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ADDIS ABABA UNIVERSITY FACULTY OF BUSINESS & ECONOMICS
DEPARTMENT OF PUBLIC ADMINISTRATION AND MANAGEMENT MASTERS IN
PUBLIC MANAGEMENT & POLICY IN DEVELOPMENT STREAM

THE ASSESSMENT OF ACHIEVEMENT AND CHALLENGES OF BSC IMPLEMENTATION IN
THE PUBLIC SECTOR :THE CASE OF ADDIS ABABA GULELE AND ARADA SUB-CITIES
TRADE AND INDUSTRY DEVELOPMENT OFFICE

BY:-MAMUSHET W/AMANUEL

ADVISOR: - Dr .DEGEFA DURESSA

MARCH, 2015

Declaration
Statement of Declaration

I, Mamushet W/ AmanuelBiru, have carried out independently a research work on–The assessment of Achievement and Challenges of BSC Implementation in the Public sector of Addis Ababa City Administration the case of Gulele and Arada Sub-cities Trade and Industry Development Office”in partial fulfilments of the requirement ofthe M.A. program in public management and Policy in Development Stream with the guidance and supportof the research supervisor.This study is my original work and that has not been presented for any degreeor diploma program in this or any other university/institutions, and that allsource of materials used for the thesis have been duly acknowledged.

Declared by: Mamushet W/ AmanuelBiru

Signature: _____

Date: _____

Confirmed by Advisor:

Name: Dr.DegefaDuressa

Signature: _____

Date: _____

Place and date of submission: _____

Addis Ababa University

School of Graduate Studies

This is to certify that the thesis prepared by Mamushet W/ Amanuel entitled –The assessment of Achievement and Challenges of BSC Implementation in the Public sector of Addis Ababa City Administration the case of Gulele and Arada Sub-cities Trade and Industry Development Office and submitted in partial fulfilment of the requirements for the Degree of Master of Art (public management and Policy in Development Stream)complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Signed by the examining committee:

Examiner Dr. Jemal Abagissa

Signature _____ Date _____

Examiner Abeba Beyene

Signature _____ Date _____

Advisor Dr. Degefa Duressa

Signature _____ Date _____

Chair of Department or Graduate Program Coordinator

March , 2015

1. Dedication

This research work is dedicated to my beloved father, Ato Woldeamanuel Birru my brothers , Gashaw , Solomon , Fisseha and my sisters Elfinesh , Etenesh, Aynalem & Etagegne.

Acknowledgement

First and always, Glory is to God, through whom all things are possible special thanks to my families for loving and supporting me that I truly can do anything to put my mind. In addition thanks for those friends who help me by typing this research paper with computer. The researcher would also like to express his deepest thanks to those interviewee & respondents of the questionnaire from the selected sub-cities and woredas for providing me all relevant information. My profound gratitude goes to my advisor Dr. Degefa Duressa for his stimulating guide and patience from the beginning to the completion of this research paper.

| List of Tables | page |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Table 1:Key Questions from Four Perspectives..... | 37 |
| Table 2: Responses to Questions Related to the Respondents Educational Background and Career Position | 49 |
| Table 3list of field of study and Level of Education in the TIDO..... | 50 |
| Table 4. Awareness of the respondents on BSC..... | .52 |
| Table. 5. Attitude of the respondents towards BSC as performance measuring tool... .. | 53 |
| Table. 6. Implementation of BSC in the study area..... | .55 |
| Table. 7. Challenges of BSC implementation in the study area | .56 |
| Table. 8. Knowledge of the respondents on the use of BSC..... | .57 |
| Table.9.Commitment of the leaders and availability of the policies and procedures towards to the implementation of BSC in the study area..... | 58 |
| Table 10.The department , position of the interviewed participants in TIDO..... | 60 |

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2. List of figure | page |
| Figure 1: Managing Strategy: Four Processes . Source: (Kaplan, 1996, Pp: 4)..... | 17 |
| Figure 2. The public sector scorecards source: (Sheffield Hallam University, 2008 as citedinkamran 2009 pp3) | 27 |
| Figure 3. Perspectives of Balanced Scorecard Source - The four perspectives (Northumbria University, 2008 as citedinkamran 2009 pp‘6 | 30 |
| Figure. 4. The Arada sub-city Trade and Industry Development Office sample Photo of the core process owner | 48 |

Abbreviations

| | |
|--------|-------------------------------------------|
| BPR | Business process reengineering |
| BSC | Balanced score card |
| CFO | Chief Financial officer |
| DEA | Data Evolvment Analysis |
| DMU | Decision making unit |
| FMOH | Federal Ministry of Health |
| HEIs | Higher Education Institutions |
| ISO | International standard organization |
| LGOs | Local Governments |
| NPSEs | Nonprofits and public sector enter prizes |
| OFSTED | Offices for standards in education |
| PMS | Performance measurement system |
| PRP | Performance related pay |
| PSS | public sector score card |
| ROA | Return on Asset |
| ROI | Return on Investment |
| ROS | Return on sales |
| TIDOs | Trade and Industry Development office |
| TQM | Total Quality Management |
| UK | United Kingdom |
| US | United States |

Abstract

The objective of the study was to assess the achievement and challenges of Balanced Scorecard implementation in Addis Ababa city Administration Trade and Industry Development Bureau of Guelele and Arada Sub-Cities offices. Both qualitative and quantitative methods of data were used and sixty respondents participated in the study. The respondents were selected using purposive sampling method from the population of one hundred. The study was carried out from March, 2014 – March, 2015. The study result shows that there were thirty (50%) of the respondent replied that BSC provides benefit for Work organization. It uses as the cornerstone of an organization's management system since it helps to align and support key processes, including clarification of strategy, communication of strategy, alignment of multiple objectives, alignment of strategic initiatives, and linking of strategic objectives to long-term goals. Seventy (70%) of the respondent responded that there was still a challenge in the process of achieving to globalization, electronic commerce, diversification of the workforce, the learning organization rapid technological advances, governmental regulations, and increasing competitive forces in the environment. Therefore, this shows that BSC in the studied organization is in infant or emerging stage. The practical experience of Addis Ababa city capacity building Bureau were setting the evaluation criteria the same to all sector offices and cascade BSC document to the sub-cities, sub-cities cascade to woreda without making any adjustment or amendment on the cascaded work evaluation criteria. In this study the researcher recommended that to bring one self into the line of global competition and to improve work efficiency and effectiveness the Addis Ababa Trade and Industry Development Bureau should give intensive training and continuous follow up to their employees before cascading the Balanced Scorecard.

Table of content

| Contents | page |
|--------------------------------------------------------------------------------------------------------|------|
| Declaration..... | |
| Dedication..... | |
| Acknowledgement..... | 1 |
| List of Tables | 2 |
| List of figure | 3 |
| Abbreviations..... | 4 |
| Abstract | 5 |
| Chapter One: Introduction..... | 8 |
| 1.1. Background of the study | 8 |
| 1.2. Statement of the problem | 15 |
| 1.3. The Research questions | 17 |
| 1.4. Objectives of the study | 18 |
| 1.4.1. General objective..... | 18 |
| 1.4.2. Specific Objectives..... | 18 |
| 1.5. Significance of the study..... | 18 |
| 1.6. Scope and Limitation of the study..... | 19 |
| 1.7. Organization of the Study | 19 |
| Chapter Two: Literature Review..... | 21 |
| 2.1. General literature..... | 21 |
| 2.1.1. What is balanced Scorecard? | 21 |
| 2.1.2. Balanced Scorecard as Strategic Management tool..... | 22 |
| 2.1.3. BSC as a tool for performance measurement in Public Sector | 25 |
| 2.1.4. Evolution of Balanced Scorecard and Historical nature BSC in public sector | 26 |
| 2.1.5. Characteristics Unique to the Public Sector that impact on the implementation of scorecard..... | 31 |
| 2.1.6. Use of the Balanced Scorecard..... | 34 |
| 2.1.7. Perspectives of balanced scorecard | 36 |
| 2.2. Empirical Literature..... | 45 |
| 2.2.1. Problems Associated with Measuring Government Performance | 48 |
| 2.2.2. Challenges in implementing Balanced Scorecard | 50 |

| | |
|-------------------------------------------------------------------------------------------------------------------------------|----|
| Chapter Three: Research Methodology | 53 |
| 3.1. The study area..... | 53 |
| 3.3. Sampling Technique | 53 |
| 3.3.1. Sample size of the study | 54 |
| 3.3.2.Data source and collection Technique | 54 |
| 3.6.Ethical Clearance..... | 55 |
| Chapter FourData Analysis and Interpretation | 56 |
| 4.2. Summary of the Interview Results | 66 |
| 4.3.The responses given by the two sub-cities and six selected woredas for the Narrative Questions are mentioned below: | 73 |
| 4.4.Findings/Discussion..... | 76 |
| Chapter Five: Conclusion and Recommendations..... | 78 |
| 5.1. Conclusion..... | 78 |
| 5.2. Recommendation | 81 |
| Bibliography | |
| Appendix | |

Chapter One: Introduction

1.1. Background of the study

The Balanced Scorecard (BSC) is a management system that enables organizations to clarify their vision and strategy and translate them into action. When fully deployed, the Balanced Scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise (Virtanen 2009). Niven (2003) also describes a BSC as a carefully selected set of quantifiable measures derived from an organization's strategy. Thus, Strategy is an integral element of a BSC framework which suggests that the foundation of measuring organizational performance should be derived from its vision and strategy (Niven 2003). The BSC has the goal of providing management with a framework, a way to translate the goals of the organization as well as the company's vision into a comprehensible set of performance enhancing measures (Kristin et.al, 2009).

According to Niven(2006), 60% of the fortune 1000 companies are either implementing or attempting to implement the BSC. Further, a study conducted by Bein& Co (2009) States that about 49% of organization in North America, 54% in Europe, 52% in Asia, and 56% in Latin America use the BSC. Due to its wide acceptance and effectiveness the BSC was proclaimed one of the 75 most influential ideas of the twentieth century by The Harvard Business Review (Niven 2005, 2006 as cited in Pujas 2010).

Evidence suggests, for example, that by 2001 the balanced scorecard had been adopted by 44% of organisations worldwide (57% in the UK, 46% in the US and 26% in Germany and Austria). And more recent data suggests that 85% of organisations will have performance measurement system initiatives underway by the end of 2004 (Rigby, 2001; Silk, 1998; Williams, 2001; Speckbacher et al, 2003, Marr et al, 2004). However, cautionary evidence from three Austrian academics reported that 8% of 174 companies from German speaking countries decided not to implement a performance measurement system (and a balanced scorecard in particular) because they could not see advantages or 'positive impact', especially given the implementation effort required (Speckbacher et al, 2003 as cited in Neely 2004).

According to Beiman (2007) one of the challenges facing implementation of balanced scorecard in China is that the management environment in China differs from that of Western countries. From the Chinese experiences, there has to be a comprehensive approach to implementation of balance scorecard than how it has been done in western countries. In addition, research evidence shows that most companies in China have not carried out comprehensive analysis of their

business before implementing balanced scorecard and hence some may not realize the effectiveness of the tool (Yannan-Wang, 2008: 15; Tuan, 2010: 95).

The Balanced Scorecard was first introduced to the academic world through the Harvard Business Review in 1992, by Robert Kaplan and David Norton. The idea of the BSC was born due to the perceived lack of performance measurements that managed to include the whole picture of the company, from operational performance to financial performance. Up to then performance measurements had either been operational or financial and never the two combined. The BSC was introduced as a way to present “a set of measures that gives top managers a fast but comprehensive view of the business” (Kaplan & Norton, 1992, pp 71). Niven introduce the origin of performance measurement tool which were written by recently pioneer’s by Robert Kaplan and David Norton developed the Balanced Scorecard, the former was a professor of an accounting at Harvard university and the later was a consultant from the Boston area made a research in 1990. The dynamism for the study was a growing belief that ineffective financial measure of performance were affecting their ability to create value. Kaplan and Norton labelled the new tool the Balanced Scorecard and later summarized the concept in the first of several Harvard Business Review articles, “The Balanced Scorecard—Measures that Derived Performance” (Niven , 2006).

According to Kaplan and Norton, “over the last 20 years, the balanced scorecard (BSC) has become one of the most popular management practices among both public and private organizations” (Kaplan& Norton, 1992 ; Kaplan, 2012). Kaplan and Norton (1996) also derived the term “balance” out of the fact that the measures of performance represent a balance between external measures of shareholders and customers and internal measures of critical business processes, innovation, learning and growth (Olive et al., 2003 as cited in Pujas 2010).

The Balanced Scorecard which is introduced by Kaplan and Norton (1992) was based upon the cause-and-effect relationships of the financial and non-financial measures derived from the organization’s strategy. These developed strategies leads the Balanced Scorecard to provide the management system for companies in order to invest in the long term-in customers, in employees, in new product development, and in systems rather than managing the bottom line to pump up short - terms earnings (Kaplan and Norton 1992).

Niven (2006) also introduce the Balanced Scorecard as the last portion in the puzzle of using the Balanced Scorecard as a measurement system is the development and prioritization of initiatives. Initiatives are the specific programs, activities, projects, or actions will help us achieving the desired targets. The target is “end in mind” for the performance measure, and to get there, there is a need to determine what investments must make in initiatives to guarantee a positive outcome (Niven 2006).

Public authorities have paid more attention to the objectives of efficiency, effectiveness and economy. As a consequence of that, a growing number of public sector organizations, worldwide, are adopting the BSC for performance management. (Bocci, 2005; Farneti, 2007; Bianchi and Montemaggiore, 2008; Farneti and Guthrie, 2008; Farneti, 2009). Private sector and government sector organizations organize functions differently, because their budgeting processes, regulatory and accountability regimes are different (Dixon, Kouzmin and Korac-Kakabadse, 1998). Consequently, priority objective would have been different too as the “financial” perspective which is understandably the most important aspect of a profit oriented organisation but cannot be a bottom-line objective for government organisations and it rather may provide a constraint by limiting spending to budgeted amounts (Kaplan & Norton 1996: pp.179-80). In the late 19th and early 20th many academics and consultants became concerned that too much emphasis was being put on financial and accounting measures of performance. This is also true in our country non profit sector institute especially in the public sector organization implementation of BSC. Commonly, public organizations set goals which are based on non-financial performance measures. Financial measures such as returns and marginal utility are supplemented by non-financial measures such as customer satisfaction and advanced services. That is typical in the non profit organization and the Public Sector. Therefore, the BSC create a balance between these dimensions (Chang & Wu, 2012 as cited in Tikhonova 2013 p17).

Estis also suggest that the change between public sector and private sector reflects the fact that a public agency’s mission is often unrelated to financial success or meeting customer needs as it is the case with private organizations (Estis 1998). This might answer to what purpose and function the BSC became established. The purpose and function of Public sector organization, unlike private organizations, governments do not receive regular and clear signals from their customers through market mechanisms. Governments receive signals from the market, but few of the signals are as immediate and clear as, for example, customers deciding to purchase a competitor’s product. In the private sector, a change in consumer demand can reveal itself in the second quarter sales report. For governments, market signals exist, but they are slight, and come infrequently. However; most of the government shows their initiatives adopting BSC as measurement too (Estis, 1998).

According to Boyne (2002), public and private organizations differ in a variety of important aspect, and these differences often act as barriers to the transfer of management techniques from the private to the public one. In fact, many of the problems and difficulties associated with public sector measurement arise from frameworks imported from the private sectors. Gooijer (2000) as well as Radnor and McGuire (2004) or Moullin (2004) have confirmed this fact in their study showing that most performance measurement solutions originate from profit generating commercial organizations, and as such have limited application to public sector management. Bolton (2003) has also stressed that the performance measurement frameworks adopted in public organizations are often derived

from the private sector, thus implementing difficultly within a (Nörreklitt, 2000, Voelpel et al 2006). The work with non-financial measures is not relatively new and was already used by companies, for instance General Electric's in the 1950's (Nörreklit, 2000). However, scholar Odeta (2010) has also introduces the Balanced Scorecard as a holistic model that can be used at various levels across the organization, service, team or group. It is used to manage strategy by linking objectives to initiatives, targets and measures across a range of corporate perspectives (Odeta , 2010).

An effective balanced scorecard should have a mix of both outcome measures and performance drivers. Outcome measures without performance drivers do not communicate how the outcomes are to be achieved. Conversely, performance drivers without outcome measures may result in local improvements for the business unit, but are not likely to result in expanded or enhanced financial performance for the organization as a whole (Nauta , 2000). Currently, the Balanced Scorecard provides a new way to manage more of a company's resources than just the financial, by offering a widened scope for essential management activities and processes for future competitiveness. In some ways, the term balanced scorecard is misleading because there are two distinct elements to the process and the scorecard itself is only one of these. Firstly, there is the overall purpose and Ethos of the organisation (statements of vision, mission and values) that informs the set of strategic objectives from which a strategy map is formed. Secondly, the scorecard is the outworking of this process into a dashboard of measures and a more detailed action plan that can be monitored and reviewed at regular intervals (O'Rawe 2011 p3).

Through time the use of BSC is known all over the world and then the concept became adopted and accepted by public sector organization. Therefore, the practitioner transfers the BSC for –profit to nonprofits. The transition of a balanced scorecard concept from for-profit to nonprofits organizations is not direct. The basic ideas behind creating a balanced scorecard are as valid for nonprofits as they are for corporate businesses, but the implementation of this idea needs to be modified a bit to make it work effectively in the non profit world (Gustafsson et al , 2009).

