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# **The Implementation, Achievements and Constraints of Performance Management Using the Balanced Scorecard in Addis Ababa City Administration: The Case of Addis Ketema Sub-City Woreda 2**

By:

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A thesis submitted to the School of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP) in the Department of Public Administration and Development Management

Addis Ababa, Ethiopia

June, 2015

**Addis Ababa University**  
**School of Graduate Studies**  
**College of Business and Economics**

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*This is to certify that the thesis prepared by Dereje Kebede Worku entitled “The Implementation, Achievements and Constraints of Performance management Using the Balanced Scorecard in Addis Ababa City Administration: The Case of Addis Ketema Sub-City Woreda 2”, which is submitted in partial fulfillment of the requirements for the Degree of Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to standards to originality and quality.*

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## *Declaration*

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I declare that this Research Report on ‘**The Implementation, Achievements and Constraints of Performance Management Using the Balanced Scorecard in Addis Ababa City Administration: The Case of Addis Ketema Sub-City Woreda 2**’ is my own original work with assistances and guidance from my Advisor and not submitted before for any institution and any purpose. I further declare that all the sources used in this research report have been properly recognized and acknowledged as in-text-citation and reference list.

Dereje Kebede Worku

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Signature

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Date

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## *Acronyms and Translations*

<b>AACBB:</b>	Addis Ababa Capacity Building Bureau
<b>BPR:</b>	Business Process Re-engineering
<b>BSC:</b>	Balanced Scorecard
<b>BSCI:</b>	Balanced Scorecard Institute
<b>CSOs:</b>	Civil Society Organizations
<b>Dergue:</b>	An Amharic Equivalent for Committee
<b>DFID:</b>	Department for International Development of Britain
<b>EPRDF:</b>	Ethiopian Peoples' Revolutionary Democratic Front
<b>FDRE:</b>	Federal Democratic Republic of Ethiopia
<b>GoE</b>	Government of Ethiopia
<b>IBP:</b>	Internal Business Process
<b>ICT:</b>	Information Communication Technology
<b>KPIs:</b>	Key Performance Indicators
<b>MoCB:</b>	Ministry of Capacity Building
<b>MoCS:</b>	Ministry of Civil Service
<b>NPM:</b>	New Public Management
<b>NPSEs:</b>	Non-Profit and Public Sector Enterprises
<b>PEST</b>	Political, Economic, Social and Technological
<b>PBS:</b>	Protection of Basic Services
<b>PM:</b>	Performance Management
<b>PSCA:</b>	Public Sector Change Army
<b>PSCAP:</b>	Public Sector Capacity Building Programme
<b>PSOs:</b>	Public Sector Organizations
<b>SAP:</b>	Structural Adjustment Programme
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>SWOT:</b>	Strength, Weaknesses, Opportunities and Threats
<b>UMI:</b>	Urban Management Institute
<b>Woreda:</b>	Amharic Equivalent to 'District'
<b>MSEDO:</b>	Micro and Small Enterprise Development Office

## ***Abstract***

This study is concerned with the performance management in the Addis Ababa City Administration with taking Addis Ketema Sub-City Woreda 2 as its case. To this end, the study has made an effort to thoroughly look into the implementation, achievements and constraints that have taken surface in the whole performance management process and system. The study, with prime intention to find out and describe the roots of the problems and constraints, was geared towards answering key research questions pertinent to performance management in the study Woreda. It has made an effort to identify and investigate achievements and constraints associated to application of the Balanced Scorecard (BSC) which is being used by Addis Ababa City Administration and its Sub-City and Woreda level agencies/offices as a performance management tool since 2010.

All the employees and head of sector offices (167 individuals in total) in the Woreda administration have been taken as study population. Data have been collected from 71 individuals (which is 50.4% of the entire eligible study population) using structured self-administered questionnaire. Five persons have also been contacted for in-depth interview from Addis Ketema Sub-City (2 informants) and the Woreda 2 administration (3 informants) for triangulation purpose. The primary data were analyzed using SPSS (statistical packages for social sciences) to get descriptive statistics/results. Qualitative data collected through in-depth interviews, open-ended questions and document review were analyzed through transcription into micro-soft word processing and categorizing and coding based on their themes.

The study findings have revealed that the performance management process of the study Woreda needs serious considerations to reap some fruits out of it. In a nutshell, the study has found out that the whole process of performance planning, provision of ongoing coaching and technical support to the implementing agencies and individuals, recognition and reward, and ensuring performance accountability both at individual employee and organizational levels were not on the right track to bring about meaningful performance improvement. The problem is associated to the need to shift to and institutionalization of effective modern performance management system and practice on the one hand, and in ability to break away from traditional bureaucratic mentality and practices on the other.

***Key words:* Performance Management, Addis Ababa City Administration, Addis Ketema Sub-City Woreda 2, Balanced Scorecard (BSC), Performance Management tool**

# Chapter 1: Introduction and Background to the Study

## 1.1. Introduction

The very essence of performance management rests upon its ability to focus members of an organization (employees, managers and leaders) on a shared objective and direct them towards its realization. The central point in this regard is that organizational stakeholders “share a vision of greatest good that demands energies and commitment of all” (Balogun, 2003: 1; Andrews, 2014:3). A well designed and effective performance management system engages and supports all employees to enhance their potential and meet their career goals. It is an indispensable device that provides employees with higher goal and role clarity by aligning individuals’ actions with core organizational goals and strategic objectives to ensure ongoing public sector improvement (Mackie, 2008:1; Armstrong, 2006:3).

Although the concept of performance management in the public sector is relatively new, a significant body of literature in the subject has developed starting from late 1970s, emphasizing “terms such as performance measures, performance indicators, performance appraisal and review, value for money and, more recently quality assurance (Boland and Fowler, 2000:147; Esu and Inyang 2009:98). Since late 1970s public sector organizations have undergone thorough reforms with primary aim of efficient and effective public service delivery, or in other words, improving performance (Andrews, 2014). As Adcroft and Willis (2005: 387) aptly put, as any analysis without context is meaningless, any attempt of understanding of performance management will be a futile exercise unless we begin with broader context of public sector reforms across the globe. Thus, any attempt of understanding of performance management must begin with understanding of public sector reform initiatives both in the developed and developing world.

Starting from the early 1990s, the EPRDF led government has embarked upon reforming the public sector in Ethiopia. At the heart of the public service reform measures lies the very idea of enhancing the overall performance of the sector in the process of achieving socio-economic development and societal transformation (Tesfaye, 2009: 21-22; Getachew & Common, 2006;

Paulos, 2001). Since then, the country has passed through robust and comprehensive public sector reform measures for the last two decades. Almost all aspects of the country have been touched by the reform initiatives and all the reform measures were geared towards all-round performance improvement of the sector for efficient, effective and quality service delivery to the citizens and reduce the level of poverty in the country (FDRE-Ministry of Civil Service, 2013; Tesfaye, 2009).

As part of its effort to improve the performance of the public service, the government has introduced different performance management tools mainly (BPR) Business Process Re-engineering in 2004 and (BSC) Balanced Scorecard in 2010 (FDRE-MoCS, 2013:3; Tesfaye, 2009:20). As records and official documents (plans and reports) of the government in the study Woreda (Addis Ketema Sub-City Woreda 2) clearly indicate the government looks committed to the aggressive application of BSC tool in its bid to properly manage performance both at individual and organizational level (see also AACBB, 2013a )

In recent years, the government has shown greater interest to the integrated application of BPR and BSC for the full realization of higher level organizational objectives. All the sector bureaus and offices in the City Administration of Addis Ababa, including the study Woreda as part of the city administration, are expected to prepare their own strategic and operational plan using BSC and BPR tools in an integrated manner (AACBB, 2013a).

However, the researcher has learnt that there was a significant skill gaps in planning using the two tools in an integrated manner. In most cases, organizational objectives and performance targets were not cascaded down to lower level echelons of offices and individual employees. We must bear in mind that the central idea of BSC is creating a strategic objective focused organization and aligning the daily activities of individual employees in the organization to that strategic objective (see Kaplan and Norton, 1996; Niven, 2002).

Any organization opted to apply BSC as its PM instrument has to pass through nine (9) phases of which the 8<sup>th</sup> phase is concerned with procedures of cascading the organizational strategic plan down to individual employees. Cognizant of this reality, Addis Ababa City Government

Capacity Building Bureau, the mandated agency in the city administration to coordinate and lead efforts of reforms including performance management, has engaged in providing capacity building trainings and other capacity building initiatives especially through its Urban Management Institute (UMI).

The Institute, for example, has trained more than 1000 employees of the City Administration drawn from Sub-Cities and Woreda/Districts in the integrated application of BPR and BSC in two rounds (the researcher had the chance to participate in the first round held from December 1-6, 2014) from December 1-13, 2014 to narrow the skill gap in the proper application of BSC, which is the single most important tool in the Ethiopian public service performance management system and process. Understanding performance management in the Ethiopian public service in general and study site in particular would not give meaning without proper understanding of the application of BSC in the sector. Currently, the public sector in the City Government is employing four tools namely BSC, BPR, Citizens' Charter, and the Civil Service Change Army (CSCA) in combination to improve the performance of the public service (Interview with Addis Ketema Sub-City Core Process Coordinator, 1; MoCS, 2013). Of all the four, BSC enables to create strategy focused organizations and provides fertile ground for result-based performance measurement and evaluation which are key concepts in performance management in any organization.

As indicated in the preceding paragraphs, performance management is all about setting organizational strategic objectives and guiding actions and behaviors of employees towards the attainment of these objectives. While the epicenter of performance management being this, it involves a wide range of activities such as putting performance measures and indicators, identification of key activities to meet the objectives, performance measurement and evaluation, and performance recognition and reward (Shafudah, 2011; Balogun, 2003). In Ethiopian public service all this is done using the balanced scorecard (BSC) tool. Public sector organizations/sector offices and individuals are expected to plan using the tool and periodically evaluate against the targets they set. Therefore, BSC is both planning and evaluation tool (Kaplan and Norton, 1996).

Though performance management has received substantial emphasis from academia and researchers in the developed world, there is acute scarcity of scientific studies in the subject in the ‘developing world’ in general and Africa in particular (Abdel Aziz et al, 2005 as quoted in Adre de Waal, 2007). The situation is even worse in the Ethiopian context. After a long time efforts to find empirical studies in the area of performance management in Ethiopia, this researcher has come to conclude that the subject is one of the overlooked and under-researched themes. The conclusion of the researcher is not to deny that there is not at all any effort in the area of performance management. But, the available studies tend to approach the subject matter from the employee performance appraisal and evaluation dimension which is an old practice in human resource management. Employee performance appraisal and evaluation is just only a component of the wider performance management system and practice. This study concentrates on performance management in its entirety and throws some light to narrow the dire scarcity of empirical research in the subject matter.

This study is quite important as the Addis Ababa City Government in general and Addis Ketema Woreda 2 administration in particular are intensively working to drive the performance of their public service upward starting from 2010, when a City Government level five year strategic plan adopted along a five year performance target using the Balanced Scorecard (BSC) as performance management instrument. The study is relevant and timely to pinpoint key achievements and setbacks as it was conducted amid of high efforts to institutionalize performance management system and process in a new form by introducing new performance management tool.

## **1.2. Statement of the Research Problem**

In 2008, the Addis Ababa City Government developed its five-year strategic plan. At the heart of strategic plan lies the very idea of public sector performance improvement to produce and deliver quality public services in an efficient and effective manner (Addis Ababa City Government, 2008). Performance improvement can be achieved through introduction of relevant tools and appropriate performance management system (Shafudah, 2011). The Addis Ababa City government decided to apply balanced scorecard (BSC) in the public service which entails setting strategic goals and objectives (corporate objectives), setting performance targets,

identifying performance measures and indicators, cascading goals and targets to lower echelons of the organizational arrangement (sector offices, main processes, supportive processes, sub-processes, and case teams) and individual employees, measuring and evaluating, and finally performance recognition and reward (Addis Ababa City Government, 2008 & 2013).

Both the 2008 and 2013 Strategic Plan of the City Government clearly stipulate that standard and problem solving monitoring, support, evaluation and feedback system shall be established to improve the performance of civil servants and sector bureaus and offices. The city administration has also committed itself to establishment of result-based performance evaluation and reward system by properly implementing BSC as a performance management tool (AACG, 2013:26-27).

As the performance of any organization is the cumulative performance of its sector bureaus, offices, agencies, units, and branches, the City Administration has been working to make sure that all its sector offices have adopted BSC as a performance management tool. Thus, each and every office within the City Government including the study Woreda was expected to develop its own performance plan using the performance management tool and must be measured and evaluated accordingly. The Capacity Building Bureau and its Sub-City and Woreda level offices were given a mandate to make sure that the performance management tool was properly used by all bodies (organizations and individuals) across the board to plan and evaluate their performances (AACBB, 2013b).

The Performance Evaluation and Reward System Manual, developed in 2010 (revised in 2013), clearly stipulates that each and every part of the City Administration has to conduct performance planning, review and evaluate the performances using the scorecard. However, in the study Woreda though performance of sector offices, units, and individuals was being reviewed, measured and evaluated periodically (quarter base performance review, and mid-year and annual performance measurement and evaluation), all the process was not being undertaken using the performance management tool. In most cases units (core processes, sub-processes, supportive processes and case teams) and individuals were being recognized and rewarded every quarter for their better performance while office level performance recognition and rewards were delivered two times per year (mid-year and end of fiscal year). It was not clear on what basis individuals,

units and offices were recognized and rewarded without properly reviewing, measuring and evaluating with stringent adherence to the performance management tool. This has created wide spread discontent with the process of performance management in the study Woreda which creates an obstacle to bring all stakeholders in the organization in a similar mind frame and leads to lack of trust and apathy. On the one hand there are visible efforts from the Woreda administration to improve the performance of sector offices and individual employees such as performance planning, technical support and coaching, periodic performance review, measurement and evaluation, and recognition and reward; on the other hand all the efforts were being undertaken without optimal utilization of the performance management tool and its prescriptions. The study has made modest endeavor to find out and thoroughly discuss the factors that posed challenge to the undertaking of performance management in line with official intention of the government.

Thus, this study makes an effort to uncover, analyze and investigate the root causes of the problems associated to the performance management system and process outlined in the preceding paragraphs and draws a balance sheet to weigh up the actual practice on the ground and what has been aspired in the official documents of the government such as BSC documents, strategic plans and Performance Evaluation and Reward System Manual.

### **1.3. Objectives of the Study**

#### **1.3.1. Overall Objective**

The overall objective of the study is to empirically examine and investigate the implementation, achievements and constraints of performance management in Addis Ketema Sub-City Woreda 2, City Administration of Addis Ababa and recommend possible way outs based on the study findings.

