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SCHOOL OF GRADUATE STUDIES

**Change Management and Organization Performance: Pre-
Post Case Study at Federal Ministry of Health, Ethiopia**

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This is to certify that the thesis prepared by Fetiya Ahmed entitled Change Management and Organizational Performance Pre-Post case study at Federal Ministry of Health Ethiopia, which is submitted in partial fulfilments of the requirements for the degree of Masters in Public Management and Policy (MPMP) complies with the regulation of the university and meet the accepted standard with respect to originality and quality.

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Abstract

The purpose of this study is to investigate the pre and post implementation of change management (BSC and strategic planning) on performance of Ethiopian Federal Ministry of Health. Both qualitative and quantitative approaches are employed. The data are gathered from employees of the Ministry through survey questionnaires, and from directorate heads through interviews and focus group discussions.

The researcher identified that the major bottleneck for implementation of strategic planning and BSC are lack of adequate resources for training and software, extent of staff participation and lack of adequate resources

The research established that the balanced scorecard is a useful tool. It helps organizations to turn visions into reality with accuracy and efficiency. Strategy and BSC implementation therefore require that all business units, support units and employees be aligned and linked to the strategy and scorecard.

The study concludes that the main objective of the Balanced ScoreCard is to bring the different perspectives (finance, internal business processes, learning, growth and clients) together in a uniform system. The study recommends organizations to adopt balanced scorecard and strategic planning for measuring performance and for better progress. But it should make deep investigation in implementing any management tools. Taking one or more countries as reference is not enough rather it is better to see or analyse the environment in which the organization is working.

Finally the paper provides information and suggestions that are helpful for companies that are interested in developing strategic planning and balanced scorecard.

Keywords *Balanced Scorecard, Strategic planning and organizational performance*

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Acronyms

BPR	Business Process Reengineering
BSC	Balanced ScoreCard
CEO	Chief Executive Officers
CSFs	Critical Success Factors
FGoE	Federal Government of Ethiopia
FMOH	Ethiopian Federal Ministry of Health
GoE	Government of Ethiopia
HSDPs	Health Sector Development Plans
KPIs	Key Performance Indicators
MBB	Marginal Budgeting for Bottleneck
NGOs	Non-Governmental Organizations
PEST	Political, Economical, Societal, Technological analysis
ROPA	Results Oriented Program Appraisal process
SWOT	Strengths-Weaknesses-Opportunities-Threats analysis

Chapter one

1. Introduction

1.1 Background of the study

The world is quickly becoming a global village due to corporate transformation. Mergers, acquisitions, outsourcing and downsizing are becoming the order of the day. Strategic management provides the only option for firms to respond to such challenges. It needs a framework, which can ensure that decisions concerning the future are taken in a systematic and purposeful way. The task of formulating a successful strategy is one of the most challenging and important activities that is faced by managers in all companies (Porter, 1996).

Changes that have occurred in developing and emerging countries have led to the faster diffusion of strategic planning. On account of the problem of the implementation of strategic planning, the main focus of strategic planning literature has shifted to strategic planning effectiveness. Many empirical studies have approved the supporting role of strategic planning in creating better long term competitive positions and better organizational performance of the companies. (Al-Shammari and Hussein, 2008).

In the early 1990s, Kaplan and Norton proposed a new dashboard due to the belief that existing approaches to performance evaluation, primarily based on financial accounting, had become obsolete (Kaplan and Norton, 1996, Bible et al., 2006). They named it “Balanced Scorecard” (BSC) because such approach reflects the balance between the objectives of short and long term, between financial and nonfinancial indicators, lagging indicators and performance drivers (leading indicators) and between internal and external perspective of performance (Kaplan and Norton, 1996).

In recent years, the balanced scorecard has been a comprehensive model when looking at management issues for financial and non-financial purposes and has been very popular as it has attracted a lot of attention (Nørreklit, 2000). The balanced scorecard (BSC) is a multi-criteria evaluation concept that highlights the importance of performance measurement (tseng, 2010). Based on the balanced scorecard the cause and effect relationship between the four perspectives have been created. (Wong-On-Wing et al, 2007; Paul, 1998) In fact, the logic of cause and effect as the essence of the Balanced scorecard approach- with distinguishes it from other approaches described (Atkinson, 1997 as cited by Sanayei ,et al 2011).

The Ethiopian public sector organizations had been trying to implement various modern management systems and tools since 1995 such as, “Result-oriented Performance Evaluation Method”, Business Process Reengineering (BPR), Balanced Scorecard (BSC) and kaizen in order to improve efficiency (Adebabay, 2011).

On the other hand, Ethiopia began proactively tackling the problem which are related with health in 1991 when the transitional Government formulated a health policy that was the first of its kind in the country. This policy was one of several political and socio-economic transformation policies and the translation of this new health policy was followed by the formulation of four consecutive phases of comprehensive Health Sector Development Plans (HSDPs). To further ensure and facilitate their smooth execution, these HSDP’s were supported by the implementation of various tools such as: Results Oriented Program Appraisal (ROPA) process; Business-Process Reengineering (BPR) which resulted in a remarkable restructuring of the Ministry of Health along key work processes and in the creation of numerous Directorates; Marginal Budgeting for Bottleneck (MBB) which enables managers and analysts to systematically look into the health system bottlenecks, high impact interventions, different scenarios and associated costs of achieving results (Balanced Scorecard Institute, 2013).

In 2007, the FMOH embarked on a journey to transform its strategic planning and management processes by adopting the Balanced Scorecard (BSC) as their framework. Extensive work has been done at the leadership level to inculcate the sector with the concepts of balanced scorecard and to link day-to-day activities with the organization’s long term direction. (Zemetis, 2009).

In cognizance of the salience of this tool, former Minister has applied the BSC approach as director of the Tigray Regional Health Bureau. The Federal Ministry of Health (FMOH) was convinced that with adequate adaptation, the BSC approach could deliver significantly improved performance throughout the health system. In 2007 the FMOH became the first ministerial office of the Government of Ethiopia (GoE) to apply the BSC approach, although it is the intent of the ministry of capacity building that BSC approach be used government wide (Ethiopia Balanced Scorecard Overview, 2010).

The Ethiopia’s Health Sector regulatory organizations exist at various tiers. In other words, the structure of the sector is made of the Federal Ministry of Health (FMOH), Federal Health Directorates and Agencies, Regional Health Bureaus, Woreda Zone offices, Woredas (an administrative district unit), and individual health facilities including federal and regional hospitals, health centers, and health posts. However, this study is undertaken at federal ministry

of health. Currently the ministry has 795 employees with 17 directorates to handle the activities of the ministry.

Some researcher like Tilaye Kassahun, 2010, Kimaro, 2013, and Sanayei ,et al, 2011 have conducted on Balanced scorecard in different sectors but most of them indicate the adoption of balanced scorecard and Ittner and Larcker (1998) examine one dimension of the BSC namely the role of customer satisfaction in predicting future improved performance. Chenhall and Langfield-Smith (1998) examine the perceived benefits from employing balanced performance measures. Lipe and Salterio (2000) focus on the behavioral aspects of using the BSC to manage people. However, there is no research undertaken regarding to Strategic Planning and Balanced Scorecard implementation in pre and post cases especially challenge, condition and current practices. Thus, the study focuses on comparing the strategic planning and BSC implementation in pre and post scenarios.

1.2 Statement of the problem

Kaplan and Norton (1996) argue that the BSC is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the BSC transforms strategic planning from an academic exercise in to the nerve centre of an enterprise.If we cannot measure our processes, we cannot manage our processes. If we cannot manage our processes, we cannot improve our processes. If we cannot improve our processes, we cannot meet or exceed our customers' expectations. What gets measured gets done. Measurement is core of the Balanced Scorecard-BSC.

There is notable relationship in strategy and BSC implementation. Majority of the organizations use balanced scorecard to overcome the challenges that occur during strategy implementation stage. identified the deadly sins of strategy implementation which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; unclear individual responsibilities in the change process; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives. Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are not the main inhibiting factors to effective strategy implementation (Aaltonen and Ikåvalko, 2002).

According to Dinesh and Palmer (1998) there are different problems encountered in developing the Balanced Scorecard like Lack of decision-making aids for generating strategic goals, measures and targets, Over-complexity of too many cause-and-effect chains, Problems in Derivation of reliable future-orientated statements due to Lack of predictability regarding lifecycle development and lack of scholarly literature on developing balanced scorecard. In this regard the ministry of health has also faced some of the problems which are mentioned above which need critical investigation.

Nonetheless, it was learnt that there are different problems after the implementation of the BSC and strategic planning. For instance, putting in place of these change tools requires the deployment of significant time and resource investment. As a result, donors shown limited interest in funding the development and implementation of the BSC- partly this may be because of their unfamiliarity with the benefits of BSC and how it can impact health outcomes. The other encountered challenge was the fact that some health sector staff perceived BSC as mainly a measurement tool – the BSC was initially deployed as a monitoring and evaluation tool for strategy execution of activities at the individual level. Contrary to these, however, an assessment of the current state of BSC implementation within the Sector has revealed that, in order to evolve the FMOH's BSC into a truly strategic system and for the Sector to full realize the benefits of a best practice BSC system, significant changes in both the FMOH BSC structure and leadership action must be carried out (Zemetis, 2009).

Currently, many public sector offices are implementing BSC and strategic planning. But no study was targeted towards the study of BSC and strategic planning implementation on performances in pre and post case relying on data generated from the FMOH. Thus the aim of this study is to critically investigate the pre and post BSC and strategic planning implementation in organization performances, challenges and other related issues in detailed manner Thus, by doing so, the researcher see the actual state of the BSC and strategic planning. Apart from its academic contribution, this exercise offers policy makers suggestions so that they will consider them as a way out in future BSC and strategic planning interventions.

1.3 Research Questions

The research questions that the study address are:

1. What problems and challenges encountered before and after implementing BSC and strategic planning?
2. Which conditions that the ministry fulfil in order to implement BSC and strategic planning?
3. How the ministry leaders and employees realize the importance of BSC and strategic planning on performance?
4. What is the effect of implementing BSC and strategic planning on performance in the ministry?

1.4 Objectives of the study

1.4.1 General objective

The main objective of this study is to assess the pre- post implementation of BSC and strategic planning in Ethiopian Federal Ministry of Health performance.

1.4.2 Specific objectives

On the basis of the above general objective, this research paper derives the following specific objectives which are:

1. To identify problems experienced before and after the BSC and strategic planning implementation by the FMOH
2. To appraise condition that the ministry fulfilled to implement BSC and strategic planning
3. To assess whether the leaders and employees realise the importance of BSC and strategic implementation on performance and
4. To spot-out the effect for implementing BSC and strategic planning on performance in the ministry

1.5 Significance of the study

BSC implementation has evolved to become an effective strategy execution framework. The BSC concept is seen as a critical foundation in a strategy execution process and besides helping organizations to articulate strategy in actionable terms, provides a road map for strategy execution and for aligning executives and employees in the work environment.

From this study it is expected to update the existing body of knowledge on BSC and strategic planning to stakeholders or organizations which may have interest to adopt the Balanced Score Card. It is hoped that the study yield information which is useful for future proper planning and decision making in federal ministry of health to improve competence and meet their objective of increasing the status of the health services and customer satisfaction. The findings

and recommendations of the study also be useful to the management and directors of FMOH. This assist them not to rely on simple personal experience or subjective expert judgment or on tradition or fashion in their management tasks but base their methods, decision and actions on concrete knowledge of issues of their strategy implementation supported by the findings. The researcher hopes that the study form a basis for further research on how to implement BSC and strategic planning and enhance the competence of the organizations. This lead to the generation of new ideas for better and more efficient management.

1.6 Scope of the study

In response to prevailing and newly emerging health problems, the Ethiopian Government-developed a 20-year Health Sector Development Program (HSDP) in 1997/98 (1990 EFY), which proposes long-term goals for the health sector, and the means to attain them through a series of phases like BPR, Kizen, BSC and strategic planning. As specified in the general objective the study focus on the study of strategic planning and BSC and organization performance in pre-post case. The FMOH become the first ministry to implement BSC and strategic planning and had gone with a better experience from other ministries.in addition undertaking the research in the ministry become more sensitive and attractive because health related strategies and management tools help to improve the effectiveness and efficiency of the wellbeing of the society. As a result the study was limited to assess BSC and strategic planning implementation in Ethiopia Federal Ministry of Health.

1.7 Organization of the Study

The study is organized in the following ways. The first chapter is about introduction in which discussion is made on background of the study, statement of the problem, objectives of the study, research methods used, scope and limitations, and significance of the study. In the second chapter, theoretical literatures which covers issues related to BSC and strategic planning are reviewed. Under this topic a detailed coverage on the concept of the proposed study is given. In the third chapter, data presentation, discussion and analysis are done. The last chapter, chapter four, provides conclusions and recommendations on the basis of the analysis made in the preceding chapter.

1.8 Limitation of the study

In order to make the study more valuable and admirable the researcher applied her full knowledge but the study is not without limitations. Some of these include Time duration to conduct this study was not sufficient and budget constraints were the major limitations of the study. In addition other challenges which have possibility of bringing adverse effect on the

results of the study are; Lack of sufficient resources necessary to accomplish the study, lack of sufficient data in the office because of poor documentation and Meeting the Directorate Head become difficult because most of the time they were in meeting or training and distributing questionnaire to the employees at their work place were also the most difficult work but the researcher stayed patiently for the successfulness of the study.

Chapter two

Literature Review

Introduction

This chapter examines the literature to develop a framework for this study. It is organized under the following subheadings: Conceptual framework, Emergence and Evolution of BSC and strategic planning, the reason, condition to implement a Balanced Score Card and Strategic Planning , Developing and Implementing BSC and Strategic Planning, challenges of BSC implementation as a management tool, Conceptualizing Successful Implementation of BSC and strategies, an integrated model of BSC and Strategic Planning, the practice of BSC in health care and in general in Ethiopian Federal Ministry of Health (FMOH). Finally, the chapter gives a summary and highlights on issues raised and issues reviewed as well as the conceptual framework of the study.

2.1 Operational Definition of Terms

Strategy means the direction and scope of public sector over the long-term through its configuration of resources within a changing environment to meet the needs of the markets and to fulfil stockholder's expectations (Johnson and Scholes, 2003).

In the context of the study, strategy means the courses of action adopted by Federal Ministry of Health including the allocation of resources necessary for carrying out its goals

Strategic planning is to a business what a map is to a road rally driver. It is a tool that defines the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go (Dix and Mathews (2002)

Strategic planning process A systematic, formally documented process for deciding the important key decisions that an organization views as a corporate whole in order to thrive over the next few years. Strategic planning determines where an organization is going over the next year or more (McNamara, 2005).

In the context of the study, strategic planning process refers to a number of well-defined steps carried out in sequence including data collection and analysis, strategy development, evaluation, selection and implementation of FMOH strategic plan.

Balanced Scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organisation's vision and strategy. The objectives and measures view organisational performance from four perspectives: financial, customer, internal business processes, and learning and growth. These four perspectives provide the framework for the balanced scorecard

Financial Perspective deals with the long term objectives of the organization. Kaplan and Norton (1996) summarize the financial perspective as rapid growth, sustain and harvest. Growth stage measures the volume of sales, sustain puts stress on return on capital employed; net profit rate etc and the harvest stage deals with cash flow analysis. In short, financial measures are similar to the ones we use in the traditional performance measurement.

Customer Perspective the customer perspective measures the extent to which customer is satisfied with the products or services of the organization. It can be divided into two measures. Market Share and Customer Retention and Customer Acquisition

Internal Business Process Perspective deals with innovation of the production process and the product itself. Kaplan and Norton (1996).

Learning and growth perspective Learning and growth perspective measures to what extent our human resources are capable of meeting the future requirements. This perspective states that the organizations must invest in human resources if they are to achieve their long term financial objectives Kaplan and Norton (1996).

Organization Performance refers to the effectiveness of the organization in fulfilling its set goals (Porter, 2003). Organization performance is the efficiency that is derived by an organization in terms of delivery of service i.e. customer satisfaction, efficiency, customer satisfaction, improvement of procurement procedures.

According to the study, organization performance refers to the achievement of the strategic objectives of FMOH including customer satisfaction, financial results and health sector improvement.

Performance measurement A process of assessing progress toward achieving predetermined goals, including information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered to clients and extent to which clients are satisfied) and outcomes (the results of a program activity compared to its intended purpose), and the effectiveness of government operations in terms of their specific contributions to program objective. It is not simply concerned with collecting data associated with a predefined performance goal or standard. Performance measurement is better thought of as an overall management system involving prevention and detection aimed at achieving conformance of the work product or service to your customer's requirements. Additionally, it is concerned with process optimization through increased efficiency and effectiveness of the process or product.

2.2 Understanding strategic planning and BSC

What is strategic planning?

A strategy is an overall approach and plan. So, strategic planning is the overall planning that facilitates the good management of a process. Strategic planning takes you outside the day to-day activities of your organisation or project. It provides you with the big picture of what you are doing and where you are going. Strategic planning gives you clarity about what you actually want to achieve and how to go about achieving it, rather than a plan of action for day to-day operations (Bryson, 1995).

The concept of strategic planning was explained by Dix and Mathews (2002) as

Strategic planning is to a business what a map is to a road rally driver. It is a tool that defines the routes that when taken will lead to the most likely probability of getting from where the business is to where the owners or stakeholders want it to go. And like a road rally, strategic plans meet detours and obstacles that call for adapting and adjusting as the plan is implemented.

Dix and Mathews (2002) further added that Strategic planning is a process that brings to life the mission and vision of the enterprise. A strategic plan, well-crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders, both inside and outside of the company.

What is Balanced Scorecard?

Balanced Scorecard is a strategy management system that helps managers to translate organisation strategy into operational objectives and implement it. BSC framework looks at the strategy from four different perspectives i.e. financial, customer, internal business processes and learning and growth. Thus, it brings in the necessary clarity to strategy. Further, implementation of BSC ensures that strategy gets communicated to all the employees suitably to facilitate implementation by them. Measuring organisational performance through BSC reviews remain integral to BSC concept Kaplan (2002).

The concept of Balanced Scorecard was explained by Kaplan and Norton (1996) as:

Balanced Scorecard complements financial measures of past performance with measures of the drivers of future performance. The objectives and measures of the scorecard are derived from an organisation's vision and strategy. The objectives and measures view organisational performance from four perspectives: financial, customer, internal business processes, and

learning and growth. These four perspectives provide the framework for the balanced scorecard.

Kaplan and Norton further added that,

Corporate executives can now measure how their business units create value for current and future customers and how they must enhance internal capabilities and the investment in people, systems, and procedures necessary to improve future performance.

