses. What is considered acceptable for negative financial results and possible financial risks may also be taken into account. Every measure chosen should together be a part of trying to reach the organization's outmost financial improvement.

Kaplan and Norton (1996a) BSC model still use the financial perspective due to its ability to summarize the readily measurable and important economic consequences of actions already taken. This indicates whether the organization's strategy and its implementation are contributing to the bottom-line improvement (Kaplan and Atkinson, 1998). Measures of financial goals can range from traditional accounting approaches such as total costs, total revenue, profit margin, operating income, return on capital, to sophisticated value-added measures intended to link managerial goals to shareholder interests (McKenzie and Shilling, 1998).

The first perspective is the financial perspective which holds a huge value in the balanced. According to Lynch (2003), the financial perspective translates the purpose of the organization into action through clarifying precisely what is needed and gaining commitment to it. The financial perspective includes measures reflecting financial performance. It also asks how the organization should appear to shareholders so that the company can succeed financially. This perspective indicates if the business is improving the bottom line, measuring items such as profitability and shareholder value. Financial objectives reflect economic consequences of actions already taken in the other perspectives.

## B. Customer Perspective

The customer perspective explains the means to create value for customers and how customers demand for this value in order to get satisfied and why they are willing to pay for it (Olve et al., (1999). This perspective serves as a guideline for the internal process and the

development efforts of the organization. According to Olve et al (1999), one could say that this part of the process is the heart of the scorecard. If the organization provides product or services which are not satisfactory, it cannot generate a profit and this will lead to a termination of business (Olve et al., 1999).

The main factors that should be considered in this perspective are customer loyalty, and how the organization can build on this. Olve et al (1999), states that to be able to comprehend the buying process it is important to understand how the product or service offered affects the customer. It is also important to compare the price with other factors such as quality, functionality, delivery time, image, and customer relations. However, it is of significant value for the organization to distinguish customer preferences so it is based on upon customer value and not the organization's own interpretation. From the customer perspective of the BSC, it is very important for managers to identify the customer and market segments where the organization will compete with its competitors and determine the performance measures of the organization in these targeted segments (Kaplan and Norton, 1996a).They added that    it enables companies to align their core customer outcome measure that is: satisfaction, loyalty, retention, acquisition, and profitability to targeted customers and market segments. It also enables companies to identify and measure explicitly, the value propositions they will deliver to targeted customers and market segments. The perspectives help organizations to translate their mission and strategy statements into specific market and customer based objectives. On the other hand Arveson (1998) argues that poor performance from this perspective is a leading indicator of future decline, regardless of the current financial indicator. The customer perspective enables business unit managers to articulate the customer and market-based strategy that will deliver superior future financial performance.

   The customer perspective asks how an organization should appear to customers to achieve the organization's vision. Customer objectives identify customer and market segments where the business would compete and what performance would be expected for these targeted segments. The scorecard focuses on customer concerns primarily in four categories: time, quality, performance and service, and financial returns (Kaplan and Norton 1996a).

## C. Internal Business Process Perspective

To fulfill the shareholders' expectations and customer needs, the organization must identify the processes through which the measures to see what generates the right forms of values (Olve et al, 1999). An organization must often identify totally new processes to meet financial and customer perspectives (Kaplan, Norton, 1996a). The objectives and measures in this perspective manage the long wave innovation cycle and the short wave operations cycle. The long wave innovation cycle is when value is created by constantly developing products or services to cope with the changes within customer needs. The short wave operations cycle is when value is created for a product or service through a process from producing to delivering (Kaplan and Norton, 1996a). From an internal business process perspective of the BSC, managers identify the critical internal processes at which the organization must excel. According to Kaplan and Norton (1996a), identifying the critical internal business processes enables the company to deliver the value propositions that are crucial to attract and retain customers in targeted market segments; and to satisfy shareholders expectations for the excellent financial returns.

According to Lynch (2003), the internal prospective concerns internal performance measures related to productivity, capital investment against cost savings achieved, labor productivity improvement and other factors that will indicate the way that the organization was undertaking the strategy inside the company. In this perspective, executives identify the critical internal processes in which the organization must excel (Kaplan and Norton 1996a). The internal business perspective asks what business processes the organization should excel at to satisfy shareholders and customers. This perspective measures the internal business processes, core competencies, and technologies that would satisfy customer needs.

## D. Learning and Growth Perspective

For an organization to survive over a long period of time, the learning and growth perspective must provide the organization a long run renewal for it to cope with the changes in the environment (Olve et al, 1999). It is sufficient to maintain and develop the knowledge of satisfying customer needs and sustain the necessary efficiency and productivity of the processes which creates value for the customer. The objectives in this perspective supply an infrastructure to reach the objectives in the other perspectives (Kaplan, Norton, 1996a).

There are three categories distinguished for the learning and growth perspectives which are: the competence of the employees, the information system performance, and motivation. The employees are those who are close to the customers and to the internal processes. The organization must let the employees be a part of the processes to improve the customer satisfaction. the innovation and learning perspective asks how the organization would sustain its ability to change and improve to achieve the organization's vision. The learning and growth perspective identifies the organization's infrastructure needed to support the other perspectives' objectives. This perspective measures a company's ability to innovate, improve, and learn, such as the ability to launch new products.

The adoption and implementation of balanced approaches to performance management has been popular for several years, yet empirical evidence from the manufacturing and industrial sectors appears to far out-weigh that from public service environments (Ittner and Larcker, 1998; Johnsen, 2001; Radnor and Lovell, 2003; Eskilden et al., 2004; Moxham and Boaden, 2005). The BSC, as described above, is generally referred to a private organization that is a company where the focus is mainly on the financial perspective. When the organization is a public one, its main focus moves from the purely financial perspective to the mission, as shown in Figure 2. In the public sector, the measures of a BSC are not simply focused on costs, but also on efficiency and effectiveness. As proposed by Wisniewski and Olafsson (2004), there is an implied logical hierarchy in the perspectives that differs between a private and a public organization: for the former, the ultimate goal is financial, and the learning and growth perspective helps a company in improving its processes (internal business processes perspective), that in turn impacts on the "customer perspective" results that, finally, leads to improved financial performance. As for the public organization, instead, the learning and growth perspective is equally important with respect to the financial perspective that is seen as an enabler instead of an objective and the final objective refers to the customers' perspective. Moreover, while for the private sector the BSC may be seen as a mechanism allowing the performance management improvement, for the public sector it is also an external performance reporting. Thus, there appears to be a general consensus among researchers and practitioners that transposition of private sector performance models do not readily fit within a public sector, thus requiring some adjustments of this model (Kaplan,

2001; Radnor and McGuire, 2004; Moullin, 2004; Wisniewski and Stewart, 2004; Adcroft and Willis, 2005; Pidd, 2005). In particular, Moullin (2004) has acknowledged that even if the BSC model has been used in the public sector environments, there are still difficulties associated in particular with its implementation in this sector. Similarly, Wisniewski and Olafsson (2004) have highlighted that developing and adopting a BSC across a local authority comprising a variety of complex services will be much more difficult than in a private one.

## 2.4. Steps and the Key Success Factors of Balanced Scorecard

### Implementation

### 2.4.1 Steps of Balanced Scorecard Implementation

BSC is rooted in the vision and strategy of the organization. It translates the mission and strategy into tangible objectives and measures. These measures are the links between the strategy and the operative actions. Hence, the selection and monitoring of measures and targets is at the heart of BSC implementation. Kaplan and Norton give a five- step development processes for BSC. This process is primarily iterative, as each step gets revisited often. As implementation progresses, issues surface and adjustments are required for refining the scorecard (Kaplan and Norton 1996b).The stages of implementation as given by other authors and consultants are along similar lines. But Armstrong and the Balanced Scorecard Institute give their own steps of BSC implementation..

According to Armstrong (2006), the major steps required to introduce and operate a balanced scorecard approach are: Define the elements of the scorecard, Identify performance drivers, Identify performance measures, Communicate, Operationalize, Train and Monitoring, evaluation and review. On the other hand the Balanced Scorecard Institute introduced the following 9 steps of BSC application which has been used in Ethiopian public sectors.

Figure 2. 3: The nine steps to implement BSC

Source: Adopted from Balanced scorecard Institute (2009:25)

## 1. Assessment

Does the organization need BSC implementation or not? In order to know that your organization needs BSC, there are around 20 questions that the company need to answer, and each question has five choices, and if you score 70-80%; then the organization is implementing the organization's strategy properly, however; if your performance is below 70-80% score then you should follow the following nine steps in order to implement your strategy through BSC (Niven, 2006). In order to implement BSC successfully organizations should have to undertake SWOT analysis, then identify enablers (opportunities and strength) and pains (weakness and treats) and also identify target customers and stakeholders this is done by taking in to account the organization's mission, vision and core values. This will help to provide direction to the organization successes.

## 2. Strategy

Strategy is a hypothesis or a best way, for the organization to achieve its vision and mission and satisfy its customers and stakeholders. In this phase the organization identifies the business strategy taking the mission, the vision and the core values of the organization in to account. But we have to bear in mind that BSC is not a tool to formulate strategy; it is a tool to implement and take action on the designed strategy, so in order to be successful in implementation of the strategy, the formulated strategy should be good. Even though we know that good strategy alone does not guarantee for proper execution. According to Beer & Eisenstat (2000) strategy will fail if it has:

☐ Top down style,

☐ Unclear and conflicting priorities, and ineffective senior team,

☐ Poor vertical communication, and Poor coordination across business units or functions and

☐ Inadequate down the line leadership skills.

Then formulating strategic theme; strategic theme is an area in which your organization must excel in order to achieve your vision. According to the balanced scorecard Institute, themes are essential strategic elements that form the foundation for a balanced scorecard. Each theme has a "strategic result" associated with it. Strategic results are measurable and explicitly defined using outcome language (Rohm, 2008) .Strategic themes help create organizational alignment by cutting through all the four perspective. The strategic theme (focus area) of the organization will be emanated through identifying and understanding the customer and stockholder need and core value and design the expected result from each theme.

## 3. Strategic objectives

Objectives refer to the actual results the organization hopes to achieve. A strategic objective is used to break strategic themes in to more actionable activities that lead to the strategic results (Rohm, 2008). According to stellar leadership strategic objectives is also used to translate strategy into measurable and actionable components that can be monitored.

## 4. Strategic Mapping

A strategy map links the high level goals of the organization – its mission, values and vision – with meaningful and actionable steps each employee can take. Strategy maps are built around the structure of the four perspectives. Linkages between each of the four [perspectives] represent a critical component of the BSC (Kaplan & Norton, 2001). These linkages show that each of the four [perspectives] serves to enhance the other [perspectives], while improving overall organizational performance, in this way, goals and actions of the organization, departments, and individuals can be combined and coordinated to improve outcomes .They also ensure that the organization's objectives in each of these perspectives are consistent and internally aligned. Isoraite ( 2008 ) Strategy maps clarify all cause-and-effect relationships so that an effective strategy can be developed and then optimized over time, so strategic mapping are the interface between strategy and the Balanced Scorecard. According to the research made by Othoma (2006) the evidence suggest that developing a causal model of a strategy affects the implementation of the BSC. It shows that those who did not develop a causal model encountered considerable problem in implementing the BSC. Among other things, the absence of a causal model created difficulties in developing the non-financial measures, developing an action plan of the strategy and the process of cascading the scorecard to lower levels of the organization. The absence of a causal model of the strategy may lead organizations to develop performance measures that are unconnected to the strategic issues of the organization. The absence of causal model of the strategy is akin to a person driving a car in an unfamiliar place without a map. He may be clear of his final destination but he hasn't got a clue how to get to the destination (Kaplan and Norton, 1996b). So the simple act of describing strategy via strategy maps and scorecards makes a major contribution to the success of the transformation program (Kaplan and Norton, 1996b; Mackay, 2010)

## 5. Performance measure

Measures define how the organizational unit measures its performance. These are indicators to track the performance of the organization by providing essential information needed to enable control and monitor the organization. Performance measures are linked to objectives

and allow the organization to measure what matters and track progress toward desired strategic results. Measures allow the organization to track results against targets and to celebrate success and identify potential problems early enough to fix them. The concept of targets is used to identify the actual level of performance the unit hopes to reach. Targets and thresholds provide the basis for visual interpretation of performance data, to transform the data into business intelligence. Ketelhohn (1999) found that the identification and selection of appropriate measures and key performance indictors enhance the implementation and acceptance of business strategy, at the same time as enhancing employee understanding of the business. Furthermore, Forza and Salvador's research (2000, 2001) supports the suggestion that employee communication that focuses on feedback from measures increases collaboration and facilitates buy-in. But Braam and Nijssen (2004) argue that performance will be harmed if the measures are seen as an end instead of a means.

## 6. Initiatives

Initiatives refer to the programs or policies the organizational unit will employ to reach its objectives and targets; these are projects or actionable projects that help to ensure strategic successes. Initiatives translate strategy into operational terms, and provide a basis for prioritizing the budget and identifying the most important projects for the organization to undertake. According to settler leadership Initiatives and action plans are agreed as a set of programs and projects that need to be implemented to ensure the success of a strategy. After this step completed scorecard rollout will be made.

7. Automation: Using software to automate the collection, reporting, and visualization of performance data.

## 8. Cascade

Once an organization has developed a BSC the next task is to move the concept down the organization hierarchy and devise complementary scorecards. Cascading is about creating alignment around the organization's shared vision, to make strategy actionable to departments and down to individuals. Align the organization through strategy, using the strategy map, performance measures and targets, and initiatives. Scorecards are used to improve accountability through objective and performance measure ownership. Cascading is

important to clearly translate the organization mission, vision and strategic objective down to the organization hierarchy, however; too much drill down will develop a plethora of lag and lead indicators and the linkages between them and the business vision would be lost (Shadbolt et al 2003). So this lead the BSC to becoming a measurement process and not a management process as it is designed to be. However; given the complexity of some of the [complex businesses] researched some drilling down is essential if strategy is to be translated into operational terms. This ensures that the efforts of the organization's employees are relevant, understandable, measurable and controllable.

## 9. Evaluation

The effectiveness of the balanced score card is based on its ability to translate a firm's mission and strategy in to a comprehensive set of performance measures (Kaplan et al., 2001a). Besides in order to succeed, it cannot be viewed as a one-time event. Determining your objectives in developing the Balanced Scorecard will go a long way in securing the evolution of the tool in your organization. Niven (2006) stated that specifically, the BSC framework seeks to identify the critical economic activities of the company that generate current and future cash flows and to build a causal model of the process by which the company generates profits by focusing on both financial and non-financial indicators of firm performance. The results of the organization becoming more strategy-focused are evaluated, and changes in strategy, measures, and initiatives reflect organization learning.

## 2.4.2 The Key Success Factors of balanced scorecard Implementation

In order to success with an implementation of a BSC, it is of relevance to have a vision and mission, perspectives, success factors, objectives, measures, strategies and action plans. The BSC should be shaped for the individual organization with further attention towards its needs (Ericsson et al, 2002).According to him one of the keystones for conducting a successful scorecard is to have a good plan and method that can be done through a 7-step plan as explained below. The vision is usually an expression for the comprehensive objective for an organization. It shall give a mental picture of the future and a purpose for the activity it performs. One of the most important things to consider when creating a vision is simplicity; it is essential that the vision is simple enough to be understood by all

personnel. According to Hallgårde et al (1999), a good vision should include information about who the organization is there for, which area of action it includes and in which direction the organization develops. Developing overall strategies in order to accomplish the vision and mission is the next step of the procedure when implementing a BSC (Ericsson et al, 2002). A strategy explains how to allocate resources to reach the objectives aimed for (Hallgårde et al, 1999).