#### **1.3.2. Specific Objectives**

The specific objectives of the study are:

- ◆ To empirically assess the implementation of performance management in the case Woreda
- ◆ To identify achievements gained due to the implementation of performance management
- ◆ To identify and investigate constraints in the implementation of the performance management processes
- ◆ To see whether individual, management and leadership actions were aligned to the organizational goals and missions
- ◆ To identify and study whether the performance review, measurement, evaluation and recognition process was done free of bias and objectively
- ◆ To investigate the extent of similarity of understanding among the leadership and employees in regard to the performance management
- ◆ To identify possible measures that the study woreda administration should take to redress constraints

#### **1.4. Research Questions**

The study has made an attempt to answer key questions as listed herein under:

- ◆ What does the implementation of performance management look like in the study Woreda?
- ◆ What achievements have been observed since the introduction of balanced scorecard (BSC) as a performance management tool?
- ◆ What are the major constraints that have negatively affecting the performance management system and process?
- ◆ Were individual employee and management actions aligned to the organizational corporate goals?
- ◆ Were the performance measurement, evaluation and recognition being conducted in an objective manner? If not, what unintended consequences have taken surface?
- ◆ Was there similar understanding among employees and leaders in the Woreda administration in regard to performance management?
- ◆ What measures were required to improve the performance management system in the case study Woreda?

## **1.5. Significance of the Study**

The existing meager researches in the thematic area of performance management focus on employee performance appraisal and evaluation which is, in most cases, conducted in public service organization for the mere purposes of formality and compliance. Performance management transcends beyond performance measurement and evaluation and which is only part of performance management.

The Iranian scholars of public management, Mirsepasi, Faghihi and Babaei (2013:22), who approached the study of performance management from 'systems theory of organization' using a mathematical quantitative model, argue that performance management can be analyzed from four perspectives viz. (1) organizational, (2) executive management, (3) individual employee/staff and (4) performance accountability. This study was concerned with performance management in its entirety taking organizational, staff and performance accountability levels as its primary unit of analysis. Thus, it would throw a light to narrow the existing paucity of empirical studies in the subject matter.

Moreover, it would have substantial significance to Addis Ketema Sub-City in general and the study Woreda (Woreda 2) in particular to improve their performance management system if they can take measures based on the finding report. The researcher was requested to share a copy of the study or a summary of key findings by the woreda administration and this shows willingness of the administration to consider the findings.

Finally, the study has contributed to the knowledge base of the researcher as he has learned a lot through the process of research in the subject matter of performance management in the public sector organizations.

## **1.6. Scope of the Study**

The study was concerned to investigate the performance management in Addis Ketema Sub-City Woreda 2 with due emphasis to the application of BSC as a performance management tool. We

need to note that a combination of performance management tools such as BPR, Citizens' Charter, Civil Service Change Army (CSCA), and BSC, have been in use in the Ethiopian public service in general and the study woreda in particular. The emphasis of this study has been BSC as performance management tool and would not include the rest three. It would look at the whole gamut of performance management from performance planning to performance reward and performance accountability at organizational and individual employee level.

## **1.7. Limitation of the Study**

Though data have been gathered from 76 employees (sum of questionnaire and interview respondents), which is over 50% of the total workforce in the study woreda, the number of interview respondents was quite limited with only 5 key informants contacted for an in-depth interview. The intention at the beginning (proposal phase) was to hold in-depth interview with more people but this could not be materialized due to workload of respondents and that some of the respondents identified for interview left the woreda administration.

The other limitation was that as the researcher could not find scientific studies in the area of performance management in the Ethiopian context, the literature review part of the study was not rich enough with cases from Ethiopian perspective.

## **1.8. Organization/Structure of the Study**

This research work has been organized in five chapters. The first chapter contained introduction, statement of the research problem, objectives of the research, research questions, significance of the study, scope, limitation of the study, and structure of the research. The second chapter provided in-depth review of available literature in the area of performance management; definitions, models, theories/frameworks and applications both in the 'developed' and 'developing' countries context, and development of modern public service in Ethiopia.

The third chapter has been dedicated for the methods and methodologies of the research; research design, sample size and sample size determination, types and methods of data

collection, data gathering instruments, data analysis techniques and presentation modalities. The fourth chapter was concerned with analysis, presentation and interpretation of research results. This chapter mainly deals with what the processed information the researcher gathered through stringent adherent to the research methodologies as outlined in the third chapter represents.

Finally, the last and fifth chapter has provided an in-depth discussion of the results as presented in the preceding chapter by putting the research objective and topic into spotlight. It has offered an overall review of what the research has achieved and what drawbacks have taken surface. This section of the study has linked the results of the research with the preceding chapters to see whether the study has met its target or has fallen short of the targets. Recommendation and conclusion have also been part of this last chapter.

# **Chapter 2: Review of Relevant Literature**

## **2.1. Introduction**

This section of the thesis makes extensive exploration to search for theoretical frameworks and foundations on which the study would rest upon. As Bearfield and Eller (2008:62) aptly remarked, a comprehensive and in-depth review of previous studies pertinent to the research questions that a researcher aims to answer, enables him or her to place his or her research into a robust intellectual and historical context. However, literature review is by no means an easy task. The main challenge in literature review stems from difficulties in integrating the views of different authors and come up with a new perspective (Shafudah, 2014:7; Bearfield and Eller, 2008:62). Brynard et al (1997 cited in Shafudah 2011:7) argues that if a researcher is destined to come up with his/her own new ideas from the pile of literatures, he/she must adjust her/his focus of search to follow the last stated action, as that is the right point to move forward and create new knowledge.

Cognizant of these important remarks, this researcher exerted utmost effort to place his research in appropriate foundation and context, and emerge with new position from the extensive exploration of previous studies in the area of performance management. This chapter is subdivided in to three sections: the first section deals with advent and evolution of modern public service in Ethiopia, the second part deals with salient performance management theoretical frameworks, and the third section is dedicated to the discussion of key performance management concepts.

## **2.2. Genesis and Historical Development of Modern Public Service in Ethiopia**

Despite its long history as an independent State, Ethiopia's modern type public administration was only a phenomenon of late 19<sup>th</sup> and early 20<sup>th</sup> centuries (MoCS, 2013:3; Paulos, 2001). Absence of a centralized state and incessant struggle among regional nobles for supremacy were mammoth challenges for the development of modern public service in the country. The struggle

among regional powers had thwarted the emergence and development of modern public administration (Bahru, 2008).

Bahru Zewde, in his seminal article *“The Burden of History: The Constraints and Challenges of the Democratization Process in Ethiopia”* wrote “... the nobility vied for control of the monarchy rather than acting as a corporate entity” (2008:328). The rule of the game began to see a light of change with the ascendance of Emperor Tewodros (r.1855-68) to the monarchy, who made unprecedented but unsuccessful bid to create a unitary state. Nevertheless, his vision and vigorous effort of establishing a unitary state was turned in to “nightmare” due to both “domestic insubordination and foreign invasion” (ibid).

His successors Yohannes IV (r. 1872-89) and Menilik II (r.1889-1913) had taken forward the idea of unitary state with a relatively different approach. Yohannes and Menilik followed a kind of federalist approach not to repeat the mistakes that Emperor Tewodros did (Bahru, 2008).

Having realized the grand mission of creating a unitary state under central leadership of Emperor Tewodros, Emperor Menilek II had managed to introduce a kind of modern public service and administration for the first time in the entire recorded history of Ethiopia (Paulos, 2001; Getachew and Common, 2006). Paulos in his *“The Challenges of Civil Service Reform in Ethiopia”* wrote:

*It was during Menilik years that the country was first divided into smaller administrative units and that gradual modernization took place. The period saw the beginnings of modern government and modern army; the establishment of railway; the first motor cars and other new institutions and technological innovations (2001:83).*

According to Perhan (cited in Paulos, 2001) Menilik II had taken the possible impact of colonial European powers that surrounded his empire and took control of almost the whole Africa into consideration when he determined to modernize his administration and began formation of ministries. During 1907-8, six ministries of justice, war, the interior, commerce and foreign affairs, finance and agriculture, and public works were established. In 1911, a ministry for posts

and telegraphs was also opened and foreign affairs became an independent ministry (Perham 1969 in Paulos 2001; Bahru 2002).

Emperor Haile Sellassie (first regent of Empress Zawditu 1917-1930 and later Emperor 1930-1974) had advanced the project of institutionalization of modern public service and administration in the country to unprecedented level and magnitude. He further established additional ministries for Industry, Education and Fine Arts, Public Works and Communications (Bahru, 2002; MoCS, 2013:5).

In addition to this, Haile Silassie's government had taken a number of reform measures from 1930-1935 that played significant role in the development of public service in the country (Perham 1969 in Paulos 2001). According to Bahru 2002, the pro-change intelligentsia and section of the nobility who were around Teferi Mekonnen<sup>1</sup> greatly helped his idea of reforms. The military Dergue, which took control of state power following the popular revolution that overthrew Haille Silassie from his throne, did not take substantial measures to reform public service sector other than limited actions such as establishment of some new ministries, commissions, agencies and authorities (Paulos, 2001).

In 1991 Ethiopia saw a change of government. The Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) assumed state power after 17 years of armed struggle by overthrowing the Dergue regime. Immediately after assuming state power, the EPRDF-led government embarked on taking radical reform measures in all the political, economic and social domains (MoCS, 2013; Tesfaye, 2009; Paulos, 2001:87).

Observers of the Ethiopian public administration of the post-1991 era may tend to conclude that the EPRDF government needs to restructure/recreate and reform the public service in a very different shape. The center of all the reforms was geared towards the overall performance improvement of the sector for the effective, efficient and quality public service delivery and eradicating extreme poverty (MoCS, 2013; Tesfaye, 2009).

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<sup>1</sup>Haile Silassie's name before his coronation as Emperor of Ethiopia

### **2.3. Major Bottlenecks of the Ethiopian Public Service**

The Ministry of Civil Service (2013:9) identifies the following bottlenecks that were inherent in the Ethiopian public service. However, we need to bear in mind that the following is not an exhaustive list of challenges that the public service in Ethiopia is suffering from.

- Management concentrates on the administration and control of inputs and activities rather than achievements and outcomes of government policies and objectives
- The management systems are obsolete and unable to respond to the changing environment in which the public sector operates
- Poor reputation from the public and the sector is perceived by the general public as irresponsible bureaucracy which is an obstacle to efficient, effective and quality public service delivery
- Under-resourced public service in terms of human power and budget; recurrent expenditure in the public service and number of employees “per 10,000 population was among the lowest in the world”
- Concentration of power at the higher management level and less culture of delegation
- Public servants are underpaid and under-rewarded which led to high turnover and less potential to attract skilled human power

As indicated below, the government has been taking a series of reform measures to uproot these well-rooted public service malaises through overall public service performance improvement.

### **2.4. Overview of Reform Measures Taken to Tackle the Bottlenecks and Improve Public Service Performance in Ethiopia**

In all public sector organizations, across the world the very concept of performance management has been seen in the wider context of public sector reforms in the past two decades following the emergence of New Public Management (NPM) movements (Mwita, 2000). In connection to this, Adrews wrote:

*[t]he use of performance management and measurement techniques has been one of the enduring legacies of the public sector reforms of the past twenty years. Governments across the world have implemented an array of instruments intended to encourage public managers, and citizens, to drive public service performance upwards. From the use of target setting, league tables and performance information across entire policy fields to the promotion of performance planning and management techniques, within public organizations, governments have increasingly placed their faith in the power of performance management (2014:3).*

In supporting Adrews' statement, this researcher argues that any effort to understand performance management initiatives in Ethiopia without placing its root in the wider range of public sector reforms in the country in the last two decades would lead to wrong conclusions. The government has tried a number of performance management tools in the public service as part of the reform initiatives in the last two decades. Thus, this sub-section would attempt to provide an overview of major public sector reform initiatives in the country to revitalize the sector and improve the overall performance to provide efficient, effective, quality public services and meet the development need of the people.

Since 1990s the incumbent government had introduced 14 national capacity building reform programs to drastically alter the overall performance and *modus operandi* of the public sector. All the reform programmes were directed towards overriding the bottlenecks of the sector that stretched like a cobweb from up to down and make the sector viable development actor. The public/civil service reform programme was one of the fourteen initiatives in the government reform agendas (MoCS, 2013). An official tract of paper from Ministry of Civil Service (2013) states that:

*The Civil Service Reform Program, which is one of the capacity building programs being undertaken by the government, has been implemented through successive and aligned tools including Business Process Re-engineering (BPR), Balanced Scorecard (BSC), Citizens' Charters and Civil Service Change Army (P.3).*

The same source underlines that the Civil Service Reform Sub-programme harbored the grand mission of transforming the public service through circumventing the pressing challenges that stifled the performance of the public service. Scholars and students of public management divide the whole reform measures taken by the government in the post 1991 period in three phases- phase 1 from 1991-1996, phase 2 from 1997-2001 and phase 3 from 2002 to present.

The major reform measures in the first phase includes Structural Adjustment Program (SAP) with its focus on macro-economic policy reform such as liberalization of the economy, devaluation of currency and privatization, and institutional reforms (Getachew and Common, 2006:6; Paulos, 2001).

The second phase (1997-2001) marked a comprehensive public service reform measures with six major sub-programs namely (1) the expenditure management and control, (2) human resource development and management, (3) top management development, (4) service delivery and quality of service, (5) ethics and judicial improvement, and (6) information system management (MoCS, 2013; Getachew and Common, 2006; Paulos, 2001).

The third phase that began in 2002 has adjusted its focus on public sector capacity building with the establishment of a ministerial structure- Ministry of Capacity Building (MoCB) and identified 14 key priority areas viz. district level decentralization, justice system reform, tax and customs reform, urban management reform, ICT for improved service delivery and modernizing government, civil society capacity building, construction sector capacity building, textile and garment capacity building, development of manufacturing sector, technical vocational training (Agricultural), cooperative development, higher education reform, and Technical Vocational Training (non-agricultural) (MoCS, 2013; World Bank, 2013). DFID (2013) indicates that in 2004, the Ethiopian government publicized its intention to quickly scale up the implementation of its core reform and capacity building interventions under a Public Sector Capacity Building Program-PSCAP.

The third phase of the public sector reform has brought with it the introduction of a set of reform tools such as Business Process Re-engineering (BPR), Protection of Basic Services I (PBS I),

Protection of Basic Services II (PBS II), Quick Wins, and Balanced Score Card (BSC) (World Bank, 2013).

The key point that we need to bear in mind is that the rationale behind all these public sector reform initiatives lies the very idea of public sector performance improvement which entails proper performance management system and process.

## **2.5. Theoretical Frameworks of Performance Management**

### **2.5.1. Goal-Setting Theory as Performance Management Framework**

Goal setting theory, which is one of the dominant theoretical frameworks in performance management, is based on the assumption that people have conscious goals that drive them and guide thought and behaviour toward one end. The theory maintains that people obtained their current positions (be it in profession, politics, business, etc.) because they were goal-driven and moved persistently to their goals (Esu and Inyang, 2009:99-100).