Unfortunately, most of the Studies on BSC adoption have focused only on adoption at the organizational level ignoring to examine the motive behind using the system by the individual end users that even though managers are to blame for poor organizational performance (Pujas 2010).

According to Kaplan, the typical not-for-profit has had difficulty placing the financial perspective at the top of the Balanced Scorecard. He suggests that the not-for-profits consider placing a mission objective at the top of their scorecard as the mission represents the accountability between the not-for-profit and society. He also suggests that the not-for-profits expand the definition of who their customer is. As noted by Kaplan, a growing number of not-for-profits have begun using the Balanced Scorecard model (Kristin 2009).

The Scorecard has been used successfully by Public, private and not for-profit organizations to realize and integrate the strategic contribution of all relevant organ value drives for two key reasons. First, it helps to ensure consistency and alignment between the non financial & the financial measures, second, it helps to identify and measure the specific value drivers that underpin performance. This allows managers to test their hypothesis on what is driving organ outcomes. The scorecard translates vision and strategy in to four national quadrants: Financial Customer, Internal business process, and Organizational Learning& growth. (Kaplan & Norton 2010).

Niven's(2008) provides a clear and informative description of the balanced scorecard approach to performance planning and measurement and presents easy-to-follow steps for designing and implementing performance systems to monitor and evaluate the impact of nonprofits and public sector programs. The perspective Kaplan and Norton stress moves from an emphasis on tangible assets to an emphasis on intangible assets. They asserted that intangible assets became the major source of competitive management by the end of the twentieth century (Martello 2008).

A prerequisite for implementing a Balanced Scorecard is a clear understanding of the organizations vision and strategy. The basis for the vision and the strategy should be the holistic view and the information the management receives during systematic strategy work (Virtanen 2009).

Niven (2003) explain the final, and most critical, decision that must be made prior to developing a Balanced Scorecard is the decision to devote the necessary support and resources to the project. Obtaining executive level support and dedication from the purchasing department employees must be in place prior to a commitment being made to implement the new program. Before the support from all levels can be achieved, the department must communicate the amount of resources, both monetary and human, that will be required to successfully implement the Balanced Scorecard program (Niven 2003 as cited in Aslani 2009).

The Ethiopia government has adopted some sort of performance measurement initiatives to enhance its services and promote transparent and accountable government. However, implementations and practice of performance measurement has been recognized as much less as comprehensive. In our country Ethiopia there were many BSC research carried out but only few were publicized. Therefore, the researcher would provide those organizations which implementand publicized BSC.

According to the experience of St. Paul Hospital which currently called Saint Paul Hospital Millennium Medial College, it experienced some general progress; specific areas of improvement were not strategically identified, measured and supported by evidence. The management team spent most ~~Before~~ the training course, you just came to work every day and then you left. You didn't get to see the bigger picture. We weren't working for a larger goal rather we were just putting in the hours". Dr. Lina Mohammed, Emergency Department Specialist, St. Paul Hospital, Ethiopia of its

time solving operational issues instead of strategic ones. The leadership team similarly had limited capacity to communicate the strategic vision and performance goals. Consequently, the staff at St. Paul did not fully own the vision and goals for the organization and were not working together as one team to meet the organization's broader objectives.

Recent practices tell us that the Ethiopian Government has launched a massive civil service reform program throughout the country as of 2002; all public institutions are compelled to re-engineer their services to become responsive, efficient and effective of their performance. The Ethiopian Government has given high emphasis and dedication towards institutional excellence, For instance, a new proclamation has issued for higher education institutions in 2009. The implementation of Balanced Scorecard in higher education, as a corollary to BPR, has been a target of interest in recent years. However, there is still a big challenge in creating a comprehensive BSC framework that truly reflects all the indicators for measuring the performance of Higher Education Institutions (HEIs). This happens to be particularly the case in HEIs presently operating in Ethiopia (Tilaye ,2010).

The recent study conducted by Richard has stated that BSC is a contemporary measurement tool most of the people do not understand and not willing to understand, this leads them as a change resistant and usually common to developing countries than developed countries. It is also important to remember that Vision and strategy come from good leadership. Leaders are at their best when they harness the wisdom of the organisation to formulate a compelling vision and winning strategy. It doesn't work the other way round – the balanced scorecard works best when it is championed by leaders (O'Rawe 2011).

In this study the researcher mentioned the practice made in the implementation of Balanced Scorecard (BSC) in some of the public sector in Ethiopia. The Federal Ministry of Health (FMOH) was one of the public sectors that adopted BSC. Health Sector of Ethiopia recognizes the importance of this tool; the FMOH Minister Tedros applied the BSC approach as he was Director of the Tigray Regional Health Bureau. The Federal Ministry of Health (FMOH) was convinced that with adequate adaptation of BSC. Thus in the observation of FMOH BSC approach could deliver significantly improved performance throughout the health system. In 2007 the FMOH became the first Ministry in the Government of Ethiopia (GoE) to apply the BSC approach, although it is the intent of the Ministry of Capacity Building that the BSC approach be used government-wide (Hapkins2010). Balanced Scorecard (BSC) also adopted in Ethiopian Higher Education Institutions: A number of strategic objectives and measurement metrics have been forwarded under each perspective in line with the HEI's mission.

The researcher expects that such BSC framework will arise a great deal of interest in opening discussions and debates among academics, HEIs officials, policy makers, reform consultants and

others in a way they serve as a good ground for developing common understanding and outlining a skeleton of academic scorecard to be standardized for more or less uniform application in the Ethiopian HEIs. (Tilaye , 2010).

1.2. Statement of the problem

Practical recent evidence suggests that public sector use of the BSC has met with varying degree of success (Niven, 2005, 2006). Wilson also described to make BSC as a successful implementation tool ,the strategic management process has been developed and utilized successfully by many business corporations as well as government organizations and non- profit institutions. Nonetheless; due to the rapidly change of occurring in the environment of most organizations, the strategic management process is frequently criticized by academic as well as practitioners (Wilson 2003).

Public sector need to develop strategic management tools if they are to turn strategy in to action. The balanced scorecard is quite a significant tool which can provide the basic for developing a self sustainable system if imposed towards addressing this issue. This can be achieved by adopting the key performance indicators of BSC which would allow the public sector to develop and allocate resources in a strategically coherent manner. In turn, this can be translated into effective re-organization of such operational matters as daily staff tasks (FaridHasnu ,2013).

According to Kaplan & Norton, employees could hear the words of the new mission, vision, and strategic statements, but they did not understand what the words meant to them. Kaplan (1999) also acknowledges the difficulties to measure performance in the public sector. Due to the non-financial nature of many of its objectives, he suggests the BSC as a performance Measurement System (PMS). However, public organizations seem to struggle more than private ones in implementing the BSC (lueg&Carvalho e Silva 2013).

Micheli and Kennerley (2005) have commented that still only few attempts have been made to provide public and non-profit organizations with a framework in order to monitor and enhance their performance. Moreover, many studies stressed the problematic nature of public sector performance measurement, notwithstanding the exponential growth of interest that performance measurement has registered in recent years (Moullin, 2004; Neely, 2005). As far as the Italian context is concerned, it is characterized by the scarcity of resources and a rising demand of services for citizens and the community. Thus, the adoption of efficient strategies allowing the realization of the public administration objectives and simultaneously the transparency of the results are becoming of fundamental importance for the public sector's organizations. In such a context, performance measurement is acquiring a leading role (Sole and Schiuma, 2010 as cited inBigliardi ,Dormio and Galati 2011).

Another problem that frequently makes the organization to failure of implementing BSC is jumping into a measurement program too fast and making the program too complicated. Deriving meaningful measurements, gathering reliable data, developing useful analytical techniques, and educating

managers about how to use the data are all difficult steps. Doing all this at one time with a bucket full of 50 different measures is doomed to failure (Zimmerman, 2004).

Companies and public-sector and non-profit organizations generally responded to the challenge by formulating new strategies and rededicating themselves-through inspirational new mission and vision statements to deliver increased value to their customer segments and constitutions. The deep problem that virtually all organizations encountered, however; was their inability to execute successfully on their new strategies.

Since 1997 Ethiopian government has been pushing for public sector reforms. The Civil Service Reform Programs (CSRP), as one of the National Capacity Building Program, was initiated in 1997 in response to weaknesses in the administrative system, challenges encountered in the public service delivery system and in general with the objective of revitalizing the overall development of the country as a whole. It is a large national undertaking in terms of both the human resources and financial commitment. It also aims at introducing new and improved legislations, and working systems to simplify administrative processes as well as ensuring effectiveness, efficiency and ethical behaviour in performance and service delivery (CSRP, 2012).

Ethiopian Government has launched a massive civil service reform program throughout the country as of 2002; all public institutions are compelled to re-engineer their services to become responsive, efficient and effective of their performance. The Ethiopian Government has given high emphasis and dedication towards institutional excellence, For instance, as earlier indicated above as a new proclamation has issued for higher education institutions in 2009.

At present, almost all public institutions are undertaking Balanced Scorecard (BSC) as a strategic planning and management tools to measure work performance of any organization which implementing Business Process Reengineering (BPR). In addition many large companies use a performance measurement system like the BSC but many smaller companies have no performance measurement system. Companies that start with a performance measurement system face difficulties with the implementation (Molleman 2007).

Among the effects for public sector reform is the efforts to improve public sector services, through process improvement. The reforming aimed at promotion of efficiency (cost effectiveness) and provision of effective services to the public. The Ethiopian government, therefore, subscribed to the implementation of BPR in public sector and also application of the BSC to sustain the spirit of BPR. Quite a number of years have elapsed since the introduction of BPR and in a later the BSC. Yet no follow up report or academic study is available to inform us about how well these change initiatives are walking particularly information on states of implementation of BPR is rare.

Study of Tilaye, which focused on Higher Education Institution (HEI) on establishing scorecard for HEIs to promote excellence, is the only attempt. No higher Education in Ethiopia has ever established BSC .However, when it comes to global setting about 65% of the fortune 100 companies are using it and a good number of HEIs have introduced it in various countries (Kaplan and Norton, 2001 as cited in Tilaye, 2011).

Despite the fact that the Balanced Scorecard has taken over performance management thinking in business, its linkages and adaptability to public and non-profit organizations has remained extremely challenging (Niven 2008)

There is no research conducted in the sector that the researcher intended to study. However; it is shown that other institution which has attempted BSC implementation in Ethiopia is like Saint Paul's Hospital Millennium Medical College which is a referral hospital in Addis Ababa under the Ethiopian Federal Ministry of Health (FMOH) and Higher Education Institution (HEI). Although its transition to a medical college had its own challenges, the staff members at St. Paul are striving to set high academic standards which produce competent and kind physicians. This study is, therefore, an attempt to fill the research and information gap in the public sector.

1.3. The Research questions

The study aims to give answer to the following research questions:

- What are the major initiatives to start Balanced Scorecard (BSC) in the public sector of Arda and Gulele Sub-Cities?
- What benefits are obtained by adapting the BSC in the two sub-cities of Trade and Industry Development Office (TIDO)?
- How is the awareness of the two sub-cities TIDO employees about BSC?

What are the Challenges faced in the implementation of BSC in the two sub-cities TIDO?

1.4. Objectives of the study

1.4.1. General objective

The general objective of the study is to assess the achievement and challenges of BSC implementation in the public sector of Addis Ababa city administration in Guellele and Arada sub-cities Trade and Industry Development office.

1.4.2. Specific Objectives

The specific objectives of the study are to:

- Explain the achievement of BSC implementation in the specified sub cities.
- Identify major challenges facing the BSC implementation in the specified sub-cities.
- Investigate the current practice of performance measurement tools in Trade and Industry Offices of Gulele and AradaSubcity at Woreda level in Addis Ababa.
- Explore the good opportunities that contribute to the implementation of BSC?
- Assess to what extent the system is understood and accepted by the employees in the two sub-cities trade industry and development organization at all level of the employees on the use of BSC

1.5. Significance of the study

The concept of Balanced Scorecards has gained wide acceptance and approval as a management tool and organizations around the globe experience the multitude of benefits from it. With its heavy weight status confirmed, organizations will advise to adopt the Scorecard because the Scorecard is certainly the right thing to do. In the case of Ethiopia, the government is pushing approach of the Balanced Scorecard(BSC) to be applied almost in all public sectors. It has been a while now since this system is tried or implemented by several public sector offices in the country. Yet BSC is among the modern and sophisticated management tools that require through understanding of its methods application be effective. Therefore;the importance of this study are significant for the following reasons:

- i) It highlights the achievements that should be enhanced and the challenges needs attentionfor those who require further investigation and take for future corrective actions;
- ii) Enable the public sector organization in general and the study area in particular to identify the problems and the factor/s thathinder/s the application Balanced Scorecard.
- iii) Discusses important points, which would help to create awareness among Managers, higher officials and officers of public sector organizations;

Therefore, the results of this study help the decision makers in the public sector of the studied area to know where they are and how their organization look like to its stakeholders and what objectives need to be explicitly announced developed.

1.6. Scope and Limitation of the study

The scope of the study relies on Addis Ababa City administration Trade and Industry Development Bureau of sector offices of Arada and Guellele Sub-cities. Indeed, the paper assesses the key achievement and challenge in the implementation of Balanced Scorecard in the study area. The project is bounded to the identification of the information and knowledge gap of quality improvement project and proposing possible solutions to improve the quality of labour and delivery services.

There are several limitations of this assessment. First, due to the nature of the assignment, a morecomprehensive sampling was not possible. To address this limitation, only emergent themes that areresoundingly demonstrated in the data have been included, since it limited only two sub-cities which constitute three woredas from each a total of six woredas. Since it is a small sample size , it is difficult generalizing the result of these single case study findings. Therefore,this study relies on Addis Ababa City administration Trade and Industry Development Bureau of sector offices of Arada and Guellele Sub-cities. Indeed, the paper assesses the key achievement and challenge in the implementation of Balanced Scorecard in the study area.

1.7. Organization of the Study

This study is organized in to five chapters. The first chapter presents the introduction which includes: background of the study, statement of the problem, research question,and objective of the study, significance of the study, scope of the study and organization of the study. Chapter two deals with literature review to enable readers have comprehensive concept/idea on theDefinition of the Balanced Scorecard, Balanced Scorecard as strategic management tool, as a tool for performance measurement in public sector, evolution and historical nature of BSC in public sector, unique characteristics that impact the implementation of BSC in the public sector, use of the BSC, perspective of the BSC.The last part of the literature review tries to show that the empirical literature based on observation and experiment not on theory includes problems associated with measuring government performance and challenges in implementing Balanced Scorecard. Chapter three outlines the profile of the public organization (Addis Ababa city administration in Trade and Industry Development Bureau Branches of Arada andGuelel sub -cities) selected for this study to give quick look to readers on the objectives they are established for.

The research methodology, with its rational, instruments and methods used to collect data and research approach, data source and collection techniques. Chapter four deals with data analysis and

interpretation and discusses contents of data, profile of respondents, analysis of findings from questionnaires and interviews. Finally, chapter five deals with conclusions and possible recommendation.

Chapter Two: Literature Review

2.1. General literature

2.1.1. What is balanced Scorecard?

Balanced Scorecard is a performance management tool that enables a company to translate its vision and strategy into a tangible set of performance measures. However, it is more than a measuring device (Kaplan and Norton 1996b). It is also defined by Balanced Scorecard Institution as a strategic planning and management system that is used extensively in business and industry, government, and nonprofits organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals (BSC institute 2015).

The Balanced Scorecard is a system in which the procedures of applying it are a critical part of it. Some measures may give real picture about the performance of the company. If they have been designed by a team of planners without the contribution of the different levels of business units and departments and without using the scorecard as a mean of communication, cascading, and alignment, it gives the same results of any traditional performance measurement model. "Much of the success of the scorecard depends on how the measures are agreed, the way they are implemented and how they are acted upon. So the process of designing the scorecard is just as important as the scorecard itself". (Bourne, 2002: p.12 as cited in Administrator 2007)

The scorecard provides an enterprise view of an organisation's overall performance by integrating financial measures with other key performance indicators around customer perspectives, internal business processes, and organisational growth, learning, and innovation. Kaplan and Norton describe the innovation of the balanced scorecard as follows: "The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation (Kaplan and Norton 1996b as cited in Molleman, 2007). The idea of the Balanced Scorecard is based on the general inclusive concept that measuring the performance of an organization by a single metric (or a single category of metrics) such as profit or financial metrics is not adequate. In contemporary organizations, whether for-profit or public, using non-singular metrics, as opposed to singular metric, that cover a variety of performance dimensions can obviously be related to a relative comprehensiveness of measurement process (Kureshi, N. 2014).

Scorecard measures are typically a combination of lag and lead indicators. A lag measure is defined as one that reflects an outcome, or present-day bottom-line result. The ultimate lag measure in many public sector organizations is customer satisfaction, which can be measured through surveys, number of complaints. Surveys quantifying the level of satisfaction reflect the success / failure of all the things the organization has done to try and keep their constituency happy. Lead measures are defined as those that drive future outcomes or bottom line success. Lead measures typically reinforce certain types of behaviour within the organization (Smith, 2012).

