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College of Business and Economics

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Master of Public Management and Policy

***‘Practices and Challenges of Balanced Scorecard Implementation:
The Case of AkakiKality sub-city Woreda 07 in Addis Ababa’***

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BY

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ACRONYMS/ Abbreviations

BSC—Balanced scorecard

AACA---Addis Ababa City Administration

NPM-----New Public Management

GTP-----Growth And Transformation Plan

KPI-----Key Performance Indicators

KPMG---Klynveld Peat Marwick Goeldeler

SPSS-----Statistical Package for Social Science.

Abstract

BSC was introduced in Ethiopia following the civil service reform in 2010. This study assesses the practice and challenges of BSC implementation.

The study was conducted in Akaki Kaliti sub city woreda 07 administration office. The woreda have a total of 374 employees. Among them 13 of them are top level and 25 of them are middle level management and 338 officers and supportive staffs. A total of 130 questionnaires are distributed and 111 of the questionnaires were filled and returned. Information is collected through document review, questionnaire and interview with 10 employees and managements as well as observation of the student researcher. Data's from the questionnaire are analyzed through SPSS version 26 and interpreted.

According to the study BSC have many outcomes such as creating coordination between management and employees which create clarity of organizational vision. It also gives a sense of responsibility among the employees. In addition it enables the employees to perform well due to training and development. Furthermore it reduce cycle time of work done so that it creates ability to perform more work than before and to serve more number of customer.

Currently there are some limitations in the woreda which hinders the practice of BSC implementation. Those limitations includes shortage of BSC experts, information technology expertise, redundancy and complexity of the measurement practice, poor commitment, shortage of office infrastructures and the like are the major ones.

To acquire the desired outcome as it is expected integration of other systems, commitment of the management and employees, simplifying the performance measure system, automating the system with information communication expertise, continuous professional development and training is required.

CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations need to dedicate considerable time, energy, and human and financial capital to evaluating their success in achieving strategic objectives in today's change-filled, highly competitive setting. These days, as an efficient management method that aligns employee behaviour and priorities with corporate strategy, BSC has gained growing popularity. It is a major growth in accounting and management system that requires intensive research focus (Atkinson et.al, 1997). The balance score card (BSC) is a management tool that maps the strategic goals of a company into performance with four viewpoints, such as financial, internal business perspectives, clients, and learning and development, providing relevant input on how well the strategic plan is executed to make changes in an organization.

The balanced score card is indeed essentially a performance measurement template with two main objectives: converting strategy into specific goals for diversified parts of the organization and communicating those strategies to each parts of the organization (Milgiorato et.al, 1996).

The balanced scorecard aims to convert the strategic direction and goal of a company into actionable effort and evaluation. Kaplan and Norton ,who are known for introduction of BSC, carried out many experiments in many businesses around the world during the 1990s to test new performance measurement approaches based on various performance measurement methods as foundations of theories of management. Kaplan and Norton developed a balanced scorecard. Since Kaplan and Norton developed the definition in the early 1990's as the balanced scorecard (BSC) performance assessment method has drawn significant interest from various organizational practitioners and researchers.

Due to the fact that the conceptual baseline was introduced in the early 1990's by Kaplan and Norton as performance measurement system, the balanced scorecard (BSC) has caused attraction and considerable interest among different organizations and researchers. Accordingly, BSC is commonly accepted and implemented in thousands of businesses worldwide and even non-profit organizations and organizations in the public sector have penetrated (Petr, Wagner, and Michal,

2012). Hence, BSC is more than a list of financial and non-financial metrics from other strategic assessment systems. It involves outcome indicators and performance drivers of outcomes, connected together in relationships of cause and effect and thus aimed at becoming a feed-forward control device.

Balanced Scorecard was proclaimed as one of the most influential concepts in the twentieth century by the Harvard Business Review due to its broad acceptance and effectiveness (Niven 2005). Initially, a balanced scorecard was thought for profit organizations. However, due to revealing transparency and delivering outcomes, attracting an adequate money, concentrating on strategy, generating and organizing data, self-preservation, pushing progress, and inspiring faith it is widely accepted in these days.

In government agencies, balanced scorecard is also popular. One example of government-run agencies is the town of Charlotte, North Carolina, which is generally considered the best example of balanced performance of the scorecard in such bureaus (Niven 2005).

Because of its strategic approach, since its implementation in 2010, BSC has been considered the most effective tool to be used in almost all government agencies in Ethiopia. The reason for implementing the tool was the need to prepare, monitor and report on the performance of public sector organizations in Ethiopia (Jemal: 2018)

In Ethiopia, the balanced scorecard was first introduced in Addis Ababa City Administration (Menwuyelet2014,sited by Jemal,2018). The administration, which was implemented on the basis of the best practice of the City of Charlotte, was carried out in 2010. Addis Ababa is the capital and the centre of the Federal Democratic Republic of Ethiopia's political, economic, social and cultural activities. In particular, when the strategic balanced scorecard was drawn up in 2010, the criteria were set out in which the balanced scorecard strategies should focused on Ethiopia's growth and development plan (GTP).Just one management instrument used for performance result-based assessment is the then Ministry of Civil Service discovered on the manual of "change masses and building of federal civil service" state balanced scorecard (2013)

The Addis Ababa City Administration, according to the Strategic Manual (2010), justifies the launch of a balanced scorecard as a tool to build a measurement system based on results and to develop new employee attitudes measured only through their results (Jemal :2018) Therefore,

according to the Strategic Manual (2010) for the implementation of the Addis Ababa City Administration balanced scorecard, the justification for the launch of a balanced scorecard is the development of -focused strategy on public organizations , a results-based measurement system and the development of new attitudes among employees who choose to be measured only through their performance results. All additional aspects of a balanced scorecard were needed to clearly communicate the strategy to all employees, to meet the needs of citizens, to improve organizational alignment and link strategy and operations ,as well as creating strategic balance plan and evaluate strategic performance (see Kaplan and Norton, 1996; Niven, 2002).