Latham, Borgogni and Petitta pointed out that the whole idea of goal setting theory is premised in: (1) a clear and specific high goal leads to higher performance than (a) a simple goal, (b) general goal, or (c) no goal at all; (2) provided ability and commitment, “the higher the goal, the higher a person’s performance; and (3) variables such as participation in decision making, feedbacks involving praise, competition, and monetary incentives only ‘affect individuals behaviour to the extent that they lead to the setting of and commitment to a specific high goal’ (2008:386). According to them, more than 90 percent of empirical studies indicated the contribution of goal setting to higher performance. They continue to argue that:

*The reason why goal setting typically has a positive effect on performance is that a specific high goal affects choice, effort, and persistence. That is, a specific goal or target increases a person’s focus on what is to be accomplished versus putting it off for a later date. Commitment to a specific high goal also leads to persistence until the goal is attained (Latham, Borgogni and Petitta, ibid).*

According to Latham, Borgogni and Petitta (2008) different field level empirical studies have clearly shown that the performance of employees who took part in setting goal process was much higher than their peers who did not participate in the process, “despite the fact that goal commitment was the same regardless of how the goal was set”.

Goal setting theory is the most dominant theoretical scaffold in literatures written in the subject matter of performance management. As we shall see in the subsequent sections in this chapter, performance management is more concerned with crafting and defining corporate/organizational goals, making sure that the goals have been properly shared to units and individuals in the organization and at the end evaluating the actual performance against the pre-set performance goal.

## **2.5.2. New Public Management and Performance Management**

The other dominant theoretical framework of performance management is New Public Management (NPM). New Public Management entered the public management debate in late 1970s and early 1980s due to unprecedented crisis of the public sector to produce and provide quality public services. The problem includes robust economic and fiscal quagmires, extremely rigid and unresponsive bureaucracy, declining of quality of goods and services, poor performance, and lack of accountability which forced many to question the role and structure of state and its machinery/public service (Kalimullah, Alam and Nour, 2012:3).

According to Hood (1994) cited by Kalimullah, Alam and Nour (2012:11), NPM has persistently advocated for the application of 7 key measures in the public sector viz. (1) hands-on professional management, (2) *explicit standards and measures of performance*, (3) *greater emphasis on output control*, (4) shift to disaggregation of units in the public sector, (5) *emphasis to greater competition in the public sector*, (6) stress on private-sector styles of management practice, and (7) emphasis on greater discipline and economy in public sector resource use.

Three of the 7 doctrines of NPM namely ‘explicit standards and measures of performance’, ‘greater emphasis on output control’ and ‘emphasis to greater competition in the public sector’,

have direct bearing to the concept of performance management in the public sector as they explicitly call for setting of performance standards, measures/performance indicators to evaluate against, due concern for output rather than inputs and processes and competition among sectors and units. Indeed, we need to bear in mind that the whole idea of NPM was to improve the performance of public sector organizations through thorough application of private sector type management.

Thus, performance management, output measurement and igniting competition within the public sector were key features of NPM movement and NPM style public sector reforms experimented almost in all public sector organizations in both developed and developing countries. NPM maintains that performance assessment process in public organizations has to link with government's goals and objectives (Promberger and Rauskala, 2003:6). Thus, we can conclude that NPM has provided a theoretical framework for public sector performance management. As Haij Said (2013:3), who studied public sector performance management in the Brunei (an eastern Asian country bisected by the Malaysian state of Sarawak in northwestern Borneo), rightly observed NPM has a direct bearing in “structures and operations that alters the public sector's internal management paradigm in its search for better performance”.

### **2.5.3. Institutional Theory as Performance Management Framework**

Institutional theory views organizations within broader social and cultural arrangement. In institutional theory, institution is conceived as a social phenomenon that guides, shapes and molds the behavior of members of a given society in a particular way through different mechanisms (Oliver 1991 as quoted by Haji Said, 2013: 4).

In the same vein, Berger and Luckmann (1967) noted that “institutions by the very fact of their existence, control human conduct by setting up predefined patterns of conduct, which channel it to one direction as against the many other directions that would theoretically possible” (as quoted in Haji Said, 2013:4). Berger and Luckmann further argue that institutionalization as a process is concerned with making something is acceptable over a period of time (Haji Said: *opp. cited*).

As we shall see below in detail and briefly highlighted in the first chapter, performance management is concerned with establishing performance targets (the maximum possible limits) that the organization aspires to reach by putting the entire human resources in the organization in a similar mind set. Institutional theory maintains that individual behaviors in an organization are guided through institutionalization of rules deviating from which will lead to sanctions in one way or another. Thus, by closely looking at the central theme of institutional theory and the concept of performance management, we can easily understand how the former provides solid foundation to the latter.

## **2.6. Understanding Key Concepts and Terms Used in the Study**

### **2.6.1. Definition of ‘Implementation’**

The Merriam Webster dictionary defines implementation as “to put into effect according to some definite plan or procedure. It is a deliberate and sequential set of activities directed toward putting a policy into effect or making it occur” ([www.merriam-webster.com/dictionary](http://www.merriam-webster.com/dictionary)). In Political Science and Public Management the term ‘implementation’ is understood as ‘the realization of an application or execution of a plan, idea, model, design, specification, standard or policy’ ([www.wikipedia.org](http://www.wikipedia.org)).

### **2.6.2. Definition of ‘Achievement’**

In this study ‘achievement’ is understood in line with definition provided by British Dictionary that is ‘final accomplishment of something noteworthy, after much effort and often in spite of obstacles and discouragements” ([www.britishdictionary.com](http://www.britishdictionary.com)). In a nutshell, in this research ‘achievement’ refers to successful completion, accomplishment, fulfillment or realization of government policies, plans, and directives and it includes positive outcomes of plan and/or policy implementations.

### 2.6.3. Definition of ‘Constraint’

In this study the term ‘constraint’ is understood as factor, element or subsystem that functions as bottleneck. It refers to limitations, drawbacks or shortcomings that restrict smooth implementation of plans or policies.

### 2.6.4. Defining Performance

The most important question that we need to ask is: what is performance? What it constitutes? Without answering these key questions, any discussion of performance management would be of less significance. Mwita (2000:20) argues that if one fails to define performance, he/she cannot measure or manage it. Van Dooren, Bouckaert and Halligan (2010:2) on their part noted that though in many public sector organizations performance is “the talk of town”, it is one of the much-debated concepts in public management as it “accumulates multiple and often ambiguous meanings”. As they underline, though the meaning of performance vary based on the nature of the discipline, public management treats performance from organizational and system point of views (see also Kim, 2011:1).

Malia (2006 as cited by Shafudah 2013:7) defines performance as “the action of doing things that is using things, attending to conditions, processing, communicating and achieving results”. *Performance* refers to the actual work accomplished in due course of realizing organizational mission. Malia argues that performance embraces inputs, conditions, process elements, outputs, consequences and feedback; and its final product of performance must be measured from four key dimensions namely quantity, quality, time and cost.

Van Dooren, Bouckaert and Halligan (2010: 2-4) have opted to treat the definition of performance conceptually rather than a statement. They underline that ‘performance’ can be seen from four perspectives: (1) performance as quality of actions, (2) performance as competence or capacity, (3) performance as good results and (4) performance as sustainable results.

The first perspective concentrates on the tasks being undertaken by the performing agent. In this sense, *performance* refers to actions that are performed/done (eg. teaching a course in a class,

plowing a plot of land, driving a car, designing a new curriculum, vaccination campaign, medical treatment, etc) regardless of whether they are successful or not. In short, this perspective understands *performance* as intentional behavior of government actors. This conceptualization of performance is relatively neutral, but at the same time too broad.

In the second perspective, “performance has a quality that can be either high or low”. As the quality of actions, performance is understood as *competence or capacity*. And the assumption is that a highly proficient performer will be more likely to produce more and better quality output from an activity most of the time, *performance* becomes associated with the competence of the performing institution.

The third perspective of performance conceptualization view performance as quality of achievements, not that much concerned with quality of actions, and in this sense performance equals *results*. At the heart of this position lies the notion of *results* matter more than anything else.

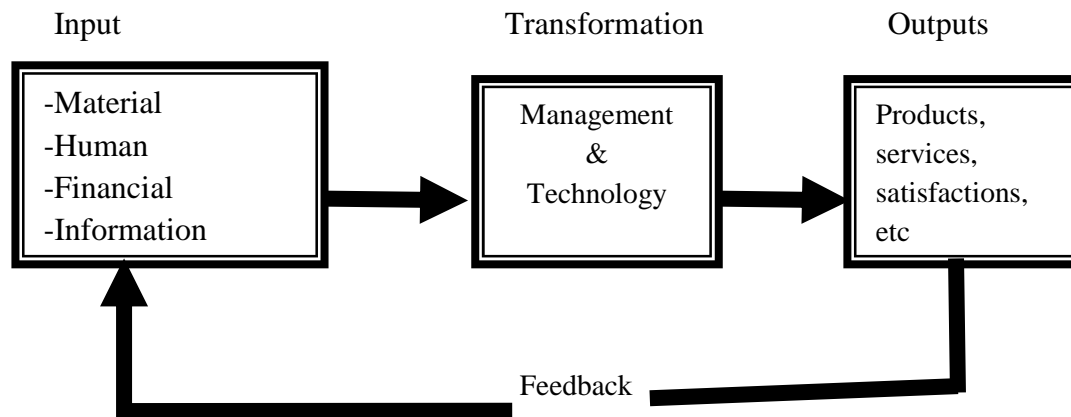
And finally, according to Van Dooren, Bouckaert and Halligan (*op.cit*), in the fourth dimension *performance* is conceptualized with due emphasis to both quality of actions and quality of achievements, which is typified as *sustainable results*.

Brumbach (1988 as quoted by Esu and Inyang 2009:100) states that *performance* is related to both ‘behaviour and results’. Behaviour stems from the ‘performer and transforms performance from abstraction to actions.’

### **2.6.5. Defining Management**

As most literatures in the field indicate, management can be defined from four basic dimensions namely management as a process, management as discipline, management as people and management as a career (Mohammed, 1995). The major concern of this study is management as a process as depicted in the diagram below.

**Figure 1: Management as a process**



Source: Mahammed Seid, 1995:7

Kinard (1988:5-6) defines *management* as a process of establishing organizational goals and mobilizing human and non-human resources to the attainment of these goals. According to him, all the resources in an organization are of less significance without management. Management as a process serves as a mortar that binds these resources together and enables the organization to meet its goals and objectives.

Likewise, for Griffin (1990:7) management refers to the process of “planning, organizing, leading, and controlling an organization’s human, financial, physical and information resources to achieve organizational goals in an effective and efficient manner”.

Another management scholar, Theo Haiman (1982:1) defines management as “getting things done through people: directing efforts of individuals towards common objectives”.

All the management definitions given by the three authors here in above underline three basic concepts: shared goals/objectives in an organizational setting, resources (both human and non-human), and proper mobilization of resources towards the attainment of the goals. The definitions are relevant to performance management- the focus of this study. In performance management, as we shall see below at some length, putting all the resources in an organization

(management, employees and resources) in a path that leads to improved organizational performance is the most important concept.

### **2.6.6. Defining Performance Management**

Mackie (Mackie, 2008:3) defines performance management as “activities of government or its agencies in planning, implementing, reviewing, evaluating and reporting the effectiveness of its policies, programmes and projects”. He underlines that a common approach to performance management involves the following five steps:

- i. Definition and communication of a future state of affairs that the organization will strive to attain
- ii. Translate these aspirations into long and short-term objectives, output and outcome performance indicators and targets against which performance and progress can be measured
- iii. “Ownership must permeate the organization structure and cascade through organizational levels with each level and each individual having responsibility for specific objectives and targets which, if realized, contribute to the attainment of key performance indicators and outcomes which the organization is charged with achieving”
- iv. Common understanding among management and employees of their collective and individual accountability for the performance obtained
- v. Putting proper reinforcement mechanisms including an appropriate set of positive and negative consequences, both organizational and individual, with positive response for successes and sanctions for any performance that falls short of the plan (2008:2).

For Bastian Jantz (2008:2) performance management is “an integrated strategy with the goal of improving the performance of organizations and individuals in them”. He stresses that performance management consists of sophisticated and systematic recording and tracking of performance of public organizations to ensure ongoing improvement process.

Balogun (2003:1) argues that performance management in any organization, be it public or private, includes the following key points: (1) setting and clarification of corporate objectives,

(2) institution of measures in pursuit of the objectives (3) empowerment of managers and employees to energize organizations and orient them towards incremental productivity.

The Zambian Office of Prime Minister (2005 as quoted by Shafudah, 2011:9) provides a comprehensive definition in saying:

*Performance management is an ongoing communication process between staff and supervisor/managers for getting better organizational results. It involves: (a) establishing clear expectations and understanding about performance and the results to be achieved; (b) identifying essential areas of performance as relating to the mission and objectives of the organization; (c) developing realistic and appropriate performance criteria; (d) giving and receiving feedback about performance; (e) conducting constructive performance assessments; and (f) planning continuous development of staff to sustain and improve performance so that individual, unit and organizational human capital is optimized.*

On the other hand, Kim argues that performance management involves “activities that ensure organizational goals are consistently being met in an effective and efficient manner so that it involves shared vision, management style, employee involvement, incentives and rewards, competence framework, team work, education and training, attitudes, and dialogue” (Kim, 2011:1-2).

In summary, all the definitions provided by these authors agree that performance management is all about identification of organizational aspirations, translation of these aspirations into tangible long and short term objectives, creation of shared understanding among management and employees, guiding the efforts of all the members of the organization to a common end, evaluation of what is achieved against what was planned, and attaching rewards or sanctions to the evaluation results based on the nature of the outcome. To this end, there are a plethora of activities that the organization must carry out such as coaching and staff development, periodic appraisal, measurement and evaluation, identification of any deviation, and making of corrective measures.

As we shall see below, the definitions discussed above have direct similarity with Ethiopian experience, at least in principle. The intention of the government, though we shall be discussing

whether there are discrepancies between the official intention on papers and the reality on the ground in the fifth chapter of this study, is quite similar to the definitions.

Finally, from reviewing definitions of performance management, this researcher has come to understand that performance management is concerned with identification of priority goals, agreeing on activities to be performed to meet the goals, developing performance measures and indicators, having a mechanism to systematically review performance, evaluation of results against performance targets and attaching performance results (negative or positive) with consequences to ensure incessant improvement in performance.