2.1.2. Balanced Scorecard as Strategic Management tool

Strategic Management is managing for the Future or Competing for the Future as had been remarked by the renowned strategic management experts, Hamel and Prahalad. As Peter Drucker had warned, management —has no choice but to anticipate the future, to attempt to mould it, and to balance short-range and long-range goals. The future will not just happen if one wishes hard enough. It requires decision-now. It imposes risk-now. It requires action-now. It demands allocation of resources-now. It requires work-now” (Administrator,2006).

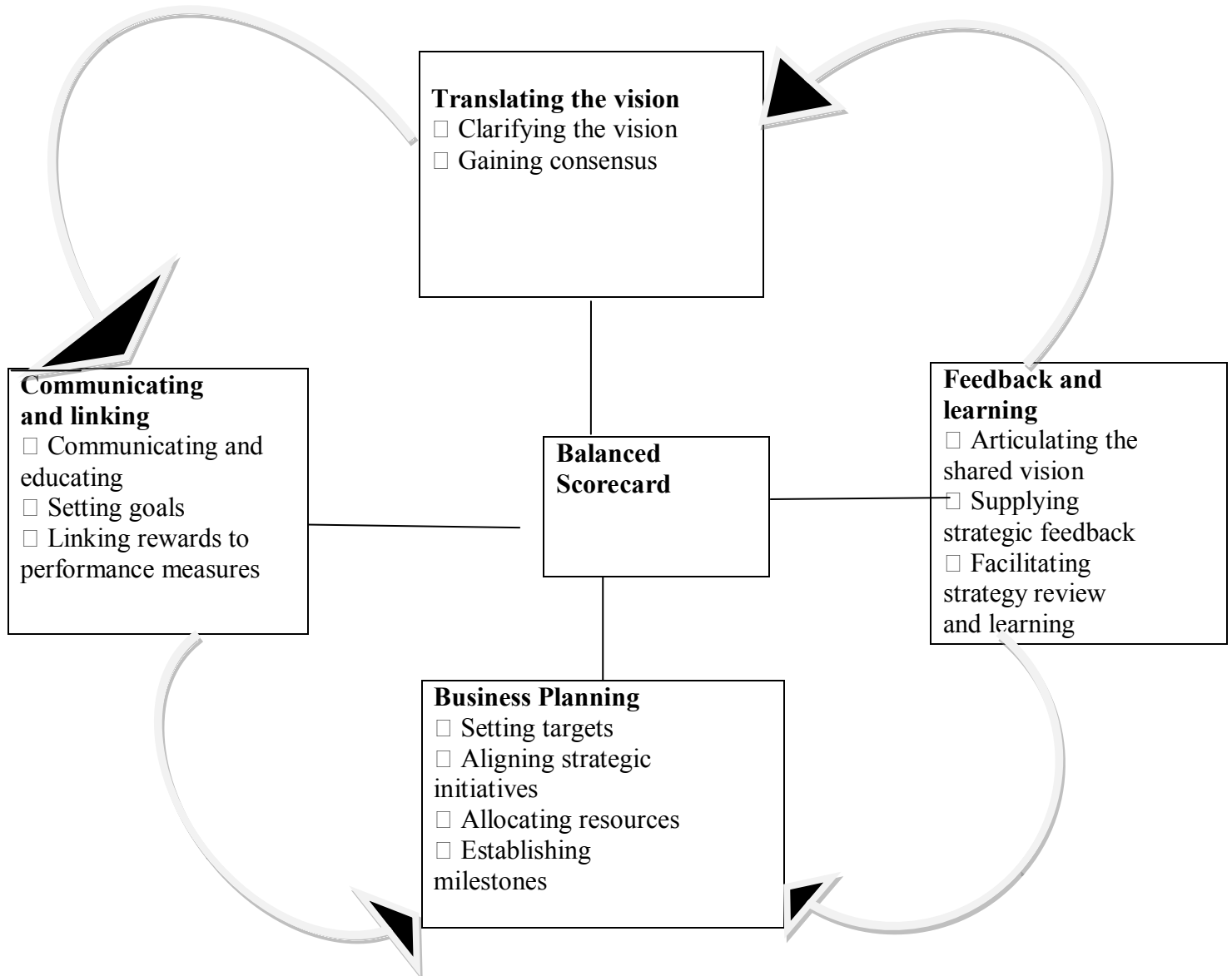
Strategic management process is a full set of commitments, decisions, and actions required for a firm to achieve strategic competitiveness (Hitt et al., 2011). It involves the planning, directing, organizing, and controlling of company’s strategy related decisions and actions (Wachiuri, 2008). Pearce and Robinson (2011) have defined strategy management as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objectives. Therefore, strategy management deals with the formulation, execution, assessment, and control of strategic decisions in order to achieve organizational goals and objectives.

The concept of strategy is multidimensional in which different scholars have defined differently depending on the context and perspective. Some scholars including Hofer and Schedule (1978), and Grant (2010), have looked strategy as the link between organization and its environment. Others such as Pearce and Robinson (2011), Johnson, Schools, & Whittington (2008), and Chandler (1962) have noted strategy as determination of long term direction, and purpose for an organization (Mohamed 2013). The BSC as a strategic management system provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance results. When fully deployed, the BSC can provide an efficient and effective performance-based management system that (Norton and Kaplan, 1993, 2000):

The rationale behind the Balanced Scorecard concept is to move beyond financial or cost accounting performance metrics as long-term strategic drivers. Reasons for this include looking beyond short-term focus and not using solely financial performance indicators, because financial performance alone cannot communicate a company’s strategy to its employees and management. (Kamran 2009).Some

feel strategy is represented by the high-level plans management devises to lead the organization into the future. Others would argue strategy rests on the specific and detailed actions you take to achieve your desired future. To others still, strategy is tantamount to best practices. Finally, some may consider strategy a pattern of consistency of action over time (Niven , 2006). Niven also ideally produced the Balanced Scorecard through a shared understanding and translation of the organization's strategy into objectives, measures, targets, and initiatives in each of the four Scorecard perspectives. The translation of vision and strategy forces the executive team to determine specifically what is meant by sometimes imprecise terms contained in the strategy, such as "world class," "top-tier service" and "targeted customers" (Niven ,2006).

Figure 1: Managing Strategy: Four Processes



Source: (Kaplan, 1996, Pp: 4)

The Balanced Scorecard is more than a critical or an operational measurement system, it depends on how a company brings the Balanced Scorecard tool to play, it can be used both for internal management control and/or as a more externally oriented system, designed to create disclosure for owners and other interest parties (Andre'asson, 1999:Pp.36-37). Innovative companies are using the scorecard as a strategic management system, to manage their strategy over their long run (**see figure 1: on the above page 19**)(Kaplan& Norton, 1996a: p10).

2.1.3. BSC as a tool for performance measurement in Public Sector

The BSC is considered by internal (politicians, managers, councils) users as a good and useful tool for performance measurement in Local Governments LGOs (Malmi, 2001; De Bruijn, 2007; Johnsen&Vakkuri, 2006; Lilian Chan, 2004). Kaplan and Norton (1992) argue that the BSC is used to measure the financial and non-financial goals in public organizations as well as to clarify organizations' strategies. Kaplan and Norton (2001) also claim that the original intention of the BSC was to be used for profit making firms. However, the BSC can be applied in the Public Sector as well by putting customers at the top of the hierarchy. In public organizations, the focus is mostly on the citizens. Customers in the public services sector are clients, students, patients and citizens, and the owners are the parliament and the government (Talbot, 1999). Public organizations do not exist to make profit because they provide public services to citizens (Kelly & Lewis, 2009).

Public organizations are characterized by customer focus and quality of services, which means that non-financial factors are equally important (Aidemark, 2001). Kelly and Lewis (2009) mean that the Public Sector organizations are providing public services to citizens, which means that public organizations are considered as non-financial performers. According to Aidemark (2001), the BSC measures more than just financial dimensions and that is why the BSC fits into the Public Sector (Reshitaj ,Tikhonova 2013).

2.1.4. Evolution of Balanced Scorecard and Historical nature BSC in public sector

2.1.4.1. Evolution of Balanced Scorecard

A recent survey determined that companies use an average of 13 management tools or frameworks at the corporate level. Many of these are tools intended to help measure or monitor the performance of an organization, and within this list the most popular performance related framework was the Balanced Scorecard (57% reporting use of a Balanced Scorecard) (Rigby and Bilbodeau 2005). This is a remarkable achievement for a simple framework introduced only about ten years earlier. A key contributor to this long-term success has been the steady evolution of the Balanced Scorecard framework in the light mainly of practical experience. (Guidoum 2000, Lawrie&Cobbold 2004).

The evolution of the management of public administrations has led them to the need to change their strategic approach. Public authorities have to pay more attention to the objectives of efficiency, effectiveness and economy. As a consequence of that, a growing number of public sector organizations, worldwide, are adopting the BSC for performance management. (Bocci, 2005; Farneti, 2007; Bianchi and Montemaggiore, 2008; Farneti and Guthrie, 2008; Farneti, 2009).

Many changes have been conducted through the past two decades, either in the model basic design or in its application. Variations in the basic design are common. Typical changes include changes in the categorization of perspectives (Innovation and Learning of Employees, in place of Learning and Growth) and the number of perspectives /adding Stakeholders as a fifth separate, perspective/ (Rohm,2002 as cited in Administrator 2007).

The changes at the end of the 20th and at the beginning of the 21st century have become faster and more radical than ever before. Global technological, economical, political, legal and sociocultural factors influence the speed of changes, as well as shaping of management methodology and practice. Today's contemporary environment is becoming increasingly dynamic and uncertain. The only certainty is the certainty of change, and the only stability is the stability of changes Peter Drucker (1998) the founder of modern management as cited in Sandra 2010). From the outset, it has been clear that the primary focus of Balanced Scorecard is to be a control tool for managers (Kaplan and Norton, 1992). But there are different types of control exercised by managers: Kaplan and Norton appear from the outset to associate the Balanced Scorecard with what Muralidharan (1997) calls 'strategic control' rather than 'management control' (see also Bungay and Goold, 1991). But in practice, considerable academic and practical attention has focused on the application of Balanced Scorecard for management control purposes (Neely *et al*, 1994, Lingle and Schiemann, 1996,

Frigo, 2000). This in part may be linked to the prevalence of simple 1st Generation Balanced Scorecard models being used as the basis for academic contributions (e.g. Kennerley et al, 2000).

The transition from 1st Generation to 2nd Generation Balanced Scorecard designs coincided with reinforcement of the positioning of Balanced Scorecard as a tool to support strategic control. The concurrent development of practical approaches to Balanced Scorecard design focused on forming a consensus within a management team is clearly consistent with thinking on leadership articulated over many years (e.g. Thomson, 1967, Kotter 1995, Katzenbach, 1997). As noted previously the use of simple causal models to support the articulation of strategic priority objectives was consistent with work on organisational change and learning being promoted by Burke and others (Burke *et al*, 1992, Kotter 1995, Senge et al. 1999, and Argyris, 1977).

The transition from 2nd Generation to 3rd Generation Balanced Scorecard designs, although in design terms less significant than the earlier transition, represents a significant change in the approach to Balanced Scorecard design activity. The adoption of 3rd Generation Balanced Scorecard designs has been particularly helpful in supporting the development of multiple Balanced Scorecards within complex organisations (Shulver et al, 2000), and it is our view that this is largely because of its ability to address issues of information asymmetry. Oliver Williamson writing on Transaction Cost Economics in the 1970s (Williamson 1975) articulates clearly the issue of communication bandwidth limiting the ability of one party to know what another party knows. Williamson focused on what he called information expectedness as it applied to contractual forms used in the Insurance industry, but others have made similar observations about information asymmetries elsewhere (e.g. Rothschild and Stiglitz 1976, Mintzberg 1990).

These observations suggest that the projection of a centrally developed strategy into components of an organisation can become problematic. Corporate Performance Management software systems have been presented by some as a solution to part of this problem by making it economic for large volumes of detailed information about activities and performance of the organisation to be collated and assessed centrally: a key feature of such offerings is the ability to drill down into information recursively to get to the root cause of performance anomalies (Marr and Neely, 2001). However the information asymmetry viewpoint challenges the utility of such activity, as the software provides at best only a partial solution to the asymmetry problem. Similarly more complex alternatives to Balanced Scorecard (e.g. Kennerley *et al*, 2000) do not openly address the informational issues presented by this increase in complexity. Shulver *et al* have shown that one development of 3rd Generation Balanced Scorecards has been to support alternative management models that tolerate or accommodate the information asymmetry issue through facilitation of the concise articulation and

communications of key data, and through facilitating the identification communication criticalities in an organisation's hierarchy (Shulver *et al*, 2000).

Across its three generations, the Balanced Scorecard has evolved to be a strategic management tool that involves a wide range of managers in the strategic management process, provides boundaries of control but is not prescriptive or stifling and most importantly removes the separation between formulation and implementation of strategy (Cobbold and Lawrie 2003).

2.1.4.2. Historical nature of BSC in public sector

According to Hoffecker and Goldenberg (1994), the trend to introduce the BSC in their activities has caused users of the BSC, that are politicians, councils, Chief Financial Officer (CFO) and managers for different departments, to benefit from the use of the scorecard. Newing(1994), mentions that users are trying to use the scorecard in order to achieve the best possible outcome. For example, in the health care department BSC is mainly used to evaluate and measure patient satisfaction and quality of services provided. They measure not only the quality of care and appointments, but also the food served. Hospital administrators, who are also users of the BSC, take advantage of the use by measuring acute and admission times, referrals and market share (Newing, 1994).

The BSC focuses on more than just financial items, such as customers. This is so; it has gradually become more common to implement the BSC in public organizations (Chow et al., 1998; Zucker, 1987; Aidemark, 2001). Previous studies show that the implementation of the BSC has risen sharply amongst Swedish local government organizations and it is now used in hospitals, universities, courts, and schools (Hellstrom et al., 2009). (Reshitaj ,Tikhonova 2013).

This most recent development is about much more than just the Balanced Scorecard. It embeds the original Balanced Scorecard framework as a component within a comprehensive management system that integrates strategy and operations. One can view the proposed management system as accomplishing the comprehensive framework advocated earlier by Herb Simon – for score carding, attention-directing, and problem-solving – and Robert Anthony, for strategic planning, management control and operational control. Rather than have them as separate activities, as suggested by Simon and Anthony, we now have the various activities for strategy development, planning, alignment, operational planning, operational control, and strategy control integrated within a closed-loop, comprehensive management system (Kaplan 2010) .

2.1.4.3. Benefits from Effectively Implementing a BSC Model

Companies initially adopt the BSC for a variety of reasons, including gaining clarification, consensus, and focus on their strategy and then communicating that strategy throughout the organization. However, the BSC is more than a tactical or an operational measurement system. The BSC can be the cornerstone of an organization's management system since it helps to align and support key processes, including clarification of strategy, communication of strategy,

alignment of multiple objectives, alignment of strategic initiatives, and linking of strategic objectives to long-term goals. Used in this way, the BSC can become a powerful strategic management system (Norton and Kaplan, 1996, 2000).

The BSC has brought a revolution into performance measurement as it provides various benefits, like helping to clarify gain consensus about strategy, improving communication of the organization's vision and strategy, linking strategic objectives to long term targets and annual budgets, increases focus on organizational strategy and results, more organizational performance by measuring what matters, aligns organization strategy with the work people do on a day to day basis align departmental and personal goal to the strategy, focuses the drivers of future performance, encourages organization to perform periodic and systematic strategic reviews, helps to prioritize / initiatives, and helps organizations to obtain feed back to learn about and improve strategy(Kaplan and Norton, 2001;1996 as cited in Tilaye, 2011).

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 into the nerve centre of an enterprise. More specifically, the BSC has brought a revolution into performance measurement as it provides the following benefits: BSC is also gaining acceptance by public as well as the not-for-profit organizations across the globe. However, the adoption and use of BSC in higher education institutions is relatively new with little research carried out in the area. It is due to such theoretical and practical gaps common in Ethiopia that this casestudy was conducted by the researcher (Kaplan & Norton (1996)

In the 1980s many academics and consultants became concerned that too much emphasis was being put on financial and accounting measures of performance. Management accounting systems had been perfected to produce detailed cost breakdowns and extensive variance reports but these were seen as not being useful for managing a business because they were too internally focused and were backward looking. To overcome these shortcomings various academics and consultants started to consider the concept of balance. (Bourne, 2000: p.11)..

Translates mission and vision into clear measurable outcomes that define success, and that are shared throughout the organization as well as with customers and shareholders; Provides a tool

for assessing, managing, and improving the overall health and success of business systems; Facilitates the shift from prescriptive, audit-and-compliance-based oversight to an ongoing, forward-looking strategic partnership; Includes measures of quality, cost, customer satisfaction, employee satisfaction, motivation, and employee skills to provide an in-depth understanding of the critical performance drivers; Measures process efficiency providing a rational basis for selecting what business process improvements to make first; Allows managers to identify performance drivers and cause and effect relationships and expand their usage in new strategic initiatives (Polymenidis June 2003).

2.1.5. Characteristics Unique to the Public Sector that impact on the implementation of scorecard

The public sector found that even with unique characteristics not found in the private sector, they were able to easily adapt and implement the Balanced Scorecard as a performance management tool. Some of the characteristics unique to the public sector that impact the implementation of the scorecard are: (Procurement Executives' Association, 2005)

1. Budget Process: Agencies must budget up to two years in advance.
2. Data Collection: Data collection and reporting are delayed.
3. External Factors: Uncontrollable political factors affect the process.
4. Hiring and Training Constraints: Limited flexibility at the department level.