The Addis Ababa City Administration prepared a strategic balanced scorecard (2003 E.C- 2005 E.C) and signed a balanced corporate scorecard team charter between the mayor of the Addis Ababa city administration and all Addis Ababa head offices (2003 E.C)

It took many years to implement the balanced scorecard in Addis Ababa City Ak/k Sub city Woreda 07 administration office; however, it is implemented in order to overcome the incapacity in the ability for the implementation of sector strategy that has obstacles to the implementation of strategy in vision, people, management and resources. The writer of this paper made an attempt to assess the implementation and outcomes of balanced scorecard in the woreda 07 administration of Ak/k sub-city. For that purpose, an understanding of its processes and implementations is needed. Therefore, the desire to asses' outcomes and the challenges of BSC implementation in the selected study area is the key reason for undertaking this paper work.

1.2 Operational Definition of Terms

Balanced Scorecard: a performance management tool that enables a company translates its vision and strategy in to a tangible set of performance measures.(KaplanandNorton,1996).

Performance Measure: An indicator of performance that show how successful we are in achieving the expected outcomes.

Output: The act, process or an instance of producing

Outcome: Is something that follows as a result or a consequence

1.3 Statement of the Problem

Since July 2009, the Akaki Kality sub-city administrative office has officially been designing and implementing the BSC. Over the last 19 years, the office has been working with the scheme and actually it has been launched it in the public service human resource administration machinery. The office was encouraged to incorporate a balanced scorecard for the following fundamental reasons; to uphold the changes implemented after the re-establishment or restructuring of the organization, to assess its success from different viewpoints and to connect reward with performance (Akaki Kality sub-city annual report, 2007E.C)

A great deal of effort is required in order to create BSC in an organization. In any BSC initiative, resources such as time, skills and money should be employed. The performance of the BSC is not satisfactory, given its worldwide popularity. In Ethiopia in general and Addis Ababa City Administration which also comprise the study area lacks sufficient empirical studies as to how the execution of BSC is running on and what the challenges are is not identified in timely manner. The empirical literatures which are prepared by some writers mostly focused on the prospects, the advantages and disadvantages of implementation of BSC and the level of implementation. But assessing the outcomes and implantation problems are not sufficiently covered. So, little is known about the outcomes and impact of implementation of BSC in the woreda level. These study asses the outcomes of implementation of BCS at woreda 07 administration of Akaki Kality Sub City in Addis Ababa. .

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the analysis is to assess the practices and challenges of implementation of balanced scorecard in Akaki Kality Sub City Woreda 07 administration. Hence the writer of this research intended to analyse the practice of introducing balanced score card in the office and figure out problems faced across execution.

1.4.2 Specific Objectives

The specific objectives of the study are:

- To examine the application of BSC in the Woreda 07 Administration Office of Akaki Kality Sub City
- To analyse significant accomplishments gained so far from enforcing BSC
- To evaluate major problems that the organizations faced in the implementation of BSC
- To know the degree to which BSC assessment has been applied in the office of Akaki Kality sub-city Woreda 07.

1.5 Research questions

- How is BSC implemented in the administration office of Akaki Kality sub-city Woreda 07?
- What are the outcomes of BSC implementation in the woreda?
- What are the challenges of in the implementation of BSC?
- What possible strategies should be followed by the woreda for the proper implementation of BSC?

1.6 Significance of the Study

This research could serve as a source of reference for researchers or others (those who are interested to conduct further study on the topic) about the outcomes, benefits and practices of BSC implementation in such low level of public sectors (woreda administration in sub-cities) which are very close to the public with the required service. This study was significant for the following reasons:-

- To find out the outcomes and obstacles to the successful implementation of scorecard as well as the main drivers of effective score card implementation in woreda 07 administration office of Akaki Kality sub-city woreda 07.
- To provide some insight on the way about balanced scorecard implementation to the management in the study area

- To be a good indicator for decision makers to recognise the difference between the expected benefits of the balanced scorecard and the actual benefits that the office is getting
- To fill the existing gaps in practical literature for further studies
- -To offer guidance to leaders for the efficient use of leadership behaviour and positively leads to the effective implementation of balanced scorecard (BSC)

1.7 Scope of the Study

This research is delimited both geographically and conceptually as well as it is bounded in time. Regarding geographical delimitation, it was sampled from one sub-city woreda administration office within Akaki Kaliti sub-city. The ease of accessibility to relevant information, geographic proximity, and familiarity of the organization to the researcher were among the criteria in selection of the organization.

Practically, the study was restricted to ensure the results of balanced scorecard which included the of part of balanced scorecard namely cascading (based on level), automation, assessment, motivation and the position of leadership and subordinates toward implementations of balanced scorecard and also assess knowledge gaps and obstacles of implementation.

Such delimitations were because of the subject is wide and couldn't be discussed within a specific time; it required deep investigation from budget constraints and data availability. However, this study provides an opportunity to further explore that matter

It is also bounded in time because the study covers the practices and challenges of BSC implementation in the woreda in the year only 2023.

1.8 Limitation of the Study

The study other than providing important information's and useful insights on the benefits, practices and challenges of BSC implementation in public offices, there are some constraints that need to be illustrated so that they can be resolved in the future.

First, the results of this study remained limited to a simple sample size as respondents are confined only in Woreda 07 administration of Akaki Kaliti Sub City. Therefore, this should be

taken into consideration before exercising it for the broader generalization of the results to other contexts, woreda and areas in the country and even beyond.

1.9 Organization of the Paper

This paper work was consisted of five chapters which was arranged in sequential manner. The first chapter covers the introduction which comprises of the background of the study, the statements of the problem, objectives of the study which includes general objective and specific objectives, research questions/hypothesis, significance of the study, scope of the study, methodology, and limitation of the study and lastly organization of the paper.

The second chapter covers the literature review part. The third chapter consists methodology (Research Design, Study population, Sampling, sampling technique, Data collection Techniques and instruments and Data Analysis). The fourth chapter which is also the main body covers the case study and lastly the fifth chapter covers the conclusion and recommendations of the paper work.

CHAPTER TWO: REVIEW OF RELATED LITERATURES

2.1 Conceptual and Normative Frameworks

This chapter holds most of the conceptual and theoretical interpretation of the definition of the balanced scorecard. In doing just that, the overall definition with the root and meaning of the balanced scorecard is briefly discussed and perspectives of different kind and also steps of BSC are clarified.