2.3 Emergence and Evolution of BSC and Strategic Planning

In the late 1980s, organisations started realising that in order to assess the overall health and performance of the organisation, it was important to measure and manage nonfinancial measures also in addition to the traditional financial measures such as profits, share values, sales volumes etc. Traditional financial measures are usually the lag indicators of the business performance and tell the story of the past. They do not provide any insight into the intangible assets and capabilities that need to be developed in order to be able to achieve the desired financial results. For example, frontline workers in a manufacturing set up are far removed from these financial measures and have no idea about how their day to day work translates into financial results. Thus, financial measures fail in assessing the intangible value possessed by the organisation or the value it can create. They can also fail the knowledge based strategies by treating human capital as expense items; whereas it is widely recognised that human capital is actually the most important component of the value creation chain (Kaplan and Norton, 1996). Balanced Scorecard was developed in response to this need (Kaplan & Norton 1992; 1996; 2001). BSC introduced the idea of measuring the drivers of performance, while retaining the measures of financial performance (Brown, 2000).

The term ‘Balanced ScoreCard’ was coined by Art Schneiderman in 1987. But, till the early 1990’s the system was understood to be a mix of financial and non-financial measures limited to 15-20 numbers which were clustered in four perspectives. BSC became a popular term when Kaplan and Norton who worked extensively on scorecards published reports of several BSC implementation successes. However, there were no clear definitions of BSC.

The measures on the balanced scorecard ensure a balance between external measures for shareholders and customers, and internal measures of critical business processes, innovation and learning and growth. It strikes a balance between the outcome measures of past performance (lag indicators); the measures that drive future performance (lead indicators), and also between clearly quantifiable and somewhat subjective measures (ibid).

The word "strategy" comes from the Greek *strategos*, referring to a military general and combining *stratos* (the army) and *ago* (to lead). The primary tasks of strategic management are to understand the environment, define organizational goals, identify options, make and implement decisions, and evaluate actual performance. Thus, strategic planning aims to exploit the new and different opportunities of tomorrow, in contrast to long-range planning, which tries to optimize for tomorrow the trends of today (Drucker, 1980).

The long-range planning cycle begins by monitoring selected trends of interest to the organization, forecasting the expected future of those trends (usually based upon extrapolation from historical data using regression analysis or a similar technique), defining the desired future by setting organizational goals in the context of the expected future, developing and implementing specific policies and actions designed to reduce the difference between the expected future and the desired future, and monitoring the effects of these actions and policies on the selected trend (Kraus et al, 2006).

2.3.1 Basic Components and Characteristics 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, organisations 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 organisation 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 form the basic architecture of BSC.

Themes: Themes are inherent in the strategy and provide an insight into how an organisation 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 organisation which must certainly be achieved.

Measures: What gets measured gets achieved. Measures help organisation determine its success in executing strategy. The two fundamental purposes served by measures are organisational 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 hypothesised that ‘employee satisfaction’ shall lead to ‘employee retention’ and ‘employee productivity’.

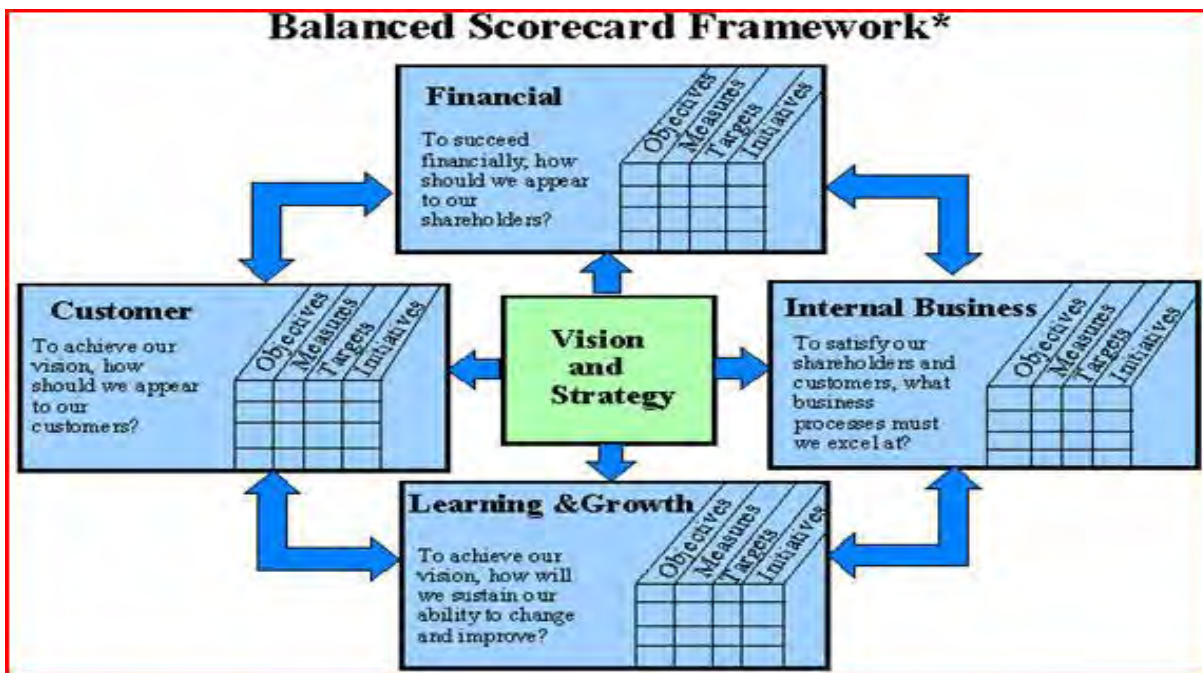
Accordingly, when there is improvement in ‘employee satisfaction’ the other two ‘effect’ parameters shall also show improvements. If they don’t, the hypothesis can be considered invalid. Thus, measurements in BSC provide an ongoing account of the projected cause and-effect relationships across perspectives 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 (ibid).

In addition as cited by Tilaye(2010) Kaplan and Norton’s balanced scorecard looks at a company from four perspectives:

1. ***The financial perspective.*** Measures in this perspective should answer the question, “How should we appear to our shareholders?”
2. ***The customer perspective.*** These measures should answer the question, “How should we appear to our customers?”
3. ***Internal business processes perspective.*** Measures in this perspective should answer the question, “What processes must we excel at?”
4. ***Learning and growth perspective.*** These measures should answer the question, “How can we sustain our ability to change and improve?”

Figure 2.1: The Balanced Scorecard Framework



Source: Kaplan, R.S. and Norton, D.P. 1996

Kaplan and Norton (2001) however caution that the four perspectives should be considered as a template and not a straight jacket. No mathematical theorem exists that the four perspectives are both necessary and sufficient. Depending on an industry circumstances and a business unit's strategy one or more additional perspectives may be needed. For example, some people have expressed concerns that although the balanced scorecard explicitly recognizes the interest and needs of shareholders and customers, it does not explicitly incorporate the interest of other important shareholders such as community, suppliers.

2.4 Why do we need to implement a balanced scorecard and strategic planning?

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).

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 behaviour 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 (ibid).

As Ruben (1999) has put it “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 doubt 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 (ibid). 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 (Brancato, 1995; Kaplan and Norton, 1992, 1996, 2001; Ruben, 1992). In particular, Kaplan and Norton (1993) have 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.

2.4.1 Why do strategic planning?

Strategic Planning helps management understand the current situation. This in turn allows management to plan for the future. In a world of rapid change, it is becoming imperative for management to think strategically (plan for the future). And since the rate of change seems to be escalating, the importance of strategic planning continues to grow. In fact, the best managed companies tend to engage in continuous strategic planning. Some organizations have intuitive thinkers who almost seem to see into the future. Therefore, strategic planning is a way of preparing for the future by attempting to simulate the future (Bryson, 1995).

Strategic Planning has a tendency to force people to think about the future. This is extremely important since many organizations are inward thinking, focusing too much on the short-term.

Strategic planning looks at the long-term which is how organizations survive and thrive. It has been proven that organizations that focus on the long-term through strategic planning outperform organizations that lack long-term planning. Consequently, one of the benefits of strategic planning is long-term performance and growth. Another benefit of strategic planning is communication. Strategic Plans communicate the intentions of management to employees, shareholders, and others (ibid).

2.4.2 Questioning the Need of BSC

Even while several benefits of BSC have been established, several studies have also refuted the concept and questioned the very need of BSC. Theoretically, the need for BSC can be questioned in terms of Simons' concept of management control (Robert, 1995). Simons differentiates management control systems into four types i.e. belief, boundary, diagnostic and interactive. Belief and boundary define the permissible activities for employees in the organisation; diagnostic systems help measure actual performance against plan; and interactive systems focus on discussing future strategies that call for regular management discussion and attention. Simons says that at any given point of time, it is for the management to decide which control system should be given attention. It is situation based. Hence, it is not the control tool, but it is the management that decides which control is to be exercised.

In other words, it is not the tool which is important but the way it is being used is. Based in this reasoning, Simons questions the introduction of new strategic models. The mannerism in which strategy formulation and implementation happens is more important (ibid).

According to the case study by Martinez and Gutierrez (2003), though BSC was initially used as a diagnostic control system, it eventually evolved into an interactive tool. The result of their study seems to imply that interactive control is better than the diagnostic systems, and thus differ with the argument put forth by Simons. Further, Stemsrudhagen (2004) studied Norwegian manufacturing companies and established that the structure of performance measurement system anyways constitutes many of the measures found in BSC, independent of the fact if the company implemented BSC or not.

2.5 Conditions for Implementing the Balanced Scorecard and Strategic Planning

Before an organization can start implementing a Balanced ScoreCard it needs a clear understanding of its vision and strategy. It is the management's responsibility to define a vision, formulate a strategy and set strategic goals regardless of a Balanced Scorecard being implemented (Virtanen, 2009).

The basis for the vision and the strategy is the holistic view and the information the management receives during systematic strategy work. The strategic principles can seldom be bought from outside consultants, however outside expertise can facilitate the process of creating them. Common tools used to help structure the strategy work are; Strategy Mapping, PEST (Political, Economical, Societal, Technological) analysis, SWOT (Strengths-Weaknesses-Opportunities-Threats) analysis, Porter value chain analysis, Porter Five forces of competition analysis, BCG Matrix analysis(ibid).

Nowhere in their books and articles do Kaplan and Norton describe the conditions an organisation must use in order to be able to apply the balanced scorecard. The way they describe organisations that applied the BSC in numerous examples suggests that this method is universally applicable (Mollema, 2008).

According to Kaplan and Norton, the Balanced Scorecard enables companies to modify strategies. Companies in a highly dynamic environment have to change their strategy constantly, which, leads to frequently changing the measures in the BSC. In a critical analysis of the BSC, Nørreklit stated 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 organisation to establish performance measures for activities with which the organisation has very little or no experience. Therefore, as measuring effects is particularly difficult in companies which constantly have to adapt to new situations, the BSC is not applicable for companies in highly dynamic environments. (ibid)

2.6 Comparison between BSC and Strategic Planning

According to Chow & Ming (2009) a comparison of the constituent elements and implementation models of the BSC, strategic planning reveals that they are similar, with only minor differences to distinguish them. The main points of the comparison of the two management systems can be summarised as below:

The common practices in the two systems are the development of vision, objectives and strategies, and an evaluation of execution performance.

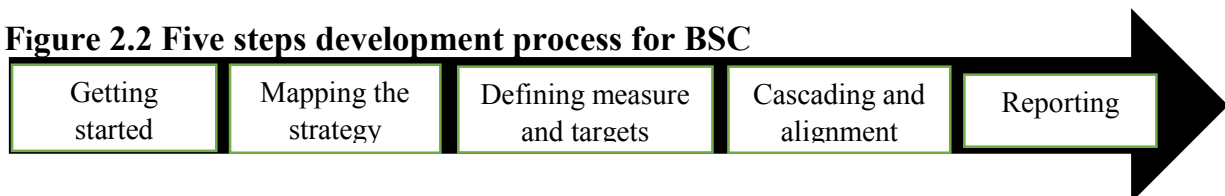
- Both strategic planning and BSC involve a strategy analysis, and identification of the linkages between objectives and strategies.
- To support the execution of strategies and action plans, both strategic planning impose action plans and resource allocation. BSC emphasise goal-setting and the identification of milestones, and the measurement of progress towards strategic objectives.

- Strategic planning focuses on a strategic approach to business development, and the enhancement of competitive advantage; environmental analysis and SWOT analysis are thus very important.
- BSC emphasises an organisation's long-term development, and uses a scorecard of the key performance indicators (KPIs) developed from the four perspectives of the BSC.

2.7 Developing and Implementing BSC and strategic planning

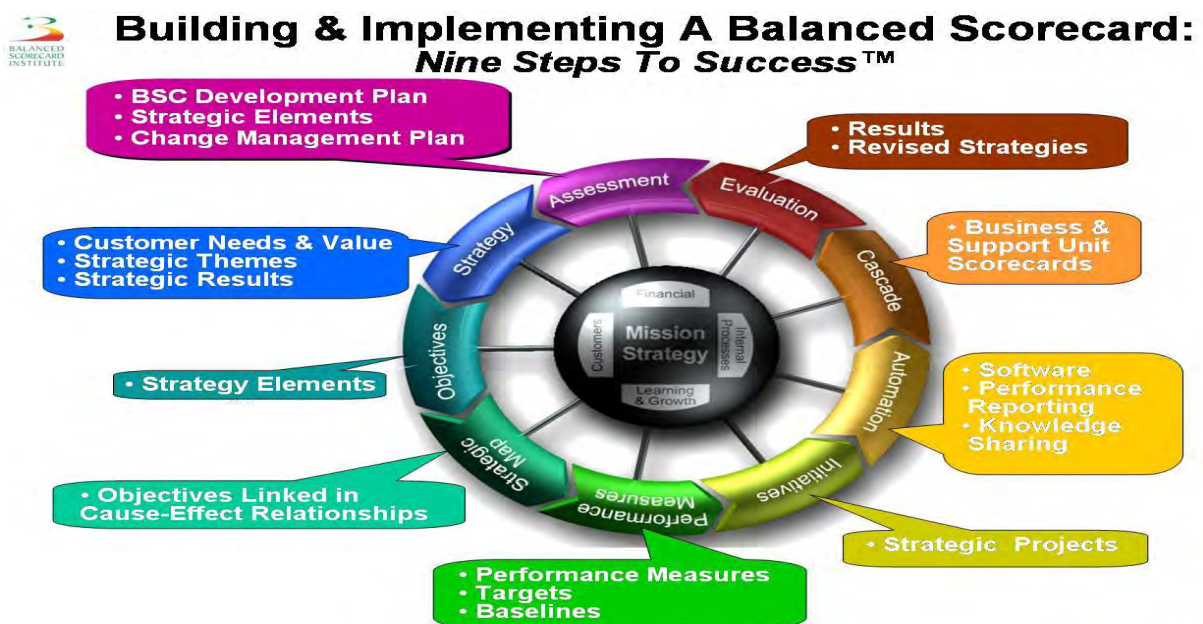
BSC is rooted in the vision and strategy of the organisation. It translates the mission and strategy into tangible objectives and measures. These measures are the links between the strategy and the operative actions. Hence, the selection and monitoring of measures and targets is at the heart of BSC implementation. Kaplan and Norton give a five- step development processes for BSC as depicted in Figure 2.7. 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 1996).

Figure 2.2 Five steps development process for BSC



The stages of implementation as given by other authors and consultants are along similar lines. While The Balanced Scorecard Institute gives nine stages of implementation as shown in figure

Figure 2.3 Nine steps to success



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Source: Balanced Scorecard Institute, 2008.

2.7.1 Steps in a Strategic Planning Process

According to Ukpolo (2010) every strategic planning process is uniquely designed to fit the specific needs of a particular organization, every successful "model" includes most of these steps.

1. Vision and Mission

Identification of the organization's vision and mission is the first step of any strategic planning process. The vision sets out the reasons for organization's existence and the "ideal" state that the organization aims to achieve; the mission identifies major goals and performance objectives. Both are defined within the framework of the organization philosophy, and are used as a context for development and evaluation of intended and emergent strategies. One cannot overemphasize the importance of a clear vision and mission; none of the subsequent steps will matter if the organization is not certain where it is headed.

2. Environmental Scan

Once the vision and mission are clearly identified, must analyse its external and internal environment. The environmental scan, performed within the frameworks of the Five Forces Model and SWOT, analyzes information about organization's external environment (economic, social, demographic, political, legal, technological, and international factors), the industry, and internal organizational factors. The labor market projections provided on this site are most valuable for the environmental scan. Please refer to the brief description of the Basic Models.

3. Gap Analysis

Organizations evaluate the difference between their current position and desired future through gap analysis. As a result, they can develop specific strategies and allocate resources to close the gap (CSUN strategic planning leadership retreat, April 1997) sited by Ukpolo (2010) and achieve its desired state.

4. Benchmarking

Measuring and comparing the organization operations, practices, and performance against others is useful for identifying "best" practices. Through an ongoing systematic benchmarking process campuses find a reference point for setting their own goals and targets.

5. Strategic Issues

Organization determines its strategic issues based on (and consistent with) its vision and mission within the framework of environmental and other analyses. Strategic issues are the fundamental issues the organization has to address to achieve its mission and move towards its desired future.

6. Strategic Programming

To address strategic issues and develop deliberate strategies for achieving their mission, organization set strategic goals, action plans, and tactics during the strategic programming stage.

Strategic goals are the milestones aims to achieve that evolve from the strategic issues. The SMART goals model is essential to setting meaningful goals. Smart goals are specific, measurable, agreed upon, realistic, and time/cost bound.

"*Action plans* ... define how we get to where we want to go," the steps required to reach our strategic goals.

Tactics are specific actions used to achieve the strategic goals and implement the strategic plans.

7. Emergent Strategies

Unpredicted and unintended events frequently occur that differ from the organization intended strategies, and the organization must respond. Emergent strategy is "a pattern, a consistency of behavior over time," "a realized pattern [that] was not expressly intended" in the original planning of strategy. It results from a series of actions converging into a consistent pattern (Mintzberg, 1994).

8. Evaluation of Strategy

Periodic evaluations of strategies, tactics, and action programs are essential to assessing success of the strategic planning process. It is important to measure performance at least annually (but preferably more often), to evaluate the effect of specific actions on long-term results and on the organization's vision and mission (Rowley, Lujan, & Dolence, 1997 as cited by Ukpolo, 2010).

9. Review of the Strategic Plan

After assessing the progress of the strategic planning process, after that organization needs to review the strategic plan, make necessary changes, and adjust its course based on these evaluations. The revised plan must take into consideration emergent strategies, and changes affecting the organization's intended course.