When defining critical success factors and perspectives, the question what is important for us to do in order to succeed as an organization may arise (Hallgårde et al , 1999). When that question can be answered, the critical success factors should be defined before the definition of the perspectives can be made. It is of importance to have perspectives that are relevant and can be balanced. Measures must be created correctly in order to show that a company work towards the vision and accordingly to its strategies. It is of importance to choose measures that are of relevance and they must be explained accurate (Hallgårde et al., 1999). The measures should include a mix of outcome measures and performance drivers and they to be linked to financial measures. The presented scorecard and the results from its objectives must be evaluated and it is important that the scorecard describes the organizations strategy. The evaluation can be done in several ways and according to Hallgårde et al (1999), a connection analysis is first presented and an evaluation of the scorecard must be done. It is of importance to make sure that the right measures are considered. Vision, objectives and strategies must be complied with decisions and actions (Ericsson et al, 2002). Plans of actions must be developed in order to start with the improvement work. These plans of actions include proposals and activities that can be used to improve the results of the objectives (Hallgårde et al., 1999). The final stage of implementing a scorecard is to create routines for the follow up and operation of organizations BSC. The BSC must be integrated with the ordinary planning and the follow up within an organization. Reward systems can be linked to the BSC in order to motivate people and to keep it as a living document (Hallgårde et al., 1999). The rewards are usually connected to goal fulfillment but an additional approach is to link the rewards to the activities within the action plans.

In their work, Kaplan and Norton (1996b) have highlighted major organizational ingredients for a highly successful balanced scorecard program. In his 2000 work, Kaplan defined barriers in the public sector that need to be overcome if stretch performance targets are to be set and sustained through a balanced scorecard. The organizational ingredients for success include (1) consensus on strategy and key performance expectations and requirements, (2) top leadership direction, (3) integrating the plan and related balanced scorecard into investment decisions, (4) making strategy a component of every day jobs and operations, and (5) ensuring strategy development and implementation is a continuous process.

## 2.5 Benefits, Challenges and Failure of Balanced Scorecard

### 2.5.1 Uses and effectiveness of balanced scorecard

In their many articles and books, Kaplan and Norton advocated the balanced scorecard as a management system designed for organizations to manage their strategy. Specifically, the scorecard pol was a way to (1) clarify and translate vision and strategy; (2) communicate and link strategic objectives and measures; (3) plan, set targets, and align strategic initiatives; and (4) enhance strategic feedback and learning. The scorecard was primarily intended for a "closed system" – a strategic business unit responsible for an entire value chain in producing and distributing products for defined customers. Departments and functional units within the strategic business unit would produce their own mission and strategy to support that of the strategic business unit. However, the scorecard was also useful for implementing strategy with other organizations.

According to Kaplan and Norton (1992), the major benefits of the balanced scorecard over the traditional performance management system can be summarized as follows:

• It helps companies to focus on what needs to be done in order to create a "breakthrough performance".

• It acts as an integrating device for a variety of often disconnected corporate programs, such as quality, Reengineering, process redesign and customer service.

• It translates strategy into performance measures and targets.

• It helps break down corporate-wide measures so that local managers and employees can see what they need to do to improve organizational effectiveness.

• It provides a comprehensive view that overturns the traditional idea of the organization as a collection of isolated, independent functions and departments.

• It provides a framework within which performance can be managed at corporate, unit, team and individual    levels.

According to Afande (2015) the benefits from using the BSC in organizations include: clarify and gain consensus about strategy; communicate strategy throughout the organization; align departmental and personal goals to the strategy; link strategic objectives to long-term targets and annual budgets; identify and align strategic initiatives; perform periodic and systematic strategic reviews; and obtain feedback to learn about and improve strategy. The balanced scorecard acts like as a new strategic management system. The system is expected to link an organization's long-term strategy with its short-term actions. According to Kaplan and Norton (1996) the scorecard addresses serious deficiencies in traditional management systems, namely a company's inability to link long-term strategy with its short-term actions, and a preoccupation with financial measures. Financial measures report on historical outcomes but do not communicate the drivers of future performance. Kaplan and Norton (2001) studied more than 100 organizations, which implemented the scorecard for the first time, with the intention of developing new strategic management systems. The senior executives of those organizations discovered that the scorecard supplied a framework focused on many critical management processes, and that those processes referred to departmental and individual goals, business planning, strategic initiatives, feedback and learning. By using the scorecard, it is reported, the senior executives immediately started processes of change. In 1996 Kaplan and Norton argued that the BSC acts like as a new strategic management system. The system is expected to link an organization's long-term strategy with its short-term actions (Kaplan and Norton 1996a). Mooraj et al., (1999) agree with Kaplan and Norton that the BSC may serve as a strategic management system in an organization, and advocate further that the BSC in practice is a system, which primarily encourages managers at all levels to make strategic decisions based

on the company's common strategies. It helps people in the organization understand cause-and-effect relationships of the things they do (Papalexandris et al., 2004, 2005).

The balanced scorecard holds a major importance in most organizations in both private and public sectors. According to Ritter (2003), the balanced scorecard helps in promotion of a systematic development of vision and strategy, and therefore the understanding of how things are carried out at all management levels. This allows for the creation of the business model specifying on a small group of measurements which are critical for the performance of the organization's and the business' and making it possible to recognize the essential adjustment elements of the business and its management through cause-and effect analysis. As a result, it enables the identification of all activities that act as a trigger to reach established goals and to which it is therefore convenient to allocate the company's resources. The strategic management system forces managers to focus on the important performance metrics that drive success. The balanced scorecard fills the void that exists in most management systems: the lack of a systematic process to implement and obtain feedback about strategy. According to Kaplan and Norton (1996a), management processes built around the scorecard enable the organization to become aligned and focused on implementing the long-term strategies.

The balanced scorecard is also used as a communication tool. According to Gordon (2010), the BSC provides better and more complete management information needed planning. It is a tool for management and employee motivation. Due to its significance and compliance ability, it represents a readily available combination for organizations that are willing to move their organizations in the desired strategic directions. BSC provides substantial guidance for actions, after formulation of overall organization strategy it must be broken down to understandable units within each business unit. It is also the duty of the management to ensure that employees understand the BSC to avoid resistance.

The data reported on the effectiveness of Balanced Scorecard predominantly remains anecdotal in nature. While many instances are available, linking use of Balanced Scorecard to increased bottom-line performance, exact results are usually not available owing to proprietary factors in private sector. Similarly data security needs of public sector organizations have been cited as one of the reasons of non-reporting of empirical success.

While analyzing the success, it also needs to be kept in view that most Balanced Scorecard initiatives do not come alone. They accompany several other performance improvement initiatives, together attributable to the status quo dissatisfaction and dynamism of top management. As reported in Rigby (2001), the mean

Satisfaction ratings of Balanced Scorecard as a management tool stands at 3.85 on an ascending scale of 5, ranked below other tools such as One-to-one marketing (4.09), Cycle Time Reduction (4.06), Pay-for-Performance (3.97) and Strategic Planning (3.93). Balanced Scorecard has scored higher than other management tools such as Knowledge Management (3.02), Core Competencies (3.61), Reengineering (3.66), Supply Chain Integration (3.75), Outsourcing (3.77) and TQM (3.82); as reported in Rigby (2001). In a more recent study published on internet by Bain & Company (Rigby 2011), it has been reported that the usage of Balanced Scorecard by firms has increased from approximately 35% to 53%; from 1996 to 2008. Interestingly, the usage has been reported as approximately 70% in 2006. The same work reports that the satisfaction level of firms with the results of balanced scorecard has remained approximately at 3.8 on an ascending scale of 5 from 1996 to 2008, with little variation. The lowest satisfaction rating coincides with the highest usage year; approximately 3.5 in 2006. The abovementioned figures, however, should be used with caution while judging the efficacy of Balanced Scorecard generally and in Public Sector organizations particularly since the techniques scoring higher in usage and satisfaction ratings do not generally apply to public sector. In addition, the figures of the earlier study may have become anachronistic keeping in view the development of Balanced Scorecard since the study was conducted. In its latest "versions" Balance Scorecard seems to have encompassed many other management tools in itself, such as Strategic Planning, Knowledge Management, Customer Satisfaction Measurement, Supply Chain Integration; etc.

According to Homeland security (2016) BSC can clarify independent and interdependent initiatives, relationships, and linkages. The cause-and-effect relationships make strategy explicit to an organization's employees and to other delivery partners and provide a readily-understood framework for resource allocation and leveraging resources and capabilities. Lastly, the balanced scorecard makes much more transparent the process of assessing if there are gaps, duplication, or overlaps in initiatives and capabilities to implement strategy.

## 2.5.2 Challenges and Failure of Balanced scorecard Implementation

Newin (1994) suggests that one of the main challenges of a balanced scorecard is the complexity and time involved in the designing an appropriate scorecard for the particular business or organization in mind and its implementation. The balanced scorecard has been criticized for failing to include important perspectives like the employee perspective and the environmental impact perspective (Kiragu, 2005). Kaplan and Norton, (2001), however, noted that the four perspectives simply provide a framework rather than a constraining straitjacket. Companies can therefore omit or include additional perspectives to meet their own requirements but they must however avoid the temptation of creating too many perspectives and performance measure as this may result in distortion. According to Ahn (2001), Problems in using the Balanced Scorecard is the requirement of more amount of management capacity than expected. On the other hand, Brown (2007 cited in Nadem, 2011) has identified the following top ten problems with most scorecards both in private and public sector equally.

1. Most metrics are lagging
2. Scorecards cannot measure ethics
3. Alignment of goals, strategies and metrics remains a problem
4. Most scorecards remain at senior management level
5. Awards and punishments are not linked to metrics
6. Most targets are set arbitrarily
7. Customer satisfaction metrics are rudimentary
8. Human Resource metrics are least effective
9. Balanced scorecards reporting still use traditional tools such as power point & spreadsheets
10. Scorecards do not use external factors

More over BSC application may face extreme caution at both design and implementation levels due to the many diverse challenges such as: Compatibility with legacy management systems in use; the challenge of doing it quickly (in one management change cycle); organization wide understating of metrics; acceptance of a new performance management system by employees; ethics in reporting performance; lack of linkage between service

benefits and performance metrics; the managers' dilemma; seeking a balance between the comprehensiveness of balanced Scorecard and time & resource constraints

If a company wants to implement the Balanced Scorecard properly and reap all the benefits, people should first learn about it. Niven (2006) noted that organizations, after deciding to implement the Balanced Scorecard, conceive that it can be done without much learning. According to him, due to its seeming simplicity, people in charge very often conclude that thorough education and training are not required. Such a conclusion will permanently harm the BSC initiative and lead to failure.

In general the common challenges of implementing the balanced scorecard, according to Pujas (2010), can be summarized as: limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication.

## 2.5.3 Critics on Balanced Scorecard

Despite a lot of appreciations, many, academicians critically analyzed the Balanced Scorecard and suggested some improvements in Balanced Scorecard. Some of the Critics which are suggested by Nerreklit (2000) include:

1. Cause and Effect relations are not time wise connected

One of the most important strengths that the Balanced Scorecard is claimed to Nonfinancial enablers or leading measures that are shown in logical cause-and effect relationship with financial measures should allow paying attention to future potential of organization. Strategy map according to method presented by Kaplan and Norton, cause-and-effect relations are built up in a subjective way that does not necessarily refer to time factor. So, Nerreklit (2000) criticized that there is no causal relationship but a logical relationship.

2. External environment and several interest groups are out of picture

The Balanced Scorecard does not take into consideration any important interest groups but shareholders and clients. Also no attention is paid to daily activities of competitors. Neely

(2002) also argues that the most difficult problem of Balanced Scorecard is that it lacks several important interest groups in its structure: such as suppliers, cooperation

Partners and close neighbors.

3. Hierarchical top-down set-up creates problems in implementation

Many practical examples have demonstrated that the top-down approach used by Balanced Scorecard methodology is not ideal for several reasons. Kanji (2002) has noted, that first of all, it is not advisable to construct the strategic objectives in a hierarchic set-up as the main accent is thereby concentrated on establishing not based on internal needs of people working in the organization but rather on building up just a result-driven centralized program, where employees are more expected to provide just buy-in decision and not as much giving their own contribution.

4. Unsuitability to unique or unhealthy enterprises

There are some gaps exist in the theory presented in BSC and empirical world Scorecard because Kaplan and Norton (1996b) kept the foundation of their BSC on case study that is highly complex so we cannot generalize it on whole business environment. Mooleman (2007) argued that companies in dynamic surroundings will frequently change their measures, resulting in a substantial uncertainty margin regarding the usefulness of the defined indicators. In general, it is difficult for an organization to establish performance measures for activities with which the organization has very little or no experience. Moreover, Rompho (2011) state that newly established enterprises weather they are large or small does not have stable strategy, they need to change it, which leads to frequently changing the measures in the BSC, so in a critical analysis of the BSC, therefore, the BSC is not applicable for companies in highly dynamic environments. In addition to that BSC is not a valid strategic management tool, mainly because it does not ensure any organizational rooting, but also because it has problems ensuring environmental rooting (Al sawalqa, et al, 2011).

5. Costliness of the tool

 Neely et al (2004) stated that the measurement is luxury for SMEs; the cost of implementing and purchasing scorecard system can still is the issue of managers. So, that

successful implementation is likely to be limited to complex, mature and transparent agencies, so despite the promise of reform, the BSC is not a panacea.

## 2.6 Balanced Scorecard for Government (Public) sectors

As earlier mentioned, the BSC was originally created to suit the private sector. The model advocates for that financial measure it is not enough to evaluate an organization's performance, thus it does not show all aspects of an organizations results. It is therefore more suitable for the public sector where the financial perspective is not the most important factor (Olve et al, 1999). The financial perspective can play an enabling role, but it will not be the primary objective. The success of public sector organizations cannot be measured by how closely they maintain spending to their budgeted amounts or even if they succeed with balancing their budget.

According to Kaplan and Norton (1996b) tangible objects must be defined for the customers and the success should be measured by how effectively and efficiently the organizations meet the needs of their customers. Many public sector organizations encountered difficulties in developing their initial BSC and in order to succeed with the development of a BSC for a public sector organization, the thinking within the organization has to shift from thinking of what is planned to what it intends to accomplish. There has to be a shift from activities to outcomes (Atkinson et al, 2004). The general model of the BSC is based on four perspectives that were showed earlier. The model can be modified to fit the organization of interest. It can differentiate depending on factors based on; the internal relationships within the organization, size of the organization, competition, business forms, organizational structure and relationships of importance with the external environment. The primary object for public sector organizations is not financial success and they can therefore have problems using the standard architecture of the BSC strategy map where the financial objectives are at top. The four perspectives which are used in the regular BSC may be changed and other perspectives may be added (Atkinson et al, 2004)

While initially developed for private sector enterprises, the Balanced Scorecard was soon extended to nonprofit and public sector enterprises (NPSEs). Prior to the development of the Balanced Scorecard, the performance reports of NPSEs focused only on financial measures,

such as budgets, funds appropriated, donations, expenditures, and operating expense ratios. Clearly, however, the performance of NPSEs cannot be measured by financial indicators. Their success has to be measured by their effectiveness in providing benefits to constituents.

The Balanced Scorecard helps NPSEs select a coherent use of nonfinancial measures to assess their performance with constituents. Since financial success is not their primary objective, NPSEs cannot use the standard architecture of the Balanced Scorecard strategy map where financial objectives are the ultimate, high-level outcomes to be achieved. NPSEs generally place an objective related to their social impact and mission, such as reducing poverty, pollution, diseases, or school dropout rates, or improving health, biodiversity, education, and economic opportunities. A nonprofit or public sector agency's mission represents the accountability between it and society, as well as the rationale for its existence and ongoing support. The measured improvement in an NPSE's social impact objective may take years to become noticeable, which is why the measures in the other perspectives provide the short- to intermediate-term targets and feedback necessary for year-to year control and accountability (Kaplan & Norton, 2010). It is argued that you "can't manage what you can't measure." In response to this the balanced scorecard includes a series of measures that, when tracked, let managers know how well the organization is performing. The scorecard helps you to monitor the organization from four perspectives which are considered critical to any organization's success Nonetheless, as Johnsen (2001) indicated, BSC can work in public management and its three main managerial plus points for its application in the public sector: (1) It is a versatile tool for developing, discussing and selecting the most relevant decision-taking and performance indicators in complex organizations such as political bodies;(2) BSC provides a practical approach to judge the basic premise in information economics: the benefit of information should exceed its cost; (3) It educates busy stakeholders, managers and employees in management control in complex organizations. In addition Holems,et al(n.d) also state the advantage of BSC in public organizations as: it has a potential to increase accountability, efficiency, and transparency and as it  has the potential to encourage more long range planning, create more well-rounded objectives, and provide taxpayers with a clearer vision of where, how and what their taxes are being spent.