Then, the section basically presents of the aspects of balanced scorecard and what it takes to execute it. The basic components, the steps, the key success and benefits and challenges are presented. In the final sections of the chapter, the general challenges of implementing the balanced scorecard are also stated.

2.1.1 Meaning of Balanced Score Card

Balanced Scorecard is a performance measurement device that allows an organization to translate the strategy and vision into a concrete collection of performance steps. Having said so, it is more than a measuring system. (Kaplan and Norton 1996)

It is also described by Balanced Score card Institution as a strategic planning and management system that is used commonly in industry and business, government, and non-profits major companies to coordinate business activities to the vision and strategy of the organization, to enhance internal and external communications, and track organizational performance against strategic targets (BSC Institute 2015).

The Balanced Scorecard is a mechanism in which the operations of administering it are an important part of it. Some steps may give true image about the output of the organization. The balanced scorecard is balanced in that it demonstrates both the internal and external aspects of the organization. It represents the internal processes necessary to achieve organizational results; but also the external view from the consumers, market position (Olive, 2003). The balanced scorecard is related with the issues of observations of a set of causal relationships (Olive et al, 2003)

It comprises of a collection of linked hypotheses and conclusions about the best way to achieve these future positions. According to Niven (2006), the balanced scorecard intends to record and evaluate the premise of inculcating the organizational strategy.

Kaplan and Norton characterize the novelty of the balanced scorecard as the balanced scorecard maintains conventional financial measures. But financial measures tells us about past events, an appropriate story for industrial age companies for which investments in long-term capabilities and customer relationships were not the only measures for success. These financial steps are insufficient, for directing and assessing the journey that in these information age businesses must make to generate future value through investment in consumers, suppliers, employees, systems, technology, and creativity (Kaplan and Norton1996 as cited in Molleman,2007).The notion of the Balanced Scorecard is related to the basic inclusive premises that are used to assess the success of an entity by a number of metrics (or a specific score of metrics) so that financial metrics are not sufficient to show the bigger pictures of organizational measures.

2.1.2 Evolution and Origin of Balanced Score Card

Early around 1990, Nolan Norton Institute, the research arm of KPMG, funded a one- year multi-company study called Measuring Success in the Organization of the Future. The research was inspired by a perception that current performance assessment methods, primarily depending on financial accounting measures, have become out dated. The research project assumed that dependence on the summary of financial-performance metrics was hindering organizations' efforts to generate potential economic value (Kaplan and Norton, 1992).

The representatives with number of companies: manufacturing and service, heavy industry and high-tech met bi-monthly in 1990 to create a new performance-measurement system. Art Schneider guy, the then vice president of quality management and productivity at analog devices, came to one meeting to discuss his company's observations with the scorecard.

The resulting participant discussions on this experience of implementing the scorecard model to assess success led to an extension of the scorecard to what is eventually termed as 'Balanced Scorecard.' The term embodied the balance established between short and long-term goals,

between financial and non-financial metrics, between lagging and key indicators, and between external and internal progress viewpoints

2.1.3 Basic Components and Perspectives of Balanced Score Card

Kaplan and Norton identified four perspectives of balanced scorecard which supplements the traditional way of measuring performance solely through financial measures by adding measures from the perspectives of customers, internal processes, and learning and growth. In a way which enables organizations to monitor the basic pillars needed to assess for future growth (Kaplan and Norton, 1996). The four perspectives—the learning and growth, the customer, the internal process and the financial perspective, each of them are discussed as follows.

1. Customer Perspective of BSC (How customers see Us)

Customer proposition process emphasises on the connection and image aspects of the basic customer value perspectives. Customer retention and customer growth strategies construct on relationships with targeted customers.

Customers concern tend to fall in to four categories; time, quality, performance and service and cost. (Kaplan & Norton 2004).

The emphasis that private businesses places on the customer has brought an interest on in the public sector. Unlike the private sector, public sector customers are more likely to complain than exit

2. Internal process perspective (What must we excel at?)

In the Internal Process Perspective of the scorecard, we discover the important thing manner at which the company should excel if you want to maintain including cost for customers. The mission on this angle is to identify those processes and develop the best possible measures with which to track our progress. To fulfil customers, you could ought to discover entirely new internal approach as opposed to focusing your efforts at the incremental development of current activities.

This measure it link top managers with employees to the lower level. This in turn will create targets for action, decision and improvement activities that will contribute to companies overall

mission (Kaplan and Norton 1992)

3. Employee Learning and Growth Perspective

This perspective consists of workers education and company cultural attitudes associated with each person and company self-improvement. In a knowledge-worker organization, people are the most effective repository of knowledge are the principal resource.

4. Financial Perspectives (How do we look to shareholders)

We may cognizance all of our power and abilities on enhancing patron satisfaction, quality, on-time delivery, or any range of things, but without a demonstration on their impact at the organization's monetary returns, they are of limited value. We normally encounter classic lagging indicators in the financial perspective .But, via way of means of making progress in all fundamental activities monetary elements can also be improved.(Kaplan and Norton 1992). Typical examples include profitability, revenue growth, and asset utilization (Niven, 2006). In order to attain objectives in the financial perspective, all measures in different views ought to be linked.

The financial perspective is being used as an instrument for summarizing the readily observable economic effects of actions already taken. They contribute to profitability and include operating profits, return on capital invested and economic added value. In short the four perspectives of a balanced scorecard are the Financial, Customer, Internal Process, and Learning and Growth perspectives

So, the balanced scorecard perspective to original balanced scorecard designed by Kaplan and Norton defined four perspectives the balanced scorecard supplements that conventional way of measuring success with financial measures by incorporating measurer from the perspectives of consumers, internal processes, and learning and development.

Figure 1: BSC framework



Source: Kaplan and Norton, 1996:9

2.1.4 The Balanced Scorecard as a Measurement System

When Kaplan and Norton initially conceived the Balanced Scorecard, they were attempting to solve a problem of measurement: How do we acknowledge the importance of financial metrics in decision making and business success while also recognizing the rapid rise of intangible assets and their critical importance to the overall recipe for organizational success? Their answer to this quandary lay in the development of measures in each of four distinct yet related perspectives of performance: Financial, Customer, Internal Processes, and Employee Learning and Growth. Kaplan and Norton rightly hypothesized that financial measures will always remain a vital part of any enterprise's attempts to gain an accurate picture of its performance, but those measures must be balanced by indicators demonstrating how those financial yardsticks will be maximized.