10. Strategic Thinking

With time, people in the organization routinely make their decisions within the framework of the organization's strategic vision and mission. Strategic planning becomes an organizational norm, deeply embedded within the organization's decision-making process, and participants learn to think strategically as part of their regular daily activities (Lerner, 1999 as cited in

Ukpolo, 2010). Strategic thinking involves "arraying options through a process of opening up institutional thinking to a range of alternatives and decisions that identify the best fit between the institution, its resources, and the environment" (Rowley, Lujan, & Dolence, 1997 as cited by Ukpolo, 2010)

2.8 Challenges of Implementing BSC as a strategic management tool

There is notable relationship in strategy and BSC implementation. Majority of the organizations use balanced scorecard to overcome the challenges that occur during strategy implementation stage. identified the deadly sins of strategy implementation which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; unclear individual responsibilities in the change process; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives. Overall though, it is increasingly acknowledged that the traditionally recognized problems of inappropriate organizational structure and lack of top management backing are not the main inhibiting factors to effective strategy implementation (Aaltonen and Ikåvalko, 2002). Rather, the major challenges to be overcome appear to be more cultural and behavioral in nature, including the impact of poor communication and diminished feelings of ownership and commitment. The role of middle managers is recognized and it is argued that they are the "key actors" "who have a pivotal role in strategic communication". They are also viewed as threatened silent resisters whose role needs to change more towards that of "coach", building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes (Aaltonen and Ikåvalko, 2002).

In addition to the above, 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. However, their importance cannot be downplayed as they represent the main integrative control mechanism (Wanjiku, 2009).

In many, if not most, business organizations (Langfield-Smith, 1997; Otley, 2001 Marginson, 2002, Brander Brown and Atkinson, 2001) as cited in Wanjiku, (2009). So far in this review of literature on strategy implementation there is evidence of some recurring themes, including communication and coordination which are essential to ensure that people across the organization know what to do and to ensure that they stay focused on the key targets under the

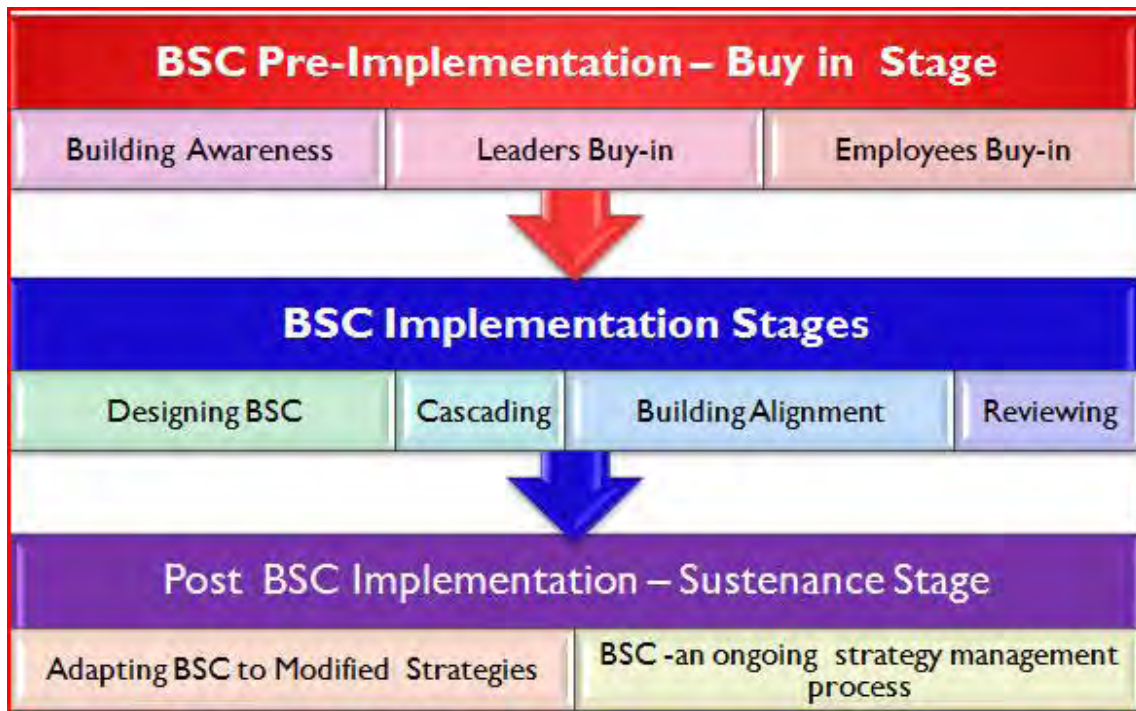
everyday pressures. A balanced scorecard is often used to evaluate the overall performance of the business and its progress towards objectives in order to fight the mentioned bottlenecks.

Brunson and Olson (1998) points out that Implementation of reforms often fails, partly because of the very idea of implementation. The concept of implementation suggests that there is one specific model that needs to be “sold” to people in the organization. The concept, therefore, does not allow for an open invitation to participate in a learning and development process where different voices are treated with the same respect. On the contrary, implementation means that the implementer knows what to do. It is just a matter of convincing others those who are supposed to use the new model. Accordingly, the very idea of implementation conveys a message that pinpoints the BSC as a product of top-management mentality, not open to real participation. Trying to force the mentality of one group on that of another is a risky project. A dilemma is that, at the same time as a new model needs to be implemented, the very idea of implementation may serve as an insurmountable barrier.

2.9 Conceptualizing Successful Implementation of BSC and strategies

BSC implementation is understood as the entire journey from the adoption of BSC to its diffusion across organisational hierarchies, its integration into the current management system, and finally the achievement of strategic objectives. In general, the extent of diffusion of BSC within the organisation indicates the extent to which it has been accepted and has to overcome the impediments to implementation. As deduced from available literature, the entire process of institutionalising BSC in an organisation goes through three major phases i.e. BSC design phase, BSC roll out and implementation phase and BSC sustenance phase as shown Kaplan and Norton (1996).

Figur 2.4 Different face of BSC implementation



Source: Kaplan and Norton (1996).

According to Gilbert (2009) A strategy is irrelevant if you can't implement it. That is the collective realization of the business world after decades of obsession with strategy and strategic thinking. That realization has led to a voracious market for ideas on execution, alignment around strategy and predictable achievement of strategic results

Among the many pundits responding to this shift in emphasis were David P. Norton and Robert S. Kaplan. In 1992 they began advocating a concept for strategy implementation attractively dubbed balanced scorecard (BSC). As one might imagine, it is an organizational score keeping system. It is designed to help organizations express and cascade strategy by setting up a framework for collecting organizational performance metrics. It is only half of the success to develop a good strategy. Execution is equally important, since it can make or break the best strategy.) Says that many of today's top executives are far better at developing strategy than executing it and overcoming the political and organizational obstacles that stand in their way (Kaplan and Norton, 1996).

Strategy Implementation is driven by a broad Implementation Plan, which in turn, is driven by individual project action plans. The Implementation Plan lays out budgetary, human resource, and institutional, and procedural implications of implementing the strategy. Strategy implementation is thus the point of integration of all ingredients and programs within a strategy.

The action plan lays out a hierarchy of tasks, responsible parties, realistic time tables, human resource and financial need, sources of funding, expected impacts and results, performance measures and systems for evaluating progress for each project (ibid).

The Implementation plan acts, in the final instance, as a mediator between various departments and their action plans to ensure that these do not inappropriately compete for resources. The recipe that binds strategy and organization involves three key ingredients organizational structure, leadership and culture. Institutionalizing a strategy requires a good strategy structure fit. Organization leadership is crucial to effective strategy implementation. The CEO plays a critical role in this regard. Assignment of key managers, particularly within the top management team, is an important aspect of organizational leadership. Deciding on whether to promote insiders or higher outsiders is often a central leadership issue in strategy implementation. Organization culture has been recognized as pervasive influence on an organizations life. Organization culture which is the shared beliefs and values of organization members may be a major help or hindrance to strategy implementation (Pearce and Robinson, 2005).

The BSC helps organizations align sufficiently to execute their strategies; it creates a vertical alignment, ensuring that the achievements of employees and managers sum up to achieve the strategic intent of the organization. It does it align organizations horizontally, ensuring that employees work well across boundaries, instead of working at cross purposes (ibid).

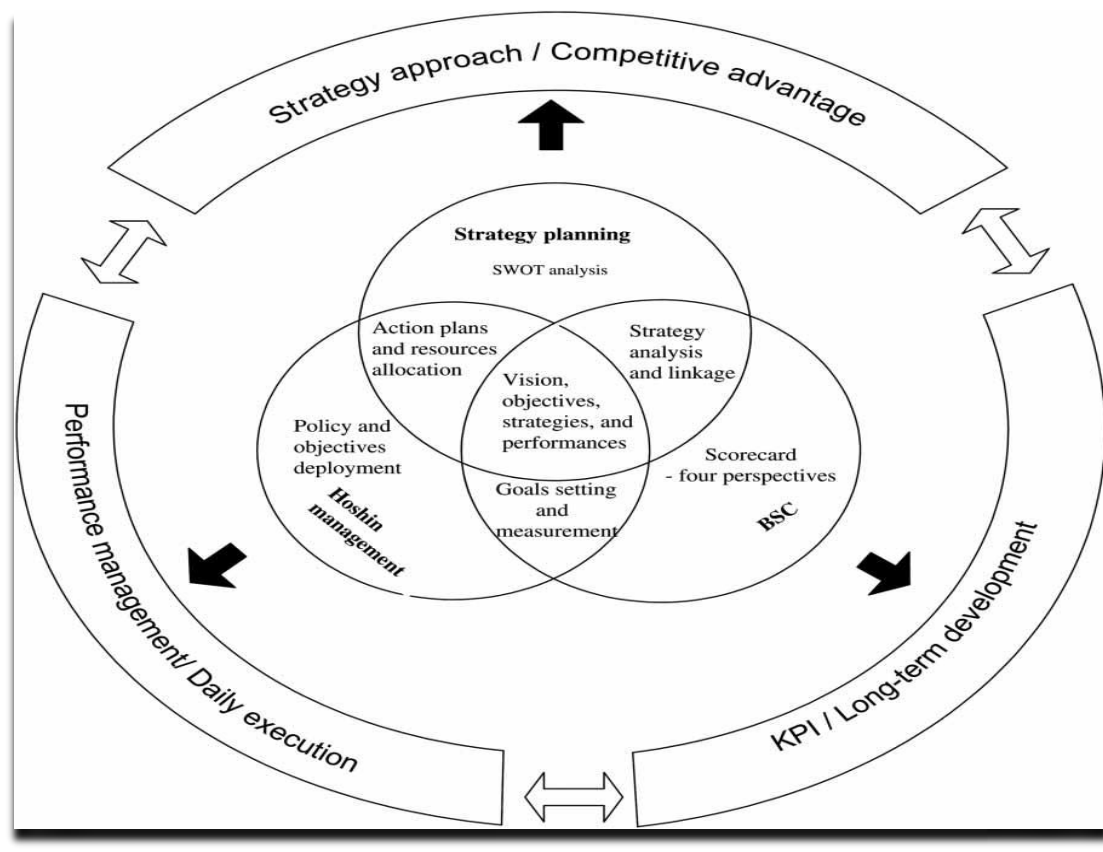
It is one thing to declare a strategy, but quite another to track how well you are executing it. The balanced scorecard is one way to help track it. Most strategies can be fleshed out with metrics across at least some of the four prescribed categories of metrics. If you attach goals and accountability to those metrics, then you begin to have a creditable strategy implementation engine.

But here begin the caveats. One must begin with a strategy, and that strategy ought to be expressed as measurable goals. However, simply populating a BSC template with goals does not mean that you know where you are going or how to get there; doing so is a recipe for misalignment. BSC provides no strategy development template, nor does it claim to. But thinking that it does is a common pitfall (Gilbert, 2009).

2.10 An integrated model of BSC and strategic planning

According to Chow & Ming (2009) On the basis of the comparison of the BSC and strategic planning, it is apparent that it is feasible to integrate these two systems to produce a more comprehensive model that will overcome the shortcomings of the BSC. In particular, an integrated model will overcome: (1) the issue that adopters might not be aware of how to conceive their strategies from a SWOT analysis and how to identify the key performance indicators (KPIs) in their critical success factors (CSFs); and (2) the shortage of the deployment of the overall vision, strategies and strategic objectives to the organisation's units or departments.

Figure 2.5 Integrated Model of BSC and Strategic Planning



Sources: Chow & Ming (2009)

In developing such an integrated model, the present study takes the implementation model of BSC as its starting point. Before conducting the strategy map and the scorecard, it is necessary to identify the KPIs and conceive the strategy. The objectives and measures on the BSC should

clarify and communicate a shared vision that mobilises and focuses the organisation (Kaplan & Norton, 1996).

If the BSC is to serve this purpose, it must be more than a limited number of KPIs of CSFs (Clarke, 1997; Kaplan & Norton, 1996b). Nevertheless, these key indicators do identify the areas in which ‘things must go right’ for the organisation to succeed (Clarke, 1997) as cited by Chow & Ming (2009). If a firm establishes its core competencies on the basis of its identified CSFs, it will enhance its competitive advantage. The organisation should therefore first identify its CSFs and core competencies, and then translate these into a series of KPIs (Epstein & Manzoni, 1998 cited in Chow & Ming 2009)

2.11 The practice of BSC in health care

According to Funck (2009) as cited in Kollberg and Elg (2010) BSC primarily serves as a system to improve health care quality and support long-term survival. However, it also seems to be used as a system to reduce goal uncertainty in the organisation, enhance customer focus, create a common language on how to improve health care, and support strategy implementation. The former aims to monitor organisational outcomes and correct faults from standards of performance and thereby ensure the achievement of organisational strategies and goals, while the latter aims to define, communicate, and reinforce basic values, purpose, and direction for the organisation in order to encourage opportunity-seeking behaviour.

Second, we analyse the measures included in the BSC. According to Kaplan and Norton (1996), the BSC should include a wide range of performance measures in order to represent all dimensions of the organisation. In a health care context, the BSC takes into account patients, health care processes and professional staff learning, a process that reinforces a move from traditional, bureaucratic control (Aidemark, 2001 as cited in Kollberg and Elg 2010). The multi-dimensional thinking promoted in the BSC is also emphasised by Andersson et al. (2000). In health care it is essential to measure and follow-up medical activities (e.g. number of diagnoses, operations and treatments, time for care and the patient’s physical status) as well as administrative activities (e.g. efficiency, rationality, productivity, conformity, waiting times and care times, economic measures)(ibid).

2.12 BSC and strategic planning at Ethiopian Federal Ministry of Health

The Ethiopian Federal Ministry of Health (FMOH) has made great strides in creating a culture of planning. From strategic to operational planning, members of the health sector at large

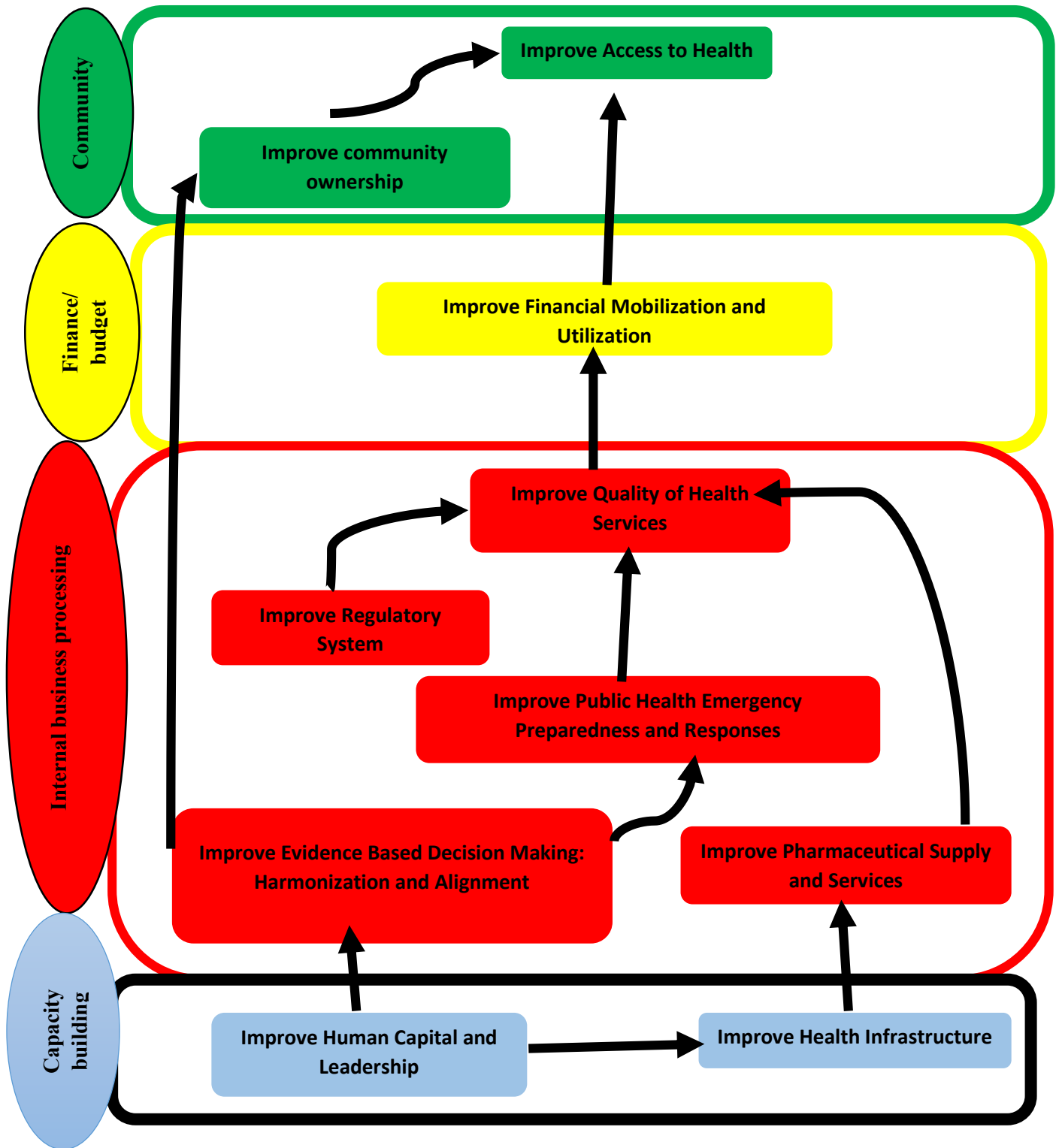
appreciate the value of planning their work and working their plans. In 2007, the FMOH embarked on a journey to transform its strategic planning and management processes by adopting the Balanced Scorecard (BSC) as their framework. Extensive work has been done at the leadership level to inculcate the Sector with the concepts of balanced scorecard and to link day-to-day activity with the organization's long term direction. However, an assessment of the current state of BSC implementation within the Sector has revealed that, in order to evolve the FMOH BSC into a truly strategic system and for the Sector to fully realize the benefits of a best practice BSC system, significant changes in both the FMOH BSC structure and leadership action must be carried out (Rahel, 2010)

Piloting the balanced scorecard to a division of the Health Sector was perceived to lower the risk of implementation and provide proof of concept to the Ministry Leadership. FMOH decided to send three additional Health Sector employees from the Capacity Building section to Balanced Scorecard Institute training courses in 2006 in preparation for piloting the process to the Federal Ministry of Health (FMOH). For almost two and a half years, Minister Dr. Tedros and his three colleagues led efforts to develop a strategic balanced scorecard for Federal Ministry of Health (FMOH), a division of the Health Sector, with varying levels of success. Realizing their initial FMOH scorecard had too many strategic themes and strategic objectives, FMOH leveraged its participation in the Bill & Melinda Gates-funded Ministerial Leadership Initiative for Global Health¹ to engage the Balanced Scorecard Institute to facilitate the process for the FMOH pilot and provide additional training. From August 2009 to September 2010, with assistance of the Institute, the initial FMOH scorecard was simplified, refined, and recalibrated (Balanced Scorecard Institute, 2013).