## 2.7. Empirical Literature

An organization's measurement system strongly affects the behavior of people both inside and outside the organization. If companies are to survive and prosper in information age competition, they must use measurement and management systems derived from their strategies and capabilities. Unfortunately, according to Kaplan and Norton (1996) many organizations espouse strategies about customer relationships, core competencies, and organizational capabilities while motivating and measuring performance only with financial measures.

Balanced Scorecard is not only an indicator of appraisal system, but also a strategic management system. The use of the Balanced Scorecard breaks the traditional single-use financial indicators method which measure performance. It adds the future drivers in the financial indicators, which is customer factors, internal business processes and employee learning and growth (Zhang and Li, 2009).

The Balanced Scorecard retains financial measurement as a critical summary of managerial and business performance, but it highlights a more general and integrated set of measurements that link current customer, internal process, employee, and system performance to long-term financial success.

The Balanced Scorecard, as the embodiment of business unit strategy, should be communicated upward in an organization to corporate headquarters, and the corporate board of directors. Conventional rhetoric declares that a principal responsibility of the board is to provide oversight of corporate and business unit strategy. In practice, however, corporate boards spend more time reviewing and analyzing quarterly financial results than engaging in detailed strategic reviews and analysis (Kaplan and Norton, 1996).

According to Kaplan and Norton (1999) the BSC project requires an architect (member of the senior executives) who can frame and facilitate the process, and collect relevant background information for constructing the scorecard. But the scorecard should represent the collective wisdom and energies of the senior executive team of the business unit and it should also get the active sponsorship and participation of the senior executives

# CHAPTER 3

# RESEARCH DESIGN AND METHODOLOGY

This chapter gives an outline of the research methodology that was used in the study. Here, the method of the research and the detailed tactics that helped the researcher to answer the research questions and arrive at conclusions are presented.

## 3.1. Research Approach

The research Approach chosen for this study is mixed research approach which is pragmatist in philosophical position. According to Nastasi, Hitchcock, and Brown (2010, cited in Saunders, Lewis, and Thornhill, 2012), for pragmatists, the nature of the research question, the research context and likely research consequences are driving forces determining the most appropriate methodological choice. Both quantitative and qualitative researches are valued by pragmatists and the exact choice will be contingent on the particular nature of the research. using more than one data collection technique and analytical procedure to answer the research question, is increasingly advocated within business and management research (Bryman , 2006) because it is likely to overcome weaknesses associated with using only one method as well as providing scope for a richer approach to data collection, analysis and interpretation. So, mixed research approach was appropriate for this study since, both quantitative and qualitative data, data collection technique and analytical procedure were valued for the purpose of triangulation.

## 3.2. Research Design

The study adopts descriptive research design with a primary purpose of assessing the practices, and challenges faced by public sectors in implementing the balanced scorecard as their performance and strategic management system. Determination of the research design passed through consideration of the nature of the study, the data collection method, and method of the data analysis. Based on these facts the study adopted descriptive research design which helped the researcher in meeting the study objectives and in addressing the research questions by analyzing the immediate situations.

The overall development and implementation of the balanced scorecard in such public sectors was evaluated against the standards: theoretically and empirically acknowledged practices of implementing the balanced scorecard. Thus the study employed both quantitative and quantitative research method. Primary data was gathered from managers as well as non-management senior officers of the selected public sectors.

## 3.3. Source of Data and Data Collection Tools used

The study largely depended on primary data, which could be collected through survey method by using standard questionnaires which were arranged in standardized 5-point Likert's scale, as well as through interviewing experts and middle level managers who have the relevant exposure in the development and implementation of the balanced scorecard system in such public sectors. The standard questionnaire targeted the management and highly professional employees in public sectors.

For primary data collection, the study used structured survey method and collected the data by designing questionnaire with 5-point liker type closed-ended questions and semi-structured interview questions. In addition, semi-structured interview questions were prepared and the responsible managers and top leaders of the selected sectors for overseeing the implementation of the balanced scorecard were interviewed for the overall process of the implementation.

## 3.4. Population and Sampling Technique

The total sum of employees of the 3 selected woredas( including managers and non-managers) is 602 ( woreda 7= 207, woreda 8=204 and woreda 11= 191).Hence, the target population for the study  included 72 management members which were managers of each sectors, administrators and deputy administrators of each woreda, team leaders and coordinators of each sectors in each woredas and 530 non-management members which includes senior officers in each sectors of each selected woredas.; Thus 72 (24 from each woreda) management members and  530 non-management senior Officers of the 3 selected woredas of Kolfe Keranio Sub- city were the population of the study. All of them are working in their respective woredas and sectors. The researcher believed that full information about the development of the balanced scorecard and the possible challenges

faced during the process of implementation and the benefits gained could be generated by targeting the stated portion of employees and the management of the selected woredas.

With regard to sampling technique the study adopts both probability (specifically simple random sampling and cluster sampling techniques) and non-probability sampling (specifically purposive sampling) technique.

The researcher used simple random sampling technique to choose the public sectors on which the study was conducted. From 15 woredas in kolfe keranio sub city 3 woredas (Woreda 7, woreda 8, and woreda 11) were taken randomly to be used as the organization of the study.

The total sample size was determined using Yamane Taro (1992) simplified formula as the following.

n= $\frac{N}{1+N(e)2}$  where n is the sample, N is the population size, and e is the level of

precision. So

n= $\frac{602}{1+602(0.05)2}$=240 is the total sample size of the study.


 The student researcher took the 3 selected woredas as 3 clusters and determined the sample size for each clusters (woreda). The sample size of each cluster (woreda) was determined independently. The sample size of each cluster (woreda) was determined to be 40% of the population of the corresponding cluster (woreda).So, in the first cluster (woreda7) the sample size was determined to be 82 which is 40% of the population of the cluster (207). In the second cluster (woreda 8) the sample size was determined to be 81 which is 40% of the population of the cluster (204). In the third cluster (woreda 11) the sample size was determined to be 77 which is 40% of the population of the cluster (191). As a result out of the total population (602 employees and management members) in the selected woredas a total of 240 employees (27 management members (82 from woreda 7, 81 woreda 8, 77 from woreda 11) was taken as the subject of this study.

The subject of the study was selected using purposive sampling technique. Purposive sampling method involves purposive or deliberate selection of particular units of the universe for constituting a sample, which represents the universe   According to Maxwell

(1999), purposive or judgmental sampling is a non-probability sampling technique that uses judgment and deliberate effort to pick individuals who meet specific criteria of the study. This sampling technique is appropriate for at least three situations. It selects cases that are especially informative for the specific study, and it is also relevant for conducting case study analysis to find important individuals and/or groups that are important for the study. Hence, purposive sampling technique was used by the researcher to purposely selecting individuals who have at least more than 1 year experience and sectors from each selected woredas which the researcher believes to have better access of information about the development and implementation of the balanced scorecard system in the sectors.

The composition of the respondents included 27 management members (woreda administrators and deputy administrators, managers of each office or sectors and Team Managers/coordinators) and 213 non-management professional level employees (senior officers).

## 3.5. Reliability Test

Reliability analysis refers to trustworthiness, consistency and dependability of measuring instrument to improve the reliability of the data. Mostly Kronbach Alpha is applied to estimate multiple item scale reliability. As shown below the reliability of the measure was assessed using test retest method of Kronbach Alpha. As WALLA and Wells described the values of Kronbach Alpha between 0.08 and 0.95 are considered as good. Moreover according to Nunnally and Bernstein (1994 cited in Sixholo, 2011), Cronbach's alpha is used to test the reliability of the quantitative questionnaire for internal consistence. An alpha value with a lower limit of 0.7 and upper limit of 0.9 is considered acceptable .As a result, as it is shown in table 3.1 as per the analysis made with SPASS software the reliability statistic test for all variables alpha range 0.85 to 0.95. The total Alpha value is 0.9. This shows that the measurement is reliable.

Table 3.1Reliability test result

| Variables | Alpha value | Decision |
|-----------|-------------|----------|
| BSC implementation practices | 0.95 | Accept |
| BSC implementation Challenges | 0.9 | accept |
| Benefits from BSC implementation | 0.85 | accept |
| **Total** | 0.9 | accept |

## 3.6. Method of Data Analysis

After collecting and sorting all relevant primary data using the data collection tools, quantitative responses were sorted, coded, and computed using Statistical Package for Social Sciences (SPSS) version 20 which is important statistical analysis tool. Then appropriate data analysis methods such as frequencies, percentiles and mean scores were used. The results were presented using tables.

The qualitative data obtained through in-depth interviews were considered as an integral part of the analysis, conducted in a thematic manner, which allowed for a triangulation of responses.

## 3.7. Ethical Considerations

In conducting the study, the student researcher took into account the following ethical considerations:

- Any relevant data for the study was collected by issuing an official letter to the concerned public Sectors.
- Respondents were informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, could be involved.
- The confidentiality of information was kept and the anonymity of respondents was respected.

# CHAPTER FOUR
# DATA ANALYSIS AND INTERPRETATION

This chapter basically provides the data analysis and discussion part of the study. The data collected from respondents were systematically presented and detail analysis of the findings from the questionnaires and interview were presented in order to answer the research questions and to meet the objectives. Then, findings were discussed based on the previous literatures and BSC frameworks.

This chapter is organized in to 3 sections. In the first section major findings and discussion about BSC practices in the selected woredas was presented. Then in the second section major findings and discussion about challenges of BSC implementation practices in the selected woredas was presented. In the last section major findings with discussion about the benefits of BSC implementation in the selected woredas was presented.

The total questionnaire distributed to the 3 selected woredas was 240. 82 of them were distributed to woreda 7, 81 questionnaires were distributed to woreda 8, and 77 of them were distributed woreda 11.The total questionnaire filled out and returned back was 181, which is 75.5% response rate.

Result of respondents profile was not presented here.This was because of the result of respondents profile could not be related to the issue in focus (BSC implementation). As a result the student researcher found that, unless the result of respondents profile support the study in some way; presenting it was irrelevant.

In this study 3 main variables: BSC implementation practice across the 4 perspectives: customer perspective, finance perspective, Internal process, and Learning & growth perspective, challenges of BSC implementation, and benefits of BSC implementation were assessed. The overall BSC implementation practice was assessed with four to eight questions across each perspective. In order to assess the overall challenges of BSC implementation 7 sub-variables that refer to the common challenges of balanced scorecard implementation based on the study of Pujas (2010) which are limited understanding of BSC, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication were taken to design the questionnaire and analyzed the

response of employees and the management of the 3 selected woredas .These s u b - variables are the major success factors for effective implementation of the balanced scorecard system. For each sub-variable, the researcher has managed to design two to five questions to better represent the variable from different directions. The benefits that can be derived from BSC implementation were assessed by designing and administrating 10 questions (items).

After inserting the raw Liker scale data to SPSS 20, the researcher has analyzed and summarized the responses by taking the average of the response results obtained under each variable. Hereunder are the questions under each variable and the analysis of the summarized responses for the question

In addition to this the interview questions were administered to the senior officers, human resource unit coordinators, and managers of public service & human resource office in the selected woredas. The main objective of the interview was to capture information that helps in answering the research question. To achieve this objective the interview contained a number of standardized and open ended questions. This indirect but Non-threatening approach was designed to allow for greater depth of responses and to elicit the real opinions of the interviewees, who may have otherwise have not been Comfortable in providing answers concerning some of the more sensitive issues. Consequently the respondents were guided by but not necessarily limited to the structure of the questions themselves.

The schedule of interview questions commenced with some background questions concerning the role and scope of their division or office in the woreda. This was followed by some questions on how and what types of processes were used by the sectors in putting the BSC system into place; how, by whom and for whom the performance indicators (PIs) in the BSC were developed; and how and where the data are collected and outcomes are communicated. These questions were devised to elicit responses aiming to know how the BSC system works and who involved in the process. Next, the open ended questions were asked to determine the major activities carried out in the implementation process. This was followed by questions on how they built the skills and knowledge of the staff in the implementation process. Respondents were then asked questions on whether the BSC system had any problems and the challenges posed in implementing it in terms of planning, review, motivation, leadership, resources, communication, measurement and data collection

techniques. This was followed by a question what benefits are gained from BSC implementation. Finally a series of questions were posed to probe critical issues such as staff involvement, the importance of performance monitoring, resource allocations, positive and negative impacts, decision processes, work culture, accountability, transparency, governance, organizational change, consensus on performance indicators, the relationship between outputs and outcomes, and changes in organizational behavior. The result is discussed in line with the result obtained from the questionnaires under each variable.

## 4.1. BSC implementation practice

By measuring practices of the organizations across four balanced scorecard perspectives, the BSC complements traditional financial indicators with measures for customers, internal processes, and innovation and improvement activities, which in turn must all be linked to the organization's strategic vision (Kaplan & Norton, 2006). Section C of the questionnaire included 22 items that were designed to investigate the perceptions of management members and the staff at the 3 selected woredas with respect to BSC practice of the woredas under the study. Questions (items) in this section were structured to elicit information based on four performance indicators of the BSC, namely: Customer satisfaction financial performance, internal business processes, and learning & growth.

*Table4.1: BSC implementation practice (customer perspective)*

| Customer perspective | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| My office (department) is able to meet customers demand | frequency | 9 | 25 | 28 | 77 | 42 | 181 | 3.65 |
| | % | 5.0 | 13.8 | 15.5 | 42.5 | 23.2 | 100 | |
| My office(department) offers quality service | frequency | 4 | 24 | 34 | 80 | 39 | 181 | 3.70 |
| | % | 2.2 | 13.3 | 18.8 | 44.2 | 21.5 | 100 | |
| Feedback from customer is taken seriously | frequency | 7 | 27 | 31 | 72 | 44 | 181 | 3.66 |
| | % | 3.9 | 14.9 | 17.1 | 39.8 | 24.3 | 100 | |
| Customers satisfied with time line and quality of service | frequency | 5 | 36 | 35 | 78 | 27 | 181 | 3.48 |
| | % | 2.8 | 19.9 | 19.3 | 43.1 | 14.9 | 100 | |
| Customers satisfied with responsiveness, cooperation and skills in my department | frequency | 6 | 25 | 36 | 81 | 33 | 181 | 3.61 |
| | % | 3.3 | 13.8 | 19.9 | 44.8 | 18.2 | 100 | |

**Source: Customized from data collected, May, 2017        N=181**

**1. BSC implementation practice (customer satisfaction)**

Findings in table 4.1 above shows BSC implementation practice across customer and financial perspectives include the following:

**Able to meet customers demand in the woreda:** With respect to meeting customers demand ,(23.2%) of the respondents "Strongly Agreed", (42.5%) of the respondents "Agreed", (13.8%) of the respondents "Dis agreed", (5.0%) of the respondents "Strongly Disagreed" and (15.5 %) of the respondents " remain silent". So, offices (departments) are able to meet customers demand in the woredas, as indicated by (65.7%), giving a mean score of 3..

**Offer quality service in the woreda:** With respect to offering quality service ,(21.5%) of the respondents "Strongly Agreed", (44.2%) of the respondents "Agreed", (13.3%) of the respondents "Dis agreed", (2.2%) of the respondents "Strongly Disagreed" and (18.8%) of the respondents " remain silent". So, offices (departments) are able to offer quality service in the woredas, as indicated by (65.7%), giving a mean score of 3.65.

**Customers feedback is taken seriously:** With respect to taking customers feedback ,(24.3%) of the respondents "Strongly Agreed", (39.8%) of the respondents "Agreed", (14.9%) of the respondents "Dis agreed", (3.9%) of the respondents "Strongly Disagreed" and (17.1 %) of the respondents " remain silent". So, Customers feedback is taken seriously in the woredas, as indicated by (64.1%), giving a mean score of 3.66.