Despite these and other unique characteristics of the public sector, there have been noted successes of agencies implementing the Balanced Scorecard method as a strategic tool. In order to achieve success, agencies had to move from the old method of measuring performance, which was a concentration on goals and projects, but not strategy, to a new theme, which is based on strategy and objectives (Smith 2006). The public sector reforms have focused on increasing efficiency and effectiveness, seeking excellent organization. To achieve this aim, the need to plan, control and report on the performance of public sector organizations has been a central theme in many government reforms (Hyndman & Eden, 2002).

Many scholars have referred to profit maximization as the main difference between the private and the public sector (e.g. Boland and Fowler, 2000), and hence the lack of a bottom line against which performance can be measured in the public sector. On the other hand, some argue, that

since there still exists an equivalent financial measure to profitability in the public sector which is “value for money”, then, there is no considerable difference between both sectors (Jackson, 1990). In this respect, it can be argued that difficulties with Performance Measurement Systems (PMS) in the public sector do not lie in the lack of bottom line performance measure but in the complexities surrounding its measurements. Notably, however, given a profitability measure and the objective of making a profit, the various levels of a private firm can in principle relate their activities to the contribution they make to the firm’s profitability (Jackson, 1986). The lack of clear objectives for the public sector organisations, on the other hand, makes it problematic to set intermediate objectives for all levels of employees within the public sector. It should be noted at this stage that a key potential role of performance indicators in performance measurement in the public sector is clarification of objectives, which becomes even more important with the presence of Performance related pay (PRP) and performance management systems such as Office for Standards in Education (OFSTED) in schools (Mayston, 2000).

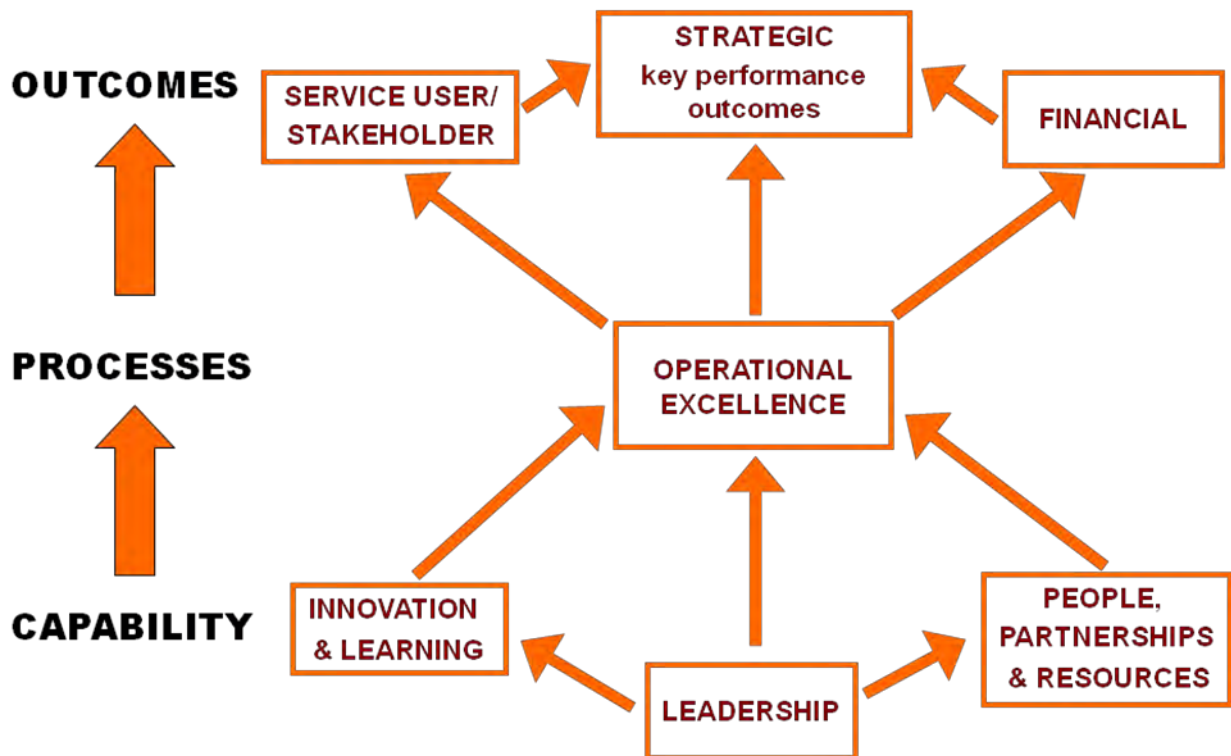
According to Dixit (2002), the one distinguishing feature of the public sector is the presence of multiple principles which influences the optimal performance measurement and incentive structure. Moreover, as a service provider, the public sector will be faced with the difficulties of quantifying their main performance measures such as customer satisfaction, and quality of service (Jackson, 1990); which also mainly rely on human resources who being calculative receptors have discretion over their effort and hence need consistent monitoring and directing towards the organisation’s goals (Neely et al., 1995 as cited in Sor 2006).

The Balanced scorecard (BSC) implementation in nonprofit organizations is similar with public sector organization. From the literature on balanced scorecard, it can be seen that the four major perspectives can be adjusted. Some national units with special conditions and some non-profit organizations have the same balanced scorecard structure as the business balanced scorecard. The literature also suggests that profit and non-profit organizations could have the same balanced scorecard framework. Non-profit organizations must emphasize the financial costs and benefits of performance management, whereas profit organizations must emphasize on achieving the organizational mission and vision. The culture characteristics of non-profit organizations must pay close attention to their mission and vision. However, the main objective of profit organizations is to create profits and maintain sustainable business operations. Hence, businesses must pay attention to their financial performance. Therefore, balanced scorecard framework of profit or non-profit organizations can adjust according to individual case study or industry culture characteristics(Frank ,2010).

The intention of the Public Sector Scorecard (PSS) is to compliment the BSC, fitting the culture and values of the public and voluntary sectors. It focuses much more on the outcome and this emphasis is made in the seven different perspectives; Service user/Stakeholder, Strategic key performance outcomes, Financial, Operational Excellence, Innovation and Learning, Leadership, and People, Partnership and Resources. The perspectives can be seen in *Figure 2*, which also shows how they are divided into three different levels; 1) Capability, 2) Processes, and 3) Outcomes (Sheffield Hallam University, 2009).

The Public Sector Scorecard (PSS) is an integrated service improvement and performance management framework for the public and third sectors. It has three phases - strategy mapping, service improvement, and measurement and evaluation.

Figure 2. The public Sector Scorecard



Source: The public sector scorecards (Sheffield Hallam University, 2008 as cited in kamran 2009 p3)

The public scorecard is similar in representation in Financial and Growth/Innovation & Learning perspectives whereas, Customer perspectives and Internal Business process in the private score card here in the public scorecard is replaced or in similar token as Service user/ Stake holder and Operational Excellence.

2.1.6. Use of the Balanced Scorecard

Public organizations are trying to create public confidence through more disclosure to citizens (Marcuccio&Steccolini, 2005). Another aspect that public organizations use in order to create the confidence is citizen participation. Citizen participation is a good way to increase accountability because it gives citizens an opportunity to get into the business (Recited by Marcuccio&Steccolini, 2005).

Since the introduction of the Balanced Scorecard approach by Kaplan and Norton, the methodology has been utilized in a number of for-profit and not-for-profit organizations. The literature is replete with examples of the successful implementation of the Balanced Scorecard approach, especially in for-profit organizations. In the for-profit sector, companies have

recognized that financial metrics by themselves are inadequate for measuring and managing their performances (Kaplan 2001).

Kaplan and Norton (1992, 1996) complemented the financial perspective with the other three perspectives: the customer, the internal process, and learning and growth. For-profit seeking corporations, the financial perspective provides clear long-run objectives (Kaplan 2001). On the other hand, in the not-for-profit sector, the financial perspective provides a constraint rather than an objective. While the not-for-profits monitor spending and adhere to financial budgets, their success or failure is not measured by spending in relationship to budgeted amounts. According to Kaplan, the typical not-for-profit has had difficulty placing the financial perspective at the top of the Balanced Scorecard. He suggests that the not-for-profits consider placing a mission objective at the top of their scorecard as the mission represents the accountability between the not-for-profit and society. He also suggests the not-for-profits expand the definition of who their customer is. As noted by Kaplan, a growing number of not-for-profits have begun using the Balanced Scorecard model (Kaplan 2001).

While initially, Robert S. Kaplan developed for private sector enterprises, the Balanced Scorecard was soon extended to nonprofit and public sector enterprises (NPSEs). Prior to the development of the Balanced Scorecard, the performance reports of NPSEs focused only on financial measures, such as budgets, funds appropriated, donations, expenditures, and operating expense ratios. Clearly, however, the performance of NPSEs cannot be measured by financial indicators. Their success has to be measured by their effectiveness in providing benefits to constituents. The Balanced Scorecard helps NPSEs select a coherent use of nonfinancial measures to assess their performance with constituents (Kaplan 2010).

Ethiopia's and other country's researchers have suggested that there is growing interest in the use of BSC in more firms with support from government (Tessema 2005). In Ghana, following the liberalisation of the economy, the public sector has implemented performance management as a way of ensuring efficiency and effectiveness in organisations (Ohemeng 2009: 109). Despite such efforts, the consensus is that performance management has not made tremendous contribution to organisational efficiency and effectiveness in Ghana (Ohemeng 2009: 120).

It is possible to say that BSC enables managers to craft organizational strategies in line with their vision, define strategic objectives in line with organizational mission and vision, develop strategic plan by integrating various issues, monitor and adjust the implementation of their strategies and to

make fundamental changes in them. If used correctly, BSC not only creates concrete results, but also creates a long-term balance in the organization. This balance can be described from many different angles. It provides a balance between the short-term and the long-term. This means that it offers a balance between what is important today and what is important tomorrow. It also gives a balance between external and internal measures, indicating a balance between what is important to us and to our key stakeholders. Moreover, BSC gives you a balance between financial (hard) and non-financial (soft) measures (Kaplan and Norton 1996 cited in Tilaye , 2010).

The scholarly evidence of use of balanced scored system was initially provided by Silk (1998),reporting through estimation that 60% of USA Fortune 500 companies have either implemented or are managing their business through balanced scorecard. While the emergence of the balanced scorecardphenomenon remained in USA initially, it soon spread around the world. Martinez (2005) reported thatthe utilization rate of balanced scorecard around the world is 44%, with 57% of UK companies, 46% of USA companies and 26% of German & Austrian companies use Balanced Scorecard (Silk 1998).

Niven (2002), sees the Balanced Scorecard as three things: a measurement system, a strategic management system and a communication tool. He thus thinks that the Balanced Scorecard is more than just a measurement tool: Related to the Scorecard, is a continuous process in which the Scorecard is used to emphasize that which is prioritized by the organization. The organization's vision is made clear, and it is communicated via goals and associated incentives. These in turn, are used to channel efforts and resources and institute intermediate goals. Continuous follow-ups result in learning, and adjustment of processes, prioritizations and at time vision. In each step, the Scorecard is used as the primary communication tool (Niven, 2002).

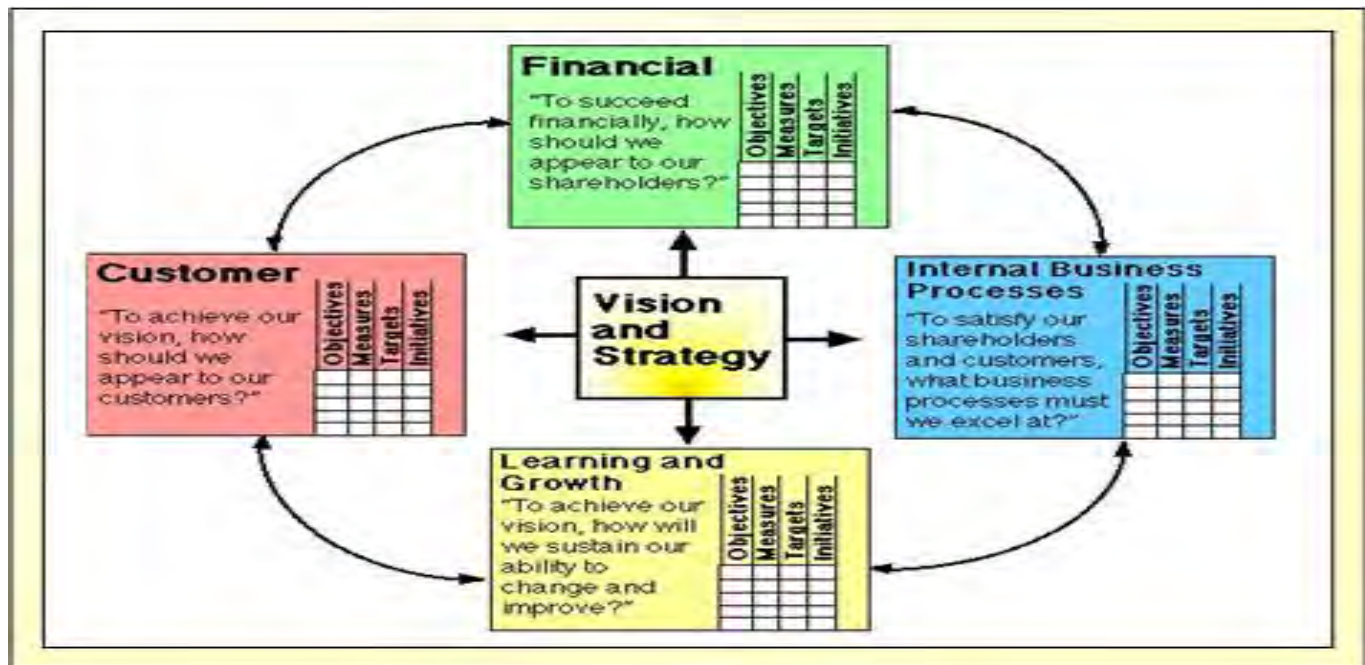
2.1.7. Perspectives of balanced scorecard

The BSC provides a framework for organizing strategic objectives into four perspectives. The first perspective is the financial that focuses on the strategy for growth, comparability, and risk viewed from the perspective of the shareholder. The second one is the strategy for creating value and differentiation from the perspective of the customer. The Internal Business Processes is the third strategic priorities for various business processes that create customer and shareholder satisfaction. The fourth and the last perspective is the learning and growth strategy that prioritize to create a climate that supports organizational change, innovation, and growth. (Kristin 2009).

Kaplan and Norton (1996, 2001 and 2006) the financial perspective is used as an avenue for summarizing the readily measureable economic consequences of actions already taken. They relate to profitability and include operating income, return on capital employed and economic value added. The customer perspective identifies the customers and market segments in which the business unit will compete and measures the business unit's in these targeted segments. The perspective should also include specific measures of the value propositions that the organization will deliver to the targeted market segments. The internal business process perspective measures focus on the internal processes that will have the greatest impact on customer satisfaction and achievement of an organization's financial objectives. Lastly, the learning and growth perspective identifies the infrastructure that the organization must build to create long-term growth and improvement. Whereas the customer and internal business process perspective identify factors most critical for current and future success, businesses are unlikely to meet their long term targets for customers and internal processes using today's technologies and capabilities. This gives rise for the need for learning and growth (Mghanga 2010).

The relations of perspectives with vision and strategy are as shown in the following figure.

Figure 3 Perspectives of Balanced Scorecard



Source - The four perspectives (Northumbria University, 2008 as cited in kamran 2009 p,6)Note on the four Perspectives

Kaplan and Norton (1996) repeatedly emphasize that the perspectives should not be seen as a straight jacket in which the Balanced Scorecard adopting organization should be constrained, but that the perspectives can, and should, be adapted to the organization and that new perspectives can be developed.

2.1.7.1. Customer Perspective of BSC

Customer management process focus on the relationship and image dimensions of the basic customer value proposition.[...] customer retention and customer growth processes build relationships with targeted customers (Kaplan & Norton 2004).

The emphasis that private businesses place on the customer has caught on in the public sector. The District of Columbia Financial Responsibility and Management Assistance Authority used customer service as its first criterion for allocating budgetary resources to new projects for fiscal year 1998. With improved transportation and telecommunication services, residents and business have more choices for where to locate. The leaders of the governments know that high quality, low cost public services can influence a family's or businesses' location decision. The public sector balanced scorecard demands that government leaders convert customer service slogans into concrete measures of performance.

Unlike the private sector, public sector customers are more likely to complain than exit. In the short run, a resident or business is not likely to move to an adjacent jurisdiction because recreational services in their city are not adequate or that the roads are not maintained properly. A jurisdiction is not likely to feel the effect of unhappy customers in the short run, but will likely suffer the loss of residents, businesses and visitors in the long run if it does not offer good customer service. Agencies cannot afford to wait until the local government tax base is diminished before they start measuring and responding to customer wants and needs. The balanced scorecard requires that agencies identify their customers and stakeholders-- there are often many – and develop measures that matter to them (Estis ,1998).