After observing the impressive results that were being achieved by the recalibrated FMOH scorecard, Ministry Leadership subsequently decided to adopt an overall Health Sector scorecard. With additional project funding provided by the Bill and Melinda Gates Foundation in 2011-2013, the Ministry of Health began cascading the strategic scorecard throughout all levels of the Health Sector.

The cascade work performed in 2011-2013, and the break-through improvements that the Ethiopian Health Sector achieved as a result of improved strategic direction and alignment using The Institute Way. In fact, it has been such a success that the former Prime Minister of Ethiopia mandated that all Ministries in Ethiopia adopt the balanced scorecard as a strategic planning and performance management methodology (ibid).

Figure 2.6 Health sector strategic map



Source: Federal Democratic Republic of Ethiopia Ministry of Health, (2010).

2.13 Strengths, Weakness, Opportunity and Threats (SWOT) in BSC and Strategic Planning

According to balanced score card institute(2009) assessment status report the following are some of the strength challenges, opportunity and threats BSC and strategic planning at Ethiopian federal ministry of health .

2.13.1 Strengths

1. leadership - The Federal Government of Ethiopia (FGoE) is committed to making BSC the “One plan”, driven by the overarching Strategic Guidance found in the narrative government-wide strategy *Implementing Capacity Strategy (In Amharic)*. Conversations with Ministry of Capacity Building BSC Director, Mr. Bizabih Bayene and subsequently with his health sector focus team indicated that the BSC is accepted as the one strategic planning and management framework to be implemented throughout the FGoE. Sectors are expected to use the overarching FGoE strategy guidance in forming their tier 1 (Sector) BSCs.
2. Health Sector and FMOH Leadership Commitment to the BSC within the Health sector at all levels engaged is perceived as very high. This, together with an existing all inclusive planning processes, a bi-weekly reporting system, and the business process reengineering initiative, creates a favorable environment for the further development and effective implementation of BSC as a strategic planning and management system.
3. Strategic Planning: The FMOH has a strong culture of inclusive, top-down and bottom-up strategic planning processes in place. The capacity to think strategically is a key enabler for successful BSC systems. Leveraging this capability is a key to long term success.
4. Customer and Stakeholder Focus: Survey respondents are confident that they know who their customers are and are generally able to satisfy them. However, they also feel that they should stay in better touch with them. This indicates that the relationship with customers could be strengthened.
5. Process Management: The concepts of BPR are firmly embedded within the Health Sector organizations who spoke with. Strategic customer-focused process improvement is a key element of implementing BSC strategic initiatives. BPR is therefore expected to strengthen BSC strategy execution as the methodology to attain significant improvement in processes and their supporting structures.

6. Communications and Transformation: All the FMOH directorates and agencies exhibited some awareness of the BSC, especially the leadership and the planning departments. Most of the interviewees from planning departments had attended BSC training within the past year.

2.13.2 Weakness (Challenge)

1. Strategic Planning: Multiple planning frameworks are in place within the FMOH. This has led to an unnecessarily complex planning, reporting, monitoring and evaluation processes. The bi-weekly rollup and reporting of individual accomplishment to strategic plan activity in order to demonstrate collective performance is largely viewed within FMOH as a non-value-adding activity. The subjectivity of measurement can lead to great variation in data integrity when viewed over time, especially as activities are temporary in nature. Additionally, in our opinion the cumulative impact of these activities cannot be accurately determined from aggregation of the individual activity and must be measured in terms of impact displayed in BSC driven strategic performance measures.

2. Process Management: The current understanding surrounding the role of BSC within the Health Sector, which is heavily influenced by BPR, may also impede the progress of BSC. The relationship between the two frameworks is generally understood as follows: the BSC is perceived as principally a measurement and management tool for BPR initiatives and /or, BSC is perceived to be focused on the individual accomplishment of operational tasks related to strategic planned activity cascaded throughout the organization. The BSC is also widely perceived as merely an evaluation and monitoring component of BPR and will require a significant shift in understanding to be seen as a strategic planning and management framework for the health sector.

3. Human Resource Focus: The interviewees who had recently attended BSC training indicated a lack of confidence in their ability to develop, refine, and manage strategic performance measures. Additionally, the Health Sector is experiencing high turnover of professional and technical staff; Medical Doctors, technicians and other staff are continuously being pulled away by external opportunities and are in short supply. Retention and incentives are a key strategic challenge to be addressed by the BSC.

4. Complex Relationship With Regional Bureaus: Regional Bureaus have a dual reporting structure – they are responsible to the regional governments for administrative matters and to the FMOH for technical matters. This may pose a challenge where the priorities of the regional governments are not aligned to those of the FMOH with regard to a sector wide adoption of the BSC framework

2.13.3 Opportunities

1. Human Resource Focus: The balanced scorecard can assist in providing the right emphasis on deficiencies in HR capacities. Recognition for the value of one's work is an important factor in public service sector retention strategies. Ownership and accountability at all levels can be achieved through the application of a comprehensive BSC system that aligns efforts from sector to individual and team effort and recognizes contributions of both. Individuals come to realize that leaders care about individual improvement in capacity, through the development of their knowledge, skills, and abilities, as well as their technology, tools and infrastructure and processes. Appropriate rewards and recognitions are linked to key changes in organizational behaviors that are demonstrated through performance target and initiative accomplishment.

2. Customer And Stakeholder Focus: The relationship between the FMOH and regional bureaus, NGOs, other private and public partners as well as donors can be evaluated to ensure needs of key stakeholders are addressed through the FMOH BSC defined strategy.

2.13.4 Threats:

In general, respondents perceived that little threat to BSC success exists due to government and FMOH high commitment levels.

Conclusions

Kaplan and Norton had introduced the Balanced Scorecard (BSC) in 1992. The BSC is used as performance evaluation instrument that forces an organization to identify a number of factors that are crucial to the success of an entity. These "critical success factors" naturally vary from organization to organization. Business houses which adopted BSC had gained unassailable competitive advantages and created the culture of organizational excellence.

The development of the balanced scorecard is a fundamental process that enables continuous improvement and enhancement. It is better to start to improve than wait for a perfect solution before the implementation of the strategy. Organisational change does not happen at one point in time, but is a continuous management process. The implementation of a strategy requires active contributions by everyone in the organization. Each member of the college needs to understand this strategy and, beyond that, to conduct day-to-day business in ways that contribute to the success of the strategy.

There are a number of "balances" in the BSC, among which are the balance or equilibrium between four historical domains or perspectives considered to be mutually linked in terms of

strategy and performance namely, Learning and Growth Perspective, Internal Process Perspective, Customer Perspective and Financial Perspectives.

Now a day's balanced scorecard is more than a planned or an operational measurement system. Companies are using the scorecard as a strategic management system to manage their strategy in the long run. They are using the measurement focus of the scorecard to accomplish critical management processes, i.e. to clarify and translate vision and goals through strategy implementation, communicate and link strategic objectives and measures, plan, set targets, and align strategic initiatives and to enhance strategic feedback and learning.

Ethiopian Federal Ministry of Health (EFMOH) implement balanced scorecard to link day-to-day activity with the organization's long term direction and to create a sustainable system of strategic planning and management. There are different challenges and opportunity or benefit generate as a result of implementation. However In order to accomplished BSC into a truly strategic system and for the Sector to full realize the benefits of a best practice BSC system, significant changes in both the BSC structure and leadership action must be carried out.

2.14. Empirical Review

Strategic Planning and BSC implementation is claimed by many advocates, practitioners and disciplines each approaching with different approaches. According Bryson (1995) Strategic Planning helps management understand the current situation. This in turn allows management to plan for the future. In a world of rapid change, it is becoming imperative for management to think strategically plan for the future.

The balanced scorecard (BSC) enables business to transform its overall organizational strategy into effective management. The BSC is a performance-measurement system (Kaplan and Norton, 2001).a strategic-management system (Kaplan and Norton, 1996) and a communication tool (Niven, 2002). Apart from financial measurement, which is the essence of the BSC, it also emphasizes: finance, Customer Role, Internal Processes and Innovation and Learning.

According to the case study by Martinez and Gutierrez (2003), though BSC was initially used as a diagnostic control system, it eventually evolved into an interactive tool. The result of their study seems to imply that interactive control is better than the diagnostic systems. Further, Stemsrudhagen (2004) studied Norwegian manufacturing companies and established that the

structure of performance measurement system anyways constitutes many of the measures found in BSC, independent of the fact if the company implemented BSC or not.

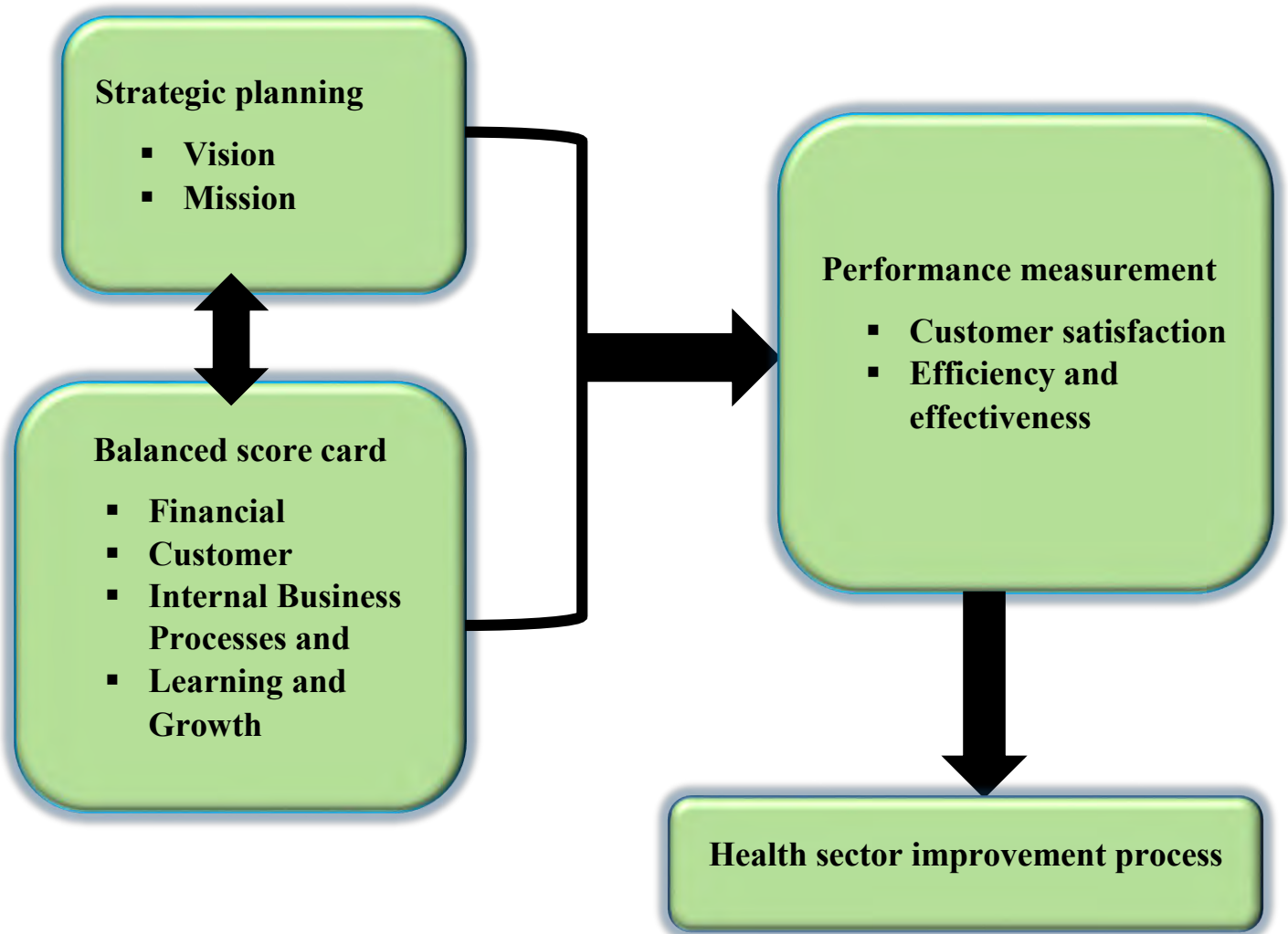
Before an organization can start implementing a Balanced ScoreCard it needs a clear understanding of its vision and strategy. It is the management's responsibility to define a vision, formulate a strategy and set strategic goals regardless of a Balanced Scorecard being implemented (Virtanen, 2009). according to Kaplan and Norton (1996) BSC 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 first getting started, mapping the strategy, defining measures and targets, cascading and alignment and finally reporting.

According to Aaltonen and Ikävalko (2002) the major challenges in the implementation of strategic planning as a strategic management appear to be more cultural and behavioural in nature, including the impact of poor communication and diminished feelings of ownership and commitment.

2.15. Conceptual Framework

As cited in literature balanced scorecard is a framework for translating an organization's strategic objectives into a set of performance indicators distributed among four perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth .In addition, if the companies adopt such a management tool that derived from the company's strategy, they can be helpful in formulating an entire picture of the strategic planning process and BSC and strategic planning provides the framework for justifying requests for resources and if effectively and efficiently implemented lead to customer satisfaction. In this case the development of conceptual framework is very essential and useful to describe the relationship between independent variable (strategic planning and BSC) and dependent variables (performance measurement).

Figure 2.7 Conceptual Framework



Source: Developed by Author, 2015

3.1 Research Design and Methodology

This topic gives a detailed procedure of the methods that is used in this study. It outlines theoretical framework, research design, sample selection, instrument for data collection and analysis of data.

3.1.1 Theoretical framework

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and non-profit organizations worldwide to align day to day activities of employees to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. Balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The “new” balanced scorecard transforms an organization’s strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies (Ethiopia Balanced ScoreCard Overview, 2010). Therefore, this research compare and study the issues in line with this theoretical framework.

3.1.2 Research methodology

Best and Kahn (2006) says research can be qualitative, if it describes events and persons scientifically without the use of numerical data while quantitative research consist of research in which data can be analysed in terms of numbers. Mixed approach is an approach, which combines both qualitative and quantitative ones. Thus, the study applied mixed approach that is quantitative and qualitative approaches as research methodology. Mixed approach helps to make investigation on BSC and strategic planning implementation on performances and to gain a better understanding by obtaining data from different sources, such as interviews, questionnaire and focus group discussion (FGD) which helps to harnesses diverse ideas about the same issue and assist in cross-checking the results, and consequently helps to increase the validity, reliability of the findings and comforts data analysis.

3.1.3 Research design

A research design is a plan according to which a researcher obtains research participants and collects information from them. According to (Heron, 1998 as cited In Newman, 2013) a research design refers to a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision. This study applied descriptive research design.

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group (Kothari, 1990).

3.1.4 Data sources

Both primary and secondary sources of data were used in order to collect appropriate data. Primary data were collected from unpublished sources from top level managers, workers and Directorate of Policy and planning with specific team of BSC and strategic planning, which are the results of questionnaires, interview and focus group discussion (FGD). The secondary data were collected from different published materials like report and manuals of the ministry, journals, books, magazines, websites, research findings, policy documents and other relevant materials were reviewed.

3.1.5 Data collection techniques and instrument

In order to obtain relevant and adequate information the researcher used questionnaire, interview and focus group discussion (FGD) as instruments of data collection. The questionnaire consist of both open and closed ended question designed and distributed to the employee to make comparison in BSC and strategic planning implementation in pre-post cases. Both structured and un-structured interviews were conducted. Because using only one type of interview might leads to less rich data or information. Un-structured interviewing method was used in this case study because this method involves direct interaction between the researcher and a respondent and hence, it gives chance to move the conversation in any direction of interest that may come and also used to ask questions which were not included in the structured interview in case new questions raised as ideas emerge through the process.. Generally interview was held with top level managers or directorate of the ministry at different level believing that they have deep and relevant information about the issues and it was conducted with face to face with the help of system in order to minimize information loss. Lastly focused group discussion (FGD) was held with Directorate of policy and Planning specifically with BSC and strategic planning teams to harness information regarding to the BSC and strategic planning implementation before and after. Accordingly, two focused group discussion, each consisted of four members were conducted.

3.1.6 Study area and population

This study was conducted at the federal ministry of health. The population of this study comprised of all the members of FMOH including under those work units which are engaged

in BSC and strategic planning implementation and members of top management of 17 Directorates.

Presently FMOH has got 17 Directorates namely; Disease Prevention and control Directorate; Health System Special Support Directorate; Health Extension and Primary Health Service Directorate; Maternal and Child Health Directorate; health information technology development ;Resource Mobilization; Finance and Procurement; Policy and Planning; General Services; Public Relation and Communication; Health Infrastructure; Human Resource Development; Medical Services; Gender and youth; Legal Affairs; Internal Audit; Ethics and Anticorruption. In all, Seventeen, Directorates comprising a total of 795 employees 407 are males and the rest 488 are females.

3.1.7 Sample and Sampling procedures

The researcher used simple random sampling to select the respondents. This design allows the population to have an equal chance of being selected in the sample. The sample size was 266 respondents out of a target population of 795. These were selected to ensure that the sampling size had characteristic representation of the population using the formulae developed by Mugenda and Mugenda (2003). The formula to find the sample size is:

$$n = \frac{N}{1 + (N * e^2)}$$

Where;

N= population size

e= Tolerance at desired level of confidence, take 0.05 at 95% confidence level

n= sample size.

How the formula is used is shown below

$$n = \frac{795}{(1 + (795 * 0.05 * 0.05))}$$

n=266

The distribution of the sample across the categories was done using the formula

Number of individuals in the category x the sample size

Total number of employees

Table 3.1 Summary of samples taken from each directorate

NO	Work process/Directorate	Total no of employee	Sample
1	Disease Prevention and control	47	15
2	Human Resource Development	67	23
3	Ethics and Anticorruption	18	6
4	Internal Audit	22	7
5	Legal Affairs	9	3
6	Health System Special Support	68	23
7	Health Extension and Primary Health Service	26	9
8	General Services	221	73
9	Finance & Procurement	44	15
10	Maternal and Child Health	65	21
11	Policy and Planning	36	12
12	Resource Mobilization	26	9
13	Public Relation & Communication	29	10
14	Health Infrastructure	48	16
15	Women's and youth	10	3
16	Medical services	41	14
17	health information technology development	18	6
	Total	795	266

From 17 directorate 7 directorate manager were selected based on purposive sampling for interview. A group of participants from BSC and strategic planning team was arranged for focused group discussions. The groups were arranged to have two members each with four person.