**Customers satisfied with responsiveness, cooperation and skills:** With respect to customers satisfaction with responsiveness, cooperation and skills of employees ,(18.2%) of the respondents "Strongly Agreed", (44.8%) of the respondents "Agreed", (13.2%) of the respondents "Dis agreed", (3.3%) of the respondents "Strongly Disagreed" and (19.9%) of the respondents " remain silent". So, Customers satisfied with responsiveness, cooperation and skills of employees, as indicated by (63%), giving a mean score of 3.61.

**Customers satisfied with time line and service quality:** With respect to customers satisfaction with time line &service quality,(14.9%) of the respondents "Strongly Agreed", (43.1%) of the respondents "Agreed", (19.9%) of the respondents "Dis agreed", (2.8%) of the respondents "Strongly Disagreed" and (19.9%) of the respondents " remain silent" which implies that whether the 36 respondents did not want to express their opinion about this issue or they are not sure about it. So, Customers satisfied with time line and quality of service, as indicated by 58% response.

*Table4.2: BSC implementation practice (financial perspectives)*

| Financial perspective(Budget and Resource) | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| Resources are managed efficiently in my office | frequency | 17 | 42 | 34 | 66 | 22 | 181 | 3.19 |
| | % | 9.4 | 23.2 | 18.8 | 36.5 | 12.2 | 100 | |
| The budget that is allocated to the office (department) is sufficient | frequency | 29 | 64 | 39 | 40 | 9 | 181 | 2.71 |
| | % | 16.0 | 35.4 | 21.5 | 22.1 | 5.0 | 100 | |
| In my department the necessary resources (employees, money, materials…) are fulfilled | frequency | 49 | 50 | 42 | 33 | 7 | 181 | 2.44 |
| | % | 27.1 | 27.6 | 23.2 | 18.2 | 3.9 | 100 | |
| There is effective financial( budget) control measures | frequency | 28 | 52 | 36 | 55 | 10 | 181 | 2.87 |
| | % | 15.5 | 28.7 | 19.9 | 30.4 | 5.5 | 100 | |

`Source: Customized from data collected, May, 2017`

**2. BSC implementation practice (financial perspectives)**

Findings in table 4.2 above shows BSC implementation practice across customer and financial perspectives include the following:

**Resources are managed efficiently:** With respect to managing resources efficiently, (12.2%) of the respondents "Strongly Agreed", (36.5%) of the respondents "Agreed", (23.2%) of the respondents "Dis agreed", (9.4%) of the respondents "Strongly Disagreed" and (18.2%) of the respondents "remain silent". So, Customer satisfaction with time line and quality of service is at low level, as indicated by a mean score of 3.18.

**The budget is sufficient :** With respect to budget sufficiency,(5%) of the respondents "Strongly Agreed", (22.1%) of the respondents "Agreed", (35.4 %) of the respondents "Dis agreed", (16%) of the respondents "Strongly Disagreed" and (21.5%) of the respondents " remain silent". So, the budget which is allocated to different offices (departments) in the selected woredas is not sufficient, as indicated by (51.4%), giving a mean score of 2.71.

**Resources are fulfilled:** regarding fulfilling the necessary resources,(3.9%) of the respondents "Strongly Agreed", (18.2%) of the respondents "Agreed", (27.6%) of the respondents "Dis agreed", (27.1%) of the respondents "Strongly Disagreed" and (23.2%) of the respondents " remain silent". So, the necessary resources (employees, money, materials…) are not fulfilled, as indicated by (57.7%), giving a mean score of 2.44.

**Effective financial (budget) control measures:** With regard to the presence of effective

financial (budget) control measures, (5.5%) of the respondents "Strongly Agreed", (30.4%) of the respondents "Agreed", (28.7%) of the respondents "Dis agreed", (15.5%) of the respondents "Strongly Disagreed" and (19.9%) of the respondents "remain silent". So, there is no effective financial (budget) control measures in the selected woredas, as indicated by (54.2%), giving a mean score of 2.87.

*Table4.3: BSC implementation practice (Internal Business Process perspective)*

| Internal Business Process perspective | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| The policies and procedures in my department (office) are good | frequency | 15 | 41 | 45 | 60 | 20 | 181 | 3.16 |
| | % | 8.3 | 22.7 | 24.9 | 33.1 | 11.0 | 100 | |
| The level of corruption and rent seeking activities in my department ( office) are low | frequency | 12 | 32 | 32 | 65 | 40 | 181 | 3.49 |
| | % | 6.6 | 17.7 | 17.7 | 35.9 | 22.1 | 100 | |
| The number of staff(employee) leaving the department is small | frequency | 19 | 46 | 47 | 49 | 20 | 181 | 3.03 |
| | % | 10.5 | 25.4 | 26.0 | 27.1 | 11.0 | 100 | |
| Communication flows easily throughout the department (office) | frequency | 21 | 25 | 23 | 73 | 39 | 181 | 3.46 |
| | % | 11.6 | 13.8 | 12.7 | 40.3 | 21.5 | 100 | |
| In my office programs are implemented speedily | frequency | 10 | 38 | 25 | 78 | 30 | 181 | 3.44 |
| | % | 5.5 | 21.0 | 13.8 | 43.1 | 16.6 | 100 | |
| The level of wastage in my office is low | frequency | 13 | 26 | 35 | 74 | 33 | 181 | 3.49 |
| | % | 7.2 | 14.4 | 19.3 | 40.9 | 18.2 | 100 | |
| The culture in my office is effective | frequency | 11 | 26 | 27 | 82 | 35 | 181 | 3.57 |
| | % | 6.1 | 14.4 | 14.9 | 45.3 | 19.3 | 100 | |
| Divisions are not overloaded with activities | frequency | 17 | 48 | 30 | 71 | 25 | 181 | 3.21 |
| | % | 9.4 | 21.0 | 16.6 | 39.2 | 13.8 | 100 | |

`Source: Customized from data collected, May, 2017`

### 3. BSC implementation practice (Internal Business Process perspective)

Findings in table 4.3 above shows BSC implementation practice in internal business process perspectives include the following:

**The policies and procedures are good:** regarding goodness of policies and procedures,(11%) of the respondents "Strongly Agreed", (33.1%) of the respondents "Agreed", (22.7%) of the respondents "Dis agreed", (8.3%) of the respondents "Strongly Disagreed" and (24.9%) of the respondents " remain silent". So, since the mean score is 3.16

the policies and procedures are not good enough in the selected woredas

**The level of corruption and rent seeking activities are low:** (22.1%) of the respondents "Strongly Agreed", (35.9%) of the respondents "Agreed", (17.7%) of the respondents "Dis agreed", (6.6%) of the respondents "Strongly Disagreed" and (17.7%) of the respondents " remain silent" with regard to the low level of corruption and rent seeking activities in the selected woredas. So, the level of corruption and rent seeking activities in the selected woredas are low, as indicated by (58%), giving a mean score of 3.49.

**The number of staff (employee) leaving the department is small:** (11%) of the respondents "Strongly Agreed", (27.1%) of the respondents "Agreed", (25.4%) of the respondents "Dis agreed", (10.5%) of the respondents "Strongly Disagreed" and (26%) of the respondents "remain silent" with the statement. So, since the mean score is 3.03 the figure cannot support the statement. So the number of staff leaving the organization (the selected woredas) is not small.

**Communication flows easily throughout the department (office):** (25.1%) of the respondents "Strongly Agreed", (40.3%) of the respondents "Agreed", (13.8%) of the respondents "Dis agreed", (11.6%) of the respondents "Strongly Disagreed" and (12.7%) of the respondents "remain silent" with the statement. So, communication flows easily throughout the departments (offices) in the selected woredas, as indicated by (61.8%), giving a mean score of 3.46

**Programs are implemented speedily:** (16.6%) of the respondents "Strongly Agreed", (43.1%) of the respondents "Agreed", (21%) of the respondents "Dis agreed", (5.5%) of the respondents "Strongly Disagreed" and (13.8%) of the respondents "remain silent" with the statement. So, Programs are implemented speedily as indicated by (59.7%), giving a mean score of 3.44.

**The level of wastage in my office is low:** (18.2%) of the respondents "Strongly Agreed", (40.9%) of the respondents "Agreed", (14.4%) of the respondents "Dis agreed", (7.2%) of the respondents "Strongly Disagreed" and (19.3%) of the respondents "remain silent" with the statement. So, the level of wastage in the selected woredas is low, as indicated by (59.1%), giving a mean score of 3.49.

**The culture is effective:** regarding the effectiveness of the work culture across the offices and (or)departments in the selected woredas,(19.3%) of the respondents "Strongly Agreed", (45.3%) of the respondents "Agreed", (14.4%) of the respondents "Dis agreed", (6.1%) of

the respondents "Strongly Disagreed" and (14.9%) of the respondents " remain silent". So, the work culture across in the selected woredas is effective, as indicated by (64.6%), giving a mean score of 3.57.

**Divisions are not overloaded with activities:** (13.8%) of the respondents "Strongly Agreed", (39.2%) of the respondents "Agreed", (21%) of the respondents "Dis agreed", (9.4%) of the respondents "Strongly Disagreed" and (16.6%) of the respondents "remain silent". So, divisions in the selected woredas are not overloaded**,** as indicated by (53%), giving a mean score of 3.21.

*Table4.4: BSC implementation practice (Learning and Growth Perspective)*

| *Learning and Growth Perspective(Capacity Building and Employees satisfaction)* | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| I have the chance to participate in training and development program | frequency | 20 | 54 | 42 | 52 | 13 | 181 | 2.91 |
| | % | 11.0 | 29.8 | 23.2 | 28.7 | 7.2 | 100 | |
| I have ample opportunity to make independent decisions | frequency | 20 | 76 | 38 | 37 | 10 | 181 | 2.67 |
| | % | 11.0 | 42.0 | 21.0 | 20.4 | 5.5 | 100 | |
| There is good teamwork in my department (office) | frequency | 8 | 37 | 36 | 66 | 34 | 181 | 3.45 |
| | % | 4.4 | 20.4 | 19.9 | 36.5 | 18.8 | 100 | |
| I am satisfied with the work environment | frequency | 26 | 52 | 42 | 41 | 20 | 181 | 2.87 |
| | % | 14.4 | 28.7 | 23.2 | 22.7 | 11.0 | 100 | |
| I am satisfied with my proffesion,the work culture, and value | frequency | 25 | 43 | 40 | 56 | 17 | 181 | 2.98 |
| | % | 13.8 | 23.8 | 22.1 | 30.9 | 9.4 | 100 | |

`Source: Customized from data collected, May, 2017`

*4. BSC implementation practice (Learning and Growth Perspective)*

Findings in table 4.4 above shows BSC implementation practice in learning & growth perspective include the following:

***Have a chance to participate in training and development program:*** *with respect to having* a chance to participate in training and development programs ,(7.2%) of the respondents "Strongly Agreed", (28.7%) of the respondents "Agreed", (29.8%) of the respondents "Dis agreed", (11%) of the respondents "Strongly Disagreed" and (23.2%) of the respondents " remain silent". So, employees have no enough chance in participating in training and development programs, as indicated by the lowest mean score of 2.91.

**Have ample opportunity to make independent decisions:** with respect to having opportunity to make independent decision,(5.5%) of the respondents "Strongly Agreed", (20.4%) of the respondents "Agreed", (42%) of the respondents "Dis agreed", (11%) of the respondents "Strongly Disagreed" and (21%) of the respondents " remain silent". So, employees across the selected woredas have no enough opportunities to make independent decision, as indicated by (53%), and lowest mean score of 3.57.

**There is good teamwork in my department (office):** regarding this statement, (18.8%) of the respondents "Strongly Agreed", (36.5%) of the respondents "Agreed", (20.4%) of the respondents "Dis agreed", (4.4%) of the respondents "Strongly Disagreed" and (19.9%) of the respondents "remain silent". So, there is good team work in the selected woredas, as indicated by (60.4%), giving a mean score of 3.45.

**I am satisfied with the work environment:** regarding this statement (11%) of the respondents "Strongly Agreed", (22.7%) of the respondents "Agreed", (28.7%) of the respondents "Dis agreed", (14.4 %) of the respondents "Strongly Disagreed" and (23.2%) of the respondents "remain silent". So, the employees across the selected woredas are not satisfied enough with the work environment, as indicated by a lowest mean score of 2.87

**I am satisfied with my profession, the work culture, and value:** regarding this statement,(9.4%) of the respondents "Strongly Agreed", (30.9%) of the respondents "Agreed", (23.8%) of the respondents "Dis agreed", (13.8 %) of the respondents "Strongly Disagreed" and (22.1%) of the respondents " remain silent". So, employees across the selected woredas are not satisfied enough with their profession, the work culture and the values, as indicated by a lowest mean score of 2.98.

*Table 4.5: Average Mean Score of BSC practice across the 4 perspectives by woreda*

| | Average mean score of BSC practice (performance) | | | | Total average mean score | Rank |
|---|---|---|---|---|---|---|
| | *Customer perspective* | *Financial perspective* | *Internal process perspective* | *Learning and Growth perspective* | | |
| *Worwda7* | 3.32 | 2.68 | 3.11 | 2.82 | 2.98 | 3 |
| *Woreda8* | 3.88 | 2.92 | 3.54 | 3.18 | 3.38 | 1 |
| *Woreda11* | 3.65 | 2.81 | 3.52 | 2.93 | 3.23 | 2 |
| *Total average* | 3.62 | 2.80 | 3.36 | 2.97 | 3.2 | |
| *Rank* | 1 | 4 | 2 | 3 | | |

Source: Customized from data collected, May, 2017

*5. Average Mean Score of BSC practice across the 4 perspectives by woreda*

On the basis of the **mean** scores computed for each BSC practice (performance) measure (Table 4.5), customer satisfaction (x=3.62) was ranked highest, followed by internal process(x=3.36), learning and growth(x=2.97) with financial perspective trailing (x= 2.80) the list. The mean scores for the four perspectives indicate an average scoring between 'disagree' and 'agree' on the Likert scale. These findings demonstrate that among the four BSC practices measures, performance (practices) with regard to customer satisfaction is the highest within the selected woredas and lowest in financial perspectives as well as in learning and growth perspectives. This finding is not confirmed by the study of Mafini and David (2013) that asserted performance with regard to innovation and learning is the highest within the department and lowest in internal processes.

On the basis of the total average **mean** scores computed for the BSC implementation practice across the 4 perspectives in each woreda (Table 4.5),woreda 8 scores highest (3.38) and ranked first followed by woreda 11which scores (3.23) and ranked second ,and woreda 7 scores the lowest total average mean score of 2.98 and ranked last.

In addition to these as the result of the interview shows in response to the major activities that have been done to build the BSC skills and knowledge of the staff and management members most of the management members stated that continuous training and capacity building programs have been organized at the woreda and sub-city level. On the other hand most of the senior officers stated that training is given but mostly the training is not capable enough in equipping the staffs with important BSC skills and knowledge. They added that most of the trainings are near to political issue rather than BSC skills and knowledge.one senior officers stated that most of employees participate in training not for aiming to gain skills and knowledge rather to get the allowance

## *4.2. Challenges of BSC Implementation*

### 1. BSC concept and knowledge

According to Kaplan and Norton (1992), one of the crucial factors for the successful implementation of the balanced scorecard is to create clarity of the concept and knowledge of the balanced scorecard system weight before starting implementation of the system. To check whether the BSC concept and knowledge is immersed in such selected woredas, the respondents were asked to express their level of agreement with some basic

questions about the concept and knowledge of the balanced scorecard.