In the customer perspective of the balanced scorecard, managers identify the customer and market segments in which the business unit will compete and the measures of the business unit's performance in these targeted segments. "This perspective typically includes several core or generic measures of the successful outcomes from a well formulated and –implemented

strategy. The core outcome measures include customer satisfaction, customer retention, new customer acquisition, customer profitability, and market and account share in targeted segments. But the customer perspective should also include specific measures of the value propositions that the company will deliver to customer in targeted market segments. "(Kaplan & Norton, 1996a, p. 26) The balanced scorecard demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers. Kaplan and Norton (1992) see that customer's concern tend to fall into four categories: time, quality, performance and service, and cost;

- Time could be measured by lead time which can be the time from receiving the order to the time the company actually delivers the product or service to the customer.
- Quality measures the defect level of incoming products as perceived and measured by the customer.
- The combination of performance and service measures how the company's products or services contribute to creating value for its customers.
- Cost measures beside price many other cost elements such as the administrative hassles of ordering, invoicing, inspecting, and paying for materials. An excellent supplier may charge a higher unit price for products than other vendors but nonetheless be a lower cost supplier **because it offers more administrative facilities** (Kaplan & Norton 1992)

2.1.7.2. Internal Process Perspective

In the Internal Process perspective of the Scorecard, the key processes are identified and the firm must excel at in order to continue adding value for customers and ultimately shareholders. Each of the customer disciplines just outlined will entail the efficient operation of specific internal processes in order to serve customers and fulfil our value proposition. The main task here is to identify those processes and develop the best possible objectives and measures with which to track progress. To satisfy customer and shareholder expectations, new internal processes might have to identify entirely rather than focusing efforts on the incremental improvement of existing activities. Product development, production, manufacturing, delivery, and post sale service may be represented in this perspective. Many organizations rely heavily on supplier relationships and other third-party arrangements to serve customers effectively. Such organizations should consider

developing measures in the Internal Process perspective to represent the critical elements of those relationships. (Niven , 2006).

Deciding the means by which the company can realize various improvements such as:

- How we can realize customers satisfaction, - How we can reduce costs, - How we can enhance quality, - How we can improve productivity and How we can raise our profits.

The solutions of all these problems are implied in the continuous development of the operational efficiency. In the Internal Process Perspective of the scorecard, we identify the key process at which the organization must excel in order to continue adding value for customers. Our task in this perspective is to identify those processes and develop the best possible measures with which to track our progress. To satisfy customers, you may have to identify entirely new internal processes rather than focusing your efforts on the incremental improvement of existing activities. Service development and delivery, partnering with the community, and reporting are examples of items that may be represented in this perspective.(Niven,2005: pp.15-16) The internal measures for the Balanced Scorecard should stem from the business processes that have the greatest impact on customer satisfaction- factors that affect cycle time, quality, employee skills, and productivity. To achieve goals on these factors, managers must device measures that are influenced by employees' actions. Since much of the actions takes place at the department and workstation levels, managers need to decompose overall cycle time, quality, product, and cost measures to local levels. That way, the measures link top management's judgment about key internal processes and competencies to the actions taken by individuals that affect overall corporate objectives. This object ensures that employees at lower levels in the organization have clear targets for actions, decisions, and improvement activities that will contribute to the company's overall mission (Kaplan and Norton, 1992). The internal perspective reminds us that the background works, driven by objectives and goals, must be in place to ensure that the customer and financial objectives are achieved. Typically, organizations have habits or internal behavior will sabotage their ability to meet targets in the customer and financial perspectives. "These organizations must re-tool to win, and this perspective helps them define what this retooling is. Conversely, if an organization can identify these internal characteristics and define ways to enable them, their execution arsenal can be turned to win the customer and also to destroy the competition"(Nair,2004: pp.23-24 as cited in Administrator 2007).

2.1.7.3. Employee Learning and Growth Perspective

Information and alignment could all have a place in this perspective. The learning and growth perspective is a driver for achieving strategic objectives under the strategic drivers' perspective. The achievement of measurements under the strategic driver's perspective would become the driver for the achievement of strategic objectives under the strategic outcomes perspective. Overall, relationships among perspectives should create value to the. This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, people -- the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on a problem when it is needed (BSC institute 2015). The objectives and measures in the Employee Learning and Growth perspective of the Balanced Scorecard are really the enablers of the other three perspectives. In essence, they are the foundation upon which the Balanced Scorecard is built. As with the other three perspectives of the Scorecard, the researcher would look forward to a mix of core outcome measures and performance drivers (lead measures) to represent the Employee Learning and Growth perspective, employee skills, employee satisfaction and availability of organization's stakeholders. Kaplan and Norton (1992) argue that an organization's ability to continually improve and renew can be directly linked to its ability to create value: When the organization wants to achieve ambitious results for internal processes and customers, the Learning and Growth Perspective is the perspective in which the enablers of these gains can be found. The Learning and Growth Perspective can be said to be the foundation on which the Balanced Scorecard is built (Niven, 2002). Once measures for the Customer- and Internal Process Perspectives have been identified, the core, strategic competencies for supporting these need to be identified. Knowledge, motivation and availability of adequate tools are frequently the source of growth and therefore common measures of this perspective are employee skills, employee satisfaction, availability of information, alignment and capital investments (Niven, 2002).

It is normally the last perspective to be developed. Perhaps the teams are intellectually drained from their earlier efforts of developing new strategic measures, or they simply consider this perspective –soft stuff’ best left to the Human Resources group. No matter how valid the rationale seems, this perspective cannot be overlooked in the development process. As it is mentioned above, the measures they develop in this perspective are the enablers of all other measures on their Scorecard. Think of them as the roots of a tree that will ultimately lead through the trunk of internal processes to the branches of customer results and finally to the leaves of financial returns (Niven , 2006).

2.1.7.4. Financial Perspective

Financial measures are a critical component of the Balanced Scorecard, especially so in the for-profit world. The objectives and measures in this perspective tell us whether our strategy execution—which is detailed through objectives and measures chosen in the other perspectives— is leading to improved bottom-line results. We could focus all of our energy and capabilities on improving customer satisfaction, quality, on-time delivery, or any number of things, but without an indication of their effect on the organization’s financial returns, they are of limited value. We normally encounter classic lagging indicators in the financial perspective. Typical examples include profitability, revenue growth, and asset utilization (Niven , 2006).

In order to attain objectives in the financial perspective, all measures in other perspectives should be linked. For this set of measures, the BSC retains the traditional measures of organization performance along with measures that reflect the strategy and environment in which the particular business unit operates. For most organizations, the financial themes of an increase in revenues, improvements in productivity, and enhancing assets utilization could provide the necessary linkages to the other perspectives (Kaplan and Norton, 2001).

The four perspectives provide a foundation in which to communicate with clarity the strategy and intentions of organization while also articulating to the employees the drivers to future success. By clearly expressing the outcomes the organization desires and the drivers of those outcomes, management hopes to energize, encourage and culminate the abilities and initiative of the individuals within the firm to achieving the long-term goals (Kaplan and Norton, 1996 as cited in Kamran 2009).

Implementing the BSC provides managers with a tool to translate strategy into action and measurable results. The BSC allows the management to look at the business from four important perspectives and to receive answers to four important questions (Kaplan & Norton, 1992 as cited in kamran 2009).

- How do our customers see us? (Customer perspective)
- What must we excel at? (Internal processperspective)
- Can we continue to improve and create value? (Innovation and learning perspective)
- How do we look to our shareholders? (Financial perspective)

Table 1. Key Questions from Four Perspectives

| Perspective | What to Ask | Typical Response |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial | What do we need to achieve financially in order to satisfy Our stakeholders' expectations? | Improve value for money Stay within budget Increase surplus, for reinvestment Improve cash flow Maintain a healthy reserve Lower the fiscal cost to citizens |
| Customer | To realise our vision and goal, what do we need to achieve from a customer and Stakeholder perspective? | Create cleaner and safer places Improve quality of life Expand into a new social market/geographic area Expand service/product range Increased citizen/customer use and satisfaction |
| Internal process | In which operational activities must we excel in order to deliver value for customers and achieve our financial Objectives? | Focus on partnership working internally and externally Reduce time taken to make decisions/receive approvals Improve delivery time Achieve ISO accreditation Lower defects and returns Reduce complaints Improve procurement processes |
| Learning & Growth | If we are to excel at processes and deliver against customer expectation, what people development support is needed and how do we encourage innovation, change and continuous improvement? | Achieve IIP or EFQM accreditation (as an indicator of best practice management) Introduce a performance management system with personal development plans |

| | | |
|--|--|-----------------------------------------------------------------------------------------------------------------------------|
| | | Improve team working and motivation Increase training per employee Identify emerging market trends and customer needs |
|--|--|-----------------------------------------------------------------------------------------------------------------------------|

Source: Introduction to the BSC public sector Richard O' Rawe , 2011.p3

2.2. Empirical Literature

In regard to private organizations, Speckbacher ,Bischof and Pfeiffer (2003) have conducted a study to obtain empirical evidence about the use of the BSC in German language countries, observing the empirical evidence of the relation between the organization size and the use of the BSC. Russo and Martins (2005) have observed that limited liability companies use the BSC less, and those companies which capital is mostly controlled by big companies and that export to certain markets use the BSC more. On the other hand, Bedford et al. (2008) have conducted a study in Australian companies, observing that the BSC offers more benefits when connected to the incentives and rewards system, is applied in various levels within the organization, and the cause-effect logic is used amongst the measures. Braam and Nijssen (2011) have obtained empirical evidence of the association between the BSC implementation and the existence of dynamic and turbulent environments, that bigger companies are more prone to adopt the BSC, and that its receptivity is positively influenced by the prior adoption of similar instruments. In the public sector internal modernization that contributes to the redesign of the interface between administration and its political, economic and social environment (Naschold& Daley, 1999).

Naschold, Oppenet al. identify four key competencies of strategic management: (1) value management, (2) management of structures, (3) management of change, and (4) strategic evaluation (Nascholdet al. 1998). Value management involves addressing the behaviour of employees, as well as their attitudes, values and beliefs. Therefore, Naschold argues, it is critical to link cultural change programs within an organization to organizational strategy rather than simply basing them upon organizational development processes. He argues that processes of cultural and organizational change have to proceed in parallel, with employees involved at every stage and in every aspect of these processes (Naschold, et al. 1997).

For public sector, financial measures are not the most relevant indicators of whether the organization is delivering on the rationale for its existence. Instead, public-sector organizations need to measure how effectively and efficiently they are meeting the needs of their constituencies. The financial perspective, which is affected by its restrictive character, consequently takes a back seat compared to its leading position in the enterprises' BSC (Jonen et al., 2004).

Other researcher argument about public non-profit organizations, Chan (2004) has observed that big local governments have adopted more the BSC than the government of smaller municipalities. On the other hand, within the scope of the study conducted in Finnish local governments, Rautiainen (2009) has observed that the decision to adopt the CMI was influenced by mimetic, rational and normative aspects. In turn, Greiling (2010), in a study conducted in non-profit German organizations, has concluded that most of the analyzed organizations is at the initial phase of the BSC implementation process, and such tool is not yet enough adapted to the different requirements of such organizations. In regard to hospitals, Chan and Ho (2000) and Yap et al.(2005) have observed the small rate of the BSC implementation in hospitals, and a higher propensity to use it in larger hospitals and in hospitals affiliated to teaching institutions. On the other hand, Kollberg and Elg (2011), and Bisbe and Barrubés (2012) have observed that the BSC has the potential to contribute to a better implementation of the strategy from the measurement and monitoring of results in sanitary organizations, thus improving the internal capabilities, and supporting the organization development, but its effective adoption requires the adaptation of the generic instrument to the specific realities of the industry.

The shortcomings and dysfunctional consequences of performance measurement systems have been discussed in the academic literature for at least fifty years (Ridgway, 1956), but recently there has been a flurry of activity. Throughout the 1980s vocal and influential authors criticised the measurement systems used by many firms (Johnson and Kaplan, 1988; Hayes and Abernathy, 1980). By the 1990s the noise made by these voices had grown to a build-up (Neely et al., 1995; Marr and Schiuma, 2002) and increasing numbers of firms appeared to be "re-engineering" their measurement systems, with data suggesting that between 1995 and 2000, 30 to 60% of companies transformed their performance measurement systems (Frigo and Krumwiede, 1999).

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

analyzing the success, it also needs to be kept in view that most Balanced Scorecard initiatives do not come alone. They accompany several other performance improvement initiatives, together attributable to the status quo dissatisfaction and dynamism of top management. As reported in Rigby (2001), the mean satisfaction ratings of Balanced Scorecard as a management tool stands at 3.85 on an ascending scale of 5, ranked below other tools such as One-to one marketing (4.09), Cycle Time Reduction (4.06), Pay-for-Performance (3.97) and Strategic Planning (3.93). Balanced Scorecard has scored higher than another management tools such as Knowledge Management (3.02), Core Competencies (3.61), Reengineering (3.66), Supply Chain Integration (3.75), Outsourcing (3.77) and TQM (3.82); as reported in Rigby (2001) and cited by Kureshi , N. (2014).

In Ethiopia, there is growing interest in the use of the BSC in more firms with support from government (Tessema 2005). In Ghana, following the liberalisation of the economy, the public sector has implemented performance management as a way of ensuring efficiency and effectiveness in organisations (Ohemeng 2009: 109). Despite such efforts, the consensus is that performance management has not made tremendous contribution to organisational efficiency and effectiveness in Ghana (Ohemeng 2009: 120). There are still grey areas in financial management and ‘service delivery’ in the public institutions (Gilham 2010). According to Balin (2004) about 57% of global companies were working with the balanced scorecard. Much of the information in the commercial sector is proprietary, because it relates to the strategies of specific companies. Public-sector (government) organizations are usually not concerned with proprietary information, but also they may not have a mandate (or much funding) to post their management information on web sites (Balanced Scorecard Institute 2014).

According to Kaplan and Norton (2004) an “authority” or “stakeholder perspective” is added, aiming at represent the city in its dimension of “owner” of public affairs. Thus, a general recognized architecture for the BSC for a public organization has to take into account the relationships existing between communities and public organizations. Moreover, Wisniewski and Olafsson (2004) have also discussed about the relevance of the BSC perspective labels for a public organization. Specifically, they stressed that the customer label could be a problematic one for a public organization, due to the variety of its stakeholders and customers. Similarly, the “learning and growth perspective” may be relabelled: in fact, while for a private organization growth and increasing market share are strategic goals, for a public one a reduction in activity and size may be more appropriate. They propose to reliable also the “internal business processes perspective”, as a process is a term usually not used in a public organization (Wisniewski and Olafsson 2004).

Thus, a general recognized architecture for the BSC for a public organization has to take into account the relationships existing between communities and public organizations. Moreover, Wisniewski and Olafsson (2004) have also discussed about the relevance of the BSC perspective labels for a public organization (Bigliardi 1, Dormio 1 & Galati 2 2011).

Bolton (2003) has stressed that the performance measurement frameworks adopted in public organizations are often derived from the private sector, thus implementing difficultly within a public sector environment. Micheli and Kennerley (2005) have commented that still only few attempts have been made to provide public and non-profit organizations with a framework in order to monitor and enhance their performance. Moreover, many studies stressed the problematic nature of public sector performance measurement, notwithstanding the exponential growth of interest that performance measurement has registered in recent years (Moullin, 2004; Neely, 2005).

Across all sectors, it has been suggested that 70% of Balanced Scorecard implementations fail (Neely and Bourne, 2000). Two main reasons proposed for this high failure rate are poor design and difficulty of implementation. Results from the Hackett Group show that less than 20% of companies that have mature Balanced Scorecard implementation are generating business value (Answerthink, 2004). According to Hackett's research, "most companies are having significant difficulty in taking the Balanced Scorecard from concept to reality". Interestingly, the Senior Business Advisor for the Hackett Group comments that, "most companies get very little value out of Balanced Scorecards because they haven't followed the basic rules that make them effective"⁵ (McDonald 2012).

2.2.1. Problems Associated with Measuring Government Performance

Despite its worldwide popularity and its recognition as a powerful management tool, the Balanced Scorecard (BSC) is not always used successfully. Although many organizations have adopted the BSC, a great number of them have encountered problems when trying to introduce the concept in their business. Unlike private organizations, governments do not receive regular and clear signals from their customers through market mechanisms. Governments receive signals from the market, but few of the signals are as immediate and clear as, for example, customers deciding to purchase a competitor's product. In the private sector, a change in consumer demand can reveal itself in the second quarter sales report. For governments, market signals exist, but they are subtle, and come infrequently. In addition to the relative difficulty of using market signals to measure the performance of government organizations, government performance is hard to measure for many

other reasons. Among these is the fact that the outcomes governments wish to effect is not dependent on them alone. Governments want to educate children but they depend on the parental involvement to reinforce the lessons taught at school. Governments want to ameliorate poverty but depend on the private sector economy to offer jobs. Furthermore, the goals of government organizations are often broad and vague such as “maintain a clean and safe environment,” “promote safety,” and “provide leisure services to residents.” Because there is often confusion or even disagreement about what government agencies are supposed to accomplish, finding an effective and efficient means of measuring what they do is problematic (Estis 1998).

Despite the evidences suggesting that the Balanced Scorecard provides effective way for organizations to develop a multidimensional view of performance measurement, the Balanced Scorecard is not without its shortcomings. First of all, Kaplan and Norton (1996b) concede (admit) potential limitations of the Balanced Scorecard that the effectiveness of Balanced Scorecard will suffer if the included none (no one). Financial measures are not linked to or aligned with the company’s strategic objective. Furthermore, they argue that “Scorecards built upon lagging, non-strategic indicators represent only a limited application of the full power of the Balanced Scorecard”. (HC 2012). Furthermore, Nørreklit (2000) points out that ultimately the Balanced Scorecard can only be as successful as the strategy that underpins it. The Balanced Scorecard’s four pillars do not take account of all of an organization’s stakeholders, that it does not take account of competitor actions, developments in technology or, for that matter, any unexpected even, which makes it static rather than dynamic and thus fails to establish a basis for continuous improvement. This would be especially hazardous in environments classified as uncertain where there is a clear need for organizations to be flexible in meeting unexpected demands (Nørreklit, 2000, 2003).