### **2.6.7. Defining Performance Measurement**

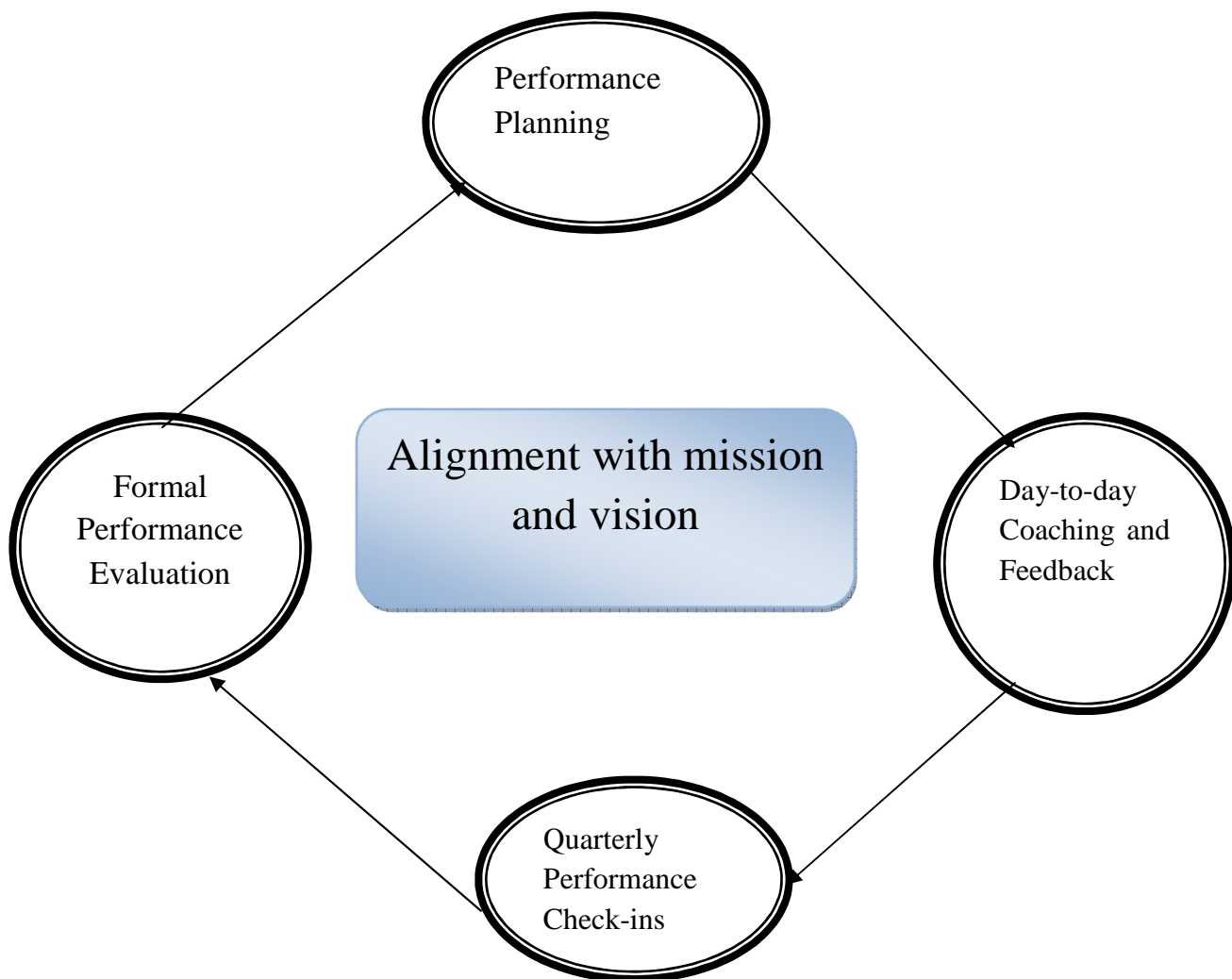
Performance measurement refers to the orderly sequence of data gathering, integration of data into the management system, analysis, and translating information into work. In other words, performance measurement, as one of key concepts in performance management, is concerned with systematic collection of data by observing and recording performance related issues for the purpose of testing the actual performance achievement against the pre-set performance objectives (van Dooren, Boukaert and Halligan, 2010:6). Performance measurement is concerned with setting up “valid reliable indexes to measure the operating performance in public organizations” (Lin and Lee, 2011:92). Kairu et.al (2013:3) defines performance measurement as a process of reviewing progress towards achieving pre-set goals and objectives. It involves information on efficiency of resource transformation in to goods and services, the quality of goods and services produced, their delivery modality to users/customers, customer satisfaction, etc.

## **2.7. Performance Management Systems, Processes, and Models**

Performance management system (PMS) enables individuals and organizations to meet strategic ambitions through ‘processes that are both systemic and systematic’. It focuses the attention of individuals and organizations to higher level strategic importance rather than daily routines. The vested interest of performance management is on future performance planning rather than retrospective performance appraisal (Esu and Inyang, 2009: 101).

In the same vein, University of South Florida (USF) states that performance management process provides a platform through which employees and their supervisors collaborate and work hand-in-hand to augment work results. The effectiveness of performance management process depends on the level of participations of all the members of the organization in performance planning, day-to-day coaching and feedback, regular periodic performance check-ins (quarterly and bi-annually in most cases), and formal performance review and evaluation against performance targets (USF, 2014: 3).

**Figure 2: University of South Florida's Performance Management Model**

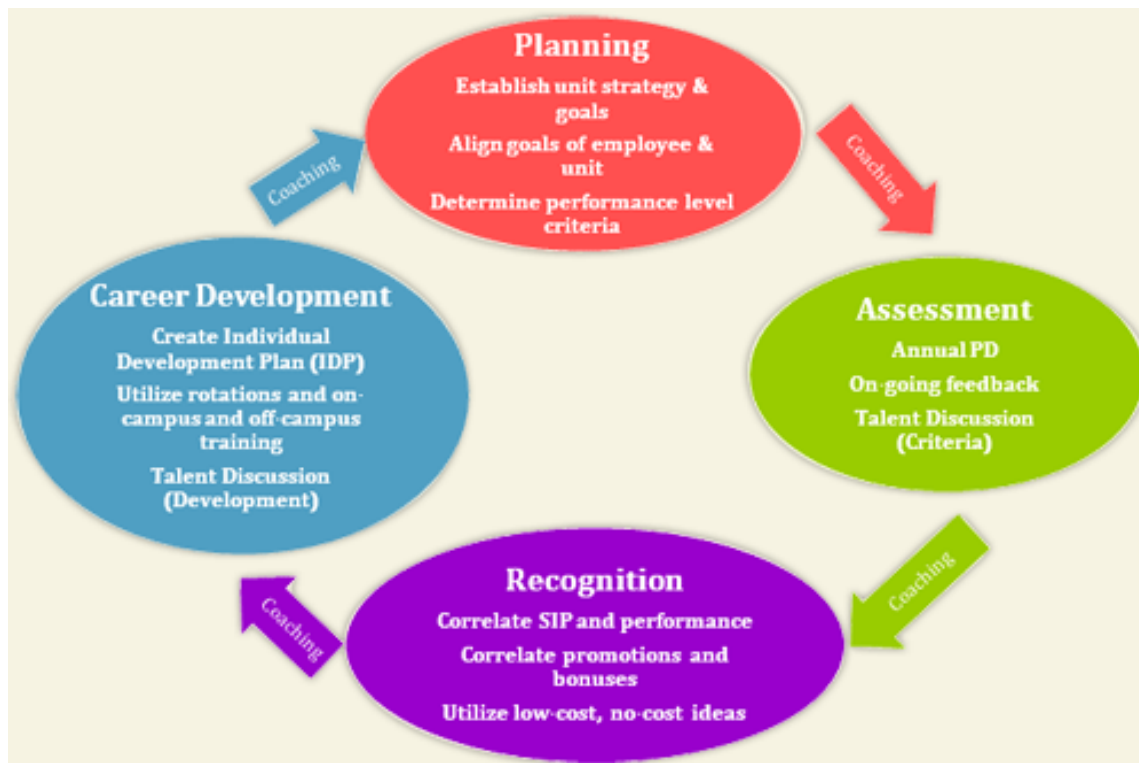


*Source: University of South Florida (2014: 4)*

As performance management system model by the University of Southern Florida (figure 2) indicates, there are four key stages in performance management process in any organization: performance planning, routine day-to-day coaching and feedbacks to adjust any negative deviations, quarterly performance check-ins/reviews, and formal annual performance evaluation. At the center of all these processes lies alignment of units' and individual actions to organizational mission and vision.

A performance management system model by Cornell University (figure 3) illustrates that performance management has four major phases namely planning, assessment, recognition, and career development. Unlike the model by University of Southern Florida, in Cornell University's PM model, 'coaching' takes place in each phase.

**Figure 3: Cornell University's Performance Management Model**



*Source: Cornell University as cited by Shafudah (2011: 12)*

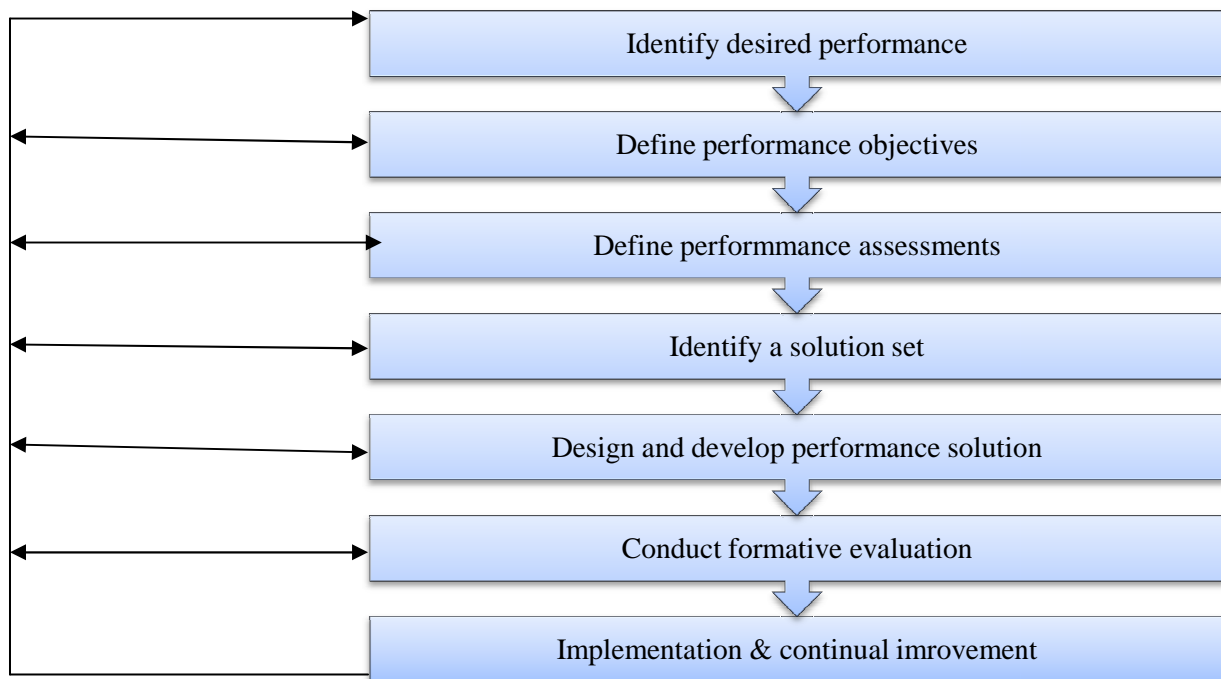
Though many of the points remain similar in the two models depicted above, there are also visible dissimilarities. The first model, by the University of Southern Florida, puts mission and

vision of the organization at the centre and alignment of efforts to the organizational mission and vision is the most important part of performance management. The second model, by the Cornell University, gives due emphasis to alignment of goals of employees and departments to that of the organization at the planning phase.

Another performance management model by Watkins (Figure 5) shows that PM management system has seven phases which includes (1) identification of desired organizational performance, (2) definition of performance objectives, (3) performance assessment mechanism definition, (4) identification of a set of solutions to alleviate current performance malaises, (5) designing and developing performance evaluation mechanisms, (6) carrying out performance evaluation, and (7) implementation and continual improvement.

The main difference between the first two (by University of Southern Florida, and Cornell University) models on one hand and Watkins's on the other is that the former gives explicit emphasis to alignment of actions to organizational missions and vision.

**Figure 4: Watkins's Model of Performance Management**



Source: Watkins (2007) as cited by Esu and Inyang (2009: 105)

The set up of Ethiopian performance management system shares elements from all the three performance management models. Through the adoption of the Balanced Scorecard (BSC) as performance management tool, planning, assessment/performance review, and recognition and reward are key components of performance management in the study Woreda (Addis Ketema Sub-City Woreda 2) even if there are contentious issues in regard to whether the intention on the paper is being translated into practice or not.

## **2.8. Balanced Scorecard (BSC) as PM Tool and Its Application in the Ethiopian Public Service**

### **2.8.1. What is the Balanced Scorecard (BSC)**

The Balanced Scorecard (BSC) is a strategy and performance management tool that enables organizations transform their visions and strategies into a tangible set of organizational measures, operational objectives and implement it. BSC framework views the strategy of the organization from four basic dimensions/perspectives: financial, customer, internal process, and learning and growth (Kaplan and Norton, 1996 & 2001; Mackie, 2008). It is also an important communication tool that binds all the employees in the organization, managers and leaders together (Abe, 2006).

Its conception emerged out of a belief that in today's complex and highly competitive world, measuring organizational performance only from financial accounting views, which is an old practice, does not take organizations anywhere. Thus, performance of an organization must be evaluated from four interwoven dimensions which determine the success or failure of an organization. If properly put into practice, BSC ensures that strategy gets communicated to all employees, managers and leaders in the organization and brings each individual on the same page. Furthermore, measuring organizational performance via BSC reviews remain the most integral part of the BSC concept (Kaplan and Norton, 2001; Abe, 2006). Thus, just like an Ethiopian traditional cooking pot that must stand on three legs to remain upright, the whole idea of BSC rests upon four key dimensions viz. financial, customer, internal process, and learning

and growth. It is these four dimensions that provide a balance which leads to “balanced scorecard” (Kaplan and Norton, 1992, 1996 & 2001; Kaplan, 2010; Niven, 2002).

## **2.8.2. The Emergence and Development of BSC as Performance Management Concept**

The concept of BSC was first introduced to the academic world in 1992 when Robert S. Kaplan and David N. Norton published an article titled “*The Balanced Scorecard: Measures that Drive Performance*” on *Harvard Business Review Journal* (Kaplan and Norton, 1992; Kaplan 2010; Niven, 2002). Since then, the balanced scorecard (BSC) has managed to attract the attention of researchers, public management scholars and practitioners all over the world. In practitioner-oriented literature especially the concept of balanced scorecard has been regarded as one of the most important performance management instruments across the world (Burkaert, Davila and Oyon, 2010:346; Abe, 2006:11).

It (the BSC) has received a widespread acceptance as an important performance management device in both private and public sector organizations all over the world. Though, initially BSC was used as multi-dimensional performance measurement tool, its focus immediately shifted to broader performance management (Kaplan & Norton, 1996: 9; Northcott & Taulapapa, 2012: 168; Gomes and Liddle, 2009: 355).

BSC as a tool of performance management contains a set of measures that are directly linked to corporate strategy of the organization. The scorecard allows managers to evaluate the performance of the organization from four perspectives: financial, customers/citizen, internal business process, and learning and growth (Kaplan and Norton, 1996 & 2001; Mackie, 2008:8-9; Stellar Leadership Ltd., 2013).