*Table 4.6:  Balanced Scorecard concept and knowledge*

| Items | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| I know about BSC well | frequency | 12 | 35 | 31 | 85 | 18 | 181 | 3.34 |
| | % | 6.6 | 19.3 | 17.1 | 47.0 | 9.9 | 100 | |
| I know the organizations vision, mission and strategic objectives | frequency | 5 | 26 | 26 | 90 | 34 | 181 | 3.67 |
| | % | 2.8 | 14.4 | 14.4 | 49.7 | 18.8 | 100 | |
| BSC links short-term operational performance with long term strategic objectives | frequency | 10 | 18 | 38 | 88 | 27 | 181 | 3.57 |
| | % | 5.5 | 9.9 | 21.0 | 48.6 | 14.9 | 100 | |
| Balanced Scorecard is used to set, track and achieve key strategies and objectives in the woreda | frequency | 11 | 10 | 31 | 86 | 43 | 181 | 3.77 |
| | % | 6.1 | 5.5 | 17.1 | 47.5 | 23.8 | 100 | |
| I understand the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication system in the woreda | frequency | 10 | 41 | 30 | 84 | 16 | 181 | 3.30 |
| | % | 5.5 | 22.7 | 16.6 | 46.4 | 8.8 | 100 | |

**Source: Customized from data collected, 2017                          N=181**

Accordingly the finding in the above table (table4.6) shows balanced scorecard concept and knowledge includes the following. With respect to knowing about BSC; 9.9% of the respondents strongly agreed, 47% of the respondents agreed, 19.3% of the respondents disagreed, 6.6% of the respondents strongly dis agreed, and 17.1% of the respondents remains neutral. This implies that even if 56 .9% 0f the respondents know about BSC with a mean score of 3.34 the basic concepts and knowledge about BSC has not been created as expected. With regard to knowing the organizations vision, mission and strategic objectives18.8% of the respondents strongly agreed, 49.7% of the respondents agreed, and 14.4% of the respondents disagreed, 2.8% of the respondents strongly dis agreed, and 14.4% of the respondents remains neutral. Most of the respondents know about their organizations vision, mission and the strategic objectives, as indicated by 68.5% and a mean score of 3.6740. Most of the respondents know that BSC links short-term operational performance with long term strategic objectives as indicated by 63.5%, giving a mean score

of 3.5746.Most respondents understand that BSC can be used to set, track and achieve key strategies and objectives in the woreda, as indicated by71.3%,, and a mean score of 3.7735. With regard to the understanding of the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication system, only 55.2% of the respondents understand the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication tool. This implies the presence of some gaps in understanding the uses of implementing BSC with in the sectors under the study.

**Table 4.7: Organizational level participation**

| Items | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| The top management took the Initiative to implement the balanced scorecard | frequency | 22 | 50 | 61 | 41 | 7 | 181 | 2.78 |
| | % | 9.4 | 27.6 | 33.7 | 22.7 | 3.9 | 100 | |
| There is   full  support   from  the  top Management in BSC implementation in the woreda | frequency | 17 | 54 | 44 | 61 | 5 | 181 | 2.90 |
| | % | 9.4 | 29.8 | 24.3 | 33.7 | 2.8 | 100 | |
| Balanced scorecard  of the woreda has been implemented by participating all concerned parties | frequency | 13 | 49 | 45 | 62 | 12 | 181 | 3.06 |
| | % | 7.2 | 27.1 | 24.9 | 34.3 | 6.6 | 100 | |
| The top management periodically monitors the  progress  of  the  balanced  scorecard implementation | frequency | 24 | 58 | 41 | 53 | 5 | 181 | 2.76 |
| | % | 13.3 | 32.0 | 22.7 | 29.3 | 2.8 | 100 | |
| All  employees  in  the  woreda  have  been involved in the implementation of BSC | frequency | 18 | 46 | 41 | 58 | 18 | 181 | 3.06 |
| | % | 9.9 | 25.4 | 22.7 | 32.0 | 9.9 | 100 | |

Source: Customized from data collected, 2017                                    N=181

**2. Lack of Organizational level Participation**

According to (Kermally, 1997), organizations who have successfully implemented the balanced scorecard system, as their performance measurement and strategic management system have often reported that involving all employees and the management at all levels in the development and implementation of the BSC helps a lot to build a shared interest, and increases each individual's motivation to see the system succeed.

So to measure the level of organizational participation in the 3 selected woredas, 5 questions were raised to the respondents, and according to the findings shown in the above table (table4.7), they significantly disagreed to the idea that the top management took the initiative to implement BSC, the presence of full support from the top management, and top management monitoring BSC implementation progress with mean score of 2.78, 2.90 and 2.76 respectively. With regard to participating the concerned parties and participating all employees in BSC implementation process in the selected woredas only 40.3% and 41.9% of the respondents respectively agreed with mean score of 3.06 for both items. This finding show that there is inadequate effort that in the woredas on these issues.

*Table 4.8: Balanced scorecard education and training*

| Items to measure BSC education and training | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| I got a training that equipped me with a sufficient knowledge about the concept and meaning of the balanced scorecard | frequency | 22 | 53 | 34 | 53 | 19 | 181 | 2.96 |
| | % | 12.2 | 29.3 | 18.8 | 29.3 | 10.5 | 100 | |
| I have understood the alignment of my work unit's objectives with the corporate level objectives and the vision | frequency | 17 | 39 | 33 | 75 | 17 | 181 | 3.19 |
| | % | 9.4 | 21.5 | 18.2 | 41.4 | 9.4 | 100 | |
| I was properly guided by my immediate supervisor while I was designing my individual/work unit's scorecard | frequency | 29 | 61 | 37 | 43 | 11 | 181 | 2.70 |
| | % | 16 | 33.7 | 20.4 | 23.8 | 6.1 | 100 | |
| I got a training to design my own personal scorecard in alignment to the process/team/ scorecard | frequency | 27 | 59 | 35 | 48 | 12 | 181 | 2.77 |
| | % | 14.9 | 32.6 | 19.3 | 26.5 | 6.6 | 100 | |

Source:     Customized     from     data     collected     May,     2017
N=181

### 3: Lack of BSC Education and Training

Organizations conduct awareness sessions during the time the Scorecard is trumpeted as a measurement system featuring financial and nonfinancial measures, but little information is offered about the many subtleties and complexities of the model. Often the deceptive simplicity of the Scorecard makes people susceptible to the false notion that in- depth training is not required(Niven, 2007).Organizations, therefore, should develop a

comprehensive Scorecard curriculum and organize education and training programs  that focuses on the background, concept, objectives in implementing the BSC, typical problems, success stories, and practical implementation details. To measure the level of engagement of the selected woredas in education and training, four items were designed in the questionnaire and distributed.

Accordingly the finding in the above table (table4.8) shows the level of education and training with regard to BSC is insignificant, with a minimum mean score of 2.81 for a question presented to respondents if their organization has provided them training that equipped them sufficient knowledge about the meaning of BSC. On the other hand, the maximum mean score of 3.19 is recorded for the question presented to the respondents if they  have understood the alignment of their work unit's objectives with the corporate level objectives and the vision. On the other hand employees were not guided properly in preparing their own personal scorecard as indicated by (49.7%) of the respondents with a .More over employees did not get training to design their own personal scorecard in alignment of the team scorecard, as indicated by47.5% of respondents with a mean score of 2.77. This indicates that, the level of training and education conducted by the selected woredas is not to the level that can create sufficient knowledge about the balanced scorecard and did not guide them to design their own scorecard.

**4. Inadequate IT Support**

According to (Niven, 2006), automating the Balanced Scorecard provides a number of benefits and maximizes its use as a performance measurement system, strategic management system, and communication tool. The advanced analytics and decision support provided by even the simplest scorecard software allow organizations to perform intricate evaluations of performance and critically examine the relationships among their performance measures.

In order to assess the level of BSC automation of the respondents were asked two questions. As it is depicted from the table below( table4.9),6.1% of the respondents strongly agreed,29.3% *of the respondents agreed,28.2% of the respondents disagreed,19.3% of the respondents strongly* agreed ,and17.1% of the respondents are remain silent with regard to whether the balanced scorecard system in the woredas is fully automated. Thus, the balanced scorecard system in the selected woredas is not fully automated as indicated by 47.5% of respondent with a mean score of 2.74.More over 5%

of respondents strongly agreed,33.1% of respondents agreed,32% of respondents disagreed,13.8% of respondents strongly disagreed, and 16% of respondents remain neutral. This implies that the BSC implementation in the selected woredas is not supported by IT in collecting, analyzing, reporting and distributing relevant data, as indicated by45.8% of the respondents with a mean score of 2.83.

*Table 4.9: IT support & Competent Project team/Dedicated Process*

| Items to measure  IT support | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| The balanced scorecard system in the woreda is fully automated | frequency | 35 | 51 | 31 | 53 | 11 | 181 | 2.74 |
| | % | 19.3 | 28.2 | 17.1 | 29.3 | 6.1 | 100 | |
| The balanced scorecard is supported by IT in collecting, analyzing, reporting and distributing relevant data | frequency | 25 | 58 | 29 | 60 | 9 | 181 | 2.84 |
| | % | 13.8 | 32.0 | 16.0 | 33.1 | 5.0 | 100 | |
| **Items to measure Competent Project team/Dedicated Process** | | | | | | | | |
| In this woreda there is a specific department who is responsible to follow BSC implementation | frequency | 21 | 40 | 39 | 57 | 24 | 181 | 3.12 |
| | % | 11.6 | 22.1 | 21.5 | 31.5 | 13.3 | 100 | |
| The department that is responsible to oversee BSC Implementation is handling its duties effectively | frequency | 25 | 45 | 48 | 48 | 15 | 181 | 2.90 |
| | % | 13.8 | 24.9 | 26.5 | 26.5 | 8.3 | 100 | |

`Source: Customized from data collected, May, 2017`                    `N=181`

**5. Inadequate Competent Project team/ Dedicated Process**

According to Kaplan and Norton (2005), the creation of a central office or process for strategy execution may appear to risk reinforcing top-down decision making and inhibiting local initiative, but it does just the opposite. A unit/team with responsibility for the implementation of new systems such as the balanced scorecard becomes a convenient focal point for ideas that percolate up through the organization. Executing strategy and implementing a new system usually involves making changes that only a CEO can empower, and the office which is responsible for the implementation of BSC will be most effective when it has direct access to the CEO.

To assess the presence of dedicated process and its effectiveness in overlooking BSC implementation in the selected woredas, two items were designed and administered to the

respondents. As the findings shown in the above table (table4.9), 13.3% of respondents strongly agree, 31.5% of respondents agreed, 22.1% of the respondents disagreed, 11.6% of the respondents strongly disagreed, and 21.5% of the respondents remain silent with respect to the presence of a specific department (sector) which is responsible to follow BSC implementation. On the other hand8.5% of respondents strongly agreed, 26.5% agreed, 24.9% disagreed, 13.8% strongly disagreed, and 26.5% remain neutral With regard to the effectiveness of ᴛhe department in overseeing BSC Implementation and in handling its duties effectively.in this case the department/the sector which was given the responsibility in overseeing the BSC implementation is not effective in handling its duties, as indicated by38.7% of the respondents with a mean score of 2.83.

Table 4.10: Key Performance Indicators& Planning and Communication

| Items to measure  Key Performance Indicators | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| Key measures in the BSC are designed based on the mission and vision of the woreda (sub city). | n | 15 | 38 | 51 | 62 | 15 | 181 | 3.13 |
| | % | 8.3 | 21.0 | 28.2 | 34.3 | 8.3 | 100 | |
| Balanced Scorecard at all levels have sufficient key performance indicators to measure objectives | n | 17 | 41 | 43 | 61 | 19 | 181 | 3.13 |
| | % | 9.4 | 22.7 | 23.8 | 33.7 | 10.5 | 100 | |
| While designing the key performance indicators at all levels, the data collection method and its frequency were also set | n | 18 | 42 | 52 | 57 | 12 | 181 | 3.01 |
| | % | 9.9 | 23.2 | 28.7 | 31.5 | 6.6 | 100 | |
| Items to measure  Planning and Communication | | | | | | | | |
| Information about balanced scorecard implementation status is being provided timely | n | 19 | 54 | 53 | 46 | 9 | 181 | 2.84 |
| | % | 10.5 | 29.8 | 29.3 | 25.4 | 5.0 | 100 | |
| The goals ,objectives and activities included in the plan at all level are achievable | n | 14 | 48 | 40 | 55 | 24 | 181 | 3.15 |
| | % | 7.7 | 26.5 | 22.1 | 30.4 | 13.3 | 100 | |

Source: Customized from data collected, May, 2017                    N=181

**6. Inadequate Key Performance Indicators**

As the result is shown in the above table (table 4.10), With regard to the alignment of KPIs with the mission and vision of the woreda, whether the BSC at all levels have sufficient key performance indicators to measure objectives, and whether the data

collection method was set when designing KPIs; the respondents have a neutral agreement with mean score of 3.13, 3.13, and 3.02 respectively. This implies that designing of KPIs is not based on the mission and vision, and there are inadequate (insufficient) key performance indicators on the respective scorecards.

**7. Planning and Communication**

As the finding is shown in the above table (table4.10), 5% of respondents strongly agreed, 25.4% of respondents agreed, 29.8% of the respondents disagreed, 10.5% of the respondents strongly disagreed, and 29.3% of the respondents remain silent with respect to whether Information about BSC implementation status is being provided timely. So, information about BSC implementation status has not been provided timely, as indicated by 40.3% of respondents, giving a mean score of 2.84.On the other hand 13.3% of respondents strongly agreed, 30.4% of respondents agreed, 26.5% of the respondents disagreed, 7.7% of the respondents strongly disagreed, and 22.1% of the respondents remain silent with respect to whether goals, objectives and activities included in the plan at all level are achievable.

**Average Mean Score for Challenges of BSC implementation practice**

Table 4.11: Average Mean Score for Challenges of BSC implementation practice across the selected woredas.

| Challenges of BSC implementation practice (key success factor) | Average mean Score by woreda | | | Total average mean score | Rank |
|---|---|---|---|---|---|
| | Wored7 | Woreda8 | Woreda11 | | |
| BSC concept and knowledge | 3.31 | 3.66 | 3.61 | 3.53 | 1 |
| Organizational level participation | 2.8 | 2.58 | 2.96 | 2.91 | 5 |
| BSC education and training | 2.72 | 2.99 | 2.98 | 2.9 | 6 |
| IT Support | 2.61 | 2.91 | 2.86 | 2.79 | 7 |
| Dedicated process | 2.82 | 3.05 | 3.19 | 3.01 | 3 |
| Key performance indicators | 2.86 | 3.12 | 3.23 | 3.09 | 2 |
| Planning and communication | 2.88 | 3.10 | 3.05 | 2.99 | 4 |
| Total average mean score of the woreda | 2.86 | 3.06 | 3.13 | 3.02 | |
| Rank | 3 | 2 | 1 | | |

Source: Customized from data collected, May, 2017

On the basis of the **mean** scores computed for each BSC implementation challenges (key success factors) (Table 4.11), BSC concept and knowledge (x=3.53) was ranked highest,

followed by key performance indicators(x=3.09), Dedicated process (x=3.01), planning and communication (x= 2.99) Organizational level participation (x=2.91), BSC education and training (x=2.90), with IT Support trailing (x=2.79) the list. The mean scores for the 7 key success factors indicate an average scoring between 'disagree' and 'agree' on the Likert Scale. These findings demonstrate that among the 7 challenges of BSC implementation practice (key success factors) BSC concept and knowledge is the highest and It support is the lowest within the selected woredas. The average mean score for planning and communication, organizational level participation, BSC education and training, and IT support is below an average mean score (3). This shows that the key success factors were not well addressed in the BSC implementation process with in the selected woredas especially issues related to IT support, organizational level participation, BSC education and training and panning & communication.

On the basis of the total average **mean** scores computed for the BSC implementation challenges (key success factors) across each woreda (Table 4.11), woreda 11 score highest (3.13) followed by woreda 8 which score an average (3.06), and woreda 7 score the lowest total average mean score of 2.86.

As the interview result shows, in relation to perceived challenges in the implementation of the BSC the following responses were prominent:

-"Developing KPI's is not an easy job .some of KPI is not achievable in our condition"

-"There is a problem of relationship between output measures and outcome measures, and a great deal of difficulty in measuring this"

-"Lack of enough resources especially the budget"

-"Some of the strategic objectives are hanged at the city level but the service and the people who need the service are here''.