3.1.8 Data analysis method

Once the data is collected using qualitative and quantitative approach then analysed through descriptive method. Descriptive method used to describe BSC and strategic planning implementation on performance in pre and post cases. In this method the researcher has no control over the variables and only report what has happened or what is happening. Also the researcher attempts to discover and make comparison even when cannot control the variables. These help the researcher to make comparison between the ideas that are collected because the information need to be cross- checked. On this basis the data gathered through the focus group discussions and interviews analysed by narrating and describing the meanings and implications. In other words, data which are qualitative in nature are described, classified and concepts connected with one another. The quantitative data analysed through percentages and cross tabulations.

Chapter Four

Result and discussion

4.1. Introduction

This chapter presents data gathered through questionnaires, interviews, focus group discussions and from secondary sources that included reports and manuals of the ministry, journals, books, websites and other research findings. The questionnaire were collected from employees of Federal Ministry of Health from different Directorates who occupy different position. While the interviews were conducted with Directorates Head of the ministry and the focused group discussions were conducted with the personnel in the Directorate of Policy and Planning with specific team of BSC and strategic planning. The findings are presented in this chapter mainly in form of tables, pie-charts and percentages.

4.2 Personal Information of Respondents

Table 4.1 Personal Information of Respondents

No.	Item	Description	Number of respondents	Percentage (%)
1	Sex	Male	109	41
		Female	157	59
		Total	266	100
2	Age	18-25	28	10.5
		26-45	56	21.1
		Above 45	182	68.4
		Total	266	100
3	Educational	Certificate	3	1.1
		Diploma	18	6.8
		Degree	205	77
		Second degree	33	12.4
		Above	7	2.6
		Total	266	100
4	Work experience	0-5	26	10
		6-10	50	19
		11-15	51	19
		Above 15	139	52
		Total	266	100

Sources: Field survey, 2015

Table 4.1 analyses the respondents in terms of gender to get a balanced view of both sides, in line with the government policy of gender participation in all its institution. Above Table 3.1 reveal that 157 (59 %) respondents are females whereas 109 (41 %) of the respondent are male. This indicate that more numbers of female respondents took part in this. According to the ministry document the number of females in the organization is more than males.

The age distribution of the respondents is presented in Table 4.1 illustrate that Majority of the respondents are adults that is 182(68.4 %) are in the age range of 26-45 while 56 (21.1 %) of respondents are in the age range above 45 following 28 (10.5%) Of the respondents was under the age category of 18-25. This implies that Majority of the respondents are adults and have a great potential to change the ministry progress to reach the vision and mission in which the ministry is trying.

The purpose of analysis the respondent's educational qualification was to determine the quality of answers, understanding of the concept of the Balanced ScoreCard and strategic planning in the day to day operations of the Ministry. Table 4.1 above shows that 205(77%) of the respondents are degree holders whereas 33(12.4%) of the respondents are second degree holders following 18(6.8%) of diploma, 7(2.6%) above first and second degree and 3(1.1%) of certificate holders. This implies majority of the respondents are degree holders which is good for the reasercher to get adeqate and relavant information the questions which have been raised in the questionnare.

As it is shown in the above Table 4.1 26(10%) Of the respondents have 0-5 years of work experience while 50(19%) have 6-10 years' experience, 51(19%) of the respondents have above 15 years' experience while majority or 139(52%) Of the respondents has 11-15 years' work experience. The reason for analysis of respondents work experiences is to determine the participation of employees on the criteria of work experience, this is chiefly because employees who have many years of experience tend to have more information compared to employees who have less experience in years. This has positive impact on value of information collected.

4.3 Management tools before implementation of strategic planning and BSC

Till today different countries in the world and specifically in Africa have been implementing different management tools. The truth for implementing those different tools is not hidden but the degree of getting the achievement vary from one country to another even from organization to organization. The same is true to Ethiopia. The Federal Ministry of Health has been implementing different management tools by aligning with the health sector development

program in order to make the health sector better and efficient. It is true that the ministry implemented different management tools at different time to accomplish its mission and vision.

Table 4.2 Management tools implemented before

Management tools implemented before	Response	
	NR	%
Results Oriented Program Appraisal(ROPA)	16	6.0
Business-Process Reengineering (BPR)	240	90.2
Marginal Budgeting for Bottleneck (MBB)	10	3.7
Total	266	100

Sources: Field survey, 2015

To further ensure and facilitate smooth execution for HSDP’s various tools were supported for implementation such as: Results Oriented Program Appraisal (ROPA) process; Business-Process Reengineering (BPR) which resulted in a remarkable restructuring of the Ministry of Health along key work processes and in the creation of numerous Directorates; Marginal Budgeting for Bottleneck (MBB) which enables managers and analysts to systematically look into the health system bottlenecks, high impact interventions, different scenarios and associated costs of achieving results (Balanced Scorecard Institute, 2013).

In line with this the above Table 4.2 illustrate majority 240(90.2%) of the respondents replied that the ministry implemented business processing reengineering, 16(6%) of respondents replied result oriented program appraisal while only 10(3.7%) forwarded marginal budgeting for bottleneck. This show that before strategic planning and BSC the ministry implemented BPR.

Generally FMOH had introduced BPR to its system in order to utilize it as an enabling management tool for transformation and in order to deal with the facing problems and to Provide integrated, quick and satisfactory health service with efficient management, controlling mechanism and support primarily concerned with improving efficiency, quality, and cost effectiveness and consumer satisfaction. BPR has been used and implemented as a tool for a comprehensive analysis, redesign and revamping of the health sector (MOH) in Ethiopia. (Health Sector Development Program IV.2010).

In addition, the researcher has raised the question why the ministry need to change the management tool implemented before strategic planning and BSC and the results from the FGD show that the ministry faced problems related to mortality and morbidity and the overall health

status remained relatively poor and the ministry began looking for a method to strategically align all of its various tools. One of the persons from the group mentioned the former minister in attending the training in introducing balanced scorecard. “My name is Minister Tedros. I am the Minister of Health for Ethiopia. I am here to learn the strategic tools needed to provide a good sense of direction and focus for my country’s Health Sector. From a strategic (mission and vision-focused) perspective and a tactical (day-to-day) perspective, my team needs to be able to monitor and measure performance of the Health Sector, as well as, individual performance.” To further ensure and facilitate their smooth execution, these HSDP’s were supported by the implementation of various tools such as: Results Oriented Program Appraisal (ROPA) process; Business-Process Reengineering (BPR) which resulted in a remarkable restructuring of the Ministry of Health along key work processes and in the creation of numerous Directorates; Marginal Budgeting for Bottleneck (MBB) which enables managers and analysts to systematically look into the health system bottlenecks, high impact interventions, different scenarios and associated costs of achieving results (Balanced Scorecard Institute, 2013).

Table 4.3 improvement for work environment

Statement	Yes		No		I don’t know		Total	
	NR	%	NR	%	NR	%	NR	%
Does the management tool implemented help federal ministry of health to improve its working environment?	172	64.7	88	32.7	6	2.6	266	100

Sources: Field survey, 2015

The survey result for whether the BPR helped the ministry to improve its work environment or not the above Table 4.3 shows that 64.7% of respondents replied that BPR has helped the ministry to improved its work environment while 32.7% of the respondents replied that their work environment has not shown any improvement and the rest 2.6% of respondents did not say or don’t know anything whether there work environment is changed or not. There are critics most of based on perception that reengineering in Ethiopia public sectors and as well in health sector has not lived up to its expectations or as the reform failed. (Teka, Fisseha, and Solomon in Conference on the Achievements, Challenges, Prospects of the CSRP Implementation in Ethiopia, 2007). Accordingly the information from the interview show that implementing BPR has shown some improvements in the ministry but not as such outstanding. This show that the

ministry has some improvement in the tools implemented but could not achieve the targeted goal of improving the health services.

Table 4.4 Problem in improvement process and workflows

Statement	Yes		No		I don't know		Total	
	NR	%	NR	%	NR	%	NR	%
Do you think there were a problem in improvement process and workflows by the implemented management tool?	209	78.6	57	21.4	0	0	266	100

Sources: Field survey, 2015

The result of the survey in the above Table 4.4 shows that 209(78.6%) of the respondents said that there are problems in improvement process and in work flow while 57(21.4%) of the respondents said that there are no problem.

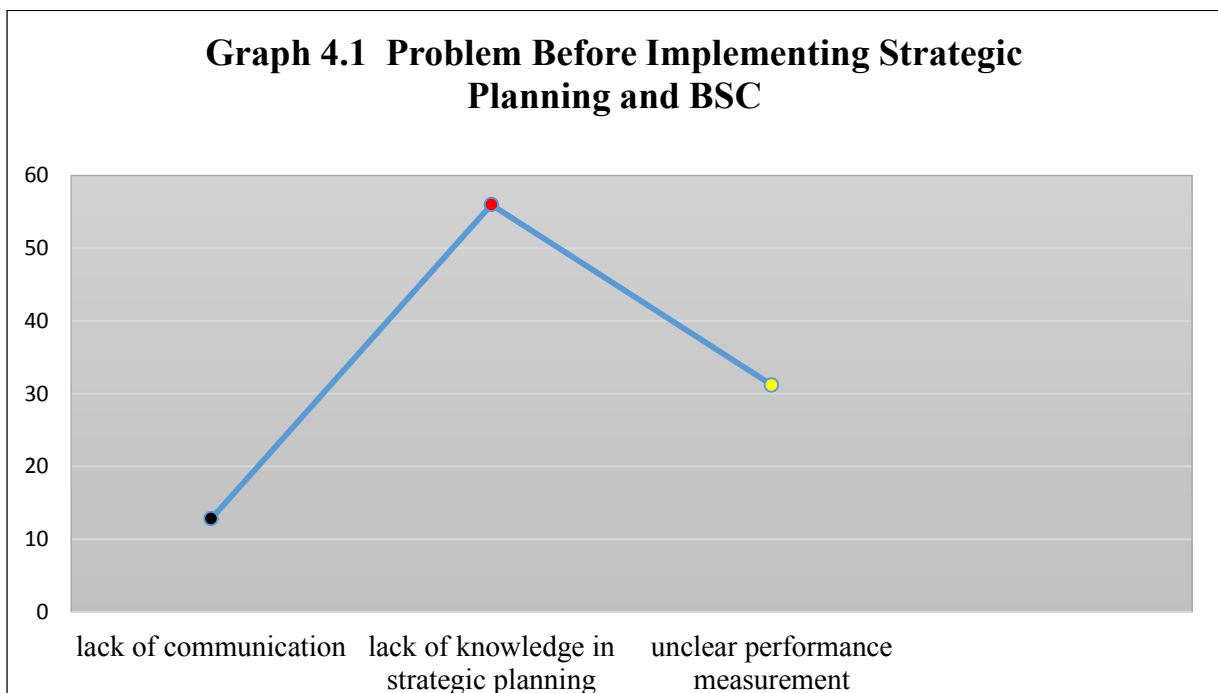
According to Hammer and Stanton (1994) Reengineering challenges all aspects of a business. When a process changes performance so do the jobs of the people who work in that process. But more than jobs and skill requirements change people's styles the ways in which they think and behave and their attitudes what they believe is important about, their work must also be realigned to fit the new process. In effect, a new process requires new people, new measurement, new arrangement, and so on. In each of these cases, the transition from the old to the new was a painful experience for everyone involved.

4.3.1 Problem before implementing strategic planning and BSC

Corboy and O'Corrbui (1999), identified the deadly signs of strategy implementation which involve: lack of understanding of how the strategy should be implemented; customers and staff not fully appreciate the strategy; unclear individual responsibilities in the change process; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

The information gathered from interviews revealed that before implementing strategic planning and BSC the ministry was not monitoring and assessing the evaluation of its strategic performance. Although the ministry has established a management policy which includes vision, culture and business strategy, there were no actions and initiatives arising from it. The initiatives undertaken only have had an operational nature, with any concern with implementation and evaluation of the firm's strategy.

In line with this, survey result of the graph 4.1 reveals that 34(12.8%) of the respondents said that there were problems before implementing strategic planning and BSC which is lack of communication while 149(56%) of the respondents Said lack of knowledge in strategic planning and BSC the rest 83(31.2%) forwarded unclear performance measurement. Generally this implies that lack of knowledge in understanding strategic planning and unclear performance measurement were the major problems before implementing strategic planning and BSC at federal ministry of health (FMoH).



Sources: Own survey, 2015

4.4 Awareness and introduction about strategic planning and BSC

This section sets to awareness and explore to what extent members of staff have been exposed to strategic planning and Balanced ScoreCard perspectives and how they are adopting the tool in their day to day operations. In addition to get information on how hierarchical level managers have understand and to get know how the staff understands the concept of the balanced scorecard through training and other learning.

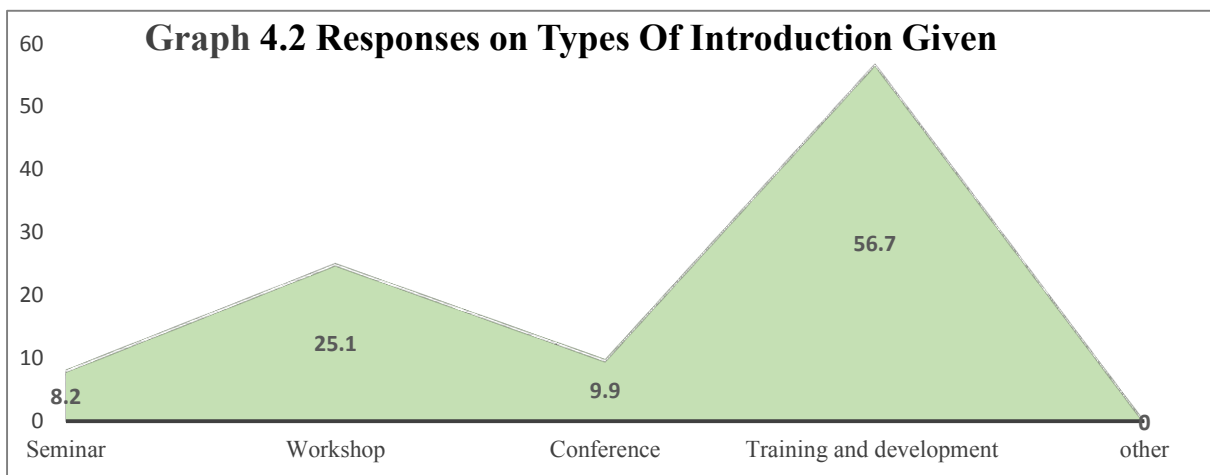
Table 4.5 Awareness and understanding about Strategic Planning and BSC

Awareness and introduction statements	Yes		No		No answer		Total	
	NR	%	NR	%	NR	%	NR	%
1.understanding about Strategic planning and BSC	187	70.3	74	27.8	5	1.9	266	100
2.Introduction about Strategic planning and BSC	171	64.3	95	35.7	0	0	266	100

Sources: Field survey, 2015

Based on the above Table 4.5 majority of respondents 187 (70.3%) were Said that they have understanding about strategic planning and BSC. While 74 (27.8%) of the respondents said that they do not have understanding about strategic planning and BSC and the rest 5(1.9%) respondents replied'' no answer''.

This implies that in the ministry majority of respondents have understanding about strategic planning and BSC which is a base for implementation whereas some of the respondents don't have understanding, so it will have impact on the implementation of management tools. Therefore it is important to have better understanding about strategic planning and BSC not only for this tool but for all tools which will be implemented within the organization need to be understood by the employees.



Sources: Own survey, 2015

Based on the above graph 4.2 out of 171 respondents who say yes for introduction given by the ministry for strategic planning and BSC 97(56.7%) of the respondents have taken training and development,43(25.1%) have attended workshop,17(9.9%) attended conferences and the rest 14(8.2%) of the respondent attended seminars. Additionally the information gathered from

focused group reveals that the ministry provided introduction package for employee for new management tools but not all are included because of time shortage. As a result all employees could not take introduction at the same time and it is too costly to give to all. This implies that before implementing any management tools it is necessary for any organization to provide training and other teaching methods to acquire knowledge to the employee to be able to perform their activities.

In other way 95(35.7%) of respondents have not taken any introduction in the ministry like training, conferences and workshop because most of the time introduction is provided for some particular directorate not for all like for Policy and Planning directorate and health information technology development directorate. This is because only those directorate employees be taken as responsible for implementing strategic planning and BSC so that training provided for specific directorate. In addition most of the time management tool are implemented within the ministry without taking in to consideration employee attitudes. This implies that the ministry does not provided introduction to all which create miss understanding for some employees in strategic planning and BSC and it will become obstacle for successful implementation of strategic planning and BSC.

In line with this for strategic planning and BSC implementation some conditions need to be fulfilled. According to Beer Molleman there must be a top down approach, a bottom up strategy and top down strategy needed moreover, keeping the scorecard at the top will require actual improvement of sub-process level. Defining a corporate BSC indicates this. Therefore, one way to get an effective BSC, including strategy and action to support implementation is to share it with the whole organisation. However the interview information shows that the ministry tried to implement strategic planning and BSC as a good measures so as to solve problems which raised with efficiency and effectiveness and to translate its vision and strategy into tangible set of performance measures. More or less there are no settled conditions fulfilled by the ministry and it is clear that the ministry doesn't fulfil the condition which are raised by the Beer Molleman.

Table 4.6 hierarchical Level of understanding about strategic planning and BSC

Statements	Very high		Fairly high		Medium		low		Very low		Total	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
The level of understanding of management and employees	32	12	47	17.7	164	61.7	14	5.3	9	3.3	266	100

Sources: Field survey, 2015

All divisions need to be able to communicate to their members of staff the meaning of strategic planning and balanced scorecard through different methods to provided preferable condition for employee to get better understanding not only for employee but also for all managers at different level. The above Table 4.6 analyses the hierarchy level of knowledge that managers and employees have. Based on that, majority of respondents 164(61.7%) were Said medium level of understanding that managers and employees have while 47(17.7%) fairly high, 32(12%) very high, 14(5.3%) low level of understanding and the rest 9(3.3%) responded very low level of understating by employee and mangers. This implies at federal ministry of health employees and management level of understanding about strategic planning and BSC is of’ medium level’’. Here the ministry must take steps to enable all employees within the organization to have better and good understanding of Strategic Planning and BSC.