2.1.5 The Balanced Scorecard as a Strategic Management System

For many organizations that are highly skilled in the art of the Balanced Scorecard, the system, besides communicating strategy and measuring progress, serves as what Kaplan and Norton have described as a “Strategic Management System.” While the original intent of the Scorecard system was to balance historical financial numbers with the drivers of future value for the firm, as more and more organizations experimented with the concept, they found it to be a critical tool in aligning short-term actions with strategy. Used in this way, the Scorecard alleviates many of the issues of effective strategy implementation. (Paul R, 2006)

2.1.6 Steps of Balanced Score Card Implementation

Different from that of the BPR device, that has 3 steps, BSC provides nine phases (steps). The very first six are named preparation steps while the last three are implementation steps (BSCI, 2013; AACBB, 2013a). So, there are distinct operations which the organization undertakes in each stage. The first 6 stages are balanced scorecard construction steps while the last three are implementation phases (BSCI, 2008; Niven 2002; AACBB, 2013a) (BSCI, 2008; Niven 2002; AACBB, 2013a).

These are:-

Step one is assessment

Organizations before stating their future plans, they need to assess their current status. In this stage, organizations made an assessment about the existing internal as well as the external environment are conducted. As part of this process, organization follows or re-validates high-level strategic elements (e.g., mission, vision, principles, market assessments, enablers & challenges, customer / stakeholder needs analysis and others) are required before strategy formulation.

Step two is strategy

In this degree organizational strategy can be said clearly. The development of the strategy includes setting up or clarifying your consumer value proposition, decomposing the high-stage

strategic course into three to four Strategic Themes (or goals) (or goals). Strategic Themes are the ones awareness regions wherein which the organization need to be successful so one can accomplish its task and reap its vision, supplied the enablers it is able to exploit, the boundaries it have to resolve, and the consumer value proposition it have to supply upon.

Step three is strategic objectives

In this phase, goals are fashioned at the strategic theme level first after which blended collectively to form organization-level Objectives.

Step four is strategy mapping

In the Strategy Mapping process, cause-and-impact ties are hooked up among the Strategic Objectives, establishing a “value chain” of ways clients and stakeholders are fulfilled with the aid of organization’s goods and services. Strategy Maps are created for every subject to ensure a full strategy to achieve each strategic result and then those are combined into a final organizational Strategy Map. A Strategy Map is a diagram that displays the cause-and-effect relationships of goals around the four perspectives, explaining the concept of ways the organization can attain the assigned dreams

Step five is performance measures

Performance Measures are essential to monitoring success of an organization’s plan. Organizational measures focus on the use of assets, processes and development (output). Performance metrics are established for each of the targets on the strategy map. The focus in this phase is to help managers build the crucial leading and lagging steps required to manage strategy implementation.

Step six is strategic initiatives

In the Strategic Initiatives phase, the projects that are vital to success of the plan, are developed, prioritized, and implemented.

Step seven is performance analysis (Automation)

In the Performance Analysis process, data is converted into evidence-based information and understanding. Effective research lets people make informed choices that can generate improved strategic results. In this stage appropriate IT technology is used to save information as well as to track performance and for reporting . This stage focuses on assessing and reviewing performance to understand what works well and what doesn't, taking corrective steps and becoming a high-performance organization.

Step 8 is alignment (Cascading)

In the Alignment process, strategy is transitioned from something only executives care about to something everyone supports through cascading high-level enterprise strategy to first organization and support units and then to individual employees. The Alignment stage produces scorecards for organization and support units, and individual scorecards for each employee or team.

Cascading explains how organization level strategy is promoted by department or unit strategy , and then eventually how staff or teams contributes to the strategy with individual activities, initiatives and tasks.

To implement any strategy successfully, it must be understood and acted upon by every level of the firm. Cascading the Scorecard means driving it down into the organization and giving all employees the opportunity to demonstrate how their day-to-day activities contribute to the company's strategy. All organizational levels distinguish their value-creating activities by developing Scorecards that link to the high-level corporate objectives. By cascading you create a line of sight from the employee on the shop floor back to the executive boardroom. Some organizations have taken cascading all the way down to the individual level with employees developing personal Balanced Scorecards that define the contribution they will make to their team in helping it achieve overall objectives. In Chapter Seven we will take a closer look at the topic of cascading and discuss how you can develop aligned Scorecards throughout your organization.

Rather than linking incentives and rewards to the achievement of short-term financial targets, managers now have the opportunity to tie their team, department, or business unit's rewards directly to the areas in which they exert influence. All employees can now focus on the performance drivers of future economic value and what decisions and actions are necessary to achieve those outcomes

Step nine is evaluation

Evaluation is an opportunity to assess and update. In this stage managers assess how well the organisation is performing desired outcomes and how well the strategic management structure enhances communications, coordination and efficiency. It ensures that the strategic planning and management structure is dynamic and integrates quality improvement into day-to-day management and services.

2.1.7 Key Success Factors of Balance Score Card Implementation

The notion of key success factors is one of the phrases which have been increasingly used with in the business world. This idea became advanced via way of means of Ronald Daniel at the Harvard Business School to in the early 1960s. Then the concept of crucial success factors then introduced by Rochart in 1986 (Michaels, 2008). Hilton, et al., (2003) describe important achievement elements important for the achievement of economic unity. These factors allow the unit to compete with its peers by recognizing these factors and integrating them into the strategic plan to be able to retain a competitive position, addition, leverage these vital success factors to boost the competitive advantages. Thompson & Strickland (2003) mark it as a powerful stuff in the capacity of economic unity to flourish in markets.

In relation to effectiveness with an implementation of a BSC, it is of importance to have a vision and goal, perspectives, success factors, goals, initiatives, strategies and action plans. The BSC should be formed for the particular organization with more consideration towards its needs . As for Ericson, one of the key pieces for executing a successful scorecard is to have a good strategy and approach. The vision is generally a symbol for the comprehensive goal for an organization.