Thus, the main problems and challenges identified by the interviewees include links between measures, the difficulty of measuring Outcomes, lack of clarity, lack of resource, time consumed, and lack of effectiveness and efficiency. They added that there is no choice as the BSC is the required system, but better outcomes are achieved through spending enough time in specific program. Relies on manual collection of data, confidentiality measurement, and data collection is the biggest challenge, Validity issues – susceptibility to manipulation issues, accuracy issues Program has some freedom for data

collection. The main limitations are skills and resources, Data collection should be fully automated.

In addition, the interview result concerning the involvement of the staffs and other stake holders in the BSC implementation process show that, employees and management members involved in the process but not satisfactory as per the plan. The interviewees added that goals and objectives are drill down from the strategic level to each individual unit through cascading. Moreover participation of the external stake holders in the implementation process is limited. On the other hand most of the senior officers argued that even if the implementation process is somewhat participatory, it lacks coordination, skills and knowledge. In fact the managers emphasis on positive outcomes and its goal of satisfying communities' external stakeholders was not involved in implementation of the BSC.

## 4.3 The benefits derived from adoption of the balanced scorecard practices in the selected woredas

Respondents were asked to indicate the extent to which they agreed/disagreed that their organization has realized each of the listed benefits derived from adoption of the balanced scorecard practices, responses are summarized and presented in table 4.12. Findings in the next table (table 4.12) shows that the benefits derived from adoption of the balanced scorecard include the following:

***BSC addresses serious deficiencies in traditional management systems***: With respect to addressing serious deficiencies in traditional management systems,(11%) of the respondents "Strongly Agreed", (42%) of the respondents "Agreed", (14.9%) of the respondents "disagreed", (5%) of the respondents "Disagreed" and (27.1%) of the respondents "remain silent". So, the balance scorecard addresses serious deficiencies in traditional management systems, as indicated by (53%), giving a mean score of 3.39. This finding is in line with the findings of Kaplan and Norton (1996), who asserted that the scorecard addresses serious deficiencies in traditional management systems, namely a company's inability to link long-term strategy with its short-term actions, and a pre-occupation with financial measures.

***BSC clarifies and translates vision and strategy:*** With respect to clarifying and translating vision and strategy,(13.3%) of the respondents "Strongly Agreed", (44.2%) of the

respondents"Agreed", (13.8%) of the respondents "dis agreed", (3.3%) of the respondents "strongly Disagreed" and (25.4%) of the respondents "remain silent". So, the balance scored card clarifies and translates vision and strategy, as indicated by (57.5%), giving a mean score of 3.50. This finding confirms the study of Afande (2015) that asserted scored card clarifies and translates Vision and strategy.

*BSC Used to communicate strategy throughout the organization:* With respect to communicating strategy throughout the organization,(14.9%) of the respondents "Strongly Agreed", (48.2%) of the respondents "Agreed", (12.7%) of the respondents "dis agreed", (5.5%) of the respondents "strongly Disagreed" and (18.2%) of the respondents "neutrally agreed". So, the balanced scorecard is used to communicate strategy throughout the organization, as indicated by (63.1%), giving a mean score of 3.55.

*Used to perform periodic and systematic strategic reviews:* With respect to performing periodic and systematic strategic reviews, (11.6%) of the respondents "Strongly Agreed", (49.2%) of the respondents "Agreed", (12.7%) of the respondents "Dis agreed" and (4.4%) of the respondents "strongly Disagreed",(22.1%) of the respondents remain silent. So, the balanced scorecard is used to perform periodic and systematic strategic reviews, as indicated by (60.8%), giving a mean score of 3.51.The study of Afande (2015) suggested that the balanced scorecard is used to perform periodic and systematic strategic review

*Serves as a strategic management system in an organization:* With respect to serving as a strategic management system in an organization,(11%) of the respondents "Strongly Agreed", (49.2%) of the respondents "Agreed", (12.2%) of the respondents "Dis agreed", (2.8%) of the respondents "Strongly Disagreed" and (24.9%) of the respondents "remain silent". So, the balanced score card serves as a strategic management system in the selected woredas, as indicated by (60.4%), giving a mean score of 3.54.This finding is related with Mooraj *et al.* (1999) who noted that the balanced scorecard may serve as a strategic management system in an organization.

*Used to align department and personal goals to the strategy:* With respect to aligning department and personal goals to the strategy, (10.5%) of the respondents "Strongly Agreed", (54.7%) of the respondents "Agreed", (9.9%) of the respondents "Dis agreed" and (3.9%) of the respondents "Strongly Disagreed" ,and (17.7%) of the respondents" remain silent". So, the balanced scorecard is used to align departmental and personal goals to the strategy, as indicated by (65.2%), giving a mean score of 3.65.

**Used to improve the quality of service in the woreda:** With respect to improving quality of service in the woreda, (9.4%) of the respondents "Strongly Agreed", (45.3%) of the respondents "Agreed", (16%) of the respondents "Dis agreed", (6.6%) of the respondents "Strongly Disagreed" and (22.6%) of the respondents "remain silent". So, the balance scorecard is used to, improve the quality of service in the woreda as indicated by (54.7%), giving a mean score of 3.34

**Table 4.12: Benefits derived from adoption of the balanced scorecard practice**

| *Benefits derived from adoption of the balanced scorecard implementation practices* | | SD | DA | N | A | SA | Total | Mean |
|---|---|---|---|---|---|---|---|---|
| BSC has addressed serious deficiencies in traditional management systems | frequency | 9 | 27 | 49 | 26 | 20 | 181 | 3.39 |
| | % | 5 | 14.9 | 27.1 | 42 | 11 | 100 | |
| The balance scored card clarifies and translates vision and strategy | frequency | 6 | 25 | 46 | 80 | 24 | 181 | 3.50 |
| | % | 3.3 | 13.8 | 25.4 | 44.2 | 13.3 | 100 | |
| BSC has been used to communicate strategy throughout the organization | frequency | 10 | 23 | 33 | 88 | 27 | 181 | 3.55 |
| | % | 5.5 | 12.7 | 18.2 | 48.2 | 14.9 | 100 | |
| BSC has been used to perform periodic and systematic strategic reviews | frequency | 8 | 23 | 40 | 89 | 21 | 181 | 3.51 |
| | % | 4.4 | 12.7 | 22.1 | 49.2 | 11.6 | 100 | |
| BSC serves as a strategic management system in the woreda | frequency | 5 | 22 | 45 | 89 | 20 | 181 | 3.54 |
| | % | 2.8 | 12.2 | 24.9 | 49.2 | 11 | 100 | |
| BSC has been used to align departmental and personal goals to the strategy | frequency | 7 | 18 | 32 | 99 | 25 | 181 | 3.65 |
| | % | 3.9 | 9.9 | 17.7 | 54.7 | 10.5 | 100 | |
| The balanced scorecard has improved the quality of service in the woreda | frequency | 12 | 29 | 41 | 82 | 17 | 181 | 3.34 |
| | % | 6.6 | 16.0 | 22.6 | 45.3 | 9.4 | 100 | |
| BSC has minimized the time taken for delivering service | frequency | 10 | 40 | 37 | 69 | 25 | 181 | 3.32 |
| | % | 5.5 | 22.1 | 20.4 | 38.1 | 13.8 | 100 | |
| BSC has increased effectiveness in meeting customers demand | frequency | 5 | 32 | 50 | 72 | 22 | 181 | 3.41 |
| | % | 2.8 | 17.7 | 27.6 | 39.8 | 12.2 | 100 | |
| BSC has lowered the level of wastage | frequency | 10 | 27 | 41 | 69 | 34 | 181 | 3.49 |
| | % | 5.5 | 14.9 | 22.7 | 38.1 | 18.8 | 100 | |

`Source: Customized from data collected, 2017          N=181`

**Used to minimize the time taken for delivering service in the woreda:** With respect to

minimizing the time taken for delivering service in the woreda, (13.3%) of the respondents "Strongly Agreed", (38.1%) of the respondents "Agreed", (22.1%) of the respondents " Dis agreed", (5.5%) of the respondents "Strongly Disagreed" and (20.4%) of the respondents "remain silent". So, the balance scorecard minimize the time taken for delivering service, as indicated by (51.9%), giving a mean score of 3.33.

**Used to in increase effectiveness in meeting customers demand in the woreda:** With respect to increasing effectiveness in meeting customers demand ,(12.2%) of the respondents "Strongly Agreed", (39.8%) of the respondents "Agreed", (17.7%) of the respondents "Dis agreed", (2.8%) of the respondents "Strongly Disagreed" and (27.6 %) of the respondents " remain silent". So, the balance scorecard is used to increase effectiveness in meeting customers demand in the woreda, as indicated by (52%), giving a mean score of 3.41.

**Used to lower the level of wastage in the woreda:** With respect to lowering the level of wastage in the woreda ,(18.8%) of the respondents "Strongly Agreed", (38.1%) of the respondents "Agreed", (14.9%) of the respondents "Dis agreed", (5.5%) of the respondents "Strongly Disagreed" and (22.7%) of the respondents "remain silent". So, the balance scorecard is used to lower the level of wastage in the woreda, as indicated by (56.9%), giving a mean score of 3.50

As the interview result shows, in relation to the benefits achieved from BSC implementation; the interviewees stated the following.

- ✓ BSC helps to saves time , decrease wastage, clear the objectives and goal, satisfy customers

# CHAPTER FIVE
# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter contains three parts: summary of major findings, conclusion and recommendation. In the first part findings of the study are systematically summarized. In the second part relevant conclusions are drawn from the findings .Finally the study forward relevant recommendations.

## 5.1 Summary of Major Findings

The main purpose of this study was to assess the overall BSC implementation practice, the benefits derived from the implementation, and the challenges faced while implementing it as a performance measurement, strategic management and communication system in 3 selected woredas of Kolfe Keranio sub-city: woreda 7, woreda 8, and woreda 11.Standardized questionnaire with 55 items organized under 3 main variables in 12 themes in five-point liker scale were prepared and distributed to 240 respondents selected from the 3 woredas under the study. While taking sample, non-probability purposive sampling has been adopted to purposively select respondents who are middle level managers and senior officers who have the working knowledge of the balanced scorecard system. Out of the total questionnaire, it was managed to collect 181 of them, i.e. 75.5 % response rate.

Accordingly, the analysis was conducted by taking each theme which are supposedly be a common challenge for BSC implementation, benefits derived from BSC implementation, and BSC implementation practice across the 4 perspectives. Each theme has two to ten items that are suitably designed to measure the status of each woreda with respect to the specific challenges, benefits of BSC, practices of BSC implementation, and subsequent relevant analysis was made.

In addition to this, the heads and coordinators of the public service & human resource office which is a dedicated and responsible sector to monitor and oversee the implementation of BSC were interviewed by designing semi structured interview questions. Based on the interview, the current status, the main challenges, the benefits gained, the level of organizational participation, the activities that have been done in building employees skill and knowledge, and how the system was being implemented, has been gathered and analyze. The major findings of the study results from the collected data analysis are summarized as

follows:

➤From the interview conducted to the respective sector heads, supervisors, and coordinators in each woreda it has been managed to analyze that the way the selected woredas implement the system is the same. The difficulty of measuring Outcomes, lack of clarity, lack of resource, time consumed, and lack of effectiveness and efficiency, relies on manual collection of data, system limitations, susceptibility to manipulation issues, accuracy issues, skills and resources limitations are found to be the major challenges.

 From the questionnaire distributed, it has been managed to summarize the following:

The findings on the challenges of BSC implementation show that limited organizational level participation, limited BSC education and training, in effective planning and communication and in adequate IT support were found to be the major challenges of BSC implementation in the selected woredas. On the other hand, the study has shown that BSC concept and knowledge, and the key performance indicators are not challenging factors in the implementation process as it majority of the respondents positively agreed with this issue.

Findings of the study with regard to benefits of BSC implementation show that the balanced scorecard addresses serious deficiencies in traditional management systems. The findings also indicate that the balanced scorecard provides a framework to look at the strategy used for value creation from four different perspectives and also supplies a framework on many critical management processes.

The findings also indicate that the balanced scorecard not only clarifies and translates vision and strategy; serves as a strategic management system in the selected woredas; is used to align departmental and personal goals to the strategy; is used to link strategic objectives to long-term targets and annual budgets; is used to perform periodic and systematic strategic reviews; is used to obtain feedback to learn about and improve strategy creates  accountability  for  the goals  and  objectives  in  the  organization;  connects  strategy  to  performance;  helps everyone understand the mission, vision and strategy of the organization; but also clarifies objectives.

More over the findings show that BSC has been used in improving the quality of service , in minimizing the time taken for delivering service, in increasing effectiveness  to meet customers demand ,and in decreasing the level of wastage with in the selected woredas.

The findings also show the BSC practice across the 4 perspectives (performance measures of the BSC), namely customer satisfaction, financial performance, internal business processes and  learning  &growth  in  the  selected  woredas.  Using  the  approach,  it  was  possible  to

determine the BSC practice in the selected woredas, which proved to be satisfactory in 2 perspectives namely internal process and customer satisfaction, based on the fact that an average mean score for these perspectives were found between 3.3 and 3.7. *In* the internal process perspective the level of wastage  is found to be low , divisions are not overloaded**,** the work culture  is found to be  effective, programs are implemented speedily , level of corruption and rent seeking activities  are found to be  lo ,  and communication are flew easily throughout the departments (offices). More over under the customer satisfaction perspective the organization under the study able to offer quality service ; meet customers demand ; take Customers feedback  seriously *;* satisfy Customers with responsiveness, cooperation and skills of employees and satisfy customers satisfied with time line and quality of service

Among the four BSC practice measures used in the study, the mean score was lowest (below the average) in learning and growth as well as in financial perspective.   In this regard employees have no enough opportunities to make independent decision; employees are not satisfied enough with the work environment, with their profession, and the work culture .More over the budget is found to be insufficient, resource management is found to be inefficient, resources are not fulfilled**,** and the financial (budget) control measures found to be ineffective based on the responses of the respondents.

### 5.2. Conclusions

While conducting the study, a literature review of the BSC, its concepts and main characteristics was conceptualized. Previous studies were also used to identify the BSC practices across the 4 perspectives, the most challenges of BSC implementation and the benefits of BSC implementation. Then a survey was conducted on the three selected woredas of Kolfe Keranio Sub- city. Based on the major findings the following conclusions have been made.

✓ BSC practice in the selected woredas, which proved to be satisfactory in 2 perspectives namely internal process and customer satisfaction, based on the fact that an average mean score for these perspectives were found between 3.3 and 3.7 which indicates the BSC practice in such perspectives is satisfactory.  Acc.to Olve (1999) the customer perspective explains the means to create value for customers and how customers demand for this value in order to get satisfied. According to Kaplan and Norton (1996a), identifying the critical internal business processes enables the company to deliver the value propositions that are crucial to attract and retain customers.

✓ On the other hand BSC practice in 2 perspectives namely: learning and growth, and finance perspective is proved to be unsatisfactory, based on the fact that averages mean score for these perspectives were found below 3 which implies that the BSC practice in such perspectives is unsatisfactory. Even if Olve (1999)   asserted that for an organization to survive over a long period of time, the learning and growth perspective must provide the organization a long run renewal for it to cope with the changes in the environment, the learning and growth perspectives in the selected woredas under this study found to be unsatisfactory.

✓ All the common challenges of BSC implementation except the key performance indicators and BSC concept and knowledge have been observed in those selected woredas though at different level. However, with regard to BSC concept and knowledge and KPIs to measure performance good effort has been made in the selected woredas. Limited organizational level participation, limited BSC education and training, in effective planning and communication and in adequate IT support were found to be the major challenges of BSC implementation in the selected woredas. The finding of this study regarding to challenges of BSC implementation is related with the study of Pujas (2010) which identified limited understanding of BSC, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication  as the main challenges of BSC.