As a result, performance measurements are made from all the four perspectives unlike the traditional methods of measuring performance which exclusively focuses on the financial matters of organizations. Thus, balanced scorecard provides an indispensable vantage ground to take a

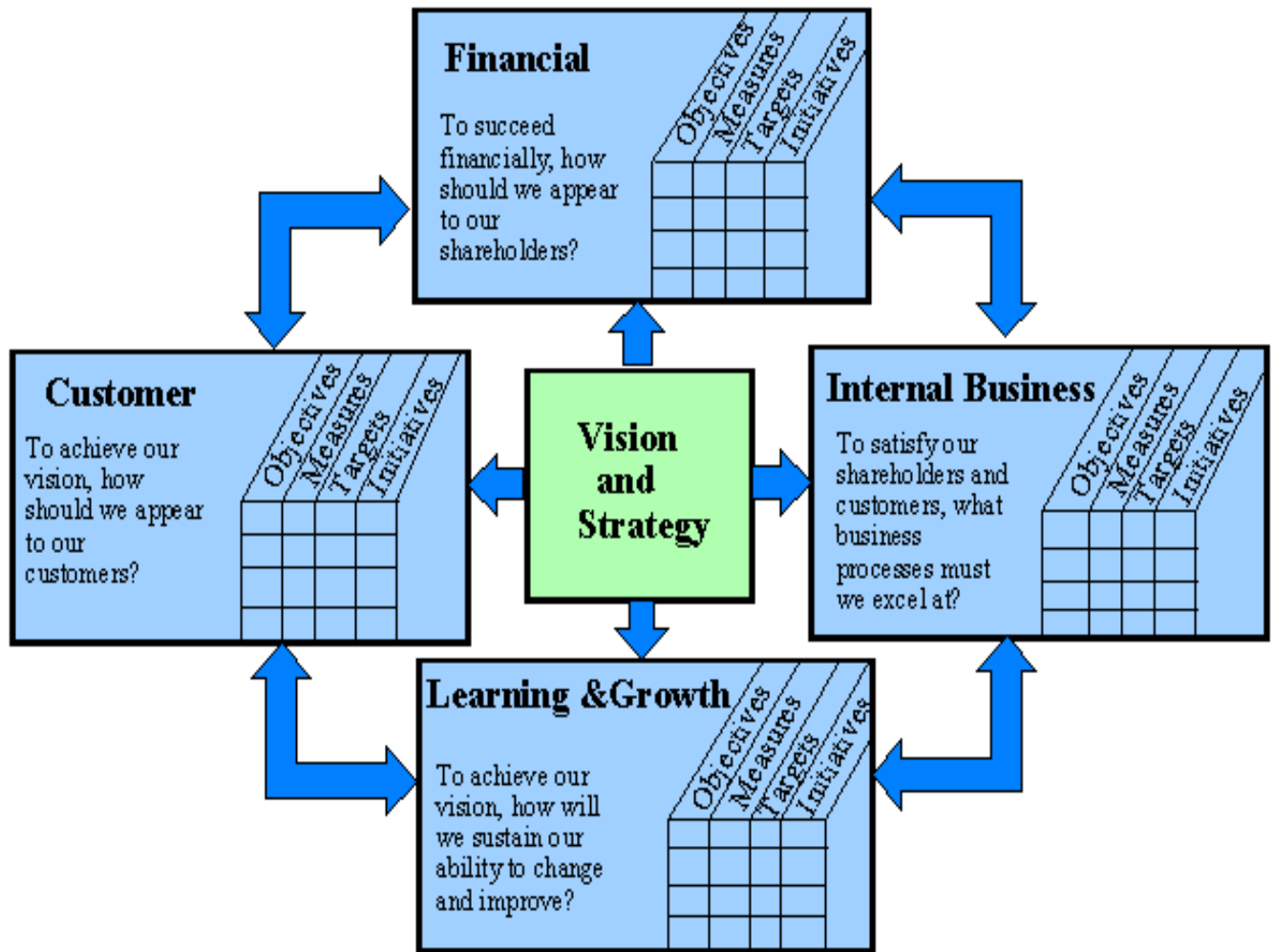
balanced view of an organization's business process and performance measures are formulated accordingly (Norton and Kaplan, 1996). As Kaplan and Norton clearly point out, previous focus of organizations was hinged upon financial matters of organization which does not work in this highly competitive business environment. There are issues that organizations should give equal emphasis if they want to survive fierce competitions (*ibid*). To use their words:

*The Balanced Scorecard complements financial measures of the past performance with measures of the drivers of the future performance. The objectives and measures of the scorecard are derived from an organization's vision and strategy. The objectives and measures view organizational performance from four perspectives: financial, customer, internal business process, and learning and growth (Kaplan and Norton, 1996: 8).*

As the diagram below (BSC framework) shows the four dimensions of an organization namely financial, internal business process, customer, and learning and growth are interwoven together and are linked with organizational mission and strategy. Each perspective has also its own objectives, measures, targets and initiatives that help to realize the mission and strategies of the organization which make performance measurement and evaluation relatively easy.

The four organizational perspectives are properly linked to the vision and strategy of the organization at the center, and the four perspectives are also intertwined in a systemic manner. The perspectives reinforce each other and lead to better organizational performance. The objectives, measures, targets and initiatives that the organizations identify and set for each perspective provide fertile ground to conduct relatively easy performance management. This is because the organization sets its goal for that specific perspective, set of measures/indicators, targets or final destination that the organization aspires to reach, and initiatives/projects/activities that derive the organization to its destination.

*Figure 5: Balanced Scorecard Framework/Four Perspectives of BSC*



Source: Robert S. Kaplan and David P. Norton (1996:9)

As illustrated in the diagram (figure 5), BSC as a strategic management tool measures organizational performance in four ‘balanced’ perspectives. The *Financial* dimension captures the readily measurable economic consequences of actions already taken by the organization including value for money. Financial measures pinpoint whether the organization’s strategy execution are contributing to bottom-line improvements. This perspective is concerned with improved cost structure increased resource utilization through productivity enhancement strategy. In short, the financial view of BSC emphasizes cost efficiency, that is, “the ability to deliver maximum value to the stakeholder at minimum cost and sustained stakeholder value” (Kairu et al., 2013:82).

The *Customer* perspective is concerned with measures that identify the customer and market segments in which the organization will compete and measures of the organization's performance in these targeted segments. Moreover, this perspective deals with the ability of the organization to produce quality goods and services, effectiveness of their delivery, and satisfaction of customers (ibid).

The *Internal Business Process* (IBP) is concerned with vital internal processes in which the organization must excel. IBP underscores internal ways of doing things that lead to financial successes and meet customers' expectations (Kairu et al., 2013:82). The central point of this perspective rests upon the idea that customer-focused measures are essential, but they must be transformed into measures of what the organization must perform internally to meet its customers' expectations (Kaplan and Norton, 1992). Finally, according to Kairu et al., the *Learning and Growth* dimension of the organization deals with measures related to infrastructure and human capital that the organization must nurture to create long-term growth and improvement. This dimension of BSC thoroughly looks into the ability of the employees, management and leaders in the organization (in terms of level of skills, talents, knowledge, training), strength and application of information systems (such systems, databases and networks), and most importantly "the effects of organizational alignment (culture, leadership, alignment and teamwork)" in materializing organizational objectives. The underlying assumption here is that "processes will only succeed if adequately skilled employees supplied with accurate and timely information and led by effective leadership, are driving them" (2013: 82).

The most interesting part of BSC is the established linkages among these four dimensions using the strategy map. Kaplan and Norton, the designers of the concept, argue that balanced scorecard as a performance management mechanism gives due emphasis to the following key points:

- Clarify and gain consensus on the strategy of the organization
- Communicate strategy throughout the organization
- Align departmental and individual goals to the strategy
- Bind strategic objectives to long term targets and annual budgets
- Identify and align strategic initiatives

- Undertake periodic and systematic reviews, and
- Obtain feedback to learn about and improve strategy and overall performance of the organization (1996:19).

The innovators of the idea/tool of balanced scorecard, Robert S. Kaplan and David P. Norton of the Harvard Business School, further argue that the name ‘balanced scorecard’ reflects “the balance provided between short and long-term objectives, between financial and non-financial measures, between lagging and leading indicators, and between internal and external performance perspectives” (Kaplan and Norton, 1996: viii).

Using the BSC, managers decide what is required to deliver and sustain the strategy, and how to monitor progress in regard to the four perspectives/dimensions: finance, customer/citizens, process and people. The perspective measures within these angles are used to communicate the strategy, assign responsibilities and time frame, and to check progress (Mackie, 2008).

### **2.8.3. Implementing BSC in Public Sector Organizations**

As BSC was originally developed for the private sector consumption as a strategic management instrument, it places financial results at the top of strategic hierarchy. However, it has been widely applied in the public and voluntary sectors with only slight modifications (Gomes & Liddle, 2009; Mackie, 2008; Kaplan, 2010). Unlike the private sector, the ‘client/customer’ perspective of the scorecard comes at the head of the strategic hierarchy (Mackie, *ibid*). In regard to this Robert S. Kaplan wrote:

*... 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 non-financial measures to assess their performance with constituents. Since financial success is not their primary objective, NPSEs cannot use the standard architecture of the Balanced Scorecard strategy map where financial objectives are the ultimate, high-level outcomes to be achieved NPSEs generally place an*

*objective related to their social impact and mission, such as reducing poverty, pollution, diseases, or school dropout rates, or improving health, biodiversity, education, and economic opportunities. ...modification is required to expand the customer perspective. ...constituents ... should be placed at the top of an NPSE strategy map* (Kaplan, 2010: 23).

Though Kaplan and Norton, and other performance management scholars argue that BSC can be used as a performance management instrument in non-profit and public sector enterprises (NPSEs), there are a plethora of arguments against the applicability of BSC in public sector undertakings. Those who support the viability of the BSC to the public sector organizations (PSO), argue that BSC can be applied to public sector undertakings with little modification while the basic assumption of the framework remains the same. Gomes and Liddle, who studied the applicability of BSC as performance management tool in the third sector (civil societies and charities) in Brazil, for example, argue that BSC can be applied in PSOs and civil society organizations (CSOs) by simply putting the customer perspective of BSC at the top of the strategic hierarchy (Gomes & Liddle, 2009). Niven (2002) also argue that in applying the BSC in public sector organizations, the primary focus falls on the customer dimension rather than financial objectives.

Indeed, at the beginning, BSC was originated as a simple performance measurement tool for the profit making private sector organizations with due emphasis to financial gains, but quickly transformed itself to a widely accepted performance management and strategy implementation instrument. The designers of the concept, Kaplan and Norton, created it with having the private sector in mind. As a result, achievement of financial goals was the top priority goals of BSC. The framework claims that financial objectives of an organization can be achieved by focusing on the drivers of performance in the other three perspectives: customer, internal business process, and learning and growth (Mackie, 2008; Kairu, et al., 2013; Gomes & Liddle, 2009).

The *raison d'être* of a public sector organization is quite different from that of private sector organizations; the main difference being that the former is mission driven while the latter exist to maximize profit to their shareholders/owners (Gomes & Liddle, 2009; Niven, 2002). As Burkaert, Davila and Oyon (2010) argue BSC has been widely applied in both private and public

sector organizations with different emphasis: the first emphasizing financial gains and the second emphasizing customer satisfaction. Nicholas J. Mathys has drawn a distinct comparison between Balanced Scorecards in public and private sector organizations as shown in table 1 below.

**Table 1: Comparison of Balanced Scorecards in Private and Public Sector Organizations**

<b>Features</b>	<b>Private Sector</b>	<b>Public Sector</b>
<b>Focus</b>	Shareholder value	Mission effectiveness
<b>Financial Goals</b>	Profit; market share; growth; innovation; creativity	Cost reduction; efficiency; accountability to the public
<b>Efficiency Concerns of Clients</b>	Yes	No
<b>Desired Outcome</b>	Customer Satisfaction	Stakeholder Satisfaction
<b>Stakeholders</b>	Shareholders; bondholders	Tax payers; legislators; inspectors
<b>Who defines budget priorities</b>	Customer clients	Leadership; legislators; funding agencies
<b>Key success Factors</b>	Uniqueness; advanced technology	Sameness; economies of scale; standardized technology

*Source: Nicholas J. Mathys, 2006: 101*

Kaplan and Norton themselves argue that BSC best meets the performance management system requirements of PSOs as it transcends financial measures and focuses on the key performance indicators (KPIs). They underline that BSC can easily be applied to public sector organizations by simply re-arranging the perspectives and putting the customers/citizens or constituents on the top of the hierarchy (Kaplan and Norton, 2001).

## 2.8.4. Phases of the Balanced Scorecard

Unlike the BPR, which has three phases, BSC has nine phases. The first six are called preparation phases while the last three are implementation phases (BSCI, 2013; AACBB, 2013a). There are distinct activities that the organization undertakes in each phase.

*Figure 6: The Nine (9) Steps in Building and Implementing Balanced Scorecard*



*Source: Balanced Scorecard Institute (BSCI), 2008: 21*

The first 6 stages are balanced scorecard building/preparation steps while the last three are execution phases (BSCI, 2008; Niven 2002; AACBB, 2013a).

**Stage 1- Assessment:** In this stage, the organization conducts thorough assessment of the current situation of the organization and the environment it operates in. It focuses on analysis of key

issues and challenges, usually using PEST (political, economic, social and technological) and SWOT (strength, weakness, opportunities and threats) techniques in order to identify what needs to be done to achieve success in the current and predicted environment. It is very essential phase to have stakeholder and management buy-in (AACBB, 2013a; Stellar Leadership Ltd., 2013).

**Stage 2- Strategy Development:** The organization decides on elements of its strategy, including strategic objectives for the four perspectives (financial, customer, internal business processes and learning and growth). The primary attention, at this stage, rests on customer needs and financial necessities and how the organization intends to deliver these through Internal Processes, and Learning and Growth (Stellar Leadership Ltd., 2013).

**Stage 3- Objectives Development:** In this phase, strategic themes are translated in to tangible and feasible strategic objectives. Strategic objectives are fundamental building blocks for a strategy and define the organization's strategic intent. At this step, the organization defines core strategic objectives for all the four perspectives of the organization.

**Stage 4- Strategic Map:** It is the stage where we link strategic objectives in a web of cause and effect relationships. For instance, a plain causal linkage of strategic objectives would be: “the improved processes lead to shorter customer lead times, improved on-time delivery, and fewer defects experienced by customers; the quality improvements experienced by customers lead to higher satisfaction, retention, and spending, which drives, ultimately, higher revenues and margins”. All the strategic objectives are interlocked together in cause-and-effect chains, beginning with employees, going through processes and customers, and ending in greater financial performance or customer satisfaction depending on the nature of the organization i.e. business or public entity (Kaplan, 2010: 21).

**Stage 5- Performance Measures/Indicators:** At this phase performance measures/indicators are developed for each strategic objective along with baseline or benchmarking data and clear targets. It is quite important to identify a basket of measures so as to make sure that both qualitative and quantitative results are properly considered. As rule of thumb the number of measures should be between 2 and 5 (Stellar Leadership Ltd., 2013: 8).

**Stage 6- Initiatives:** This is the phase where programs and projects that lead to the materialization of the strategic objectives are identified and agreed. The initiatives (programs and projects) are vehicles that carry and move the organization towards the strategic objectives and targets (Ibid).

**Stage 7- Automation:** This phase is concerned with development and availing of appropriate software for simplified performance tracking and reporting, and knowledge sharing. Automation facilitates provision of the right performance information at the right time to the right people/decision makers (AACBB, 2013a; Stellar Leadership Ltd., 2013).