In their work, Kaplan and Norton (1996b) have outlined important operations for a highly competitive balanced scorecard program. The organizational requirements for success include: -

agreement on strategy and core performance expectations and requirements, top leadership direction, integrating the plan and related balanced scorecard into investment decisions, making strategy a component of every day jobs and operations, and ensuring policy formulation and execution is a continuous Process.

Key achievement elements have very important contributions in implementing balanced score card in powerful and right manner.

2.1.8 Benefits and Challenges of Balanced Score Card Implementation

With their many books and papers, Kaplan and Norton promoted the balanced scorecard as a management method advanced for organizations to manage their strategy. Specifically, the scorecard pol was changed into a manner to (1) provide an explanation for and translate vision and strategy; (2) communicate and connect strategic objectives and measures;(3) prepare, set goals, and align strategic initiatives; and (4) improve strategic input and learning. The scorecard was primarily intended for a “closed system” – a strategic business unit responsible for an entire value chain in production and promotion of goods for installed customers. The scorecard is also useful for executing policy with other organizations. According to Kaplan and Norton (1992), the main advantages of the balanced scorecard over the conventional performance management framework can be summarized as it allows businesses to concentrate on what needs to be carried out so as to reap “breakthrough performance”(Kaplan and Norton 1992)

However, BSC have its own limitations too. As many writers stated that one of the key challenges of a balanced scorecard is the complexity and time required in the creating a suitable scorecard for the particular sector or organization in mind and its implementation. I t is also criticized for its failure to provide critical viewpoints like the employee perspective and the environmental impact perspective (Kiragu, 2005). Kaplan and Norton, (2001), however, it is important to bear in mind that that the four perspectives merely provide a context rather than uniform implementation.

Consequently, Brown (2007 cited in Nadem, 2011) has listed the following top ten challenges for most scorecards both in private and public sector equally.

- Most indicators are lagging
- Scorecards cannot check ethics
- Integration of targets, goals and metrics stays a major challenge
- Most scorecards appear at top management level
- Awards and consequences are not associated with measures
- Most goals are set indefinitely
- Client delight metrics are simplistic
- Human Resource metrics are typically ineffective
- Balanced scorecards reporting are still using standard methods such as power point & spread sheets
- Scorecards are not using external variables.

Pujas (2010), summarized challenges of BSC implementation as:

- Limited understanding of BSC, lack of government sponsorship
- Lack of BSC education and training,
- Inadequate IT support
- Inadequate project team,
- Organizational participation
- Inadequate key performance indicators (KPIs) and lack of communication.

2.2 A Guiding Rationale for Balanced scorecard

For the Balanced Scorecard 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. Once you've made the decision to go forward, your first obligation is to clearly explain why that choice has been made and what benefits you expect as a result. The more specific, the better — outline in vivid detail the challenges you face from competitors, changing customer tendencies, supplier pressures, stakeholder demands, and so on. Demonstrate to your team why change is not simply an option but an imperative if you're to stay in the game and sustain your success.⁴

When you have a well-understood, agreed-on, and widely communicated rationale for the project, you possess a valuable tool in expanding the role of the Balanced Scorecard.

Management and employees alike will view the development of measures in a Balanced Scorecard framework as the first of many stops on the road to a new and powerful management system for the organization. The consensus achieved from an overarching rationale for the Balanced Scorecard greatly assists your communication efforts as you focus and educate all employees on the goals of the implementation. Finally, every implementation loses momentum at one time or another; the practical realities of modern business and its multitude of attendant priorities make that a virtual certainty. The true test is whether you can emerge from these periods of corporate lethargy with renewed vigour and enthusiasm for the task at hand. A guiding rationale for your Balanced Scorecard can serve as your rallying cry, bringing together the entire organization under the banner of why you made this decision in the first place.(Paul R.2006)

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

This part of the paper stated the framework followed to undertake the research such as research design, data collection methods, research approaches followed, sampling methods, sample size and how the data collected was analyzed and interpreted to seek appropriate answer for the questions which was raised to respondents to find out the Balanced Scorecard implementation and its challenges in Akaki Kaliti Sub-City Woreda-7.

3.1 Methodology

3.1.1 Research Design

The research design is the systematic analysis that connects the empirical evidence to a study's initial research questions and ultimately to its conclusions (Yin, 2003). The research employed mixed-method approach to which incorporates both qualitative and quantitative research methods. Hence, descriptive survey approach was used. Focusing on qualitative component of the study, quantitative data was also used to substantiate qualitative findings.

So, in this regard the researcher used both qualitative and quantitative methods which are the two main approaches used in most research analysis. The researcher used mixed method of research design because the method combines the detailed insight and holistic understanding to apply for a wider population. That is why it is preferred for detailed and comprehensive analysis. Meanwhile we used quantitative analysis as it will also focus on measurable numbers. All activity is, however, not observable and a qualitative approach will be used for in-depth evaluation of few aspects like this analysis.

3.1.2 Study population

The total number of employees of the administration office including managers and non-managers is 374. Hence, the goal population for the study includes 24 management members, team leaders and coordinators of each sector in each core phase and 87 non-management members which includes senior officers in each core process of the selected woreda administration.

Thus 24(from each core process) management representatives and 87 non-management officers of the selected woreda of Akaki Kaliy Sub- city were the population of the sample. All of them are employed in their respective core process of the sector.

3.1.3 Sampling

The sample is the collection of people who will potentially engage in the study. To gain meaningful conclusions from your findings, you have to carefully consider how you would pick a sample that is representative of the category as a whole. Gay and Airasian (2003:104) noted that the first point to see in the sample selection method is to classify and define target population. In other words, a sample that is too small might make the generalize-ability of the analysis almost impossible and pointless, this can be used to understand why some scholars, for example, Cohen and others. (2001: 94) agree that the ‘larger the sample, the better’.

Sample Size

Sampling size is determined using (Yamane 1967:886) simplified formula for calculating sample size.