4.4.1 Ways to build understanding and acceptance of strategic planning and balanced scorecard

Most of the time in Ethiopia different management tools and performance measurements are implemented without taking in to consideration employees attitudes. Surprisingly employees get a weariness after acceptance of the implemented tools. Here respondents forwarded the responses to open ended question which states how management has built understanding and acceptance of strategic planning and balanced scorecard amongst its employees. Most of the respondents stated training was delivered to get acceptance of the tools while some of the respondents forwarded there were meetings between the managers and the employees to communicate with the tools implemented are the response forwarded by the respondents. This implies that there is failure in management side in delivering the tools that is implemented and also there is information gap at federal ministry of health between the management and employees.

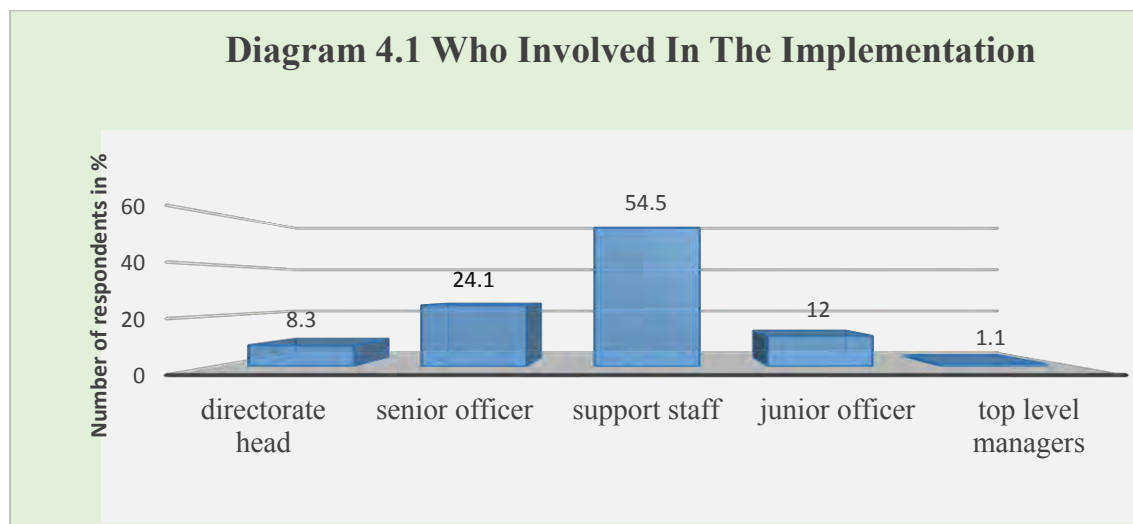
To build acceptance and understanding stands from knowing the ministry vision and mission and it needs to be clearly understood by employee. In addition before any tools or performance

measurement are implemented the failure of old management tools need to be clearly understood. This provide clear understanding and acceptance for strategic planning and BSC. The ways of communication between top level managers must be bottom up to communicate strategic planning and BSC easily. There must be periodic meetings, training, seminars, workshops, aligning strategic objectives to the employee’s personal and individual objectives, establishing individual targets towards achievement of divisional goals and ensuring participation of members of staff in preparation of strategic planning goals and BSC plans.

4.5 Strategic planning and balanced score card implementation process

According to Kaplan & Norton (1996), effective strategic learning process requires a shared strategic framework that communicates the strategy and allows all participants to see how their individual activities contribute to achieving the overall strategy. The BSC provides a representation of the organizations’ shared vision and mission and need to be communicated for implementation. Effective implementation is obviously a critical aspect of any management system. To maintain quality and to achieve the desired objectives, it is necessary to monitor and control the progress of any implementation.

4.5.1. Response about who involved in the implementation process



Sources: Own survey, 2015

Based on the above Diagram 4.1 above fifty percent of the respondents said that support staff were involved in the implementation process of strategic planning and BSC while 64(24.1%) of the respondents replied senior officers being involved in the implantation process,32(12%) Said junior officers, 22(8.3%) directorate head and the rest 3(1.1%) forwarded top level managers involved in implementation process. Here implementing strategic planning and BSC

is not the responsibility of specific group or directorate. It needs to be communicated and implemented by a group or staff found within the ministry. The result of implementing management tools is not for top level managers or for the directorate head rather it is for all. So responsibility for the implementation process should be taken by all.

4.5.2 Respondents reasons for internal and external factors put pressure to implement strategic planning and BSC

According to Getachew (2007) it is noted that organizations are operating in a dynamic environment where change becomes the rule rather than the exception. Hence, organizations must introduce change because their environment is changing rapidly. They must adapt to the changing environment otherwise survival becomes very difficult. So it is useful to understand that dynamism is unavoidable to be successful and maintain the survival of organizations.

It is one thing to declare a strategy and BSC, but quite another to track how well you are executing it. Different organization face different challenge in implementing strategic planning and BSC. The reasons or factors put pressure to implement strategic planning and BSC also differ from organization to organization.

Table 4.7 Reasons for implementing strategic planning and BSC

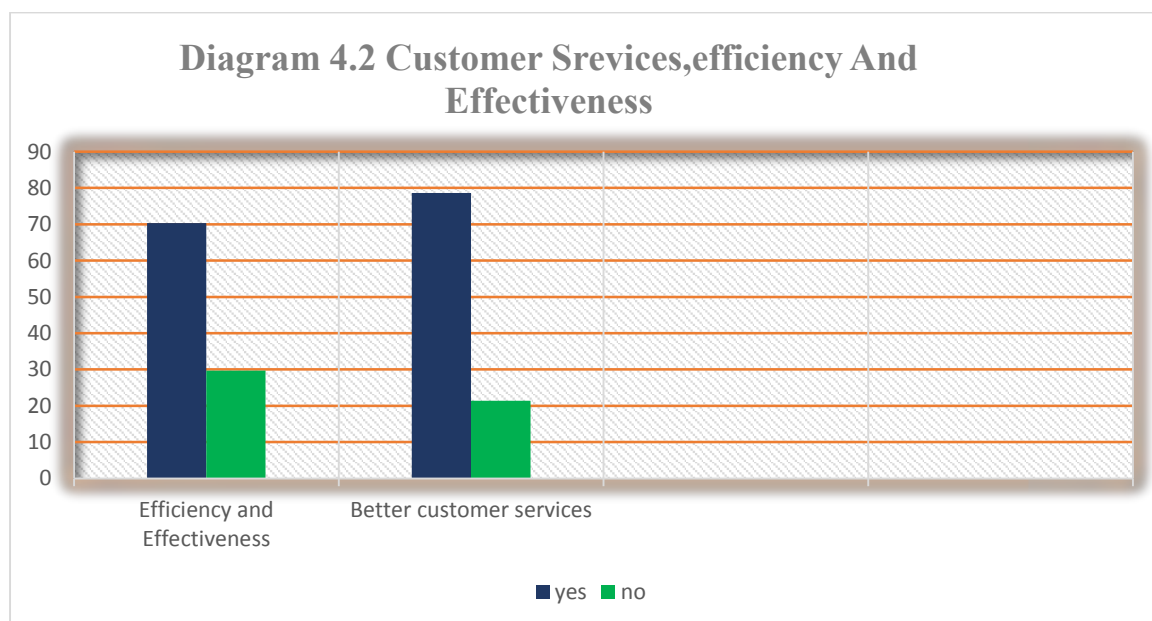
Factors	NR	%	Rank
Internal factors			
The need to improve performance measurement	107	40.2	I
The need to increase efficiency	46	17.3	III
The need to reduce cost	17	6.4	IV
The need to define and redefine strategic focus	96	36.1	II
Total	266	100	
External factors	NR	%	Rank
Government exposure to implement	189	71	I
Competition Advantage of new opportunities	42	15.9	II
Shifting government policy	35	13.1	III
Total	266	100	

Sources: Field survey, 2015

As it is seen in Table 4.7 above 107 (40.2%) of the respondents replied the main internal factor for implementing strategic planning and BSC is the need to improve performance measurement, 96(36.1%) of respondents said the need to define and redefine strategic focus, for 46(17.3%) the need to increase efficiency while the rest 17(6.4%) replied the need to reduce cost. Kaplan and Norton (1996) stated that balanced scorecard 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. The external factors which put pressure in the ministry according to the respondent’s response are government exposure to implement accounts 189(71%) of respondents while, 42(15.9%) Said competitive advantages of new opportunities and the rest 35(13.1) are responded shifting government policy. Most of the time in Ethiopia different management tools implemented with government exposure to implement it by taking other countries as a frame of references for implementation. This seems true for the Federal Ministry of Health.

4.5.3 Customer services, Efficiency and Effectiveness in strategic planning and BSC implementation

The purposes of the balanced scorecard are to guide, control and challenge an entire organization towards realizing a shared conception of the future. Within the perspectives the vision is expressed as a number of more specific objectives. Measures and targets are set and the organization then puts in place action plans to meet the set targets (Waal, 2003).



Sources: Own survey, 2015

The BSC provides the framework for justifying requests for resources. For example, in presenting the annual budget request, a manager can use the BSC to demonstrate the expected results from a given level of funding. Similarly, the manager could use the BSC to defend requests for increases in resources, by showing how additional resources would improve results for one or more measures (General Accounting Office, 1996). Diagram 4.2 above reveals that 187(70.3%) of respondents feel that implementing strategic planning and BSC helps essentially in efficient and effective utilization of resources within the ministry, while the rest 79(29.7%) of respondents replied that it does not lead to efficiency and effectiveness. This shows that implementing strategic planning and BSC helped the ministry to for effective and efficient utilization of resources. In line with this diagram 4.2 shows that 209 (78.6%) of the respondents reveal that implementing strategic planning and BSC leads to better customer services; the rest of the respondents have opposite responses for better customer services. Most of the respondents stated that the management established the context for strategic planning and balanced scorecard as a means to communicate shared objectives by making the divisions to be able to develop standard templates framework that guides the cascading of the scorecard from tier one corporate strategy to tier two business strategy and finally tier three the functional strategy. The cascading framework has also been enhanced by developing strategy maps for each division.

Overall, implementing strategic planning and BSC has its own contribution in providing services to the customers effectively and efficiently.

4.5.4 Effect of strategic planning and BSC on performance

To the BSC, it is proposed that performance measurement should be based on managerial beliefs about the relationships between actions and measures. These should be founded in managerial knowledge of the work setting and have to be carefully evaluated and modified over time. There must be good managerial awareness of the intended focus of the measurement system, the criteria of measurement and the nature of the link between the performance measurements, and the real phenomenon that they represent (Nørreklit, Nørreklit, & Mitchell, 2007)

For measuring the performance by implementing BSC there is Metrics used which is typically called Key Performance Indicators (KPIs) because they measure how well the organisation performs against predefined goals and targets. One of the main tasks of building BSC is to identify key performance areas (or strategic themes and key performance indicators (PIs) or

perspectives of the institution. This Strategic themes are fundamental policy or program concerns that define the most important issues that do have a significant bearing on an institution's business. They reflect major shifts in thinking that challenge the business as usual and the major focus areas that the institution wants to build excellence.

The ministry has developed initiatives to support the achievement of targets in each of the four perspectives. Progress against targets and progress with implementing initiatives is assessed on a regular basis. Each directorate is in the developing and reporting progress within Balanced Scorecards. These are linked to the corporate scorecard but have objectives, targets and measures as appropriate to their areas of responsibility.

Through the Balanced Scorecard, the ministry aims to monitor both its current performance and its efforts to provide, improve customer services, streamline key processes, provide an environment in which its employees are motivated and developed, and enhance information systems. A single management report prepared each Semester provides an assessment of many disparate elements of the ministry strategy (Balanced Scorecard Institute, 2013).

The FMOH has a deep seated commitment to improving performance and management in the health sector. Before the BSC, the ministry had already implemented Business-Process Reengineering (BPR). Adopting the BSC identifies strengths and weaknesses in the capacity of health staff and provides information to help address the gaps. BSC identifies high performing staff and helps managers to reward and retain top performers and Balanced Scorecard has not only enabled the ministry to align its strategic objectives but also to undertake measurable performance management initiatives that align people, processes and resources for their most efficient deployment and operational excellence (Rahel Gizaw, 2010).

Generally BSC usage has a positive impact in the performance of federal ministry of health. Majority of the respondents noted that they had achieved considerably in terms of BSC usage. This indicates that BSC is a management system that enables organizations to clarify their vision and strategy and translate them into action. BSC provides feedback on the internal processes and external outcomes in order to continuously improve strategic performance and results.

4.6 Challenges of implementing strategic planning and balanced scorecard

Kaplan and Norton said that BSC construction and application needs a linkage between performance measures and organisational strategy. Furthermore, their arguments tell us that the application of a BSC approach is not easy. In this context, Paranjape et al argued that the implementation of a BSC model is operationally difficult and is difficult for an organisation to implement the BSC effectively, since its four perspectives may be different from the strategic model in terms of what senior management wants to achieve.

Having the management tools alone doesn't guaranty for the change or for the better performance. It needs to be well implemented even if different obstacle are faced by different organizations at different times. The challenges facing Federal Ministry of Health in the adoption of the strategic planning and balanced scorecard are one of the objectives of this research. The Table 4.8 below shows how various respondents indicated the various challenges that have faced Federal Ministry of Health in the adoption of the balanced scorecard.

The Table 4.8 below lists the challenge that the ministry face in implementing strategic planning and BSC in a scale of 1-5 that is extremely low to extremely high, the researcher picked the column that had a higher percentage response rate to show the impact of a particular challenges to the ministry. Based on that 101(37.9%) of the respondents say that the challenge faced by the ministry in implementing the strategic planning and BSC are lack of adequate resources for training and software and the extent for this were extremely high for 66(65.3%) of the respondents while 1(0.1%) of the respondents gives low extents for the challenge .This generally shows the major bottleneck for implementation strategic planning and BSC are the challenges of lack of adequate resources for training and software. Following this 93(34.9%) of the respondents replied that staff perceived BSC as mainly a measurement tool and the extent for the challenge is medium accounting 56(60.2%) of the respondents while 2(2.2%) said extremely low which implies majority of the respondents have medium implication for the extent of the challenge.35(13.2%) of the respondents said that inter departmental synergy problem are the challenge with the extent of 23(65.7%) low this show that interdepartmental synergy is not a major challenge. and the rest of 28(10.6%) of the respondents responded that the extent of staff participation are also the challenges for implementing strategic planning and BSC. This shows that lack of adequate resources for training and software becomes a major challenge in the ministry which creates confusion on staff to be able to understand strategic planning and BSC.

Additionally the information from the interviewees reveal that the main challenges they faced from implementation of balance scorecard and strategic planning are; cultural barriers, fear of change, limited resources for training, lack of information, lack of measurement for some objectives, lack of clarity ,overlap of responsibility, preference to older measurement, organization structure, lack of commitment by staff ,mistrust between staff and management, presence of many measures and relying on other section due to interdependence. The major challenge are; having common goals through creation of team synergy and integrating performance, rewarding best performers, defining ministry goals and objectives, aligning of corporate and individual goal, making BSC acceptable and reflecting proper appraisal, more training to staff, hiring of external consultants to review the BSC, drawing clear and simple BSC, proper provision of resource needed, dissemination of the needed information and proper monitoring of performance.

Table 4.8 Challenges and extent of implementing strategic planning and balanced scorecard

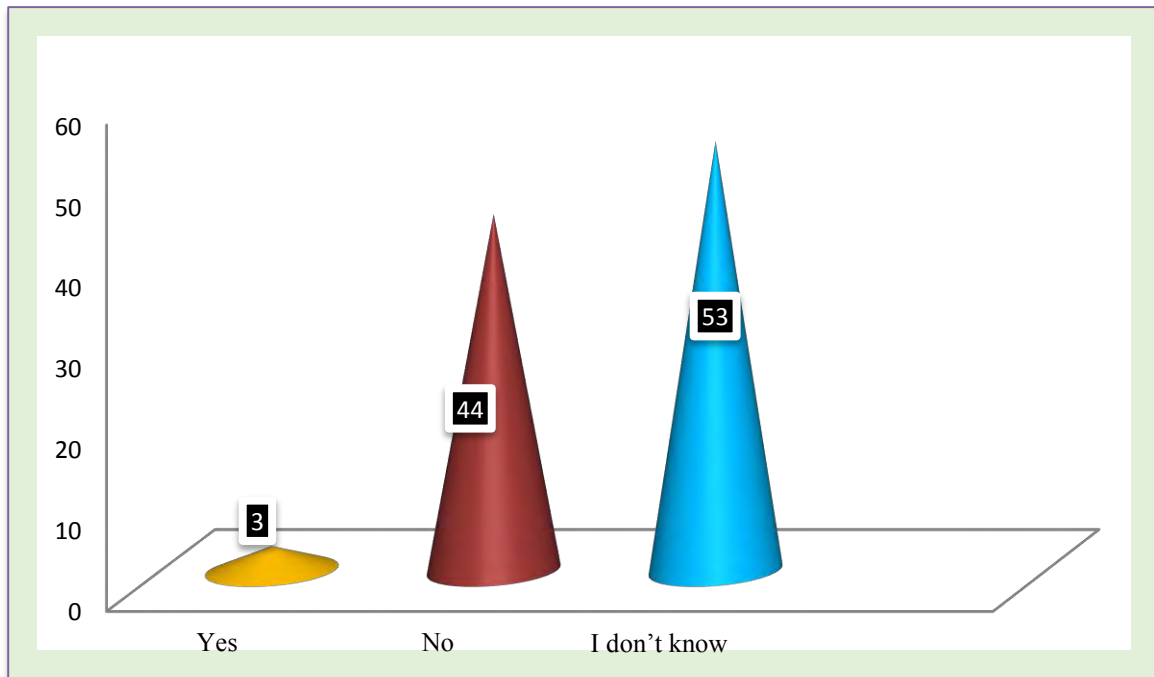
Challenge	NR	%	Rank	Extent of the challenge										
				Extremely high		high		medium		Extremely low		low		
				NR	%	NR	%	NR	%	NR	%	NR	%	
Internal resistance to the process	9	3.4	V	0	0	2	22.2	7	0	0	0	0	0	0
Lack of Adequate resources for the training and software	101	37.9	I	66	65.3	31	30.7	3	3.0	0	0	0	0	0.1
staff perceived BSC as mainly a measurement tool	93	34.9	II	2	2.2	11	11.8	56	60.2	16	17.2	8	8.6	
Inter departmental synergy problems	35	13.2	III	0	0	0	0	0	0	12	34.3	23	65.7	
Extent of staff participation	28	10.6	IV	0	0	0	0	17	60.7	6	21.4	5	17.9	

Sources : Field survey, 2015

4.6.1. Strategies to overcome implementation challenges

Designing strategies to overcome the challenge of implementation can be taken as major tool. In this case the figure analyses the strategies that the federal ministry of health implemented in order to overcome the challenges.