**Stage 8- Cascading:** The eighth step is concerned with getting the organizational strategy down to all units/departments, and individual employees in the organization. The cascading process is done based on the conformity between the nature of the task and the nature of the unit/department, and staff member. It is based on the cascaded plan that each unit or individual's performance is evaluated at the end of the year (AACBB, 2013a).

**Stage 9- Monitoring and Evaluation:** This phase includes key activities such as designing monitoring and evaluation system; developing evaluation plan; evaluating actual performance against planned strategic objectives; and taking corrective measures based on the results (Ibid).

## **2.9. The Introduction of the Balanced Scorecard in the Ethiopian Public Service**

The Balanced Scorecard (BSC) was fully introduced to the Ethiopian public service in 2010 after a relatively long time study in how to adapt it to the Ethiopian public sector context. Some Ethiopian public sector organizations have tried to implement BSC before 2005 (Tessema, 2005 quoted in de Wall, 2007). Balanced Scorecard as performance management tool was able to attract the attention of organization leaders and managers in Ethiopia. In connection to this De Wall (2007: para.5) noted that:

*In Ethiopia, there are some developments for the benefit of performance management. More and more Ethiopian enterprises are expressing a strong interest in the BSC, their managers are starting to acknowledge the importance of regular formal and informal performance review meetings, communication about results is being improved by applying modern means of communication like the intranet, people are willing to train in the use of performance management, and government is fostering the improvement of performance.*

Ministry of Health had been one of the pioneer public organizations in taming the concept (BSCI, 2013). Department for International Development (DFID, 2013:9) states that the Ethiopian government (GoE) has introduced performance management system throughout federal and regional public service organizations using the Balanced Scorecard methods. The same source underscores that BSC was designed for organizational and individual performance management purpose across Ethiopian public service institutions.

According to official records and survey findings in the study Woreda (plans and reports of sector offices), BSC is being implemented in combination with BPR (business process re-engineering) starting from 2010. Addis Ababa City Government Capacity Building Bureau states that to meet the transformational needs of public institutions in the city administration and ensure service delivery from balanced perspectives; BSC has been introduced as key performance management and measurement system (AACBB, 2013a:1). The same source indicates that BSC is being used in combination with BPR as there is no one single performance management tool that can cure all the organizational malaises. The argument goes on to say that there are problems that BPR alone cannot redress and thus requires the implementation of BSC to uproot these challenges. BPR is concerned with processes while BSC focuses on identification of organizational strategic goals, selection of priority themes, setting organizational targets, performance measures and indicators. Thus, integrated application of the two tools will lead to better public sector performance (Ibid: 8).

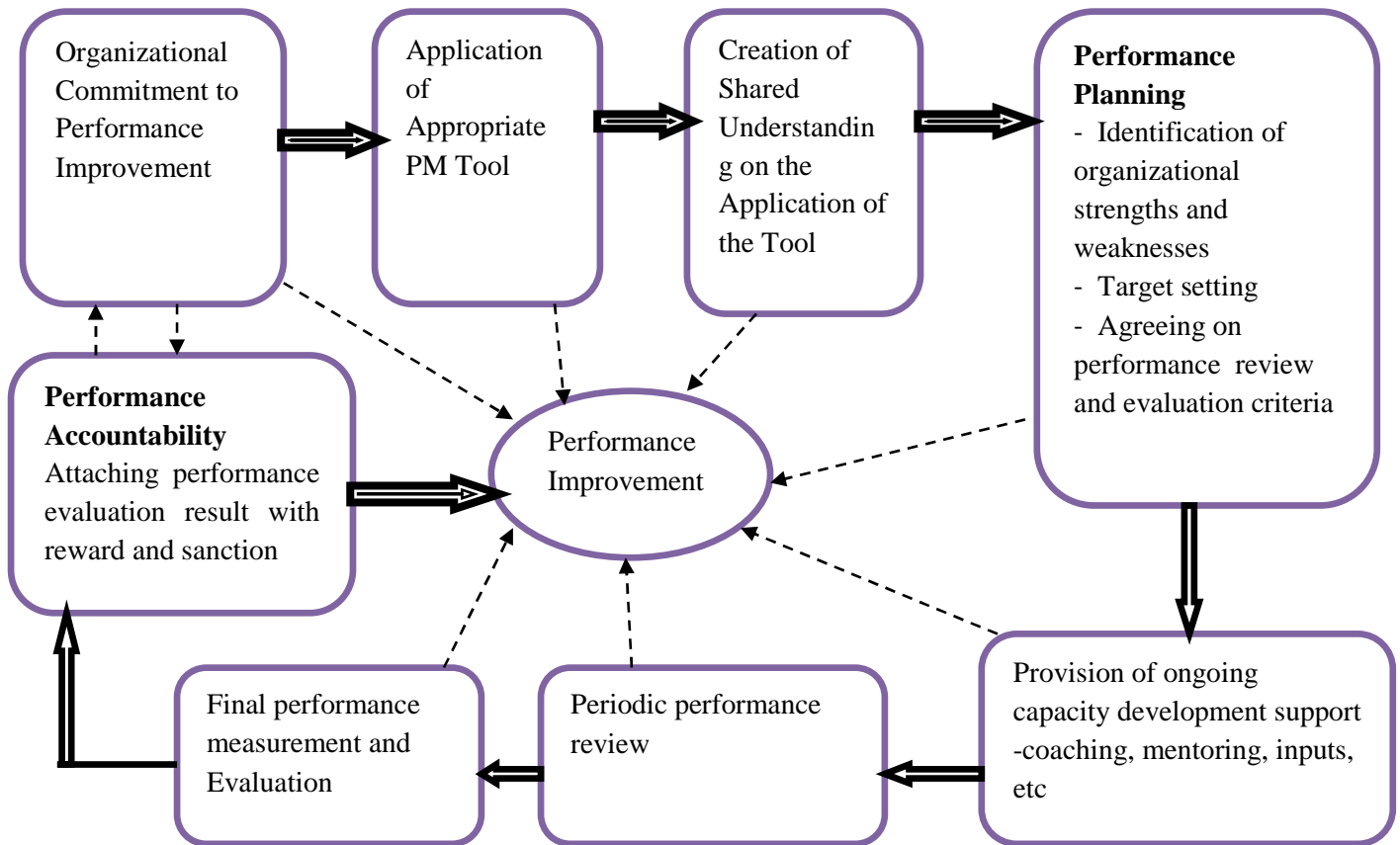
## **2.10. Conclusion, Lessons Drawn and Conceptual Framework**

The literature reviewed in this section has provided clear insight about the width and depth of performance management in public sector organizations. This researcher has come to understand

that there are a number of performance management models. Almost all the models agree that performance management is concerned with identification of organizational visions, missions and goals, bringing managers and employees on the same page towards the achievement of organizational strategic objectives/alignment, provision of coaching and periodic performance review, final performance evaluation, and attaching results with reward and/or punishment depending on the nature of result.

The major lessons drawn from sailing over the ocean of literature is that an effective performance management system depends upon the level of mutual understanding between managers and/supervisors and employees. The other main lesson drawn is that effective performance management requires buy-in of all employees in an organization. Finally, based on the literature review, the researcher has developed the following conceptual framework.

**Figure 7: Conceptual Framework (as drawn from the literature review)**



*Source: Researcher's Own Construction Based on the Literature Review*

# Chapter 3: Research Methodology and Methods

## 3.1. Research Design

This study has predominantly adopted qualitative research philosophy with descriptive research type using self-administered questionnaire and in-depth interview as primary data collection techniques. As Gabrielian, Yang and Spice (2008:141), in their decisive work-‘Qualitative Research Methods’- they contributed to the ‘Handbook of Research Methods in Public Administration’ clearly emphasise qualitative research methods are usually adopted to underline three basic intertwined concepts: (1) ‘qualitative research epistemologies that are non-positivistic; (2) ‘qualitative research strategies that target more interpretative or revealing meanings rather than generating causal relationships and (3) ‘qualitative research techniques that are not operationalized in numbers’. The philosophy, type, approach and data collection techniques adopted in this research are dictated by the very nature of the research topic and questions that the researcher aspires to examine and describe-the implementation, achievements and constraints of performance management in Addis Ketema Sub-City Woreda 2.

Indeed, we must bear in mind that qualitative researches can apply simple quantitative methods such as tabulations or frequency counts. We need to also stress that the “qualitative-quantitative dichotomy in research methods is not very accurate: what is not quantitative is not necessarily qualitative and vice versa”. As it is hardly possible to find distinct cut point between qualitative and quantitative research techniques, one must view the divide “as a continuum rather than as a dichotomy” (Gabrielian, Yang and Spice, 2008:146). This researcher completely agrees with the argument Gabrielian, Yang and Spice (*opp. cited*) and puts this study in the qualitative half of the continuum with application of quantitative techniques especially in data presentation through tabulations and frequency counts.

## 3.2. Study and Sample Population

The study population was the total career civil servants and appointed officials/ head of sector offices in Addis Ketema Sub-City Woreda 2 Administration. The total study population is 167

(20 appointed officials who are heads and 147 career civil servants). The sample population has been drawn using appropriate sample frame and sample size determination as indicated below. The researcher has selected Addis Ketema Sub-City because of his personal connection to the Sub-City. Thus, prior knowledge of and information to the research problem in the Sub-City was the primary reason for selecting Addis Ketema Sub-City. However, the case Woreda (Woreda 2) was selected randomly using a lottery system out of the 10 woredas in Addis Ketema Sub-City Administration.

### **3.3. Sample Design**

#### **3.3.1. Sample and Sample Size Determination**

The researcher has taken a number of factors in to consideration in determining the sample size. The factors include cost of data collection and analysis, the type of data required for the study, and number of target population. On the basis of these determining factors, the researcher has relied on his personal judgment and decided the sample size to be 50.4% of the study population. Thus, primary data have been collected from 71 individuals working in the Woreda administration. During the data collection period the number of employees and head offices with and above 6 months service in the Woreda was 141; thus the researcher has randomly selected 71 respondents (50.4%) for the data collection through questionnaire.

#### **3.3.2. Sampling Techniques**

A mix of probability and non-probability sampling techniques were used to identify respondents. Probability method was used for respondents of questionnaire through the adoption of systematic sampling technique. The researcher has pursued the following procedure to select sample population: (1) collecting the total number of the human resources in the Woreda administration from the Human Resource Administration section in the study Woreda; (2) eliminating individuals with less than 6 months service. The reason for elimination was that these individuals are not well exposed to the system and may not have full grasp of the performance management system in the Woreda administration. The very assumption here is that information coming from

sources that do not have full understanding of the subject matter of the study may be misleading; and (3) selecting 50.4% of the viable population using systematic sampling technique. Put differently, the total number of study population (TP) was 141 and the desired sample population (SP) was 71. Thus, the researcher began from the second element from the list and picked all the even umbers from the sample frame to get the 71 elements which is 50.4% of the total study population.

The researcher has hand-picked respondents of interview questions from the woreda administration and Addis Ketema Sub-City. These respondents have been selected on the basis of their closeness to the process of performance management in the woreda administration and included were head of the woreda administration, individuals involved in performance measurement and evaluation, and individuals and head of sector offices who were recognized for meeting performance target, employees who were rated as poor performer, and individuals in the Sub-City Capacity Building Office which is mandated to provide coaching, technical support and guidance to the Woreda administration.

### **3.4. Types of Data and Data Collection Techniques**

#### **3.4.1. Types of Data**

The research is based on both primary and secondary data collected from primary and secondary sources. However, as the researcher adopted descriptive approach due to the very nature of the topic and the research questions he aspires to answer, the study primarily relied on qualitative data.

#### **3.4.2. Primary Data Collection Techniques**

**Questionnaire:** Self- administered questionnaire was designed and administered to 71 individuals selected based on the sample selection technique outlined above. The questionnaire has a structured nature and was self-administered. It included both open and close-ended questions. Before the actual data collection, the researcher had distributed 15 questionnaires for

the purpose of piloting/pretesting and making sure the appropriateness, consistency, and simplicity of the data gathering instrument. The actual data was collected from April 1-10, 2015.

**Semi-structured in-depth interview:** the researcher has collected data through semi-structured in-depth interview from 5 individuals in the Sub-City and Woreda administration for triangulation purpose. Respondents contacted for the in-depth interview were selected purposively by the researcher as key informants on the basis of their closeness to the performance management process of the woreda administration. The interview was held on April 13-14, 2015 at Addis Ketema Sub-City Capacity Building Office and Addis Ketema Sub-City Woreda 2 administration respectively.

### **3.4.3. Secondary Data Collection Techniques**

In this study, information from the secondary sources of data have been collected from different published and unpublished materials which include government official documents such as plans, reports, performance appraisal and evaluation checklists, manuals, and performance evaluation reports have also been used as inputs of main sources of secondary data.

## **3.5. Data Analysis Methods**

The researcher has applied both qualitative and quantitative data analysis methods depending on the nature of the data collected. As Brikci and Green (2007:23) rightly noted, qualitative data analysis is the toughest exercise in data processing endeavor; yet it is quite “enjoyable to see patterns emerge and be able to draw out of all the discussions some meaningful conclusions”. The quantitative data gathered through structured questionnaire were processed using SPSS (statistical package for social sciences) version 20 to get descriptive statistics results. The qualitative data gathered through interviews, open-ended questions of the questionnaire and document review were analyzed through organization based on their types, reduction through summarization and categorization, and pattern and theme identification and linkage to the research questions. In short, qualitative data were grouped together based on their themes and patterns using predetermined codes and used in the analysis.

### **3.6. Data Presentation Modality**

The processed information has been presented using frequency tables, and percentages. Direct words of the interviewees in the form of case stories are also presented as appropriate in the study.

### **3.7. Ethical Consideration**

In conducting this study, the researcher has taken into account the well established and thorough research etiquettes. Brynard et al (1997) as cited in Shafudah (2011: 34) remind us that it is unethical to a researcher to present a biased report or not to report the truth as it is. They further state that respondents of the research must be informed about the purpose of the study and personal information must be kept anonymous. In addition to prevent any likelihood of harms that respondents may face, this strategy provides fertile ground to elicit open, sincere and honest thoughts of the respondents. Brikci and Green (2007:5) on their part remark that researchers have responsibilities to their respondents, readers and users of their findings.

Beauchamp and Childress (1983 quoted in Brikci and Green, *ibid*) identify four basic ethical principles in undertaking research project viz. (1) autonomy- giving due respect to the rights of individuals, (2) relevance- doing good, (3) non- maleficence - abstaining from causing harm and (4) justice- specifically equity (see also Gabrielian, Yang and Spice, 2008: 160; Justice, 2008:89). The other big ethical concern in undertaking research study is plagiarism i.e. claiming credit for somebody else's effort and work. This researcher kept in mind all these ethical principles, conducts and standards from beginning to the end in undertaking this study.

# Chapter 4: Analysis of Research Results

## 4.1. Introduction

This chapter is based on the data collected using primary data collection instruments (questionnaire and interview) and in-depth interviews collected for triangulation purpose. It dwells on presentation and interpretation of findings, in an attempt to answer research questions outlined in the first chapter. The output was processed using SPSS version 20 to get frequencies and other descriptive statistics. Data have been collected in three ways: self-administered questionnaire, interview of key respondents and reviewing of secondary sources (reports and plans) in the study Woreda. Thus, this section presents the results of the primary data collection tool primarily the questionnaire. The results are arranged in line with the research questions, performance management model adopted for this study, the conceptual framework developed by the researcher based on the literature review and logically constructed questionnaire. The results are presented in tables to show frequency counts and percentage for each question and followed by narrative explanations.