$n = \frac{N}{1 + N(e)^2}$ where, “n” is the sample size, “N” is the population size, and “e” is the level of precision. The level of precision sometimes also called sampling error, which is the range in which the true value of the population is estimated, for the purpose of this study, the precision level is 8% (e = 0.08). Calculating the sample size using the above formula give us 111 participants, i.e. $\frac{374}{1+374(0.08)^2}$

3.1.4 Sampling technique

The target group in this study was from the Woreda Administration Office. This analysis was using both probable sampling and non-probable sample techniques.

All the management staffs and the employees became part of the assessment through using non-probable sample techniques that was available sampling. For the purpose of quantitative analysis, the study used probable sampling technique that was simple random sampling, which was, selected professionals from the woreda administration offices using lottery techniques .From the overall population of managers and non-management employees 10 are interviewed.

3.1.5 Data collection Techniques and instruments

On the first step qualitative techniques were based on the semi structured interview and document review respectively to get detail knowledge about the issue. On the second step quantitative techniques were based on the closed ended questionnaire

The research tools used to collect data to substantiate the quantitative analysis of this paper were questionnaires, interview, survey and document analysis The questionnaire was prepared to collect data from various groups of employees and leaders about the BSC implementation status and problems observed since its implementation. Consequently, for this paper interview and document analysis were used to collect the data from officials in the woreda administration and core process owners of the administration office

3.1.6 Data Analysis

Upon obtaining and analysing all relevant primary data using the tools for data collection responses were categorized, registered, measured and analysed using Statistical Package for Social Sciences (SPSS) method (SPSS version 26 was employed for this purpose). Then frequencies are tallied and also presented in percentage as well as mean values and standard deviation. The finding was described using tables. The qualitative data obtained from interviews were considered as an integral part of the analysis, which provided for a triangulation of qualitative research of the provided responses.

3.2 Ethical Considerations

All the participants of the questionnaires and interviews are informed about the aim of the research conducted, confidentiality of the information they give and their right to withdraw whenever they like to do so.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

In this chapter, the data gathered from the woreda administration and officers by using questionnaire, interview, observation and document review regarding the outcomes of BSC implementation as an important management tool in Akaki /kality sub city of woreda 4 is interpreted.

4.1 Response Rate

A total of 130 questionnaires was distributed and out of which 111(85.38%) of it was filled and returned. This shows that significant numbers of questionnaires are employed to conduct the research.

I/ Background of the respondents

Table 4.1 Respondents by Sex, Age, Academic Qualification, job position and work experience.

Profile	Description	Frequency	Percentage(%)
Gender	Male	52	46.8
	Female	59	53.2
	Total	111	100
Age	18-30	38	34.23
	31-40	47	42.34
	41-50	19	17.11
	51 and above	7	6.3
	Total	111	100
Education Level	Diploma	36	32.4
	First Degree	49	44.1
	Second Degree	26	23.4
	Third Degree	-	-
	Total	111	100
Job Position	Manager	24	21.6
	Employee	87	78.4
	Total	111	100
Work Experience	<3 years	34	30.6
	4-6years	43	38.7
	6-10years	27	24.3
	Above10years	7	6.3
	Total	111	100

As it is shown in the above table majority of the respondents are females and constitute 59 (53.2%) of the total 111 respondents. This implies the study consists relatively more female than male participants.

Regarding their age distribution, see table 4.1, that 85 (76%) of the respondents are within the age interval of 18-30 & 31-40, (17%) of them lie in the age interval of 41-50, and remaining 7 (6%) lie in the range of 51 and above. Since majorities of the respondents lies in the age group of 31-40 the employees are found in the age group to properly understand and implement the system.

The third variable is the Education level of respondents. Accordingly, 36 (32.4%) of the sampled respondents have Diploma and first degree holders incorporate 49 (44.1%) and second/master's degree holders are 26 (23.4%). There is no respondent in third-degree holders from respondents. They can better understand the implementation process and helpful for the organization in order to deliver effective service and achieve its target.

With regard to their job position 24 (21.6%) of the respondents are from the woreda top and middle level management and 87 (78.4%) of them are from non-management officers position. This implies that both the management as well as non-management staffs are incorporated in the study. So, the study was conducted involving 70% of the management and also significant numbers (78) of non-management staffs.

In terms of work experience 43 (39%) of respondents lies in range between 4-6 years of experience, 34 (31%) of the respondents serviced the organization up to 3 years, 27 (24%) have 6-10 years of service and 7 (6%) of respondents are serving the woreda administration office for more than ten years. two years. This indicates that majority of the respondent ranges up 6 years of experience.

Table 4.2 Interpretation of mean score

Mean Score	Interpretation
4.3-5	Very high
3.5-4.29	High
2.7-3.49	Moderate
1.90-2.69	Low
1.00-1.89	Very low

Low standard Deviation means data are clustered around the mean, and high standard deviation indicates data are more spread out.

Part 2 Practice of balanced score card implementation

Table 4.3 Practice of BSC implementation

Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Items		1	2	3	4	5	Mean	SD
Balanced scorecard is implemented in my woreda.	No	6	5	19	67	14	3.70	.9399
	%	5%	4.5%	17.1%	60.4%	12.6%		
I have balanced score card implementation plan in written form.	No	9	31	5	37	29	3.41	1.35
	%	8.1%	27.9%	4.5%	33.3%	26.1%		
The woreda has provided me training about the concept of BSC.	No	13	41	2	34	21	3.08	1.38
	%	11.7%	36.9%	1.8%	30.6%	18.9%		

Own source 2023

X-mean,SD-standard Deviation

As it is shown in the above graph, regarding the question about implementation of BSC in their administration office 6 (5.4%) of the respondents are strongly disagree and 5(4.5%) of them disagree whereas 19(17.1%) of them preferred to be neutral. However majority of the respondents 73 % of them agrees in its implementation. This shows that there is existence of BSC as a working system in the woreda administration.

Regarding provision of BSC implementation plan in written form 40 of the respondents (36%) of them were not provided with the document. But the greater majorities of the respondents 66(59.4%) of them are provided with the document. This shows that there is lagging behind about updates and provision of the document for the significant number of the respondents.