Moreover, Nørreklit (2000) argues that mechanisms need to be in place to capture and incorporate the ideas of low-level managers into organizational strategy and that employee involvement or lack thereof in developing a Balanced Scorecard will influence the success or failure of implementation. But, he concedes that such a level of employee involvement is “inconsistent with the top-down approach control function of the Balanced Scorecard, whereby strategy and performance objectives are determined by upper management” as articulated by (Kaplan et al., 2001b and cited by HC 2012).

2.2.2. Challenges in implementing Balanced Scorecard

A number of challenges have surfaced in recent years, however, that have complicated the strategic management process. Some of those challenges include the impact of globalization, electronic commerce, diversification of the workforce, the learning organization rapid technological advances, governmental regulations, and increasing competitive forces in the environment (Wheelan and Hunger 2008).

Pearce and Robinson (1991) introduces there are usually several challenges to strategy implementation. These include implementation taking longer than expected, uncontrollable factors and their adverse effect on implementation, major problems that had not been anticipated surfacing during implementation, competing activities, and crises that distract attention from implementation. Others include inadequate planning and communication, ineffective coordination of implementation activities, insufficient capability of employees, inadequate training given to lower level employees, lack of clear responsibility being fixed for implementation and lack of support from other management levels (Mghanga 2010). One of the challenges in BSC is having the baseline or benchmark which performance is measured against. Evaluation is impossible without a baseline or benchmark. First, a baseline for evaluation should be determined and then we should do the evaluation against the baseline. However baseline and benchmarks are hard to determine and can be ambiguous. Because Data Envelopment Analysis (DEA) is based on relative comparison, the Decision Making Units (DMUs) are evaluated against each other. By combining the BSC with DEA we answer important challenge of BSC, namely, the need to determine baseline and benchmark (Eilat et al., 2008 as cited in Mousavi, 2014).

According to Eccles (1991) dissatisfaction with using financial measures to evaluate business performance has been reported. During the 1980s, many executives saw their companies' strong financial records deteriorate because of unnoticed declines in quality of customer satisfaction or because their market share lost to global competitors. In addition, traditional performance measures, which include return on investment (ROI), return on assets (ROA), return on sales (ROS), purchase price variances, sales per employee, profit per unit production, and productivity, based on traditional accounting systems (Ghalayini, 1997) lack the focus and robustness that needed for internal management and control (Atkinson, Waterhouse, and Wells, 1997 and cited by HC 2012). Despite the advantages discussed above and the wide adoption of the Balanced Scorecard, some challenges in implementing Balanced Scorecard were reported. First of all, Neely et al. (1997) comment that it is necessary to consider the purpose of the measure, the frequency of

measurement and the source of data, and developing a balanced scorecard is a complex process. It is difficult to determine which measures should be used in each perspective. Similarly, points of view from Nigel (2005) given that the adoption of Balanced Scorecard requires commitment of resources and the alignment of strategy with performance measures. All these requirements result in the drawback of time-consuming in the development and implementation of the Balanced Scorecard model (HC 2012). Next, Heather and II-woon (2005) identifies several barriers buried in the Balanced Scorecard. Firstly, Balanced Scorecard is unable to recognize community and environmental issues. It does not include supplier-related or competitor-related measures while these two areas are vital to the business survival. Secondly, there is a pitfall that focusing on the lagging financial indicators instead of the leading non-financial indicators. Wrong focus may be harmful for a company in the long term. Third, it is difficult to obtain timely and cost-effective data for the use of Balanced Scorecard. Consequently, they concluded that Balanced Scorecard has relative little effect on organization performance. Final, Shulver and Lawrie (2009) explain the major challenges in Balanced Scorecard design are the selection of measures – an activity that is often undertaken using specialist external support – and the introduction of new ways of working that actually make use of the information generated by the Balanced Scorecard (HC 2012).

In situations where the public sector acts less as the provider and more as a partner in the provision of services, challenges unique to public/private partnerships arise at three levels: (i) the choice regarding types of partnerships (joint ventures; ‘purchaser/ producer’ equation etc.); (ii) the regulatory arrangements for private sector development; and (iii) impact based partnerships, etc. Regardless of whether these partnerships are seen as public enterprises or as quasi public sector initiatives, the key elements that must guide all partnerships are cost efficiency, sustainability and equity in the delivery of the services. However it is also argued that public enterprise (given its nature and role) is intrinsically a part of the governmental agenda and cannot be seen as a partner (Expert Group Meeting 2005). According to Beiman (2007) one of the challenges facing implementation of balanced scorecard in China is that the management environment in China differs from that of Western countries. From the Chinese experiences, there has to be a comprehensive approach to implementation of balance scorecard than how it has been done in western countries. In addition, research evidence shows that most companies in China have not carried out comprehensive analysis of their business before implementing balanced scorecard and hence some may not realize the effectiveness of the tool (Yannan-Wang, 2008: 15; Tuan, 2010: 95). Therefore, it may be possible that China is facing a shortage of qualified manpower that can comprehensively implement balanced scorecard for most

companies in a way that suits the Chinese market. China needs to learn a lot from developed markets like S and UK on the implementation of balanced scorecard and the benefits that can be realized as a result (Berhanu, 2013).

Steven Van de Walle (2007) highlights that the main problem of measuring public sector performance lying on a conceptual instead of measurement. It is a conceptual problem because in order to measure government and government performance, you first have to define government and agree on its objectives. Failure to define those areas would render the measuring effort as technically correct, but at the same time meaningless. Objectives, as in most cases of governments in the world, may not be revealed – objectives may be contradictory, or policy makers may just not know what exactly their objectives are. When conflicting and/or blurred objectives is an essential feature of governing, measuring government performance will be merely a political exercise at best. Brown (2007) has reported a list of top ten problems with most scorecards. Table 2 summarizes the problems, in the same order. It is obvious that these problems relate to both the private and public sector equally. The findings of Ahn (2001) and Brown (2007) have confirmed the skepticism expressed by Dinesh and Palmer (1998) and Weber and Schäfer (2000). The challenge seems to be even harder since diverse challenges of implementing balanced scorecard may not completely utilize the benefits of other management systems such as TQM. This is particularly relevant since Balanced Scorecard is often compared and contrasted with initiatives such as TQM and ISO 9000 (Rigby, 2001), rather than building upon them. Balanced Scorecard has been criticized for not having an inherent ability to address risks that threaten achievement of strategic objectives. Some public sector organizations such as Australian Navy have built a framework of Corporate Risk Management on top of the Strategic Objectives and KPIs framework of a typical Balanced Scorecard. Similarly, there is no evidence that Balanced Scorecard is being used as a comprehensive performance management system (Kureshi, 2013). Even in organizations using it for more than a decade, other performance management tools such as behavioral evaluation etc. are being used simultaneously.

While implementing the Balanced Scorecard in non-profits, Niven (2002) raises a caution that identifies the challenge in Balanced Scorecard implementation in the public sector and other non-profit organizations need to exert proportionately beside the private sector. He continues to argue that in the public sector, there is frequently distrust against private sector spawned solutions. Similarly, the non-profit sector shares this distrust and, in addition, many of its employees have little experience of- or exposure to similar efforts. According to Niven (2002), lack of knowledge and potential distrust can create a void which can be filled with negative perceptions of the

measurement effort. Negative perception can manifest itself in insistence that a performance measurement initiative is time consuming and will drain resources from essential projects, which renders the effort unworthy of attention (Niven 2002).

Chapter Three: Research Methodology

3.1. The study area

The study was carried out in Addis Ababa City administration in Trade and Industry Bureau with particular reference of Arada and Guelele Sub-city from each sub-city three woredas 1, 2, 8 and 3,7,10 were selected respectively.

Among different research design methods like experimental study, survey study, case study, Case study was chosen as the preferred research method, as it is closely linked to the context in which it is being studied and is a research tool valuable for understanding dynamics present within a specific setting Case studies can be generalized against theoretical propositions that provide a blueprint to guide data collection. For this reason, case study is chosen since case study is a methodological approach that incorporates a number of data gathering techniques such as life histories, documents, oral histories in-depth interview, and participant observation.

3.2. Study design

A descriptive quantitative and qualitative study design was employed from March 2014 to March 2015.

3.3. Sampling Technique

Purposive/judgemental non- probability sampling technique was used since this Sampling technique helps the researcher in order to contacts only most relevant respondent those who have knowledge on the study area to select respondent from the six woredas of two sub-cities.

3.3.1. Sample size of the study

A sample size of fifteen respondents each from the six woredas a total of ninety respondents were intended to be selected by judgmental non-probability sampling technique. In addition, five administration officials each from the two sub-cities a total of ten officials were interviewed. Generally, it was intended to undertake the research through hundred respondents, Even though hundred questionnaires distributed to the respondent, sixty respondents participated in this study.

3.3.2. Data source and collection Technique

In this study the researcher used both primary and secondary data as a source. The primary data was collected through structured questionnaire both open and close ended, and interview. The sources for the secondary data include were books, journals, articles and internets. Besides, for better triangulation of the information gathered from Addis Ababa city administration Trade and Industry Development Bureau, personal structured observation was undertaken by the researcher by systematically looking at what was going on. Finally, this information was fine tuned and made ready for data analysis and interpretation.

3.4. Structured Interviews with Key Official Informants

This data collection instrument is chosen because it provides uniform information which assures interview. Accordingly, this activity was undertaken with purposely selected sample key officials mainly process owners as it is found to be flexible which enables the researcher to ask respondents' various questions and get insight on the current scenario of BSC implementation in the study bureau. It also gives opportunities to the respondents' to express their feelings, ideas and opinions more about the topic under discussion. Hence, interview was held with five key official informants' who have different responsibility, expertise and experiences about the major challenge encountered, and achievements obtained so far due to BSC implementation. Besides these, the reason behind selecting these key officials is basically for the triangulation of the research findings that could be obtained from questionnaire survey. Thus, interview guides which comprises of structured questions were developed to collect supplementary data on questionnaire survey.

3.5. Direct Observation

The researcher has also used this method for collecting the required data and information from the respective Trade and industry development Bureau and its selected branch offices (TIDOs). In this

research direct observation is used as a means to assess the techniques used in documentation and BSC implementing performance processes and how they serve customers as well as the existing facilities of the offices. Important documents of the respective TIDOs or core process such as annual reports, company profile brochure.

Figure . 4. The Arada sub-city Trade and Industry Development Office sample photo of the core process owner



Source: Arada sub-city Trade and Industry Development core process owner May 10,2015

3.6.Ethical Clearance

This research was carried out after getting permission from the Research and Ethics Review Committee of Addis Ababa University. The data was collected after getting formal letter from Addis Ababa City Administration Bureau of Trade and Industry in Arada and Guelele Sub-cities. During the data collection written consent was requested from the respondent and the privacy and confidentiality of the personal data was kept completely secret.

Chapter Four

4.1. Data Analysis and Interpretation

This chapter emphasized on the analysis and interpretation of the findings. As stated in the previous chapter, the purpose of the study is to assess the achievement and challenge on the implementation of balanced scorecard in the public sector. The questions attempt to find out the extent of analysis done on the implementation result on BSC. The analysis activity is very crucial if the results are going to be used regularly by the top managers, Middle managers as well as officers' progress toward intended program or service results. The target population for the research was 100 among these 60% were responded by the study population & the rest 40% has not returned the questionnaire. The data were collected from, the two sub - cities, Arada&Gulele Trade & Industry Development office and three woreda from each and the total of six woredas are included in the survey.

Table 2. Responses to Questions Related to the Respondents Educational Background and Career Position

| | | | |
|---------------------------|----------------|-----------|------------|
| 1. Educational Background | Certificate | 5 | 8.33 |
| | Diploma | 25 | 41.67 |
| | Degree | 28 | 46.67 |
| | Above Degree | 2 | 3.33 |
| | Total | 60 | 100 |
| 2. Career position | Officer | 36 | 60 |
| | Middle manager | 23 | 38.33 |
| | Top manager | 1 | 1.67 |
| | Total | 60 | 100 |

The data in table 2 shows the respondents educational background. Among the 60 respondents 5 (8.33%) were with the educational background of certificate level, 25 (41.67%) were diploma holder, 28 (46.67%) were degree holder and the rest 2 (3.33%) were above degree. The table also indicates the career position of the respondents, that among 60 respondents 36 (60%) were officer, 23 (38.33%) were middle manager and the rest 1(1.67%) was top management position.

The Educational Background of the field of study and their level of education of the studied area of the two sub-cities Arada and Guelele , wereda 1,2,8 and 3,7and 10 selected respectively within the cities data collected using questionnaire.

Table 3.list of field of study and Level of Education in the TIDO

| No | Field of study | Level of Education | | | | | |
|-------|----------------------------------------|--------------------|--------|---------|-------------|-------|------------|
| | | MA | B A | Diploma | Certificate | Total | percentage |
| 1 | Agro-Economics & Community Development | 1 | 2 | - | - | 3 | 5.00 |
| 2 | Animal Science | - | 1 | 3 | - | 4 | 6.67 |
| 3 | Accounting | | 2 | 5 | 2 | 9 | 15.00 |
| 4 | Economics | - | 3 | - | - | 3 | 5.00 |
| 5 | Management | - | 2 | 3 | - | 5 | 8.33 |
| 6 | Information Technology | - | 2 | 2 | 1 | 5 | 8.33 |
| 7 | Urban Management | 1 | 4 | - | - | 5 | 8.33 |
| 8 | Mathematics | - | 3 | 1 | - | 4 | 6.67 |
| 9 | Plant science | - | 1 | 2 | - | 3 | 5.00 |
| 10 | Law | - | 2 | 2 | - | 4 | 6.67 |
| 11 | Marketing Management | - | 2 | 2 | - | 4 | 6.67 |
| 12 | Secretary | - | - | 2 | 1 | 3 | 5.00 |
| 13 | Agriculture | - | 2 | 3 | 1 | 6 | 10.00 |
| 14 | Physics | - | 2 | - | - | 2 | 3.33 |
| Total | | 2 | 28 | 25 | 5 | 60 | 100.00 |

Hundred questionnaires are distributed to the two sub cities and six werdas. Out of hundred only sixty questionnaire is returned. This is 60% of the sample. Table 3 shows that the study area comprises fourteen field of study and four level of Education which comprises Masters Degree, Bachelor Degree, Diploma and Certificate on the above mentioned field of study. The study area contained by relatively higher rate of employee in the filed of accounting two BA degree, five Diploma and two certificate holders totally consist of nine (15%)of from the sample study.Agriculture is the second higher field of study which comprises a total of six (10%) in all level of education.

Table 4. Awareness of the respondents on BSC

| Variables | Items | Respondents | |
|------------------------------------------------------------------------------|------------------------------------------------|-------------|---------------|
| | | Frequency | Percentage |
| 3. What are the driving forces that lead to choose for use of BSC? | For better performance measurement tool | 26 | 43.33 |
| | To increase efficiency and effectiveness | 18 | 30 |
| | To Increases responsibility and accountability | 12 | 20 |
| | Others | 4 | 6.67 |
| | Total | 60 | 100 |
| 4. Was there awareness creation program on BSC? before BSC was implementing. | Yes | 20 | 33.33 |
| | No | 40 | 66.67 |
| | Total | 60 | 100.00 |
| 5. What training program were provided by the organization? | Awareness creation | 35 | 58.33 |
| | Relation of BSC to Strategic tools | 15 | 25.00 |
| | Tools and Method of BSC | 10 | 16.67 |
| | Total | 60 | 100 |
| 6. Is the BSC used for performance evaluation? | Yes | 50 | 83.33 |
| | No | 10 | 16.67 |
| | Total | 60 | 100 |
| 7. Has your Balanced Scorecard been modified to suit your organization? | Yes | 15 | 28 |
| | No | 39 | 72 |
| | Total | 54 | 100 |

The data in table four indicates that whether there were a driving force to use BSC or not. Among 60 respondents, twenty-six (43.33%) were responded that the driving forces that lead to choose for use of BSC for better performance measurement tool, 18 (30) responded to increase efficiency and effectiveness and 12(20) replied that increase responsibility & accountability and others comprises were 4 (6.67%). Another part of the table shows that those who have awareness of the respondents are twenty (33.33 %) those who did not have awareness are 40 (66.67%). The table also indicates that what training program were provided by the organization? Thirty-five (58,33%) responded that there were providing awareness creation, 15 (25%) were relation of BSC to Strategic tools and the rest 10 (16.67%) were tools and method of BSC training program.

In addition, the table also indicate that the BSC was used as a performance evaluation. Among 60 respondents fifty (83.33%) of them were replied that BSC was used as a performance evolution in their organization while 10 (16.67%) of them responded that BSC was not used as a performance evaluation. The table also present the question of whether BSC has been modified to suit their organization or not? Fifteen (28%) of the respondents responded that the BSC had been modified while 39 (72%) were the respondents said that there had not been modification.