Diagram 4.3. Strategies to Overcome Implementation Challenges



Sources: Own survey, 2015

According to Diagram 4.3 majority of the respondents 141(53%) responded that they don't know whether the ministry implement strategy to overcome Strategic Planning and BSC, while 117(44%) of the respondents Said there is no strategy implemented the rest 8(3%) them Said there is a strategy that the management used to overcome BSC implementation challenges. These included: awarding bonuses, close monitoring through reviews, job rotation and training, bottom upward development of BSC, provision of proper information, provision of guides to solve these challenges, guidance by human resource managers and team building. The Table shows that majority of the respondents don't know the strategies which is implemented for resolving the problems which are faced in the implementation. Generally majority of the respondents give some possible solution for the challenges faced with in the ministry. The first thing is that different level managers need to play their role in facilitating communication, diminished feelings of ownership and commitment, provide opportunity for the employee to take part in different activities and they need to be aware of the strategies clearly.

The data from interviews and focused group discussion further established that the strategic management is used in order to overcome the BSC implementation challenges which included: awarding bonuses, offering performance pegged rewards, close monitoring through reviews, staff involvement in crafting some of the targets, job rotation and training, bottom upward development of BSC and provision of proper information.

On the requirement for successful implementation of balanced scorecard is the ministry ,the information from the interview and focused group discussion shows that the requirements for successful implementation are: commitment of the staff, communication to all staff, the process should be understood before implementation, sensitization of member staffs, training by consultants, involvement of all staff members, ownership of balance scorecard by members, incorporation of the ministry strategies. The balanced scorecard should be measurable, realistic, time bound and should be agreed upon by all members.

4.7 Identification of drivers

Table 4.9 balanced scorecard perspectives

Items	Yes		No		I don't know		Total	
	NR	%	NR	%	NR	%	NR	%
Do you think the staff aligned their personal goals to the balanced scorecard perspectives?	90	33.8	176	66.2	0	0	266	100

Sources: Field survey, 2015

Based on the above Table 4.9 majority of the respondents don't align their personal goal to the balanced scorecard and 90(33.8%) of the respondents have aligned their personal goal to the balanced score card. The reason for not aligning their personal goal comes from the failure on the employee side.

In line with this the interviewees Said that the staff aligned their personal goals to the balanced score card perspective through corporation with their own directorate heads. The directorate heads have been able to develop standard templates framework that guides the cascading of the scorecard from tier one corporate strategy to tier two business strategy and finally tier three the functional strategy. The cascading framework has also been enhanced by developing strategy maps for each division and how it links to the overall corporate strategy. In addition all

divisions have been able to develop a divisional scorecard that captures all perspectives of the balanced scorecard and through strategic mapping there is a clear linkage to the corporate strategy and overall goals of the organization. In addition all divisions' activities are derived from the mission statement and the vision of the organization.

The interviewee also added the various measures of balanced score card communicated at lower level employee through different methods. The divisions have been able to develop the fortnightly, monthly and quarterly review meetings to do follow ups on the set targets and conduct variance analysis on the same. In addition, section heads are required to submit a number of reports on their day to day operations in line with the scorecard perspectives. The divisions have also developed a system of deriving job descriptions that are aligned to the perspective drivers which are then used to set targets that are measurable.

The ministry applied various performance measurement systems which include half yearly performance appraisals that are in line with the balanced scorecard perspective drivers. One of the common standard performance measurement clichés in management circles: “what gets measured gets done,” “if you don't measure results, you can't tell success from failure and thus you can't claim or reward success or avoid unintentionally rewarding failure,” “if you can't recognize success, you can't learn from it; if you can't recognize failure, you can't correct it,” “if you can't measure it, you can neither manage it nor improve it,” Norton (2004). Thus in the ministry of health a quarterly performance analysis is conducted which measures actual performance against strategic expectations and a variance analysis conducted thereafter. The balanced scorecard perspective drives form the baseline under which the performance appraisal and strategic expectations are derived from.

Whereas the researcher asked the group to explain how the day to day activities of the ministry especially in providing professional services to the clients are linked to the four performance metrics of the balanced scorecard (financial, internal processes, customers and learning and growth). It was found that the day-to-day activities of the firm are linked to the four performance metric through the key performance contribution framework that are developed at the beginning of the year. The study established that each individual is assigned key performance targets which form part of his/her performance contract with his/her department. Further, the study found that the individual is then monitored on a periodic basis on how he/she translates the assigned key performance indicators into tangible performance results.

4.7.1. Response on Balanced Scorecard perspective drivers

According to Kaplan and Norton (1996) BSC constitutes a good balance between financial and non-financial measures. Objectives across the four perspectives show the 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.

Niven's (2002) analogy of the Balanced Scorecard is that of a tree. The Learning and Growth perspective are the roots, the trunk is the Internal Process perspective, Customers are the branches, and the leaves are the financial perspective. Each perspective is interdependent on those below as well as those above. It is a continuous cycle of renewal and growth. Leaves (finances) fall to fertilize the ground and root system which stimulates growth throughout the organization. In this analogy, learning and growth is the foundation on which all other perspectives are built.

Table 4.10 Reasons for implementation of Balanced Scorecard perspective

Financial scorecard perspective	NR	%
Cost reduction	54	20.3
Asset utilization	130	48.9
Health sector improvement	69	25.9
Risk Management	13	4.9
Total	266	100
Customer scorecard perspective		
Customer retention	96	36.1
Customer acquisition	19	7.1
Customer satisfaction	148	55.6
Rapid response to customer request	3	1.1
Total	266	100
Internal business process scorecard perspective		
Innovation process	39	14.7
Fosters creativity and innovation	72	27.0
Leverage internal synergies	134	50.4

Business process reengineering	21	7.9
Total	266	100
Learning and growth scorecard perspective		
Strategic placement of human capacity	6	2.3
Employee capabilities	163	61.3
Motivation	86	32.3
Enhance reward and performance	11	4.1
Total	266	100

Sources: Field survey, 2015

The above Table 4.10 demonstrates the key drivers in strategy implementation in four balanced score card perspectives. When developing the financial perspective for their Balanced Scorecard, business unit executives should determine appropriate financial metrics for their strategy. Financial objectives and measures must play a dual role: they define the financial performance expected from the strategy, and they serve as the ultimate targets for the objectives and measures of all other scorecard perspectives Kaplan and Norton (1996). In line with this the key drivers in strategy implementation for the financial scorecard perspective 54 (20.3%) forwarded cost reduction, 130 (48.9 %) asset utilization, 69 (25.9%) health sector improvement and the rest 13(4.9%) of them agreed on Risk Management. This implies that the main driver for strategy implementation in federal ministry of health is cost reduction, followed by asset utilization.

The customer perspective enables companies to align their core customer outcome measures and market segments. It also enables them to identify and measure, explicitly, the value propositions they will deliver to targeted market segments and customers. The value propositions represent the drivers, the lead indicators, for the core customer outcome measures. (Kaplan and Norton, 2001). Based on this according to the respondents the key drivers in strategy implementation in the customer score card perspective 148(55.6%) of the respondents agreed on customer satisfaction, 96 (36.1%) of them agreed on customer retention, 19 (7.1%) of them Said customer acquisition while the rest 3(1.1%) Said rapid response to customer request. This implies that the main driver for strategy implementation in federal ministry of health is customer satisfaction. Generally it is important for the ministry to

give priority for the customer satisfaction because the reason for the existence of the ministry is to serve the society.

For the internal business process perspective managers identify the processes that are most critical for achieving customer and shareholders objectives (Kaplan ,1996).Companies typically develop their objectives and measures for this perspective after formulating objectives and measure for the financial and customer perspectives. This sequence enables companies to focus their internal business processes metrics on those processes that will deliver the objectives established for customers and shareholders. In line with this the respondents said that the main drivers in strategy implementation in the ministry were Innovation process Sayered by 39 (14.7%) of respondents while, 72(27.0%) said the Fosters creativity and innovation were the reason and the rest 134 (50.4%), 21(7.9%) respectively Said Leverage internal synergies and Business process reengineering are the main drivers. Generally this implies that the main driver for internal business process perspective to be implemented in the ministry are Leverage Internal Synergies.

The learning and growth perspective drives the organization learning and growth process. The objectives established in the financial, customer, and internal business process perspectives identify where the organization must excel to achieve breakthrough performance. The objectives in the learning and growth perspective provide the infrastructure to enable ambitious objectives in the other three perspectives to be achieved. Objectives in the learning and growth perspective are the drivers for achieving excellent outcomes in the first three scorecard perspectives. Based on this the above Table 3.9 illustrates the respondents response on this respective perspective. Accordingly 6(2.3%) of the respondents agreed on strategic placement of human capacity is the main driver for the implementation, 163(61.3%) agreed on employee capabilities, 86(32.3%) Said motivation and the rest 11(4.1%) Said enhance reward and performance were the main driver. Generally this implies that majority of the respondents agreed that the main driver for the strategy implementation is ‘‘employee capabilities’’. This emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the ministry provided for employees in order to upgrade their capability.

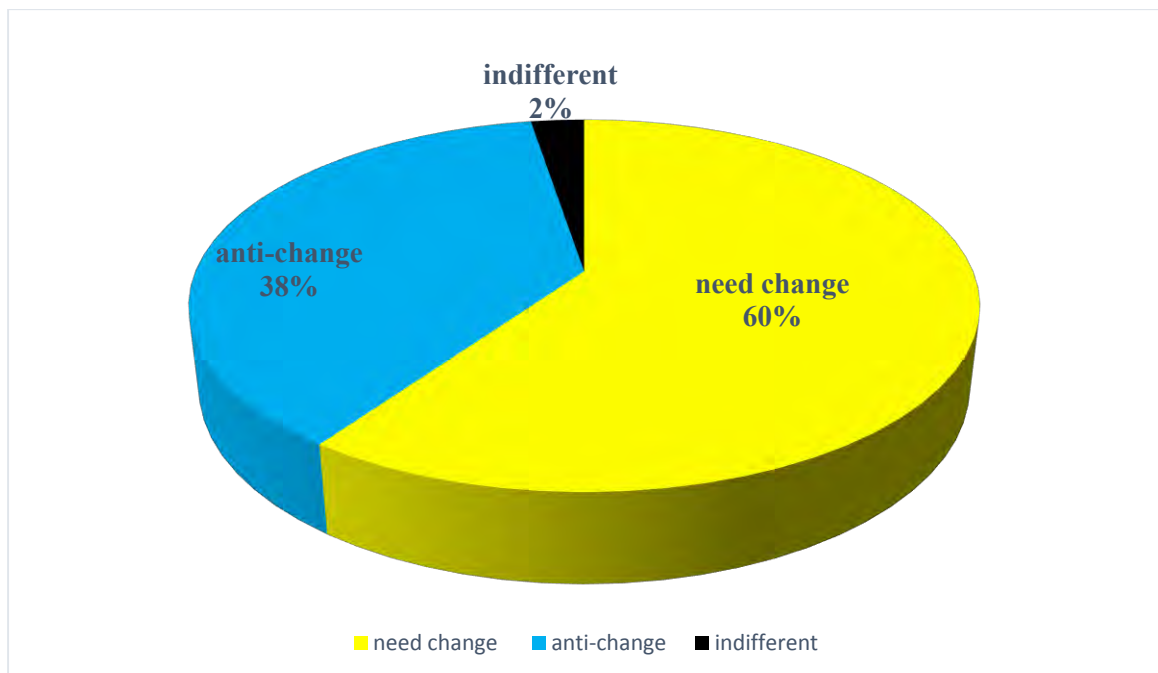
The researcher asked the group to what extent the adoption of strategic planning and BSC has enhanced customer satisfaction in the provision of services in the ministry .The group opined that the application of the Balanced Scorecard as part of Performance Management programme has brought tangible improvements and benefits at Federal Ministry of Health as it serves as a

gold standard against which to benchmark long-term goals for diversification, customer satisfaction, employee engagement and corporate social responsibility.

It was established that Balanced Scorecard has not only enabled the ministry to align its strategic objectives but also to undertake measurable performance management initiatives that align people, processes and resources for their most efficient deployment and operational excellence.

4.8 The commitment of management towards strategic planning and BSC

Diagram 4.4. Attitude towards Strategic Planning and BSC Change

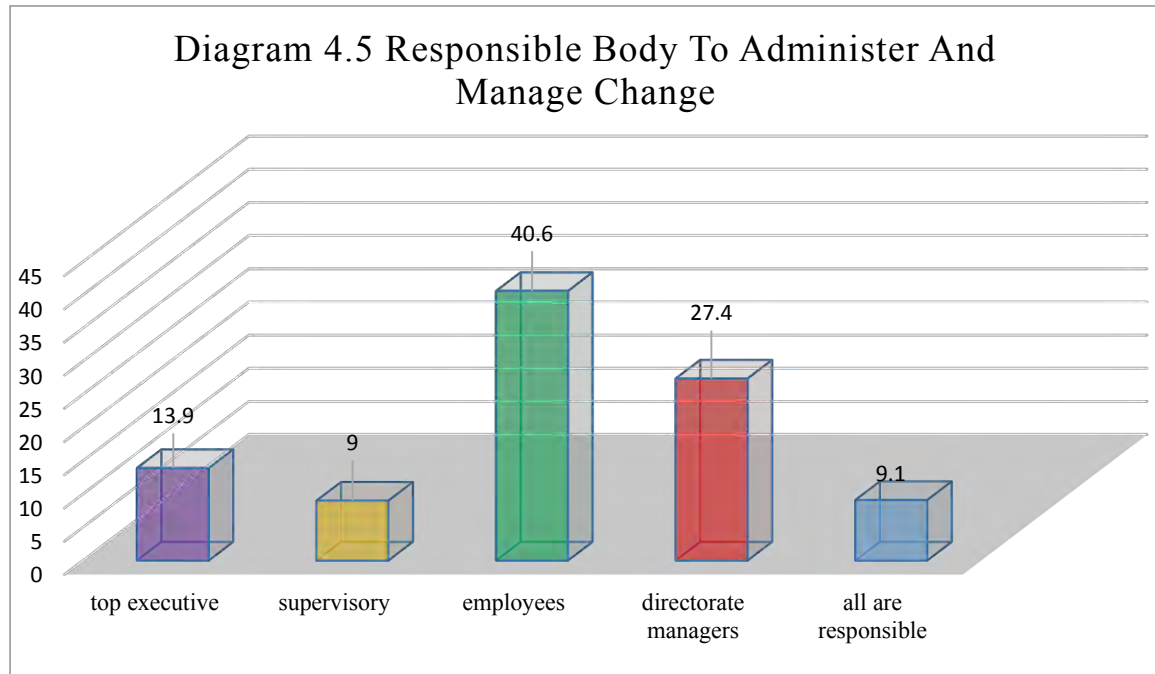


Sources: Own survey, 2015

According to Diagram 4.4 majority of the respondents 60% said that they need change toward strategic planning and BSC while 38% said that they don't need change or they are anti-change and the rest 2% of them are indifferent. This implies that majority of the respondents need change while there are others who don't need change and thus there is resistance to change. The researcher raised question on the employee attitudes for management tool implemented before strategic planning and BSC and the study reveals that employees are more anti-change. Employees fear to implement the tools because of resistance to change but not only this because of lack of knowledge which is the result of inadequate training for employee in order to get relevant information. This generally shows that employees with in the ministry need change. There are different reasons why people resist change such as insecurity, lack of proper

communication, rapid and extent of a change, group resistance, emotional turmoil and loss of power and control (Chanadan, 1997).

4.8.1. Response on responsible body to administer and manage change



Sources: Own survey, 2015

According to the above Diagram 4.5 40.6% of the respondents Said employees are responsible body to administer and mange change while 27.4 said directorate manger, 13.9% Said top executive and the rest 9.1% Said supervisory and 9 % told all are responsible to administer and manage change within the ministry. This implies that majority of the respondents agreed that employees have to take the responsibility body to administer and mange change. According to Shane and Vonglinow 2005 Greiners model of change which is developed by Larry Greinet are easy model to understand and manage change. This model involves two models, the change agent and the client system. The change agent is the individual who was responsible for the change while the client system is the user of the implemented change.

4.8.2. The extent of leader’s positive roles towards change

Managing of organizational change is a complex under taking. Changes in organization don’t takes place instantaneously, instead they involve formidable exercise on the part of managing of modern organization. In the wave of competition, a manager concerned with the change must observe the internal forces before introducing change.

A leader to manage organizational change is expected to be transformational leader. Transformational is the set of abilities that allows the leader to recognize the need to change, to create a vision to guide that change, and to execute the change effectively (Rao and Narayana, 1985).

Table 4.11 The extent of leader’s positive roles towards change

Statement	Excellent		Very good		Good		Fair		Poor		Total	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
How do you evaluate the extent of leader’s positive roles towards change in your work environment	37	13.9	48	18	125	46.9	56	21	2	0.75	266	100

Sources: Field survey, 2015

Based on the above Table 4.11 majority of the respondents 125(46.9%) of them agreed on the extent of leaders role towards change in the ministry is good, while 48(18%) were Said very good, 37(13.9%) agreed on the leaders positive role in the ministry is excellent, while 56(21%) of the respondents forwarded fair and the rest 2(0.75%) of the respondents Said poor extent of leaders towards change. This implies in Federal Ministry of Health the extent of leaders in playing their role towards change is in a good manner which is important for the successful implementation of management tools. Here leaders are one of the responsibility agents to bring about change in any organization, better management and creative environment for the effectiveness and efficiency of their organization in general and for the betterment of each and every individual in the organization in particular.

4.9 Change management and organization performance in pre- post case

As it is well known BPR is achieving dramatic performance improvements through radical change in organizational processes, rearchitecting of business and management processes. It involves the redrawing of organizational boundaries, the reconsideration of jobs, tasks, and skills. The federal ministry of health has been implemented BPR before strategic planning and BSC to its system and has made a significant improvement on its overall institutional functionality.

There is a critic that reengineering in ERCA has not lived up to its expectations. The most frequent critic against BPR implementation of ERCA concerns challenges like insufficient attitudinal change of its members; service delivery lacks transparency; weaknesses in choosing

far sighted leaders (change agents) especially in middle and lower levels of its hierarchy; performance measurement lacks objectivity and so on (Health Sector Reform Directorate, 2009) However, from this study, it is possible to infer that BPR implementation has not brought a radical change in FMOH performance.

In addition, Objective performance measurements are of a vital importance to enable FMOH to know the extent to which it satisfies its customers, to identify its improvements and to base its decisions on facts. This study revealed that there is no strong monitoring and evaluation systems in the ministry before strategic planning and BSC and hence the performance measurement activity is exposed to subjectivity. There is no objective performance measurement in place and performing below standard is prevailing and the overall health status remained relatively poor. Therefore, the ministry began looking for a method to strategically align all of its various tools.