For the question about provision of training regarding BSC implementation, 13(11.7%) and 41(36.9%) of them are not provided with the training. 2(1.8%) of them preferred to be neutral in this regard. The rest 34(30.6%) and 21(18.9%) of them agreed and strongly agreed for provision of the training. The mean score and standard deviation reads (3.08 and SD-1.38). The mean score in the above question is moderate showing that there was a need for training about BSC implementation on the regular manner.

To conclude the above statistics, the training is not given in a continuous manner.

Part 3 Employees Perception about BSC

Table 4.4 perception of employees about BSC

1 Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Items		1	2	3	4	5	Mean	SD
1.The template required for performance evaluation is easy to use	No	23	54	1	20	13	2.51	1.32
	%	20.7%	48.6%	.9%	18%	11.7%		
2.It is an important tool to achieve organizational goal	No	8	16	2	58	27	3.72	1.19
	%	7.2%	14.45	1.8%	52.3	24.3%		
3.The implementation of BSC Enhance working culture of the woreda administrative office	No	10	16	8	54	23	3.57	1.22
	%	9%	14.4%	7.2%	48.6%	20.7%		

Own source 2023

In this section of the questionnaire respondents are asked about their perception of BSC. for the first question about whether the template required for performance evaluation is easier or

not, 23(20.7%) and 54(48.6%) of them strongly disagree and disagreed respectively while 1 person kept neutral in this regard. The rest 20(18%) and 13(11.7) of them agreed and strongly agreed that it is actually easier. The mean score and standard deviation reads respectively (2.51 and SD-1.32). The above statistics showed the template for performance evaluation found to be not easier for majorities of the respondents.

Regarding perception of employees about considering BSC as an important tool to achieve organizational goal above 76% of the respondents strongly agreed and agreed. (X-3.72 and SD-1.19) It is possible to conclude that it is an important tool in achieving organizational goal.

The majorities 54(48.6%) and 23(20.7%) of employees strongly agreed and agreed about enhancement of working culture due to implementation of BSC in the woreda administration offices. (X-3.57 and SD-1.22)

One can conclude from their response that BSC have an important contribution in enhancement of work.

Part 4 key performance Indicators

Table 4.5 key performance indicators about outcomes of BSC

1.Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Items		1	2	3	4	5	Mean	SD
1. The woreda service delivery is being improved due to BSC	No	7	21	5	61	17	3.54	1.15
	%	6.3%	18.9%	4.5%	55%	15.3%		
The work method and process improved due to BSC.	No	9	16	9	63	14	3.51	1.13
	%	8.1%	14.4%	8.1%	56.8%	12.6%		
Resources and the office working time utilization is improved	No	8	6	7	63	27	3.85	1.07
	%	7.2%	5.4%	6.3%	56.8%	24.3%		
The implementation of BSC improved information communication process	No	30	23	-	31	27	3.49	1.13
	%	27%	20.7%	-	27.9%	24.3%		
The woredas balanced score card system becomes automated	No	21	47	9	21	13	2.62	1.30
	%	18.9%	42.3%	8.1%	18.9%	11.7%		
BSC linked the organizational vision with daily activity	No	8	12	9	63	19	3.65	1.10
	%	7.2%	18.8%	8.1%	56.8%	17.1%		
BSC encouraged learning and continuous improvement	No	-	-	-	90	21	4.18	.393
	%	-	-	-	81.1%	18.9%		

In the above table respondents answer about the expected outcomes of BSC is stated. In the first question, whether BSC is an important tool to achieve organizational goal-8(7.2%) and 16(14.4%) of the respondents strongly disagree and disagree while 2 (1.8%) Of the respondents remained neutral .The rest 58(52.3%) and 27(24.3%)of the respondents agreed and strongly

agreed so that they consider it as an important tool to achieve the organization goal. The mean score and standard deviation (3.54 and 1.15) ,respondents highly agreed that BSC improved service delivery.

In the second question about the enhancement of work method improvement due to applying BSC as a tool, 9(8.1%) of the respondents and 16(14.4%) Strongly disagreed and disagreed respectively while 9(8.1%) of the respondents doesn't support either of the alternatives. The remaining 63 (56.8%) and 14(12.6%) of the respondents agreed and strongly agreed. (x- 3.51 and SD-1.13)

This showed that there are still significant number of respondents who doesn't took BSC as work enhancing mechanism.

As for question number three, resource and time cycle utilization due to BSC 8(7.2%) of the respondents and 6(5.4%) of the respondents strongly disagree and disagree respectively followed by 7(6.3%) of respondents remaining neutral. Here again 71% of the respondents consider utilization of resource and timely accomplishment of work. (x-3.85 and SD 1.07)

For the question about improvement of communication process improvement 30(27%) and 23(20.7%) of the respondents disagree and remain neutral respectively while 52% of the respondents agreed on the idea. As one of the outcomes of BSC is improvement of two way communication, the communication process still needs improvement in the woreda.

Regarding the question about existence of automated system of BSC, about 61% of the respondents disagree that automation of BSC and information system is still remained unresolved. (X-2.62 and SD-1.30). Here we find lower mean score and higher standard deviation meaning that implementation of automation is below the desired level.

One of the objective of BSC is linking organizational mission and daily activities so as to achieve organizational mission .Regarding this responses' of the respondents was stated as follows. While the total of 20 respondents (18%) them have doubt about such outcome in the woreda and 9 (8.1%) remained neutral, the greater majorities of the respondents have supported the link between organizational mission and daily activities. (X-3.65 and SD-1.10). Responses are highly concentrated to the mean.

About the question regarding whether BSC encouraged learning and continuous improvement, the respondents agreed about continuous improvement.

Part 5 Major challenges of BSC in the woreda

Table 4.6 Major challenges of BSC in the woreda

1.Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Items		1	2	3	4	5	mean	SD
Lack of sufficient expertise	No	-	19	-	83	9	3.73	.838
	%	-	17.1%	-	74.8%	8.1%		
Shortage of proper office infrastructures	No	-	-	-	60	51	4.45	.500
	%	-	-	-	54.1%	45.9%		
Poor commitment to BPR implementation by management and employees	No	9	16	8	51	27	3.63	1.22
	%	8.1%	14.4%	7.2%	45.95	24,3%		

This part of the questionnaire is to assess the major problems facing BSC implementation in the woreda.