✓ Even if they are within the above challenges the selected woredas have achieved the benefits of BSC implementation included in the questionnaire in some ways regardless of the stated challenges. But it is difficult to conclude that they got the full benefits of BSC implementation, since the mean score registered for all items regarding the benefits of BSC is between3.3 and3.7 which indicate low level of agreement among the respondents with the stated benefits of BSC implementation in the selected woredas. This seems due to the critical success factors (challenges) that are not addressed well in the selected woredas.

✓ BSC implementation in the selected woredas shows addresses serious deficiencies in the traditional management systems. This finding is in line with the findings of Kaplan and Norton (1996), who asserted that the scorecard addresses serious deficiencies in traditional management systems.

✓ BSC implementation in the selected woredas provides a framework to look at the strategy used for value creation from four different perspectives and also supplies a framework on

many critical management processes which is confirmed by Kaplan and Norton (2001) noted that the scorecard supplied a framework focused on many critical management processes, and that those processes referred to departmental and individual goals, business planning, strategic initiatives, feedback and learning.

✓ BSC in the selected woreda serves as a strategic management system ; used to align departmental and personal goals to the strategy; used to link strategic objectives to long-term targets and annual budgets; used to perform periodic and systematic strategic reviews; used to obtain feedback to learn about and improve strategy creates accountability for the goals and objectives in the organization; connects strategy to performance; helps everyone understand the mission, vision and strategy of the organization; but also clarifies objectives. This finding is related with Mooraj (1999) noted that the balanced scorecard may serve as a strategic management system in an organization, and advocate further that the balanced scorecard in practice is a system, which primarily encourages managers at all levels to make strategic decisions based on the company's common strategies. Moreover BSC has been used in improving the quality of service , in minimizing the time taken for delivering service, in increasing effectiveness to meet customers demand ,and in decreasing the level of wastage with in the selected woredas.

✓ Generally it is possible to conclude that though the selected woredas have been implementing the balanced scorecard system in a way that the literature advises, the stated challenges identified in the study have made them not to grasp the full benefit of balanced scorecard implementation.

### 5.3. Recommendation

To exploit the benefits of implementing the balanced scorecard as a performance management, strategic management and communication tool, the study proposes the following suggestions for the government offices.

➢ Intensive awareness creation activities should be conducted to the employees about the meaning, benefit and the techniques of the balanced scorecard implementation to boost the skills and knowledge of the staff than ever. This can be done through organizing intensive short term training which focus mainly BSC.

➢ All of the staffs and key internal and external stake holders should be involved in the BSC implementation process. This can be done by inviting external stakeholders and the staffs to participate in any planning, reporting and decision making process regarding BSC implementation.

- Effective implementation plan and monitoring mechanism should be set and its progress should be attentively followed up by the public service and human resource office. To do this the capacity and capability of Public service and Human resource Office should be built enough through fulfilling the required resources (budget, material, skills, knowledge and technology).

- Relevant IT-systems, and BSC-software, should be implemented to facilitate and exploit the full benefits of the BSC implementation. This can be done by, identifying the appropriate IT system for the selected woredas BSC system, preparing a budget and plan and implement it.

- The sector (office) which is responsible to oversee the overall implementation of the balanced scorecard system should enhance its follow up systems than ever by periodically monitoring implementation gaps and subsequently fill them by organizing awareness creation activities, and formal trainings. This can be done by fulfilling the required resources, skills and knowledge both in qualities and quantities in the sector.

- The necessary resources should be fulfilled; effective policies and procedures should be set; and effective budget control mechanism should be set to implement the system successfully.

- In relation to challenges in BSC implementation there appears to be a need for clearer planning guidelines, more frequent assessment and review, more resources, more consistency and accuracy in measurement and data collection techniques, more manageable levels of metrics.

- Finally, as a student researcher I would like to appreciate anyone who wants to conduct future study on this and related topics in the public sectors since they are untouched area in our context.

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# St. Mary's University

# School of Graduate Studies

# Department of management

# MBA Program

# Survey for Employees and the Management of woreda7, woreda 8, and Woreda 11 in kolfe keranio sub-city

**Dear Respondent:**

This questionnaire is designed to conduct a research on the topic of ***practices and Challenges of Balanced Scorecard Implementation in Government offices: the case of Kolfe Keranio sub - city.*** The purpose of the study is for the partial fulfillment of **the requirement of the Degree of Masters of Business Administration. The survey is intended to evaluate the overall implementation practice of the balanced scorecard (BSC) in the selected woredas. The study also** assesses the challenges faced and the opportunities gained by these woredas in implementing the balanced scorecard as their performance measurement, strategic management and communication tool. For the successful accomplishment of the study, the response of employees in the selected woredas will have pivotal role by being used as valuable input for the study. So, you are kindly requested to genuinely fill the questionnaire.

**Thank you in advance for your cooperation!**

*Instructions:*

- Writing your name is un necessary.
- Circle or put mark as per the questions required in the box or answer in the space Provided.

**Part I: Respondent's Profile**

Please indicate your appropriate choice among the options provided by circling the alphabet

That best represents you.

Sex: 1. Male     2.   Female

Woreda: 1. Woreda7          2.   Woreda8          3. Woreda11

Education:  1.below diploma   2. Diploma          3. Degree     4. Master and above

Position you hold:

  1. Management (team leader, coordinator, office manager, chief Executive officer

  2. Non-management (employee)

Work experience----------------------------------

**Part II: BSC related Questions**

Please indicate how much you agree or disagree with each of the following statements by circling the number that best represents your opinion. **"No.1"**indicates**"StronglyDisagree"**,                               **"No.2"** indicates**"Disagree"**,**"No.3"**indicates**"Neutral"**,**"No.4"**  indicates  **"Agree"**  ,and **"No.5"** indicates **"Strongly Agree".**

| No. Question | SA (5) | A (4) | N (3) | D (2) | SD (1) |
|---|---|---|---|---|---|
| **A.  CHALLENGES OF BALANCED SCORECARD IMPLIMENTATION** | | | | | |
| **1**  **Balanced Scorecard concept and knowledge** | | | | | |
| 1.1  I know BSC well | 5 | 4 | 3 | 2 | 1 |
| 1.2  I know the organizations vision, mission and strategic objectives | 5 | 4 | 3 | 2 | 1 |
| 1.3  BSC links short-term operational performance with Long-term strategic objectives. | 5 | 4 | 3 | 2 | 1 |
| 1.4   Balanced Scorecard is used to set, track and achieve key strategies and objectives in the woreda | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1.5 | I understand the benefits of implementing the balanced scorecard as a performance measurement, strategic management and communication | | | | | |
| 2 | **Organizational level participation** | | | | | |
| 2.1. | The top management took the Initiative to implement the balanced scorecard. | 5 | 4 | 3 | 2 | 1 |
| 2.2. | There is full support from the top Management in BSC implementation in the woreda. | | | | | |
| 2.3 | Balanced scorecards of the woreda has been implemented by participating all concerned parties | 5 | 4 | 3 | 2 | 1 |
| 2.4 | The top management periodically monitors the progress of the balanced scorecard implementation. | 5 | 4 | 3 | 2 | 1 |
| 2.5 | All employees in the woreda have been involved in the implementation of BSC | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 3 | **Balanced scorecard education and training** | | | | | |
| 3.1. | I got a training that equipped me with a sufficient knowledge about the concept and meaning of the balanced scorecard. | 5 | 4 | 3 | 2 | 1 |
| 3.2 | I have understood the alignment of my work unit's objectives with the corporate level objectives and the vision | 5 | 4 | 3 | 2 | 1 |
| 3.3 | I was properly guided by my immediate supervisor while I was designing my individual/work unit's scorecard. | 5 | 4 | 3 | 2 | 1 |
| 3.4 | I got a training to design my own personal scorecard in alignment to the process /team/ scorecard. | 5 | 4 | 3 | 2 | 1 |
| 4 | **IT support** | | | | | |
| 4.1. | The balanced scorecard system in the woreda is fully automated. | 5 | 4 | 3 | 2 | 1 |
| 4.2. | The balanced scorecard is supported by IT in collecting, analyzing, reporting and distributing relevant data. | 5 | 4 | 3 | 2 | 1 |
| 5 | **Competent Project team/Dedicated Process** | | | | | |
| 5.1. | In this woreda there is a specific department who is responsible to follow BSC implementation. | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5.2. | The department that is responsible to oversee BSC Implementation is handling its duties effectively. | 5 | 4 | 3 | 2 | 1 |
| 6 | **Key Performance Indicators** | | | | | |
| 6.1 | Key measures in the BSC are designed based on the mission and vision of the woreda (sub city). | 5 | 4 | 3 | 2 | 1 |
| 6.2 | Balanced Scorecards at all levels have sufficient key performance indicators to measure objectives. | 5 | 4 | 3 | 2 | 1 |
| 6.3 | While designing the key performance indicators at all levels, the data collection method and its frequency were also set | **5** | **4** | **3** | **2** | **1** |
| 7 | **Planning and Communication** | | | | | |
| 7.1 | Information about balanced scorecard implementation status is being provided timely | 5 | 4 | 3 | 2 | 1 |
| 7.2 | The goals ,objectives and activities included in the plan at all level are achievable | 5 | 4 | 3 | 2 | 1 |
| *B. BENEFITS DERIVED FROM ADOPTION OF THE BALANCED SCORECARD* | | | | | | |
| 1 | The balance scorecard addresses serious deficiencies in traditional management systems in the woreda | 5 | 4 | 3 | 2 | 1 |
| 2 | The balance scored card clarifies and translates vision and strategy | 5 | 4 | 3 | 2 | 1 |
| 3 | The balanced scorecard has improved the quality of service in the | 5 | 4 | 3 | 2 | 1 |
| 4 | The balanced scorecard has been used to communicate strategy throughout the organization | 5 | 4 | 3 | 2 | 1 |
| 5 | The balanced scorecard has been used to perform periodic and systematic strategic reviews | 5 | 4 | 3 | 2 | 1 |
| 6 | The balanced scorecard has minimized the time taken for delivering service | 5 | 4 | 3 | 2 | 1 |
| 7 | The balanced score card serves as a strategic management system in the woreda (sub city) | 5 | 4 | 3 | 2 | 1 |

| 8 | The balanced scorecard has been used to align departmental and personal goals to the strategy | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 9 | The balanced scorecard has increased our effectiveness in meeting customers demand | 5 | 4 | 3 | 2 | 1 |
| 10 | The balanced scorecard has lowered the level of wastage | 5 | 4 | 3 | 2 | 1 |

## C. BSC IMPLEMENTATION PRACTICE ACROSS THE 4 PERSPECTIVES

| 1 | *Customer perspective( customers satisfaction and effective service)* | | | | | |
|---|---|---|---|---|---|---|
| 1.1 | My office (department) is able to meet customers demand | 5 | 4 | 3 | 2 | 1 |
| 1.2 | My office (department) offers quality service | 5 | 4 | 3 | 2 | 1 |
| 1.3 | Feedback from customer is taken seriously | 5 | 4 | 3 | 2 | 1 |
| 1.4 | Customers satisfied with time line and quality of service | 5 | 4 | 3 | 2 | 1 |
| 1.5 | Customers satisfied with responsiveness, cooperation and skills in my office ( department) | 5 | 4 | 3 | 2 | 1 |

| 2 | **Financial perspective(Budget and Resource)** | | | | | |
|---|---|---|---|---|---|---|
| 2.1 | Resources are managed efficiently in my office | 5 | 4 | 3 | 2 | 1 |
| 2.2 | The budget that is allocated to the office(department)is sufficient | 5 | 4 | 3 | 2 | 1 |
| 2.3 | In my department the necessary resources(employees, money, materials…) are fulfilled | 5 | 4 | 3 | 2 | 1 |
| 2.4 | There is effective financial( budget) control measures | 5 | 4 | 3 | 2 | 1 |
| 3 | **Internal Business Process** | | | | | |
| 3.1 | The policies and procedures in my department (office) are good | 5 | 4 | 3 | 2 | 1 |
| 3.2 | The level of corruption and rent seeking activities in my department ( office) are low | 5 | 4 | 3 | 2 | 1 |
| 3.3 | The number of staff (employee) leaving the department is small | 5 | 4 | 3 | 2 | 1 |
| 3.4 | Communication flows easily throughout the department (office) | 5 | 4 | 3 | 2 | 1 |
| 3.5 | In my office programs are implemented speedily | 5 | 4 | 3 | 2 | 1 |
| 3.6 | The level of wastage in my office is low | 5 | 4 | 3 | 2 | 1 |

| 3.7 | The culture in my office is effective | 5 | 4 | 3 | 2 | 1 |
|-----|--------------------------------------|---|---|---|---|---|
| 3.8 | Divisions are not overloaded with activities | 5 | 4 | 3 | 2 | 1 |
| **4** | **_Learning and Growth Perspective(Capacity Building and Employees satisfaction)_** | | | | | |
| 4.1 | I have the chance to participate in training and development program | 5 | 4 | 3 | 2 | 1 |
| 4.2 | I have ample opportunity to make independent decisions | 5 | 4 | 3 | 2 | 1 |
| 4.3 | There is good teamwork in my department ( office) | 5 | 4 | 3 | 2 | 1 |
| 4.4 | I am satisfied with the work environment | 5 | 4 | 3 | 2 | 1 |
| 4.5 | I am satisfied with my proffesion,culture,value and empowerment | 5 | 4 | 3 | 2 | 1 |

# APPENDIX II

## በቅድስተ ማሪያም ዩኒቨርሲቲ

## ድህረ-ምረቃ ጥናት ትምህርት ቤት

## MBA Program

በከልፈ ክራኒዮ ክፍለ ከተማ ለ ወረዳ 7፣ወረዳ 8 ና ወረዳ 11 ሰራተኞች እና አመራሮች የተዘጋጀ መጠይቅ

ዉድ የዚህ ጥናት ተሳታፊዎች:

ይህ መጠይቅ የተዘጋጀዉ በመንግስት መስሪያ ቤቶች ያለዉን የሚዘናዊ ስኮር ካርዴ(BSC) አተገባበር፣ያጋጠሙትን ተግዳሮቶች እና የተገኙትን መልካም አጋጣሚዎች (ጥቅሞች) ለመዳሰስ ነዉ።ይህ ጥናት በቢዝነስ አድሚንስተሬሽን የማስተር ድግሪ ለማግኘት በማሚያነት ያገለግላል።ይህ መጠይቅ በከለፈ ቀራኒዬ ክፍለ ከተማ ለዚህ ጥናት በተመረጡ 3 ወረዳዎች ያለዉን አጠቃላይ የBSC አተገባበር፣በትግበራዉ ወቅት የተገኙትን መልካም አጋጣሚዎች(ጥቅሞች) እና ያጋጠሙትን ተግዳሮቶች ይዳስሳል።ለዚህ ጥናት መሳካት የናንተ የጥናቱ ተሳታፊዎች ይህን መጠይቅ በትክክል በመሙላት የምታደርጉት አስተዋፅ የጎላ ነዉ። ስለዚህ ይህንን መጠይቅ በትክክልና በታማኝነትህ በመሙላት ለምታደርጉት አስተዋፆ በቅድሚያ ከወድሁ አመሰግናለሁ።

*ማስታወሻ*: • በዚህ ወረቀት ላይ ስም መፃፍ አያስሠፈልግም።

• ከዚህ በታች የቀረቡትን ጥያቄዎች ፈደሉን (ቁጥሩን) በማክበብ ሃሳብዎን ይግለፁ።

## *ክፍል፡- የጥናቱ ተሳታፊዎች መረጃ*

ቀጥለዉ ለቀረቡት 5 መጠይቆች ከቀረቡላቸዉ አማራጮች መካከል እርስዎን የሚገልፀዎትን አማራጭ ፈደሉን በማክበብ ይመልሱ።

ፆታ: 1. ወንድ   2. ሴት   ወረዳ: 1. ወረዳ 7   2.ወረዳ 8   3. ወረዳ 11

ሃላፊነት፦    1. ሃላፊ (ቡድን መሪ፣ አስተባባሪ፣ የፅህፈት ቤት ሃላፊ፣ ስራ አስፈፀሚ…)