## 4.2. Profile of the Respondents

As indicated in table 2 below, 29.6% of the total respondents are females working in the Woreda administration. The percentage of male respondents constitutes the largest part (70.4%). Indeed, the number of female respondents is proportional, given the total number of female employees in the Woreda administration.

*Table 2: Sex of the respondents*

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	21	29.6	29.6	29.6
Male	50	70.4	70.4	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

The respondents were serving in 19 sector offices/units in the Woreda Administration as table 3, below in indicates. The total number of offices in the Woreda administration is 20. Thus, data have been gathered from 19 offices except the Office of Woreda Council Speaker which was a one-man office during the data collection period. We need to note that proportionality was maintained as 50% of the total population was taken from the list of the total workforce which was listed based on their sector offices.

**Table 3: Units/Sector Offices in which the respondents were serving during the data gathering**

Name of Sector Office	Frequency	Percent	Valid Percent	Cumulative Percent
General Manager	7	9.9	9.9	<b>9.9</b>
Capacity Building	4	5.6	5.6	<b>15.5</b>
Health	5	7.0	7.0	<b>22.5</b>
Education	5	7.0	7.0	<b>29.6</b>
Internal Audit	2	2.8	2.8	<b>32.4</b>
Construction & Housing Development	3	4.2	4.2	<b>36.6</b>
Women, Children & Youth Affairs	5	7.0	7.0	<b>43.7</b>
Labour & Social Affairs	2	2.8	2.8	<b>46.5</b>
Finance & Economic Development	2	2.8	2.8	<b>49.3</b>
Trade & Industry Development	8	11.3	11.3	<b>60.6</b>
Revenue & Customs Authority	3	4.2	4.2	<b>64.8</b>
Civil Status and Vital Affairs	4	5.6	5.6	<b>70.4</b>
Gov't Communication Affairs	2	2.8	2.8	<b>73.2</b>
Micro & Small Enterprises Development	6	8.5	8.5	<b>81.7</b>
Justice Office	3	4.2	4.2	<b>85.9</b>
Construction Licence Office	3	4.2	4.2	<b>90.1</b>
Law Enforcement	3	4.2	4.2	<b>94.4</b>
Culture and Tourism	2	2.8	2.8	<b>97.2</b>
Sport and Youth Office	2	2.8	2.8	<b>100.0</b>
<b>Total</b>	<b>71</b>	<b>100.0</b>	<b>100.0</b>	

Source: Survey Data

The respondents are serving in different capacities from head of sector offices to janitors and messengers. As table 4 shows 8.5%, 9.9%, 7.7%, 11.3% and 50.7% of the respondents are head of sector offices (appointed officials), core process coordinators/owners, case team coordinators, experts, and officers respectively.

**Table 4: Respondents current position**

	Frequency	Percent	Valid Percent	Cumulative Percent
Head of Office	6	8.5	8.5	8.5
Core Process Coordinator	7	9.9	9.9	18.3
Case Team Coordinator	5	7.0	7.0	25.4
Expert	8	11.3	11.3	36.6
Officer	36	50.7	50.7	87.3
Secretary	3	4.2	4.2	91.5
Other	6	8.5	8.5	100.0
Total	71	100.0	100.0	

Source: Survey data

From the total respondents included in the study, 35.2% and 31% have served from 6 months to 1 year and 1 to 2 years at Addis Ketema Sub-City Woreda 2. As indicated in table 4, the number of respondents decreases as the year of service increases. This is due to high turnover of staff in the study woreda.

**Table 5: Respondent's length of service in the Woreda administration**

	Frequency	Percent	Valid Percent	Cumulative Percent
6 month - 1 Year	25	35.2	35.2	35.2
1-2 years	22	31.0	31.0	66.2
2-3 years	9	12.7	12.7	78.9
3-4 Years	6	8.5	8.5	87.3
4-5 Years	3	4.2	4.2	91.5
Above 6 Years	6	8.5	8.5	100.0
Total	71	100.0	100.0	

Source: Survey Data

Though the ratio of staff turnover was not captured through the data collection, official documents of the Woreda administration and Addis Ketema Sub-City Capacity Building Office clearly state that employees consider their positions/service in the woreda administration as a transit to other employment opportunities at higher level government structures (Sub-City, City or federal), or any opportunity outside the public service (see Addis Ketema Sub-City Woreda 2 Capacity Building Office, 2014).

### 4.3. Results of the Questionnaire

This section deals with the main results of the data gathered through questionnaire and in-depth interview for triangulation purpose. The results are presented in tables with paragraphs explaining the tables.

#### 4.3.1. Performance Planning Using Balanced Scorecard (BSC)

**Table 6: Response to: Have you ever taken training on BSC, the performance management tool?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	63	88.7	88.7	88.7
Valid No	8	11.3	11.3	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

The findings indicated that 88.7% of the respondents had taken training on the performance management tool (BSC). The remaining 11.3% have never taken training on the performance management tool. We need to bear in mind that all the respondents have served in the woreda administration at least for 6 months as employees below six months service were excluded during the study population determination phase (Chapter 3) for the purpose of quality of the study.

**Table 7: Response to: How many times you have taken training on performance management tool/BSC?**

	Frequency	Percent	Valid Percent	Cumulative Percent
0	8	11.3	11.3	11.3
1	28	39.4	39.4	50.7
2	19	26.8	26.8	77.5
Valid 3	7	9.9	9.9	87.3
4	7	9.9	9.9	97.2
5	2	2.8	2.8	100.0
Total	71	100.0	100.0	

Source: Survey Data

According to the survey finding (table 7), 39.4% and 26.8% of the respondents have taken 1 and 2 times respectively. All the respondents who have never taken training and those who have taken the training 1 and 2 times were Officers and lower level employees. This reality shows that training opportunities were not accessible to employees working at the lower level of the government structure.

A significant number (60.5%) of the respondents replied that all the workforce in the woreda administration do not have similar understanding about the performance management tool/BSC.

**Table 8: Response to: All employees and heads of offices in the Woreda administration have equal understanding about BSC (performance management tool)**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	3	4.2	4.2	4.2
Agree	25	35.2	35.2	39.4
Disagree	28	39.4	39.4	78.9
Strongly Disagree	15	21.1	21.1	100.0
Total	71	100.0	100.0	

Source: Survey Data

According to the respondents of the survey (they were asked to list the reasons behind- open-ended question no. 4 in the questionnaire), the reason for the disparity of understanding in regard

to the performance management tool includes in adequate training, limited capacity of trainers, attitude (some employees believe that BSC has been introduced for political consumption rather than to improve performance), varying capacity of employees, and head of offices focus on political missions rather than organizational performance issues.

All the sector offices have annual plan for the fiscal year 2014/15 prepared in line with the woreda level corporate plan and all the offices in the woreda administration, except Office of the Woreda Council, have prepared their plan using BSC. More than 1/3 of the respondents (28.2%) have not taken part in the planning process. From those participated in the performance planning process 84.9% replied that the level of participation was from maximum (30.2%) to medium (54.7%). The remaining 15.1% responded the participation was low.

**Table 9: Level of participation in annual organizational plan preparation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Maximum	16	22.5	30.2	30.2
Valid Medium	29	40.8	54.7	84.9
Valid Low	8	11.3	15.1	100.0
Valid Total	53	74.6	100.0	
Missing System	18	25.4		
Total	71	100.0		

*Source: Survey Data*

Of the total individuals included in the survey 67.6% (see Table 10, next page) said their office levels corporate plans are properly cascaded to units and sub-units (core processes, sub-processes, and case teams). The remaining 32.4% of the respondents replied organizational plans were not cascaded to units. In a similar vein, 64.8% of the sample population responded organizational plans were not cascaded to individual levels. According to the respondents, the reasons include complexity of the cascading process, inadequate attention from head of sector offices, unit managers, and lower level employees, and skill gaps. Respondents have commented that cascading is too complex and difficult to do.

The findings have shown that alignment of individual plans to that of the organizational plan needs serious attention as 69.1% of the sample population replied that individual plans and activities were not in line with the organizational one. Alignment of individual plans and activities is one of core concepts in performance management. The central point here is that individuals need to be clear with what their office/organizations aspires to achieve and they need to take their fair share to the realization of organizational plan. As extensively discussed in the literature review chapter, alignment is an indispensable mechanism to put units and individuals involved in the organization in similar track that leads to achievement of organizational performance plan.

Asked whether performance planning using BSC (the performance management tool being used in the study woreda) has created shared understanding about organizational and individual employee performance plan, more than half of the respondents (53.5%) replied negatively. In a similar vein, significant number of the respondents (55.0%) said that performance planning using BSC did not create role clarity in their offices. According to the respondents, this is due to inadequate participation during planning, and failure to cascade the organizational plan down to individual levels with strict alignment.

The findings (Table 10 below) clearly show that the performance planning process falls short of expectation. The performance management tool was not properly put into practice. Performance planning creates consensus among the stakeholders in the organization which is a prerequisite in performance management. For instance, according to the research results (see the first Row in Table 10 below), 60.5% of the respondents agreed or strongly disagreed that all the workforce (career civil servant employees, middle level managers, and head of sector offices) have similar understanding about the performance management tool. The obvious implication is that all of them are not on the same page as to where their organization needs to go, what it needs to achieve, and what is expected of them to move the organization to its end. Again, 55.0% (see Table 10 last Row) of the respondents replied that they were not clear what their role. In any performance management, role clarity is a prerequisite to achieve meaningful performance improvement.

**Table 10: Summary of Responses Pertinent to Performance Planning Using Balanced Scorecard**

Questions	Strongly Agree	Agree	Disagree	Strongly Disagree	I don't Know	Sum
All the workforce have similar understanding about the performance management tool (BSC)	4.2%	35.2%	39.4%	21.1%		100%
Organizational plans are cascaded to units	9.9%	57.7%	28.2%	4.2%		100%
Organizational plans are cascaded to individual employees	8.5%	26.8%	46.5%	18.3%		100%
Individual plans are aligned to that of the organization	2.8%	28.2%	60.6%	8.5%		100%
BSC created shared understanding about organizational and individual performance plan	7.0%	39.4%	52.1%	1.4%		100%
Planning using the PM tool (BSC) created role clarity	4.2%	35.2%	46.5%	8.5%	5.6%	100%

*Source: Survey Data*

### **4.3.2. Coaching, Technical Support and Guidance to Employees and Sector Offices**

All the respondents agreed that their offices were receiving coaching, technical support and guidance in issues pertinent to performance management. They receive these supports from two sources: the Capacity Building Office in the Woreda administration which is mandated to coordinate, supervise and support sector offices in areas related to public sector reforms and performance management (planning, coaching and guidance, capacity building, evaluation and recognition), and Sub-City level sector offices, for instance, Addis Ketema Sub-City Education Office provides coaching and technical support to the Woreda level Education Office. The Woreda Capacity Building Office has three Case Teams namely Reform Programs and Projects Implementation, Monitoring and Evaluation, and Information and Communication Technology, and 1 Supportive-process namely Human Resource Administration. The capacity building office

in general and the units in it in particular are in charge of providing all the necessary coaching, technical support and guidance to the sector offices.

Though all the respondents agreed that their offices have been receiving coaching and technical support from the Woreda Capacity Building Office and their sub-city level line offices, only 53.5% are satisfied with the service they are receiving. As table 11 below shows, the remaining 46.5% of the staff are either unsatisfied or highly unsatisfied with the service.

**Table 11: Response to: How do you rate the level of coaching, technical support and guidance?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Highly satisfactory	2	2.8	2.8	2.8
Satisfactory	36	50.7	50.7	53.5
Unsatisfactory	24	33.8	33.8	87.3
Highly unsatisfactory	9	12.7	12.7	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

More than half of the respondents (53.6%) said that the coaching, technical support and guidance rendered to their offices were not well-planned and regularly done. In performance management, it is a general principle that coaching and technical support must be tailored to individual needs of the offices or individuals and should be offered on timely basis.

**Table 12: Response to: Coaching, technical support and guidance are well-planned and done regularly**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	6	8.5	8.5	8.5
Agree	27	38.0	38.0	46.5
Disagree	32	45.1	45.1	91.5
Strongly Disagree	6	8.5	8.5	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

An organization destined to bring about significant improvement in performance should give due emphasis to the ongoing coaching, technical support and guidance in a planned and regular

manner. As we have seen in the performance management model (Literature Review Chapter), coaching is an integral part of any performance management process that must be done at all phases (planning, review and evaluation, recognition and reward). Offices' and individual employee's capacity limitations must be identified and the coaching processes should be geared towards addressing those limitations. Offices and individuals were not receiving specific coaching and guidance based on capacity analysis.

We need to notice that majority of the staff (67.1%) participated in the survey agreed or strongly agreed that despite the limitations discussed above, the coaching and technical support rendered to their office has positively contributed to their performance improvement. However, the number of respondents (32.8%) who disagreed or strongly disagreed that the coaching, technical support and guidance contributed to improve their performance is significant. The point that we can infer from the two tables (table 12 & 13) is that though the coaching, technical support, and guidance that sector offices and individual employees are receiving were not well-planned and provided on a regular basis, they have significant contribution to the performance improvement. This will lead us to the conclusion that if the woreda administration and Sub-City level concerned entities can properly plan and regularly deliver the coaching, technical support, mentoring, and guidance, they would see drastic improvement in the performance of sector offices and individual employees.

**Table 13: Response to: Coaching, technical support and guidance contributed to performance improvement**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	4	5.6	5.7	5.7
Agree	43	60.6	61.4	67.1
Valid Disagree	19	26.8	27.1	94.3
Strongly Disagree	4	5.6	5.7	100.0
Total	70	98.6	100.0	
Missing System	1	1.4		
Total	71	100.0		

Source: Survey Data

In responding the last statement pertinent to experience and expertise of the individuals assigned to provide coaching, technical support and guidance, only 57.7% replied strongly agree or agree. The rest of the respondents (42.3%) have disagreed or strongly disagreed that individuals who are providing coaching and technical support are competent enough to properly undertake their assignments.

**Table 14: Response to: Individuals who are providing coaching, technical support and guidance are well-trained, experienced and have good expertise in the area?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	2	2.8	2.8	2.8
Agree	39	54.9	54.9	57.7
Disagree	23	32.4	32.4	90.1
Strongly Disagree	7	9.9	9.9	100.0
Total	71	100.0	100.0	

Source: Survey Data

### 4.3.3. Balanced Scorecard (BSC) and Performance Improvement

A significant percentage (81.7%) of the individuals involved in the survey responded that the introduction of the performance management tool (BSC) has positively contributed to the performance improvement of their offices. According to the respondents, performance improvement have been seen in the areas of customer satisfaction, grievance and complaint management, and quality of services provided to the public, creation of strategy focused organizations, and speed of service delivery.