As the first question about lack of sufficient BSC expertise 19(17.1%) of the respondents disagreed .Meaning they have the idea of existence of sufficient expertise .The remaining respondents 83(74.8%) and 9(8.1%) respectively agreed and strongly agree that there is lack of sufficient expertise .I n order for the proper implementation of BSC sufficient expertise should be there .The mean score and standard deviation(\bar{x} -3.73 and SD .838).So it had higher mean value and lower standard deviation.

For the second question about whether there is of shortage of office equipment’s that support proper implementation of BSC ,the response rate is stated as follows.60(54.1%) of the respondents agreed and51(45.9%) of them strongly agreed. This shows lack of proper office equipment is one of the problem for the success of the system (\bar{x} -4.45 and SD .500) here it had very high concentration of responses to the mean.

Regarding the question about existence of poor commitment for implementation of BSC at both the management and the employees side, the response rate is presented as follows. 9 (8.1%) and 16 (14.4%) of the respondents disagreed and strongly disagreed while 8 (7.2%) remained neutral. SO that poor commitment is not a problem in their view. The remaining 51 (45.9%) and 27 (24.3%) agreed and strongly agreed that lack of poor commitment hinders proper implementation of BSC. X-3.63 and SD-1.22, here the response is highly concentrated to the mean showing that there was poor commitment for the implementation of BSC on both management and non-management employees.

In my interview with 3 of the management persons and employees is presented in such a way. BSC have many outputs as it strengthen the communication between top management and employee's .This will help the organizational goal to be clearly addressed to the employees. It will also reduce time cycle of the work done. Since it uses employees learning and training will improve the internal process so that intern enhances work performance. But, access to employees training and learning is not uniformly disseminated .Other than this lack of sufficient IT expertise hinders the information communication facilities. In addition the performance evaluation system and the template is redundant and difficult to implement in the daily basis.

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter of the study deals with the summary, the major findings about the practice and challenges of BSC implementation in Akaki Kality woreda 07 administration offices, conclusion and recommendation parts.

5.1 Summary

Balanced scorecard is applied in Akaki Kality sub city since its advent to the Addis Ababa city administration as a reform movement. The implementation of Balanced Scorecard enables an organization to link its strategy with its vision. It can conquer many problems because it can link all the perspectives of organizations. Thus, Balanced Score Card, therefore, is a very important strategic management tool which helps an organization not only to measure the overall status of an organization but also the performance of individuals. Proper implementation of Balanced Score Card can ensure the success of an organization.

5.2 Conclusion

The major findings of the study about the practices and challenges of BSC implementation in the woreda are stated as follows

- Creating coordination between management and employees which create clarity of organizational vision.
- It also gives a sense of responsibility among the employees.
- In addition it enables the employees to perform well due to training and development.
- Furthermore it reduce cycle time of work done so that it creates ability to perform more work than before and to serve more number of customers

Employees consider BSC as an important tool to achieve organizational goal. They also perceived that implementation of BSC enhance the working culture of the woreda administration offices.

The respondents also reviled that the service delivery as well as the work method and process was also improved. It also enable the proper utilization of resourees and and working time.

In the study majority of the respondents answered that BSC linked organizational goal with daily activities.

Though BSC have many outcomes to give, its contribution to the organizational success can be hindered due to various problems. Some of the problems manifested in the woreda which affects the desired outcomes of BSC includes

- Insufficient information system to support BSC,
- Lack of top management support and dedication,
- Organizational political influences by top management and the fact that BSC implementation is time-consuming were the major challenges encountered in implementing the BSC.
- Skill, knowledge and ethical gaps were also critical challenges encountered during the implementation process of BSC in the Woreda.
- Insufficient information was provided on BSC implementation

5.3 Recommendation

To acquire the desired outcome as it is expected integration of other systems like BPR, citizen charter etc.

Commitment of the management and employees for the proper implementation of BSC is also needed. This would be acquired through building trust, employing transparency and discussing on problems to reach to a consensus.

Simplifying the performance measure system was also a crucial element because most of the respondents consider it redundant and complicated. This would make it difficult to employ it in everyday activities.

Automating the system with information communication expertise was lagging behind. Automation helps to record and document information. In addition it enabled the measurement system to be conducted on a regular basis.

Continuous professional development and training was one of the four perspectives of BSC. According to the finding, training and professional development needs to be conducted on the regular basis.

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Appendix

I Part 1 Demographic information of the respondents

1	Sex	Male <input type="checkbox"/>	Female <input type="checkbox"/>		
2	Age	18-30 <input type="checkbox"/>	31-40 <input type="checkbox"/>	41-50 <input type="checkbox"/>	51 and above <input type="checkbox"/>
3	Educational level	Diploma <input type="checkbox"/>	First degree <input type="checkbox"/>	Second degree <input type="checkbox"/>	Third degree <input type="checkbox"/>
4	Work experience	1—3 years <input type="checkbox"/>	3-5 years <input type="checkbox"/>	5-10 years <input type="checkbox"/>	10 years and al <input type="checkbox"/>
5	Organizational position	Management	Non-management officers		

Part2 summary on balanced score card implementation

Item	1	2	3	4	5
Balanced scorecard is implemented in my woreda?					
I have balanced score card implementation plan in written form					
The woreda has provided me training about the concept of BSC.					

Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Part 3 perception of employees about BSc

Items	1	2	3	4	5
The template required for performance evaluation is easy to use					
It is an important tool to achieve organizational goal					
the implementation of BSC enhance working culture of the woreda administrative office					

Part 4 key performance indicators about outcomes of BSC

Items	1	2	3	4	5
1. The woreda service delivery is being improved					
2. The work method and process improved due to BSc.					
3. Resources and the office working time utilization is improved					
4. The implementation of BSc. Improved information communication process					
5. The woredas balanced score card system becomes automated					
6. BSc linked the organizational vision with daily activity					
7. BSc encouraged learning and continuous improvement					

Part 5 Major challenges of BScin the woreda

Items	1	2	3	4	5
Lack of sufficient expertise					
Shortage of proper office infrastructures					
Poor commitment to BPR implementation by management and employees					