According to Funck (2009) as cited in Kollberg and Elg (2010) BSC primarily serves as a system to improve health care quality and support long-term survival and aims to monitor organisational outcomes and correct faults from standards of performance and thereby ensure the achievement of organisational strategies and goals, to define, communicate, and reinforce basic values, purpose, and direction for the organisation in order to encourage opportunity seeking behaviour.

After implementing strategic planning and BSC the ministry had shown improvement in identifying strengths and weaknesses in the capacity of health staff, provides information to help address the gaps, helps the ministry for efficient and effective utilization resources and created better customer services, Increased focus on strategy and results instead of tasks, Break down communication silos between directorate, Better understand and react to customer needs. Improve organizational performance by measuring what matters, made leaders to make decisions based on leading performance indicators instead of lagging financial data and leaders and employees prioritize the work they do. Above all the ministry benefited from implementing strategic planning and BSC than the management tool implemented before.

Chapter Five

Summary, Conclusions and Recommendations

5.1 Introduction

This chapter presents summary of findings, conclusions and recommendations that the researcher found to be fundamental in relation to the implementation of strategic planning and balanced scored card in pre and post cases at Ethiopian Federal Ministry of Health.

5.2 Summary of Findings

From the study it is revealed that Federal Ministry of Health has a vision of making the health sector healthy, productive and prosperous while the mission of the ministry aimed to reduce morbidity, mortality and disability and improve the health status of the Ethiopian people through providing a comprehensive package of promotive, preventive, curative, rehabilitative and regulating health services via a decentralized and democratized health system in collaboration with stakeholders.

The study established out of 266 respondents most of the respondents are females and majority of the respondents are adults. Additionally respondents educational background reveal that majority of them are educated and have better experiences in the ministry.

Majority 240(90.2%) of the respondents replied that the ministry implemented business processing reengineering following 16(6%) of respondents who said that result oriented program appraisal .The study shows that the ministry has introduced BPR to its system in order to utilize it as an enabling management tool for transformation and in order to tackle the problems and to make the health sector progress efficiency and effectiveness. The reason for changing the management tools implemented in the ministry the study forwarded the ministry faced problems related with mortality and morbidity and the overall health status remained relatively poor and the ministry began looking for a methods to strategically align all of its various tools. Additionally 64.7% of respondents agreed that BPR helped the ministry to improved its work environment while 32.7% of the respondents replied that their work environment has not shown any improvement .The result of the survey shows that 209(78.6%) of the respondents said that there is a problem in improvement process and in work flow while 57(21.4%) of the respondents said that there is no problem.

Regarding employee attitudes for management tool implemented before strategic planning and BSC reveal that employees are more anti-change. Employees fear to implement the tools because of resistance to change. This is because of lack of knowledge which is the result of inadequate training for employee. Regarding the problems before implementing Strategic Planning and BSC 149(56%) of the respondents said "lack of knowledge in strategic planning and BSC" and 34(12.8%) of the respondents said "lack of communication" to be the reasons.

Regarding understanding 70.3% respondents said that they have understanding about Strategic Planning and BSC while 27.8% of the respondents do not have understanding about Strategic Planning and BSC. Out of those respondents who have understanding 56.7% of the respondents are attended training and development, 25.1% attended workshop, 9.9% attended conferences and the rest 8.2% of the respondent taken seminars. In other way 35.7% of respondents have not taken any introduction such as; training, conferences and workshop.

Above fifty percent of the respondents said that the staff are involved in the implementation process of strategic planning and BSC while only insignificant 1.1% forwarded top level managers involved in implementation process. Accordingly the study revealed that internal factor for implementing strategic planning and BSC are the need to improve performance measurement, the need to define and redefine strategic focus, the need to increase efficiency and the need to reduce cost which accounts 40.2%, 36.1%, 17.3% and 6.4% respectively. On the other hand external factors which put pressure in the ministry are government exposure to implement accounts 71%, 15.9% said competition advantages of new opportunities and the rest 13.1percent responded shifting government policy.

From the finding the challenges faced by the ministry in implementing strategic planning and BSC are lack of adequate resources for training and software, staff perceived BSC as mainly a measurement tool and inter departmental synergy problem and extent of staff participation are also the challenges for implementing Strategic Planning and BSC.

The study also found from the interviewees that the main challenges they faced from the implementation of Balance ScoreCard are; cultural barriers, fear of change, limited resources for training, lack of information, lack of measurement for some objectives, lack of clarity, overlap of responsibility, preference to older measurement, organization structure, lack of commitment by staff, mistrust between staff and management, presence of many measures and relying on other section due to interdependence.

Regarding the strategies used to overcome BSC implementation challenges only 3% of respondents said positive responses and majority of them responded negative responses. The strategies used to overcome implementation challenges includes: awarding bonuses, close monitoring through reviews, job rotation and training, bottom upward development of BSC, provision of proper information, provision of guides to solve these challenges, guidance by human resource managers and team building.

The study found that majority of the respondents don't align their personal goal to the balanced scorecard and 90(33.8%) of the respondents aligned their personal goal to the balanced score card. The reason for not aligning their personal goal comes from the failure on the employee side. In line with this the interviewee Said that the staff aligned their personal goal to the balanced score card perspective through cooperation with their own directorate heads.

The study established that the day-to-day activities of the firm are linked to the four performance metric through the key performance contribution framework that are developed at the beginning of the year. The study indicated that each individual is assigned key performance indicators which form part of his/her performance contract with his/her directorate.

The study also found that the key drivers in strategy implementation in four balanced score card perspective are 20.3% forwarded cost reduction, 48.9 % asset utilization, 25.9% health sector improvement and 4.9% said Risk Management for financial perspective. The key drivers in strategy implementation in customer score card perspective are customer satisfaction, customer retention, customer acquisition and customer request. While the main driver for internal business process perspective to be implemented in the ministry are leverage internal synergies and the main driver for learning and growth perspective drives to implement in the ministry are employee capabilities.

The study also found that majority of employees needs change toward strategic planning and BSC and some other do not. Accordingly the study found employees, directorate manger, and top executive and supervisors are responsible to administer and mange change.

5.3 Conclusions

BPR has been used and implemented before strategic planning and BSC as a tool for a comprehensive analysis, redesign and revamping of the health sector. Implementing BPR helped the ministry to improve its work environment but not outstanding.

This survey exposes that in the ministry majority of employees have good understanding about strategic planning and BSC and attended different introduction like training, conferences workshops and seminars. Whereas some of the employees don't have understanding and could not attend introduction because it is time consuming, too costly and Most of the time introduction provided for some particular directorate like for Policy and Planning directorate and health information technology development directorate.

The researcher further conclude that before implementing strategic planning and BSC the ministry was not monitoring and assessing the evaluation of its strategic performance and there were no clear performance measurement. Moreover, the main internal factors for implementing strategic planning and BSC in the ministry are the need to improve performance measurements while the other factors are the needs to define and redefine strategic focus, the need to increase efficiency and the need to reduce cost. The external factors which put pressure in the ministry are mostly government exposure to implement while the other factors are competitive advantages of new opportunities and shifting government policy. Generally, lack of adequate resources for training and software becomes a major challenge in the ministry

The management established the context for strategic planning and balanced scorecard as a means to communicate shared objectives by making the divisions to be able to develop standard templates framework that guides the cascading of the scorecard from tier one corporate strategy to tier two business strategy and finally tier three the functional strategy. The cascading framework has also been enhanced by developing strategy maps for each division. In general implementing strategic planning and BSC have its own contribution for providing services to the customers effectively and efficiently.

It was found that the day-to-day activities of the firm are linked to the four performance metrics through the key performance contribution framework that are developed at the beginning of the year. The study established that each individual is assigned key performance targets which form part of his/her performance contract with his/her department.

Balanced Scorecard as part of Performance Management programme has brought improvements and benefits at Federal Ministry of Health as it serves as a gold standard against which to benchmark long-term goals for diversification, customer satisfaction, employee engagement and corporate social responsibility and it was established that Balanced Scorecard has not only enabled the ministry to align its strategic objectives but also to undertake

measurable performance management initiatives that align people, processes and resources for their most efficient deployment and operational excellence.

5.4 Recommendations

Based on the findings listed, the researcher forwards the following recommendations:

The researcher recommends that employees are the centre of the ministry so that any management tools and performances measurements implemented within the ministry employees should be aware of it. Members of staff should be involved more in the change process particularly in areas that touch their day to day operations like in the case of adopting the balanced scorecard in implementing the corporate strategy if management wishes to achieve maximum response and output. There is a need to develop a continuous training mechanism so that the members of staff are updated regularly on the developments and for the concepts to be meaningful.

The ministry should use BSC and Strategic Planning as a vehicle for communication by cascading it down through the organisation and by defining measures that relate to more detailed activities. So this would make it possible to use the balanced scorecard and strategic planning as a basis for setting personal goals and linking these goals to employees' personal rewards. The researcher recommends full involvement of all employees in goal setting as a critical component of strategic planning and BSC because it allows the employees to identify with the targets to be achieved and subsequently becoming effective. Feedback, learning and growth provide the most innovative and most important aspect of the entire strategic planning and BSC management process. The ministry should become a real learning organisation. Open professional feedback sessions with the employees should be held regularly. Information received through these sittings can result in modifications.

The study also recommends that management should use different methods in solving challenges faced in balanced score card and BSC implementation such as facilitating the accomplishment of BSC goals ,elaborating and expounding key areas of BSC to the staff, supervising the implementation process, making BSC implementation acceptable by inviting contribution ,providing clarification, trouble shooting, drawing of BSC implementation process, assessing achievement of lower level employees, enlightening staff on the importance of strategic planning and BSC in helping fulfil ministry strategies, coordination between top management and low level management and acting as source of information.

In order to address the challenges on implementation of strategic planning and balanced scorecard management strategies which should be used these management strategies include; awarding bonuses, offering performance pegged rewards, close monitoring through reviews, staff involvement in crafting some of the targets, job rotation and training, bottom upward development of BSC, provision of proper information, provision of guides to solve these challenges, guidance by human resource managers and team building.

The BSC offers a perspective on how to link the various key indicators on performance targets altogether. The management can validate the balanced scorecard as tool for measuring the performance of its activities and that of its employees. There will be need however to ensure effective follow up and review of the deliverables to ensure that all staff are comfortable that the tool measures their performance effectively. It would also be of interest to the ministry to look into the relationship between education level and response to strategic planning and BSC as well as the related response to it either negative or positive.

Generally the ministry should make deep investigation in implementing any management tools. Taking one or more countries as a references is not enough rather it is better to see or analyse the environment in which the ministry is working.

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APPENDICES

Addis Ababa University
School of Graduate Studies
Faculty of Business and Economics
Department of Public Administration and Development Management

Appendix I

Questionnaire to be filled by employees of Federal ministry of health

Dear sir /madam

I am a student at Addis Ababa University pursuing studies in Masters of Public Management and Policy (specialization in development management). The purpose of this questionnaire is to collect data for a research paper entitled ‘‘comparative study of strategic planning and BSC implementation, Pre and post case study at federal ministry of health’’. This is purely an academic work. The questionnaire is intended to get the information on strategic planning and BSC implementation. Thus your reply will have a real contribution to the accuracy and usefulness of the study. Therefore, I kindly request your cooperation in filling up the questionnaire. All the data gathered will be kept confidential.

Thank you in advance

Fetiya Ahmed

Instructions

1. Please, answer all questions,
2. For the multiple questions, encircle your answer
3. For the open questions, write your answers in the space provided.

General information

1. Sex
A/ Male B/Female
2. Age A. 18-25 B. 26-45 C. Above 45
3. Educational Background:
A. Certificate B. Diploma
C. First Degree D. Second degree E. Above

4. In which directorate do you serve _____
5. Work experience in the organization
A. 0- 5 years B. 6-10 years C. 11-15 years D. Above 15 years

Management tools before implementation of strategic planning and BSC

6. What management tools have been implemented within the ministry before strategic Planning and BSC.
A. Results Oriented Program Appraisal(ROPA)
B. Business-Process Reengineering (BPR)
C. Marginal Budgeting for Bottleneck (MBB)
D. If any _____
7. Does the management tool implemented help federal ministry of health to improve its working environment?
A. Yes B. No C. I don't know
8. Do you think there were a problem in improvement process and workflows by the implemented management tool?
A. Yes B. No C I don't know
9. What problem do you observe before implementing strategic planning and BSC?
A. Lack of communication
B. No knowledge of strategic planning
C. Unclear performance measurement
D. In any _____
10. Generally how do you evaluate the tools that have been implemented within the ministry before strategic planning and BSC

Awareness of members of FMOH about strategic planning and BSC

11. Do you have clear understanding about strategic planning and BSC implementation?
A. Yes B. No C. No answer
12. Have you got any introduction to the concept of strategic planning and BSC before?
A. Yes B. No

13. If your answer for question number 7 above is yes, how did you get aware to it?

- A. Seminars
- B. Workshops
- C. Conferences
- D. Training and development

Other _____

14. If your answer to question number 13 is No is there any reason behind

15. What do you think of the level of understanding of employees and management of Federal Ministry of Health about strategic planning and BSC implementation?

- A. Very high
- B. Fairly high
- C. Medium
- D. Low
- E very low

16. Please explain how the management has built understanding and acceptance of strategic planning and balanced scorecard amongst its employees?

Strategic planning and balanced score card implementation process

17. Who is involved in the implementation of strategic planning and BSC at Federal Ministry of Health?

- A. Directorate heads
- B. Senior Officer
- C. Support staff
- D. Junior Officer
- E. Top level mangers

18. Which of the following internal factors exerted pressure on the FMOH to implement strategic planning and BSC? (Note: more than one responses is possible and in that case give 1st,2nd,3rd,4th choices).

- A. The need to improve performance measurement
- B. The need to increase efficiency
- C. The need to reduce cost
- D. The need to define and redefine strategic focus
- E. Any _____

19. Which of the following external factors put pressure on the FMOH to implement strategic planning and BSC? (Note: more than one responses is possible)

- A. Government exposure to implement
- B. Competition Advantage of new opportunities
- C. Shifting government policy
- D. Others (please specify)_ _____

20. Do you think that strategic planning and BSC lead to efficiency and effectiveness?
A. Yes B. No
21. Does strategic planning and BSC essentially help to provide better customer service?
A. Yes B. No C. No answer
22. If your answer is yes please explain in what way

23. How has the management established the context for strategic planning and balanced scorecard as a means to communicate shared objectives?

Challenges of implementing strategic planning and balanced scorecard

24. What are the main challenges faced in the implementation of the balanced scorecard and strategic planning at federal ministry of health? (Note: more than one responses is possible and in that case give 1st, 2nd, 3rd, 4th choices).
- A. Internal resistance to the process
 - B. Adequate resources for the training and software
 - C. staff perceived BSC as mainly a measurement tool
 - D. Inter departmental synergy problems
 - E. Extent of staff participation
25. Based on the above question evaluate to what extent they have affected the ministry.
A. Extremely high B. High C. Moderate D. Low E. Extremely low
26. Is there any strategies that the top level management use in order to overcome the BSC implementation challenges?
A. Yes B. No C. Don't know

27. If your answer is yes please explain those strategies used

28. What are the possible solutions to the major implementation challenges facing Federal Ministry of Health

Identification of drivers

29. Do you think the staff aligned their personal goals to the balanced scorecard perspectives?
A. Yes B. No C. Don't know
30. If your answer for question 9 is yes is there any reason why the staff doesn't aligned their personal goals

31. If you answer for question 29 is yes how have you adapted to respective perspective drivers in your areas of responsibility?
-
32. From Financial scorecard perspective , please identify the key drivers in strategy implementation in your division (you can select more than one)
- A. Cost reduction
 - B. Asset utilization
 - C. Health sector improvement
 - D. Risk Management
 - E. If other please specify _____
33. From Customer scorecard perspective , please identify the key drivers in strategy implementation in your division (you can select more than one and give preference: 1st, 2nd, 3rd & 4th)
- A. Customer retention
 - B. Customer acquisition
 - C. Customer satisfaction
 - D. Rapid response to customer request
 - E. If other please specify _____
34. From Internal business process scorecard perspective , please identify the key drivers in strategy implementation in your division (you can select more than one and give preference: 1st, 2nd, 3rd & 4th)
- A. Innovation process
 - B. Fosters creativity and innovation
 - C. Leverage internal synergies
 - D. Business process reengineering
 - E. if other please specify _____
35. From Learning and growth scorecard perspective , please identify the key drivers in strategy implementation in your division (you can select more than one and give 1st, 2nd, 3rd & 4th preference)
- A. Strategic placement of human capacity
 - B. Employee capabilities
 - C. Motivation
 - D. Enhance reward and performance
 - E. If other please specify _____

The commitment of management towards strategic planning and BSC

36. How would you rate employee's attitude towards strategic planning and BSC change?
- A. Need change
 - B. Anti-change
 - C. Indifferent

37. Who do you think primarily responsible to administer and manage change within the ministry?
- A. Top executive
 - B. Supervisory
 - C. Employees
 - D. Directorate manager
 - E. All are responsible
38. How do you evaluate the extent of leader's positive roles towards change in your work environment
- A. Excellent
 - B. Very good
 - C. Good
 - D. Fair
 - E. Poor

Appendix II Interview questions

1. What management tools have been implemented before strategic planning and BSC
2. How was the employee attitude for the management tools that has been implemented?
3. What are the factors for the managers to change the managements tools that have been implemented within the ministry
4. How do you rate the management tools that have been implemented before strategic planning and BSC in changing the overall working condition and in cascading the ministry mission and vision.
5. How the management has built the understanding and acceptance of strategic planning and balanced scorecard amongst its employees?
6. What are the obstacles in the implementation of strategic planning and BSC in the ministry?
7. What strategies does the management use in order to overcome strategy planning and BSC implementation challenges?
8. How have employees adapted to respective perspective drivers in their areas of responsibility?
9. How are the various measures of the balanced scorecard communicated to the employees at lower level?
10. How their performance is measured in related to the balanced scorecard?
11. To what extent has the adoption of strategic planning and balanced scorecard improved the organizations performance management?
12. How do you evaluate over all changes before and after implementing strategic planning and BSC.

Appendix III Focus group discussion

1. Why the ministry need to change the management tools that have been implemented?
2. Which condition have been fulfilled to implement strategic planning and BSC?
3. To what extent does federal ministry of health fulfil these conditions?
4. How BSC and strategic planning being implemented and what challenge do you face in implementing?
5. What are the key factors in the successful implementation of BSC?
6. What improvements can be recommended concerning the implementation process?
7. Have all the employee been informed and get enough knowledge regarding to BSC and strategic planning? Please explain how?
8. How the day to day activities of the employee especially in providing services are linked to the four performance metrics of the balanced scorecard i.e. financial, internal processes, customers and leaning and growth?
9. To what extent the balanced scorecard and strategic planning has enhanced customer satisfaction in the provision of the services in the ministry
10. How do you evaluate the management tools that have been implemented before and after