Table 5. Attitude of the respondents towards BSC as performance measuring tool

| Variables | Items | Respondents | |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------|-------------|------------|
| | | Frequency | Percentage |
| 8. How do you rate the usefulness of the Balanced Scorecard in your organization | Not useful | 28 | 46.67 |
| | Useful | 18 | 30 |
| | Very much useful | 14 | 23.33 |
| | Total | 60 | 100 |
| 9. in general, do you consider the Balanced Scorecard to be a useful strategic performance measurement tool for local government? | Not useful | 23 | 38.33 |
| | Useful | 21 | 35 |
| | Very useful | 16 | 26.67 |
| | Total | 60 | 100 |
| 10. In general, do you consider the | Not useful | 25 | 41.67 |

| | | | |
|-----------------------------------------------------------------------------------------------|--------------|-----------|------------|
| Balanced Scorecard to be useful strategic management tool for local government organizations? | Useful | 18 | 30 |
| | Very useful | 17 | 28.33 |
| | Total | 60 | 100 |

Table five refer from 8 to 10 and question 8 tell us that the rate of usefulness of BSC as a useful performance measurement tool for their organization or not. 28 (46.67%) responded that not useful, 18 (30%) were replied useful and 14 (23.33%) responded extremely useful. In regard to the consideration of the Balanced Scorecard to be a useful strategic performance measurement tool for local government 23 (38.33%) the respondents answer that not useful, 21 (35%) and 16 (26.67%) responded extremely useful. Regarding to question 9 in general to know whether they consider the BSC to be a useful strategic performance measurement tool for local government organization or not 23 (38.33%) replied that were not useful 21 (35%%) said that useful and 16 (26.67%) answer that very useful. In table five question 10 indicate that there was a general question in ~~In~~ general, do you consider the Balanced Scorecard to be useful strategic management tool for local government organizations?" twenty-five (41.67%) respondent responded not useful, 18 (30%) were answer that useful and 17 (28,33%) respondent responded very useful.

Table6. Implementation of BSC in the study area

| Variables | Items | Respondents | |
|----------------------------------------------------------------------|------------------------------|-------------|---------------|
| | | Frequency | Percentage |
| 11. Does your organization currently use the Balanced Scorecard? | Yes | 54 | 90 |
| | No | 6 | 10 |
| | Total | 60 | 100 |
| 12. How long has your organization been using the Balanced Scorecard | 5 Year | 2 | 3.33 |
| | 4 Years | 20 | 33.33 |
| | 3 Years | 18 | 30.00 |
| | 2 Years | 7 | 11.67 |
| | 1 Year | 6 | 10.00 |
| | Non response | 7 | 11.67 |
| | Total | 60 | 100.0 |
| 13. What were the major benefits or achievement? In terms of: | Better Work organization | 30 | 50.00 |
| | Better Efficiency | 15 | 25 |
| | Better Customer satisfaction | 10 | 16.67 |
| | Other than above | 5 | 8.33 |
| | Total | 60 | 100.00 |

Table six contains questions from 11 to 13 related to practice/implementation of BSC. Question eleven refers to whether the organization currently uses the BSC or not. As the researcher infers from table 4 above, fifty-four (90%) respondents responded 'Yes' and 6 (10%) respondents responded 'No'. Moreover, the table also denotes that how long has your organization been using the BSC? Two (3.33%) replied that five years ago, 20 (33.33%) responded that four years ago, 18 (30%) responded that three years ago, 7 (11.67%) responded two years ago, 6 (10%) responded that one year ago, 7 (11.67%) respondents did not respond. Finally, table four indicates on question 13 –What were

the major benefit or achievement?” Twenty-seven (50%) replied that there were better benefit for better Work organization,13(24.07%) answer that better efficient,10 (16.67%) were better Customer satisfaction, the remain 4 (7.41%) of the respondent did not respond.

Table 7. Challenges of BSC implementation in the study area

| Variables | Items | Respondents | |
|-----------------------------------------------------------------|----------------------------------------|-------------|------------|
| | | Frequency | Percentage |
| 14. What challenges have been faced by the organization? | Not cascading the BSC | 17 | 28.33 |
| | Not modifying the BSC | 25 | 41.67 |
| | Lack of strategy | 18 | 30 |
| | Total | 60 | 100 |
| 15 Are they still challenges or problems in practice? | Yes | 42 | 70 |
| | No | 18 | 30 |
| | Total | 60 | 100 |
| 16. What factors are influencing the use of Balanced Scorecard? | Organizational factor | 30 | 50 |
| | Characteristics of individual managers | 25 | 41.67 |
| | Others than above | 5 | 8.33 |
| | Total | 60 | 100 |

Table seven contains three questions from 14 to 16 which express ‘BSC response to the challenge faced by the organization’ seventeen (28.33%) of the respondents replied that the BSC was not cascaded 25(41,67) the respondent were responded that BSC was not modified and the rest 18(30%) of the respondents responded that there is lack of strategy. The table also articulate the presence or absence of challenges or problems of BSC in practice. Among 60 respondent forty-two(70%) replied that there was still a challenge or problem in practice, eighteen (30%) replied that there was no challenge or problems in practice of BSC. Table six moreover denotes that” what factors were influencing the use BSC? ” Here there are three alternatives of choices these are: thirty (50%)responded that

organizational factor, 25 (41.67%) responded that the characteristics of individual manager and 5 (8.33%) responded that there were other factor influence the use of balanced scorecard.

Table 8. Knowledge of the respondents on the use of BSC

| Variables | Items | Respondents | |
|------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------|------------|
| | | Frequency | Percentage |
| 17. The Balanced Scorecard (BSC) is balanced in that it shows: | Internal aspect of the business | 12 | 20 |
| | External aspect of the business | 7 | 11.67 |
| | Both | 41 | 68.33 |
| | Total | 60 | 100 |
| 18. Does BSC serve as a good performance measurement tool used for to solve measurement problems of balancing? | Yes | 50 | 83.4 |
| | No | 5 | 8.33 |
| | Can't say | 5 | 8.33 |
| | Total | 60 | 100 |
| 19. Does the officer take intensive training in order to arrive the strategic goal of your organization? | Yes | 26 | 43.33 |
| | No | 34 | 56.67 |
| | Total | 60 | 100 |
| 20. Do you think that BSC initiatives are lead to the efficiency and effectiveness of organizations performance? | Yes | 44 | 73.34 |
| | No | 11 | 18.33 |
| | Can't say | 5 | 8,33 |
| | Total | 60 | 100 |

Coming to the use of balanced scorecard of the respondents as indicated in the table eight contains four questions from 17 to 20 ‘BSC is balanced in that it shows’ twelve (20%) were a respondent responded that internal aspect of the business and 7 out of 60 (11.67%) were a respondent responded as external aspect of the business, both aspects comprises 41 (68.33%). Moreover, Table 7 also shows that the question of does BSC serve as a good measurement tool? Among 60 respondents fifty (83.34%) were given ‘yes’ responses while both ‘No’ and ‘can’t say’ have each 5 which comprises 8.33%. In addition; Table eight indicates whether the office take intensive training or not out of 60 respondent twenty-six(43.33%) were provided ‘yes’ response where as 34 (56.67 %) provide ‘No’ response. The table also presents that whether the public sector BSC initiatives leads to the efficiency and effectiveness in organizational performance or not forty-four (73.34%) were responded ‘ yes’ 11 (18.33%) were responded ‘ No’ and 5 (8.33%) were responded ‘cannot say’.

Table 9. Commitment of the leaders and availability of the policies and procedures towards to the implementation of BSC in the study area

| Variables | Items | Respondents | |
|--------------------------------------------------------------------------------------------------------------------|-----------|-------------|------------|
| | | Frequency | Percentage |
| 20. Does BSC help as tool to facilitate communication with the process of translating the strategy? | Yes | 46 | 76.67 |
| | No | 5 | 8.33 |
| | Can’t say | 9 | 15 |
| | Total | 60 | 100 |
| 21. To what extent are the leaders in your work environment play positive roles towards the implementation of BSC? | Excellent | 5 | 8.33 |
| | Good | 23 | 38.34 |
| | Fair | 17 | 28.33 |
| | Poor | 15 | 25 |
| | Total | 60 | 100 |
| 22. Is the BSC application procedures incorporated with organizational policies, rules regulations manual. | Yes | 40 | 66.67 |
| | No | 20 | 33.33 |
| | Total | 60 | 100 |

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

As table nine shows that Fifty (83.34%) responded that BSC serve as a good measurement tool where as 5 (8.33%) could not say about the tool. Table nine also indicated that whether the public sector BSC initiatives leads to the efficiency and effectiveness in the organization performance or not forty-four (73.34%) were responded ‘Yes’ and 5 (8.33) responded ‘No’ 9 (15%) were responded ‘can’t say’.

Furthermore, there was a question said that ‘To what extent were the leaders in your work environment play positive roles towards the implementation of BSC?’ five (8.33%) have a excellent role in implementation and 23 (38.34%) have good roles in implementation and 17 (28.33%) have fair roles and 15 (25%) have said that leaders play poor roles towards the implementation of Balanced scorecard.

The last from the least question of the survey ‘Was the BSC application procedures incorporated with organizational policies, rules regulations manual,..?’ Forty (66.67%) were having the respondents responded ‘ yes’ the BSC application procedures incorporate with organizational policies rules regulation and manual, twenty (33.33%) were responded that BSC application procedures were not incorporate with organizational policies rules, regulation and manual.

4.2. Summary of the Interview Results

The following are the major areas where the interview was made in the study offices

- ❖ Commercial registration & license of controlling core – process
- ❖ Corporate, organizing & Development core-process.
- ❖ Inspection and regulatory core process owner
- ❖ Urban & Agriculture Extension core process owner
- ❖ Audit and Inspection and Legal service

Table 10. The department , position of the interviewed participants in TIDO

| Interviewed department | Position of the interviewee | Respondents | |
|-----------------------------------------------------------------|-----------------------------|-------------|------------|
| | | Frequency | Percentage |
| Commercial registration & license of controlling core – process | • Core –process Owner | 2 | 30 |
| | • Sub-process Owner | 1 | |
| | Total | 3 | |
| Corporate, organizing & Development core-process. | • core – process Owner | 2 | 30 |
| | • sub-process Owner | 1 | |
| | Total | 3 | |
| Inspection and regulatory core process | • core – process Owner | 2 | 20 |
| Urban & Agriculture Extension core process | • core – process Owner | 1 | 20 |
| | • sub-process Owner | 1 | |
| | Total | 2 | |
| | | 10 | 100 |

The above table ten describe that the Arada and Guelele sub-cities have four coreprocess under these four core process there are sub-process and case teams. Commercial registration & license of controlling core – process and Corporate, organizing & Development core-process have equal weight of three (30%) the rest two core process, Inspection and regulatory core process and Urban & Agriculture Extension core process

have equal number of two (20%).The researcher try to balance the participation of the TIDO employee's but no interview is done on the.

The interviewees were not shown the list of issues and questions until the interview was finalised. All interviews were asked orally and a summery was typed for each interview based on the recordings and notes made by myself. The interviews were all carried out in Arada and Guelele sub-cities. The interview were made on the above four core process and sub-process. Even though, there were teams and officer for proper implementation they are not included in the interview process, this is limited due to the lack of time and the involuntariness of the implementers or offices in the core and sub- process.In the presentation in the text, all points have been translated from Amharic in to English. However, the translation does not aim to be a direct one, but rather to express the purpose of the question without necessarily representing the closest translation of the original text. The researcher also made observation during visiting the organisation and received access to various written documentation. These include both historical and current information ,the binding document of BPR and the appraisal form that the manager that can evaluate the employee performance, except giving the appraisal form list and their annual report, they are confidential and were only has shown to researcher the way on-site.

Q.1. Position of the respondents

On this interview the researcher planned to ask each woreda and sub-city head of Trade and Industry Development. But unfortunately, all except one woreda head are not found in their office due to repeated government meetings. The researcher has made interview with those cabinet members who are available and voluntary to be interviewed. The positions of the interviewees were the owner of core-process, sub-process and case-team coordinator. Accordingly, among 60 respondents 36 (60%) were officer, 23 (38.33%) were middle manager and the rest 1(1.67%) only was in the top management position.

Q.2. Responsibility in relation to the balanced score card project

The core-process owners responded that they coordinate, manage and control the work activities in the core process. The sub-process owners perform the work passed and drawn from the core-process. They also divide and control the work performance under them coming to the case team. The case team organized the work by 1 to 5 in order to share knowledge and information among each & every member of the team to have at least an average performance capacity. Each performance of the employee is measured focusing on

the efficiency & effectiveness in term of quality and time. They also check whether the BSC is well implemented or not and finally provide to BSC suppliers.

Q.3.The reason why the Balanced Score Card approach adopted by the studied organization

Most of the core & Sub process, case team members agreed in the idea of the rational of BSC is that, to apply the principle of value for money, this principle works on the 3Es (Efficiency, Effectiveness & Economy). Therefore, based on these three elements the performance of each employee needs to be measured. According to the interviewee, there are factors to facilitate the process like the possibility of properly managing the work. Those workers who perform better can be initiated and those who did not perform better can be capacitating by giving intensive training. On doing this each and every employee will be made accountable in their performance. This leads them to provide better service by using Business processes Reengineering tool. For these reason, the respondents said that BSC can be facilitated to evaluate BPR activities whether the employees and their managers perform their works as per the standard. They also said that the BSC also facilitates the use of work strategically with systematic manner, easy to prepare the work performance and report, used to communicate different core-process in the office.

In addition the respondents addressed some factors that hindered the adoption of the BSC. These are, lack of professional worker, insufficient working material, lack of continuous modification done by the office, lack of continuous internal evaluation of the employee 'activity and the sector as a whole, lack of improved net work system between sub-cities to bureaus and sub-cities to sub-cities, sub-cities to woreda office, lack of efficient and effective data capturing and reporting system can be seen as major obstacles of balanced scorecard implementation. In some core process and case team report is not done through automation and also there is high employee turnover. Lack of necessary top management support is another challenge. Performance management system, unlike other sub-programs, demands the dedication of the top management, which is supposed lacking in the Ethiopian Civil Service.

Q.4. the performance measure used in the organization

In order to show what the organizations have accomplished, all of the interviewees gave a response that they use Balanced Score Card (BSC) to measure the effectiveness and efficiency of the work performance.

Q.5. All of the departments in the study area responded that they have adopted the BSC even though they did not apply properly as per stated standard.

In regard to the properly adoption of BSC in all departments within the organization, Most of the interviewed indicate that there is a proper adoption of BSC and some responded there is no proper adoption. Both put their own reasons, those who said properly adopt gave the recommendation that it can be converted in our context according to the organization working principle, manual the BSC principle in the organization and other horizontally & vertically related department are working by coordinating the work. Those who said that there is no a proper adoption of the BSC had given their reason is that new department are added in the office without assigning a budget and even without studying the nature of the job description .In some departments the senior and junior, senior and senior officers are being assigned to perform the same job description but they are given different responsibility and earning salary.

Q.6. In response to the period of BSC implementation the interviewees said that it is with time range of 1-5 years. In addition in Stating about the reason for unsuccessful implementation of BSC, The interviewed agreed that the Balanced Scorecard is a new measurement tool. There is also no professional person that suits the new work system, lack of intensive training, lack of automation and high employee turnover.

Q.7. While expressing the concept of the BSC as a good management tool in their organization, the respondents said that the BSC helps to manage segregated jobs among different officers and it measures work according to workers performance. Only few of the respondents talked in terms of inputs, outputs, outcomes and impact and that is the person representing the organization that has come furthest in their performance measurement.

Q.8. Asks if there is any driving forces the organization to start and adopt BSC. The majority of the respondents put the reasons for the start and adoption of the BSC and they said that the BSC helps to satisfy customers' needs and to exercise the concept of good governance. Without some controlling mechanism work performance does not go as per plan therefore, to be efficient & effective there must be measurement tool.

Q.9. Asks whether the BSC used in performance evaluation or not most of the interviewed have agreed that BSC used in performance evaluation by giving their own reasons like, evaluation is used whether the office is benefited from the strategic tool or not, or is the BSC need to modify or not, so evaluation help to see carefully on the matter before making

any decision. But some says since the evaluation is subjective, this is to mean that there is a sense of bias and complain created among managers and officers.

Q.10. Level of BSC implementation in the organization

According to the interviewed respondents, BSC in their organization is in the infant stage because it is only in an emerging stage. The Addis Ababa city capacity building Bureau set the evaluation criteria and cascade BSC document to the sub-cities, sub-cities cascade to woreda without making any adjustment to the work.

Q.12. The question concerned about the modification of BSC:

Once the BSC is studied modification by sub-city&woreda is not possible. Even though the Addis Ababa city Administration Capacity Building Bureau has the only mandate to modify no modification is made once it was studied.

Question15. In response to the reason why the public sector are using BSC in their organization is that they consider the progress that is shown in for- profit organization and good customer handling practice made by them create great initiation to the public sector and this leads to high customer satisfaction. In addition the public sector serves the general people and its aim is to fairly provide services to citizens. According to the interviewees their organization is using the BSC to accomplish the activities mentioned above.

Q. 17. –How is the BSC used to evaluate the organizational mission & goals better than the traditional one?

Different responses were made by the interviewees. Some of them said that the traditional mission and goal statement is better than the new one, and the BSC can assist the definition of better organisational key performance indicators to improve performance outcomes. The BSC system not only promotes synergy and arrangement of strategies among departmental and functional units, but also promotes strategic communication for decision-makers to carry on high organisational performance outcomes. Other say, since BSC is new innovation which clearly states that when, what, why and how work can be done is clearly stated.