2.ባለሙያ

የስራ ልምድ፦ --------------------------------------------------------

የትምህርት ደረጃ፦ 1.ከድፕሎማ በታች    2. ድፕሎማ      3. ድግሪ      4.ማስተር

## ክፍል II፦ ከ ሚዛናዊ ስኮርካርድ ጋር የተያያዙ ጥያቄዎች

እባክዎትን በሰንጠረዡ ዉስጥ ያሉትን ዓ.ነገሮች በማንበብ መስማማት አለመስማማትዎን ቁጥሮቹ በማክበብ የራስዎን ሃሳብ ይግለፁ:: "ቁጥር1" የሚገልፀዉ "በጣም አለመስማማትን"፤ "ቁጥር 2" የሚገልጸዉ "አለመስማማትን", "ቁጥር3" የሚገልፀዉ"ገለልተኝነትን"፤ "ቁጥር4" የሚገልፀዉ "መስማማትን" ሲሆን "ቁጥር5" የሚገልፀዉ ደግሞ "በጣም መስማማትን"ነዉ::

| ተ.ቁ | መጠይቅ | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| **ሀ.በዉጤት ተኮር ምዘና (BSC) ትግበራ ወቅት ያጋጠሙ ተግዳሮቶች(challenges of BSC implementation)** | | | | | | |
| **1** | **የዉጤት ተኮር ምዘና (BSC) ጽንሰ ሀሳብና እዉቀት** | | | | | |
| 1.1 | ስለ ዉጤት ተኮር ምዘና (BSC) በሚገባ አዉቃለሁ:: | 5 | 4 | 3 | 2 | 1 |
| 1.2 | የወረዳዉን ራዕይ፣ተልዕኮ እና ስትራቴጅክ ግቦች አዉቃለሁ | 5 | 4 | 3 | 2 | 1 |
| 1.3 | ዉጤት ተኮር ምዘና( BSC) የአጭር ጊዜ አፈጻጸምን ከረጅም ጊዜ ስትራቴጂያዊ ግቦች ጋር ያስተሳስራል:: | 5 | 4 | 3 | 2 | 1 |
| 1.4 | የዉጤት ተኮር ምዘና ( BSC) ስረአት የወረዳዉን ስትራቴጂዊ ግቦችና ዕላማዎች ለመቅረጽ፣ለመለካትና ለማሳካት ጠቅማል:: | 5 | 4 | 3 | 2 | 1 |
| 1.5 | የዉጤት ተኮር ምዘና (BSC) ትግበራ በወረዳዉ  የአፈጻጸም መለኪያ፣ የስትራቴጅክ ማኔጅመንት እና የግንኙነት መሳሪያ በመሆን አገልግሏል(ይጠቅማል) | | | | | |
| **2** | **ሁሉንአቀፍ ተሳትፎ (Organizational level participation)** | | | | | |
| 2.1. | የበላይ አመራሮች የዉጤት ተኮር ምዘና( BSC) ትግበራን በበላይነት እና በአርያነት መርተዋል | 5 | 4 | 3 | 2 | 1 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2.2. | በወረዳዉ የዉጤት ተኮር ምዘና( BSC) ትግበራ ወቅት ከበላይ አመራሮች ሙሉ ድጋፍ ይደረጋል። | 5 | 4 | 3 | 2 | 1 |
| 2.3 | የወረዳዉ የዉጤት ተኮር ምዘና( BSC) ትግበራ ሁኔታ በሚመለከታቸዉን አካላት ያሳተፈ ነዉ። | 5 | 4 | 3 | 2 | 1 |
| 2.4 | የወረዳዉ የበላይ አመራሮች የዉጤት ተኮር ምዘና (BSC) ትግበራ ለዉጡን በየጊዜዉ ይከታተሉ ። | 5 | 4 | 3 | 2 | 1 |
| 2.5 | የወረዳዉ ዉጤት ተኮር ምዘና ( BSC) ትግበራ ሁኔታም የወረዳዉን ሰራተኞች ያሳተፈ ነዉ።፡፡፡ | 5 | 4 | 3 | 2 | 1 |
| 3 | | | | | | |
| 3.1 | ስለ BSCምንነትና ጽንስ-ሃሳብ በቂ እዉቀት ያስጨበጠኝ ስልጠና ተሰጥቶኛል። | 5 | 4 | 3 | 2 | 1 |
| 3.2 | የኔ የስራ ሂደት ግቦች ከወረዳዉ ዋና ግቦች ጋር ያላቸዉን ትስስር መረዳት ችያለሁ፡ | 5 | 4 | 3 | 2 | 1 |
| 3.3 | የግሌን ስኮር ካርድ ሳዘጋጅ ከቅርብ አለቃዬ በቂ ድጋፍ ተደርጎልኛል | 5 | 4 | 3 | 2 | 1 |
| 3.4 | የግሌን ስኮር ካርድ እንዳዘጋጅ ስለጠና ተሰጥቶኛል | 5 | 4 | 3 | 2 | 1 |
| **የኢነፎርሜሽን ቴክኖሎጅ ድጋፍ (IT support)** | | | | | | |
| 4.1 | የወረዳዉ ሚዛናዊ ስኮር ካርድ ትግበራ እቅድና ሪፖርት ሙሉ በሙሉ በአዉቶሜሽን እየተሰራ ነዉ (it is fully automated) | 5 | 4 | 3 | 2 | 1 |
| 4.2 | የወረዳዉ BSC ትግበራ መረጃ ለመሰብሰብ፣ለመተንተን፣እና ለማሳራጨት በሚያስችል ኢንፎርሜሽን ቴክኖሎጅ (IT) የተደገፈ ነዉ | 5 | 4 | 3 | 2 | 1 |
| **5** | **Competent Project team/Dedicated Process** | | | | | |
| 5.1 | በወረዳዉ የ BSC ትግበራን በበላይነት የሚከታተል(የሚመራ) የስራ ሂደት አለ | 5 | 4 | 3 | 2 | 1 |
| 5.2 | የ BSCትግበራዉን በበላይነት የሚከታተለዉ የስራ ሂደት ሃላፊነቱን በሚገባ እየተወጣ ነዉ። | 5 | 4 | 3 | 2 | 1 |
| **6** | **ቁልፍ የአፈፃፀም አመልካቾች ( Key Performance Indicators)** | | | | | |
| 6.1 | የወረዳዉ ቁልፍ የአፈፃፀም መለኪያወች የወረዳዉን ራዕይና ተልዕኮ መሰረት በማድረግ የተዘጋጁ ናቸዉ። | 5 | 4 | 3 | 2 | 1 |

| | | | | | |
|---|---|---|---|---|---|
| 6.2 | የወረዳዉ ሚዛናዊ ስኮር ካርድ(BSC) በየትኛዉም ደረጃ ግቦችን ለመለካት የሚያስችሉ ቁልፍ የአፈፃፀም መለኪያዎች አሉት፡፡ | 5 | 4<br><br>3 | 2 | 1 |
| 6.3 | ቁልፍ የአፈፃፀም መለኪያዎች ሲዘጋጁ የመረጃ አያያዝ ዘዴዉም (the data collection method) አብሮ ተቀምጧል | | 4 | | |

## 7 እቅድና የተግባቦት ስርዓት ( Planning and Communication)

| | | | | | | |
|---|---|---|---|---|---|---|
| 7.1 | በወረዳዉ የ BSC ትግበራ ያለበትን ደረጃ የሚገልፅ ወቅቱን የጠበቀ መረጃ ይተላለፋል፡፡ | 5 | 4 | 3 | 2 | 1 |
| 7.2 | በየትኛዉም ደረጃ በወረዳዉ እቅድ ዉስጥ የተካተቱት ግቦች፤አላማዎች እና ተግባራት ሊተገበሩ የሚችሉ (achievable) ናቸዉ | 5 | 4 | 3 | 2 | 1 |

## ሊ. ከ BSC ትግበራ የሚገኙ ጥቅሞች (Benefits derived from adoption of the balanced scorecard implementation )

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | የወረዳዉ BSC ትግበራ ባሮጌዉ የስራ አመራር ስርዐት (traditional management system) ዉስጥ የነበሩትን ጉድለቶች አስወግዷል | 5 | 4 | 3 | 2 | 1 |
| 2 | BSC የወረዳዉን ራዕይ፡ስተራቴጅ እና ግቦች ግልፅ አድርጓል | 5 | 4 | 3 | 2 | 1 |
| 3 | BSC ወረዳዉ የሚሰጠዉን አገልግሎት ጥራት እንድሻሻ ረድቷል | 5 | 4 | 3 | 2 | 1 |
| 4 | BSC የወረዳዉን ስትራቴጅ በወረዳዉ ዉስጥ ለማስረፅ አገልግሟል፡፡ | 5 | 4 | 3 | 2 | 1 |
| 5 | የወረዳዉ BSC ስልታዊ ( systematic) እና ተከታታ ( periodic) የእቅድ እና ስትራቴጅያዊ ግምገማ ለማድረግ አስችሏል | 5 | 4 | 3 | 2 | 1 |
| 6 | BSC አገልግሎት ለመስጠት ሚወስደዉን ጊዜ ቀንሶታል(አሳጥሮታል) | 5 | 4 | 3 | 2 | 1 |
| 7 | BSC የወረዳዉ ስትራቴጂያዊ የአስተዳደር ስርዓት ( strategic management system) በመሆን እያገለገለ ነዉ | 5 | 4 | 3 | 2 | 1 |
| 8 | የወረዳዉ BSC የግልና የቡድን( የስራ ሂደት)ግቦችን ከስትራቴጅዉ ጋረ በማያያዝ ( በማስተሳሰር) እያገለገለ ነዉ፡፡ | 5 | 4 | 3 | 2 | 1 |
| 9 | BSC የተገልጋዮችን ፍላጎት ለማሟላት የሚያስችል ብቃት እንድኖረን አስችሎናል | 5 | 4 | 3 | 2 | 1 |

| 10 | BSC የነበረዉን የሃብት(የገንዘብ፤ የቁሰቀቁስ ፤የሰዉ ሃይል) ብክነት ቀንሶታል | 5 | 4 | 3 | 2 | 1 |

## ሐ.የወረዳዉ BSC ትግበራ በ4ቱም እይታዎች ያለዉ አፈፀፀም ( BSC implementation practice across the 4 perspectives)

| 1 | **የተገልጋይ ወይም ደምበኛ ዕይታ (Customer perspective )** | | | | | |
|---|---|---|---|---|---|---|
| 1.1 | እኔ የምሰራበት የስራ ሂደት ( ቢሮ) የተገልጋዮችን ፍላጎት ያሟላል | 5 | 4 | 3 | 2 | 1 |
| 1.2 | እኔ የምሰራበት የስራ ሂደት ( ቢሮ) ለተገልጋዮች ጥራት ያለዉ አገልግሎት ይሰጣል | 5 | 4 | 3 | 2 | 1 |
| *1.3* | *ከተገልጋዮች አስተያያት ዎይም ግብረ መልስ (Feedback) በሚገባ ይወሰዳል::* | *5* | *4* | *3* | *2* | *1* |
| 1.4 | ተገልጋዮች ባለዉ ያገልግሎት ጥራትና በአገልግሎት መስጫዉ ሰአት ረክተዋል | **5** | **4** | **3** | **2** | **1** |
| 1.5 | ተገልጋዮች በኔ የስራ ሂደት ( ቢሮ) ዉስጥ ባለዉ ፈጣን ምላሽ፣ትብብር እና ቸሎታ እረክተዋል:: | **5** | **4** | **3** | **2** | **1** |
| **2** | **የፋይናንስ ዕይታ (Financial perspective (Budget and Resource))** | | | | | |
| 2.1 | በኔ የስራ ሂደት ( ቢሮ)ዉስጥ ያሉትን ሀብቶች ( resources) በሚገባ ማስተዳደር | 5 | 4 | 3 | 2 | 1 |
| 2.2 | ለስራ ሂደቱ ( ለቢሮዉ) የተበጀተዉ በጀት በቂ ነዉ። | 5 | 4 | 3 | 2 | 1 |
| 2.3 | በኔ የስራ ሂደት ( ቢሮ) ዉስጥ ገንዘብ፣ቁሳቁሶች፣የሰዉ ሃይል እና የመሳሰሉት አስፈላጊ ሀብቶች( resources) የተሟሉ ናቸዉ | 5 | 4 | 3 | 2 | 1 |
| 2.4 | የበጀትና ፋይናንስ መቆጣጠሪያ ስልት ተዘርግቷል | 5 | 4 | 3 | 2 | 1 |
| **3** | **የዉስጥ አሰራር ዕይታ (Internal Business Process perspective)** | | | | | |
| 3.1 | በኔ የስራ ሂደት ( ቢሮ) ዉስጥ ያሉት ፖሊሲዎች እና ያሰራር ሂደቶች ጥሩ ናቸዉ(የተንዛዙ አይደሉም) | 5 | 4 | 3 | 2 | 1 |
| 3.2 | በኔ የስራ ሂደት ( ቢሮ) ዉስጥ ያለዉ የሙስና እና የኪራይ ሰብሳቢነት አመለካከት እና ተግባር ዝቅተኛ ነዉ | 5 | 4 | 3 | 2 | 1 |
| 3.3 | የስራ ክፍሉን ( ቢሮዉን) ለቀዉ የሚወጡ(ስራ የሚለቁ) ሰራተኞች ቁጥር ዝቅተኛ ነዉ | 5 | 4 | 3 | 2 | 1 |

| 3.4 | በኔ የስራ ሂደት(ቢሮ) ያለዉ የስርዓተ -ተግባቦት (communication) ፍሰት ቀላልና የተቀላጠፈ ነዉ | 5 | 4 | 3 | 2 | 1 |
|---|---|---|---|---|---|---|
| 3.5 | በኔ የስራ ሂደት(ቢሮ) ዉስጥ ፕሮግራሞች በፍጥነት ይተገበራሉ | 5 | 4 | 3 | 2 | 1 |
| 3.6 | በኔ የስራ ሂደት(ቢሮ) ዉስጥ ያለዉ የሃብት(resource ) ብክነት ዝቅተኛ ነዉ | 5 | 4 | 3 | 2 | 1 |
| 3.7 | በኔ የስራ ሂደት(ቢሮ) ዉስጥ ያለዉ የስራና የግንኙነት ባህል ዉጤታማ( effective )ነዉ | 5 | 4 | 3 | 2 | 1 |
| 3.8 | የስራ ክፍሎች በተለያዩ ተግባራተረ( activities ) የተጨናነቁ አይደሉም | 5 | 4 | 3 | 2 | 1 |
| 4 | | | | | | |
| 4.1 | በስልጠናና የሰዉ ሃብት ልማት ፕሮግራሞች ላይ የመሳተፍ እድል ይሰጠኛል | 5 | 4 | 3 | 2 | 1 |
| 4.2 | *ራሴን ቸP የተለያዩ ዉሳኔዎችን የመወሰን እድሉ አለኝ* | | | | | |
| 4.3 | በኔ የስራ ሂደት(ቢሮ) ዉስጥ ጥሩ የሆነ የቡድን ስራ(team work)  አለ | 5 | 4 | 3 | 2 | 1 |
| 4.4 | ባለዉ የስራ አካባቢ( work environment) እረክቻለሁ | 5 | 4 | 3 | 2 | 1 |
| 4.5 | በሙያዬ( proffesion )፤እዚህ ባለዉ የስራ ባህል እና እሴት እንድሁም empowerment ርክቻለሁ | 5 | 4 | 3 | 2 | 1 |

# APPENDIX III

## St. Mary's University
## School of Graduate Studies
## MBA Program

Interview Questions for the managers of Public service & Human resource   sectors (office), and coordinators and senior officers in each woredas under the study

1. When did the woreda (sub city) start implementing the balanced scorecard?

2. Can you elaborate the major activities to accomplish properly and to put in to

    practice the Balanced scorecard?

3. What benefits the Woreda gained from BSC implementation?

4.   What are the main challenges that you face while implementing the balanced

scorecard?