Q. 18. –What is the reaction of employee about BSC?

It is described by some of the officers that BSC is a good management tool. Even though there is a misunderstanding and lack of attention about performance measurement of BSC

among the managers, they accept and precede the work. In contrast to the managers the newly hired employees are resistance to accept to work using BSC document.

Q.19. Does your organization encounter any obstacles when using the BSC as a tool for performance measurement?

Most of the staff workers, both officer and managers agree that there is plenty of difficulties that encounter while they are using BSC as a tool for performance measurement. There is a problem of cascading the work by managers to employee. The BSC is studied only once and the organization work structure does not go along with previous study of BSC. Due to this fact the current work required professional employee that can not be done by existing employees. The interviewed employee also described that reorganizing the number of department is required to be align with standard; however, managers do not give attention to the adjustment on the amount of work and the number of employee required meeting the organization mission and goals.

Q.20 what meaning do the employees have about the concept of performance measurement?

It is the model or idea that is used to measure each and every work performance and give standard to all work. Some employees do not have the concept of BSC and other have the concept and they believe that having the concept of BSC helps to perform their activities with few resources. In addition the system helps to facilitate the work, to make easy flow of work, to initiate work performance to use their time wisely & effectively and leads to improve work quality & effectiveness. The very concept of Balanced Scorecard seems to be wrongly perceived among the public sector. Though its main objective is to develop institutional as well as individual performance, the way the implementation process is taking place changed its objective and it has been taken as a political tool. This brought about resistance.

Q.21. What is required to improve the benefits of the BSC approach in their organization?

Most of the interviewed answers that if the BSC should properly studied by professionals those who have sufficient skill by the subject matter, assign sufficient man power, provide intensive training for both employees, and managers, create favourable working conditions and try to narrow the salary gap between the upper and lower payment, This leads the organization to improve their work performance.

Q.22. this question asks the development of the balanced scorecard as a planning and implementation tool in the public sector of the study area. Planning is not done at Sub-city and Woreda level. Even though there is planning at the bureau level it is not well done.

Question 23. The plan is simply once cascading from top to bottom this will be continued without evaluated adjustments is made or examining the improvement of work performance.

4.3. The responses given by the two sub-cities and six selected woredas for the Narrative Questions are mentioned below:

Some respondents agreed that question .4. the concept of BSC as a good management tool in their organization, helps the employee to inspire, plan and guidance for work how to give service effectively and efficiently others responded that BSC is a tool to assess how an individual evaluate work performance and achieve his/her specific tasks.

In addition some of the respondents said that they don't have the concept of BSC and their organization has not yet implemented the BSC according respondents, different organization, have different work nature they work in order to measure individual performance, to for organizational tasks and to facilitate promotion of activities.

Others express the concept of BSC as a good measurement tool in their organization, some of the respondent said that BSC helps the employee to inspire, plan and guide them how to rendering service effectively and efficiently. Other respondent said that BSC is a tool used to assess and evaluate how an individual work performance is done in accordance with the organization desire gal's .In the contrary some respondent said that they do not even know that the concept of BSC and their organization has not yet implemented the BSC. According to some respondent, different organizations have different work nature on wards this they suggested that BSC should be studied that to suit the work in order to measure individual performance, to do activities systematically, to give attention for organizational tasks and to facilitate promotion of activities.

Quetion.9. Concerning about the sustainability about the implementation of Balanced Scorecard it is initiatively start to work one time and soon forget to follow up because of this the balanced scorecard becomes remain as theory. Even some members of the top management did not know the starting and ending result of the BSC .It is only for sample /nominal which is not well functional. The BSC also creates a competitive atmosphere, however, not exaggerated. Erik indicated that all employees are informed of what is happening, according to the BSC. Even higher officials did not know exactly how often the

employees and especially new staff are being updated on the BSC. However, the strategic plan which came from the higher officials was responsible to discuss the vision, strategy, goals, and values among the employees.

Q.11. High level of information exchange between organizational departments that allows for resolving differences and overcoming resistance in BPR the boss cascade the work according to their standard, and can measure the work by BSC whether it is done based on the standard or not. It leads the worker for best success, It is a good performance measurement tool, provides better customer service and good governance. It also enhance the valuable use of time, efficient and effect use of money and other resources ,and transparency to give fast and quality work performance .In addition the BSC helps any employee first to plan the goal of the organization then dividing the plan in monthly and daily. This helps the manager to control the work performance whether it goes with in accordance to the previous plan or not. Since the work is cascaded to the personal level the agreement is made between the manger and the officer to perform the work and the work will be measure through measurement tool (BSC) We count what we are doing every day through our plan and our performance is measured thought the stated standard every work performance is measured according to what the persons works , to make individual employee responsible and accountable for their work ,to create communication between employee and their work it also simplifies work evaluation between officers and every employee can have the right to complain, it helps to examine the improvement of employee work performance this can lead to the increase in accountability and responsibility among every employee. BSC helps the organization as well as the employees to facilitate the reports by using Automation. Using Automation can make their performance efficient and effective. This can create a competitive working situation for the organization.

Q.13. Concerning the concept of BSC: It is another countries work performance experience early designed for the profitability of business enterprise, it has to be converting the concept in our country nature and behaviour of work. Employees were unwilling to accept the reform, lack of training, lack of time constraint and net work problem .In addition there is no consecutive training given to upgrade the skill of individual worker , no equal awareness among employee and managers .There is also high turnover of employee, because of this the organization faces lack of professional workers. Complain between worker and employees are quite common. In higher officials the committed employees are not motivated for what they have done and also no job related

training is given. The concept is good but it has Subjectivity characteristics and there is a problem of implementation due to this reason. BSC is time taking while cascading the activities to individual officer to implement the work. There is misunderstanding and misinterpreting by both manger and officers. Most Workers see BSC as a political instrument to rule people or workers. Due to this and other and reasons it is difficult to apply BSC.

Q.15. Confirming that weather it is valuable performance measurement tool or not: According to the respondent the BSC is valuable tool for our trade policy that makes the work simple easy to manage and helps employees how to plan their job, how to report and how to evaluate the work performance. In their organization all employees are well-informed about what should be done, and respect the principle of fairness. Thus, strong workers should be promote and weak performance should be trained and advice to go with those who were advance them, so that there will be strong knowledge share in the organization. Balanced Scorecard used as the measurement tool, it measure the performance of each activity based on the studied Business Process Reengineering (BPR).Therefore, BSC promotes organizations to perform periodic and systematic strategic review. Furthermore, evaluation of results and stewardship were also providing justification for the programme of continuous employee training in the organization. Evidence of the results achieved encourage the establishment of future training programmes.

Q.16. Despite its usefulness no training is being given before the application of BSC. If training is given inside and outside the organization, this can build the knowledge and skill of employee in order to achieve the organization target goals and this leads to save time, money, human and other resource. Some said that BSC is more effective only in the beginning since the employee and manager insist on the objective for measuring their performance initiatives.(Take this to the recommendation section)

Question.17. Balanced Scorecard is useful strategic management tool for local government, but it requires further training required before applying it. The majority of the respondent stated that the balanced scorecard was a very helpful instrument supporting a strategy-focusing process and it even helped them to build up a performance measurement system. Regarding the financial results, a few respondents remarked that they were in such an early stage of implementation that they could not predict the consequences on the financial result. Compared to the study by, the non-profit respondent were less optimistic (positive thinker) about substantial improvements of financial performance in the

non-profit sector due to the balanced scorecard. The very low position for “building up a base for an incentive system” does not come as a surprise. This question created some adverse reactions. There were those – mostly providing services for physically challenged persons – who were in favors of financial incentive systems and others who were totally opposed to it.

4.4. Findings/Discussion

The findings of this research would be benefited by helping those who are working in Arada and Gullele sub-cities Trade and Industry Offices in yielding and providing clear and comprehensive understanding of what is going on within what situation and extent regarding the implementation of Balanced scorecard in relation with expecting goals, outputs and outcomes on the public sector department (as direct responsible and accountable entity) to identify gaps, weakness and areas of inefficiency so as to improve the implementation).

Regarding the elements of the balanced scorecard, among the sixty respondents 83.33 percent confirmed that their organization used the balanced scorecard as performance evaluation. According to the respondent the BSC is valuable tool for measuring their performance level and the policy that makes the work simple easy to manage and helps employees how to plan their job, how to report and how to evaluate the work performance. They also introduce in their organization that all employees are well-informed about what should be done, and respect the principle of fairness. However, most of the organizations were far away from comprehensive indicator framework. The translation of the performance measures into specific actions was partly implemented in all the study area. Both the selected sub-cities and woredas had also implemented target agreements focusing either on the individual performance of a middle manager or the team he or she was leading – on the middle management level. Even though, their response shows the highest percentage on using the BSC as a performance tool, the actual observation did not reflect as they responded. Most of them are reluctant to use the BSC as a performance tool and their Performance agreements on the level of the employees were also in an early stage and not always welcome. There is only five interviewees reported that cause-and-effect relationships were identified; this is because most of the head office managers were not available in their office even those who were in their office did not volunteer to be interviewed. Because of this out of five there is only one top management was interviewed. The majority of the interviewees stated that the balanced scorecard was a very

helpful instrument supporting a strategy-focusing process and it even helped them to build up a performance measurement system. Regarding the financial results, a few interviewees remarked that they were in such an early stage of implementation that they could not predict the consequences on the financial results. One added that this was a highly speculative question because he did not know how the financial results would have been without the balanced scorecard. Compared to the study by, thenon-profit interviewees were less optimistic about substantial improvements of financial performance in the non-profit sector due to the balanced scorecard;this practice is also true in the study area. The Addis Ababa city Administration Trade and Industry Development office due to the infant stage on the implementation of Balanced Scorecard it is less practice in the study area.

Chapter Five: Conclusion and Recommendations

5.1. Conclusion

In this study, the researcher has tried to assess the achievement and challenges of BSC implementation in the selected public sector of the study area of officers, middle manager and top managers. But unfortunately most of the literatures are normative statements from management experts and a nominal white paper of the offices. This argument goes with Paul Niven's (2008) he express that although the Balanced Scorecard has taken over performance management thinking in business, its linkages and adaptability to public and non-profit organizations has remained extremely challenging. Similarly in this survey the research result shows among 60 respondents forty-two (70%) said that still there is a challenge or problem in practice.

The fact that the BSC implementation is relatively new in Ethiopia, along with the increasing importance of this tool in the modern business environment, raises many questions that might be explored in future works, especially the extension of the study to other type of public organizations and industries, as well as to the international context.

According to this research findings there are multifaceted challenges to the implementation of the BSC. Among the challenges, weak support, lack of commitment and poor visionary leadership quality demonstrated by Trade and Industry Development bureau as well as the sub-cities were the major ones. There is also problem of understanding between the top managements and the process owners to give support to the officers. The lack of incentive packages and job displacement is also one of the factors that lead the employees' resistance to the implementation of the BSC. In addition there is no a proper management policy and system that manages the human resource that led to the high staff turnover, inadequate continuous monitoring and evaluation the performance , problems of delivering continuous training and far beyond education to officers.

Implementing proper performance measure using the Balanced Scorecard is a key to overcome challenges faced by the organisations. It is indicated in the research that the BSC has been practically more exercised in the private sector organisations than the public one however; the later are also seeking to improve their performance management by adapting to the dynamic environment and customer demands.

According to this study a great majority of respondents have witnessed that there is lack of commitment of the office leader and core and supporting process owners and weak support demonstrated by sub- city Trade and Industry Development office or Trade and Industry Development Bureau.

In addition to this interview result also prove this reality on part of top and middle level managements there were no full commitment and vision for change. In addition, most of the top managements were having less awareness or inadequate knowledge about Balanced Scorecard. The BSC is a performance evaluation instrument that forces an organization to identify a number of factors that are crucial to the success of an entity.

Thus,since in government organization top management specially those who are service render to the public, the prime consideration is given to political matters tied with ever changing assignments leads to erode their adherence to the standard of BSC. Besides the study revealed that since there are no incentive employees suffer from lack of necessary confidence to precede the BSC implementation to bring meaningful change. Furthermore, this study revealed that total involvements of management are very minimal showing that about 8.33 percent of respondents asserted the existence of challenge in this respect.

To recapture the public that remains sceptical of the management of the public purse and service delivery involves improvements in information about government performance, these Performance measures are agreed when setting strategic objectives. Butalso substantively repositioning government agencies to their core functions as agents of change. Information can restore trust in government capabilities, but ultimately, it is how governments re-create themselves as meaningful actors in people's lives that may matter more in building enduring trust and accountability systems. Information can restore trust in government capabilities, but ultimately, it is how governments re-create themselves as meaningful actors in people's lives that may matter more in building enduring trust and accountability systems.

As for the confirmation the survey and literatures, the obtained results indicate that the BSC implementation is smaller in public organizations than in private ones. Furthermore, we got empirical evidence that confirms the association between the BSC implementation and the degree of vertical differentiation; the degree of decentralization; the degree of formalization; the existence of an open organizational culture, and consultative and active leadership, and the degree of employees' qualifications. To recapture the public that

remains unconvinced of the management of the public purse and service delivery involves improvements in information about government performance, but also substantively repositioning government agencies to their core functions as agents of change. Information can restore trust in government capabilities, but ultimately, it is how governments re-create themselves as meaningful actors in people's lives that may matter more in building enduring trust and accountability systems.

Likely, for the balanced scorecard being as a successful tool has been identified and well recognised in the literature review. The key to employing the balanced scorecard is to understand the challenges while implementing it to the public sector. By identifying the challenges faced by the public sector, their performance measures tailored to suit the circumstances and situations of the public sector organisations.

Managers are using BSC to communicate their strategy, for planning and controlling, for getting feedback and, for performance monitoring. This study examines the assessment on the achievement and challenge of BSC implementation and it also helps to explain why some organization face challenges during the use of BSC, some are succeed while others frustrate. Thus this study will support mangers and officers using BSC as a strategic tool for performance evaluation in order to achieve the desire goal of the public sector.

Summing up this, the study tried to find that initially before introduction and implementation of BSC; measures that the performance of activities, services were offered (accessible) without specific clarity on customers need. But, today as a result of this reform tools are more bureaucratic tendencies were minimized somehow and issue of flexibility, responsiveness and accountability to provide socio-economic service have been given better attention. Besides this, the positive impressions indicated in the study are evident that service delivery is observably improved in terms of reducing the cycle time of process and delivering speedy services to the public at large.

5.2. Recommendation

Based on the findings and challenges, witnessed by the respondents as well as researcher personal observation the following recommendations are forwarded.

- A new strategic information system should be designed to monitor the strategy put in to practice by those who are responsible. Such an information system should integrate all the information required to control application of the strategy, superseding the systems currently used in the organization. It should illustrate cause-and-effect relationships and show the final outcome concerning the achievement or else the organization's strategic goals.
- The adoption and adaptation of the BSC as performance measurement tool should evaluate the implementation of the required work activity begins with clear definition of an institution's mission, vision and strategy.
- Top and middle managers should give adequate attention and have sense of ownership for the implementation of BSC to bring the effective and efficient performance of the work.
- In order for the BSC implementation to be effective all levels of public sector must be aware of the challenges that initially caused the tool to be applied, and then identify their performance goals as solutions to the challenges and not simply management interference or interruption.
- Both the sub-cities and woreda managements have to play the leading role in defining mission, vision and strategy by involving all key stakeholders.
- Resistance often related with unawareness of both in the studied sub-cities and Weredas officers. Moreover; it takes quite a long –time, quite many forms, and can hinder the rate of changes based on the new measurement tools (BSC). Therefore, the TIDO should try to take a responsive action, by dealing effectively with introduction of proper placement incentives packages.
- Reward systems and pay, communication, empowerment, training and education, creating conducive work climate help for a sound change. In addition; the salary gap between the managers and officers should be narrow. And give incentive for those whose performances is best and find intensive assistance for those who are weak.

- The top and middle managers have to be committed to and held accountable for what they said and proposed to do.
- When BSC applied properly, it establishes focused channels and processes to ensure effective and efficient communication throughout the organization.
- Active communication helps every staff member reach common understanding of the organizational vision, strategies and goals as well as points them to the programmers and this lead to desired outcomes.
- BSC initiative must be facilitated, and every sector must ensure the scarce resources are aligned with the BSC strategy. This will happen if and only if people's management of the office has become integrated with human resource planning to its performance appraisal.
- Indeed, the researcher believes that being proactive is always a positive trait than reactive. Therefore, the offices should make reassessment to find the gaps to lend the necessary support to any endeavor that lacks necessary understanding.
- There is a problem of training and education, thus, the Trade and industry Development Bureau should provide on job and off job training continually for both sub cities and Woreda officers in order to enhance the awareness of Employees, the provision of information technology (IT) infrastructure facility along with necessary training is essential in all situation.
- There is also lack of clear articulation of the criteria for performance evaluation. Therefore, the officers along with their supervisors have to create a precise and consolidated commonly agreed institutional wide and viable performance evaluation criteria by involving every concerned body that has influence on their day to day action directly or indirectly.
- Since the main challenge of BSC to implement in the public sector is conceptual, the government should give intensive training and create a general agreement on its objectives.
- Future research studies of BSC implementations could certainly benefit from measuring the studied public sector organization performance in each implementation stage and appraising this factor's role in creating success.
- In general the researcher believes that if the above recommendations are implemented the challenges of implementation of BSC will be minimized.