**Table 15: Response to: Has the implementation of BSC improved the performance of your office?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	9	12.7	12.7	12.7
Agree	49	69.0	69.0	81.7
Disagree	10	14.1	14.1	95.8
Strongly Disagree	3	4.2	4.2	100.0
Total	71	100.0	100.0	

Source: Survey Data

However, 18.3% of the individuals involved in the study responded the introduction of BSC as performance management tool did not contribute to the performance improvement of offices. Respondents were asked to outline their reasons (question no. 27 in the questionnaire) if they disagree or strongly disagree that the implementation of BSC as performance management tool has contributed to performance improvement. Their reasons include (1) most of the staff did not get adequate training on the tool and as a result the tool was not properly practiced, (2) lack of inputs (material and competent human resource) hampered proper implementation, (3) capacity limitations to properly implement BSC, (4) lack of commitment from head of offices and civil servants/individual employees, and (5) disparity in understanding and application of the performance management tool. Respondents who are skeptical of the BSC's contribution to performance improvement replied that the tool was not being practiced to the level it has to be in their offices and as a result its contribution was insignificant.

#### **4.3.4. Organizational Performance Measurement and Evaluation**

Performance measurement and evaluation are key concepts in performance management in any organization. Performance measurement refers to periodic (monthly/quarterly basis in most cases though the frequency depends on the nature of the sector) assessment to gauge whether the organization or individual is on the right track to meet the performance targets at the end of the plan period. Its purpose is to identify negative deviations and take timely corrective measures. Performance measurement is a process of reviewing progress towards achieving pre-defined goals and objectives (Kairu et. al, 2013). Performance evaluation, on the other hand, is concerned with judgment of achievement against the plan. Its purpose is to look at the performance outcome/achievement at hand versus the desired performance goals and objectives.

In this study performance measurement and evaluation have been treated at two levels: organizational/sector office and individual employee. This section is concerned with presentation of findings in connection to organizational performance measurement and evaluation. Respondents were asked 16 questions (question 31-46 in the questionnaire) and the findings are presented as follows.

Almost all (97.2%) of the respondents who completed the questionnaire agreed that their offices have performance review and evaluation system. As table 16 below clearly indicates only 2 (2.8%) of the individuals took part in the survey replied that their offices did not have performance review and evaluation system and procedure. The researcher has also observed that all the woreda administration in general and sector offices have systems and procedures to review and evaluate organizational performances.

**Table 16: Response to: Does your office have performance review and evaluation system?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	69	97.2	97.2	97.2
Valid No	2	2.8	2.8	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

In line with this, one of the informants from Addis Ketema Sub-City Capacity Building Office, Reform Implementation, Monitoring, Measurement and Evaluation Core Process, remarked that the Sub-City has prepared a manual (performance management system and procedure) to facilitate performance management process. The manual has been distributed to all Woredas including Woreda 2. The researcher has also witnessed the availability of the manual at in each sector office, but in most cases in soft copies.

The majority of the respondents (83.1%) agreed that the performance review and measurements were being conducted regularly and based on pre-defined performance review system and procedure. However, the remaining 16.9% of the individuals completed the self-administered questionnaire responded that the review and measurement process was not based on pre-set performance review system and procedure.

**Table 17: Response to: The performance of your office is being reviewed and measured regularly based on preset performance review system and procedure?<sup>2</sup>**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	7.0	7.0	7.0
Agree	54	76.1	76.1	83.1
Disagree	10	14.1	14.1	97.2
Strongly Disagree	2	2.8	2.8	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

According to the survey findings, performance review and measurements were usually being done at different layers. Some of the sector offices have established internal performance reviewing team, some others review their performance with team from the Woreda Capacity Building Office, and a team from the Sub-City line offices measures the performance of Woreda level offices.

Respondents unanimously agreed that their offices review or measure performances on quarterly basis. Thus, the Woreda administration in general and each sector office in particular conduct performance measurement four times in a year to look into whether they are on the right track to meet their performance targets and realize their goals.

The main problem raised by the respondents (53.5%) was that though performance review and measurement are regularly being conducted every quarter, the measurement was not based on organizational/office level scorecard and cascaded plan. The rest of the respondents (46.5%) have strongly agreed or agreed that organizational performance review and measurements were based on the corporate scorecard and the share that was cascaded to units and sub-units. From the document review in the Woreda administration, the researcher has come to learn that performance measurements were not based on the scorecard.

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<sup>2</sup> In terms of frequency, time, and whether the process was based on the guideline

**Table 18: Response to: The performance review and measurement are conducted in line with the corporate scorecard and cascaded plan?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	7.0	7.0	7.0
Agree	28	39.4	39.4	46.5
Disagree	29	40.8	40.8	87.3
Strongly Disagree	9	12.7	12.7	100.0
Total	71	100.0	100.0	

Source: Survey Data

The documents reviewed by the researcher (review and evaluation checklists) for the last one year indicate that performance reviews and measurements were not based on the organizational/office level scorecard. The document review was done at the Woreda 2 Capacity Building Office which has the mandate to coordinate, supervise, and lead reform and performance management initiatives in the City Administration. The researcher had requested and studied the contents of the performance review and evaluation checklists that were being used the woreda administration and its sector offices.

According to most of the participants of the survey (77.5%), as table 19 shows, offices in the woreda administration take adequate measures to address findings of the performance review and measurement. But, we need to bear in mind that the number of respondents (22.5%) who have disagreed or strongly disagreed that their offices take corrective measures to redress performance deviations is also significant.

**Table 19: Responses to: Your office takes corrective measures to address performance review and measurement findings?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	9.9	9.9	9.9
Agree	48	67.6	67.6	77.5
Disagree	13	18.3	18.3	95.8
Strongly Disagree	3	4.2	4.2	100.0
Total	71	100.0	100.0	

Source: Survey Data

When we look at the frequency of organizational performance evaluation, the performance of offices is being evaluated two times per year: mid and end of fiscal years. According to the findings, performance evaluations are done at two levels. On one side, Addis Ketema Sub-City Woreda 2 Capacity Building Office conducts its evaluation and the competition is among the offices in the woreda administration, for example, the performance of Education Office is compared with that of Trade and Industry Development within the woreda administration. On the other side, the Sub-City Education Office evaluates the performance of Woreda 2 Education Office; this time the competition is among all the Woreda Education Offices in the Sub-City. For instance, the performance of Woreda 2 Education Office is compared to that of Woreda 3 Education Office or education offices in the rest of the Woredas within the Sub-City.

Asked whether feedbacks and results of performance review, measurement and evaluation were properly communicated to their offices, 78.9% of individuals took part in the survey responded positively. From the documents reviewed, the researcher has learnt that performance measurement and evaluation finding reports were prepared and submitted to each office. The report includes major areas of strengths, gaps/deviations, and recommendations to tackle the deviations.

**Table 20: Responses to: The feedbacks and results of performance measurement and evaluation are properly communicated to your office and yourself?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	6	8.5	8.5	8.5
Agree	50	70.4	70.4	78.9
Disagree	11	15.5	15.5	94.4
Strongly Disagree	4	5.6	5.6	100.0
Total	71	100.0	100.0	

Source: Survey Data

In regard to the objectivity of the performance measurement and evaluation process, close to half of the respondents (49.3%) said that the process was not free of bias and subjective. Most of the respondents who disagreed or strongly disagreed that the measurement and evaluation process were subjective to bias replied that *relationship with performance reviewers and evaluators*

determines the result. One of the staffs included in the interview has remarked that most of the evaluators in the Woreda Capacity Building Office have negative attitude towards his office.

**Table 21: Response to: The performance review, appraisal and evaluation are done free of bias and objectively?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	4	5.6	5.6	5.6
Agree	32	45.1	45.1	50.7
Disagree	27	38.0	38.0	88.7
Strongly Disagree	8	11.3	11.3	100.0
Total	71	100.0	100.0	

Source: Survey Data

Out of 71 individuals included in the survey, 21.7% have replied that *relationship* with those who conduct the performance measurement and evaluation was the most determining factor of the result. In connection to this, one of the staff included in the interview (Interview Respondent No. 3) laments:

*I don't think our office performs less than most of the sector offices in the woreda, but whenever performance review and evaluation results are posted our office is at the bottom of the league table. This is because staff members of the woreda capacity building office have negative attitude towards our office. Thus, the most important thing is to have good relations with performance evaluators. If you miss that you will be at the bottom whether you worked hard to meet your objective or not (Interview with Respondent, 3).*

However, the head of Capacity Building Office rejects such claims as groundless. He argues that he and all the staffs in his office are clear of their assignments and roles, and no bias is made. To directly put his words, “All the offices in the Woreda administration are part of the government; all of them are established to provide services to citizens; thus, our office will not prefer one sector office to the other. Such opinions usually emanate from attitude problems” (Interview with Head of Woreda 2 Capacity Building Office, 2).

With regard to the competency of individuals who undertake performance measurement, appraisal and evaluation, 63.4% of the respondents agree or strongly agree that the staffs are

competent enough to properly undertake their assignment. However, we need to note that the number of respondents (36.6%), as indicated in table 19 below, who doubt the competency of staff members assigned to conduct performance measurement, appraisal and evaluation is not insignificant. According to these respondents, sometimes newly employed and individuals with no adequate training, and experience are involved in performance measurement, and evaluation processes.

**Table 22: Response to: Individuals who conduct performance evaluation are competent enough to undertake their assignment?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	7.0	7.0	7.0
Agree	40	56.3	56.3	63.4
Disagree	23	32.4	32.4	95.8
Strongly Disagree	3	4.2	4.2	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

As the survey findings inform 93% of the respondents have said that their offices have passed through performance evaluation in the past one year since the date of data collection. The remaining 7% replied their offices performance was not evaluated within the same period. The reason was that their offices did not have adequate staff and were not equipped with necessary materials.

According to Head of the Justice Office, for example, his office did not have the required staff and office supplies and was not evaluated. This shows that in the woreda administration performance evaluation was not applied to all sector offices. To get the overall performance of an organization corporate plans and performance targets must be disaggregated through cascading and aggregated back through performance evaluation. It is the cumulative performance of each units and individuals that give us the performance of the organization. If each and every office was not evaluated, it would be difficult to see the whole picture.

**Table 23: Response to: Has your office performance been evaluated in the last 1 year?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	66	93.0	93.0	93.0
No	5	7.0	7.0	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

In connection to this, an informant from the Addis Ketema Sub-City Capacity Building Office stated that Office of Woreda Council Speaker was not evaluated at the mid of the fiscal year 2014/15 since they did not prepare their plan using the balanced scorecard (Interview with Addis Ketema Sub-City Capacity Building Office Core Process Coordinator, 1). The researcher has studied name of sector offices whose performance was evaluated in the past one year and he has learned that Justice, and Labour and Social Affairs Offices were not evaluated.

Out of 68 individuals who responded to the question whether the results of the performance evaluation were acceptable to them, 47.1% replied negatively. The remaining 52.9% responded that the results were acceptable. Reasons for rejecting results of performance evaluation includes, among others, evaluations were not conducted in line with the scorecard or by taking the key performance indicators (KPIs), incompetency of the evaluators, and intentional bias from evaluators. The implication of this finding is that the Woreda administration did not put appropriate performance measurement process and procedure. Respondents rejected the result of the performance evaluation because they are not convinced with measurement and evaluation process.

**Table 24: Response to: Do you think the result of the performance evaluation was acceptable?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	36	50.7	52.9	52.9
Valid No	32	45.1	47.1	100.0
Total	68	95.8	100.0	
Missing System	3	4.2		
Total	71	100.0		

*Source: Survey Data*

### 4.3.5. Individual Employee Performance Appraisal and Evaluation

The preceding section (4.3.5) has dealt with performance measurement and evaluation at the organizational/office level. This section focuses on findings of the survey in connection to performance appraisal and evaluation at individual employee level.

As table 25 below depicts, overwhelming number of the respondents (65.0%) disagree or strongly disagree that individual performance assessments were being done in line with the performance targets cascaded to them. This is associated to the fact that organizational/office level corporate plans were not properly cascaded to individual employees. As we have seen in the literature review chapter of this study, implementation of BSC in an organization has 9 phases with the 8<sup>th</sup> phase being splitting and cascading organizational level plans to employees in an aligned manner. The 9 BSC phases have been grouped in to two and the first 6 stages are called ‘building/preparation phase’ while the last three (phase 7: automation, phase 8: cascading, and phase 9: monitoring and evaluation) are labeled as ‘implementation phase’ (See Chapter 2 for further explanation on BSC phases). Any endeavor of performance management without getting organizational performance measures to individual employees will be a futile exercise that takes us organizations nowhere.

**Table 25: Response to: Your performance is being regularly assessed based on the plan cascaded to you?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	9.9	9.9	9.9
Agree	25	35.2	35.2	45.1
Disagree	33	46.5	46.5	91.5
Strongly Disagree	6	8.5	8.5	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

However, we need to note that the vast majority of the respondents (73.2%), as shown in table 26 below, have said that even the existing performance appraisal and reviews have positively contributed to their performance. We still need to take into consideration the number of

respondents that the performance review and appraisal were not instrumental in uplifting the performance of employees. Regular performance reviews and appraisal are bell rings that alert each individual in the organization whenever actual performances are lagging behind the set performance targets and they have immense contribution to performance improvement.

**Table 26: Response to: The performance appraisal and review contributed to improve your performance?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	5	7.0	7.0	7.0
Agree	47	66.2	66.2	73.2
Disagree	17	23.9	23.9	97.2
Strongly Disagree	2	2.8	2.8	100.0
Total	71	100.0	100.0	

*Source: Survey Data*

Out of all the employees took part in the survey (83.1%), table 27, responded that their performance was evaluated in the last one year from the date of data collection. This shows that all the staff members do not go through performance evaluation for a variety of reasons. Organizational performance improvement is the cumulative effort and performance of each individual employee with having clear performance measures in mind. Thus, cascading the plan to each and every employee and evaluating his/her contribution are quite important to organizations destined to real and tangible improvement in performance. The reason was that performance evaluation in the study woreda were done in campaign form; if the an employee was on leave, or somewhere outside the office premise his performance would not be evaluated. One informant from the Capacity Building Office (human resource administration officer), said that her performance was not evaluated during the 2013/14 fiscal year annual evaluation because she was on leave.

In performance management, contributions and efforts of each individual and unit must be counted to get the overall performance of the organization. It is the sum of individual efforts and contributions that give us the performance of the organization.

**Table 27: Response to: Is your personal performance evaluated in the past 1 year?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	59	83.1	83.1	83.1
No	12	16.9	16.9	100.0
Total	71	100.0	100.0	

Source: Survey Data

Out of 59 employees who responded that their performance was evaluated in the last one year since the date of data collection, only 28.8% said their performance was conducted based on the plan cascaded to them. The majority of the respondents (71.2%) replied the employee performance evaluation was not in line with the plans cascaded to them.

**Table 28: Response to whether employee performance evaluation was based on the cascaded performance targets**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	17	23.9	28.8	28.8
No	42	59.2	71.2	100.0
Total	59	83.1	100.0	
Missing System	12	16.9		
Total	71	100.0		

Source: Survey Data

The results of the study show that only 38.7% (from 62 respondents as shown in table 29 below) who passed through performance evaluation in the past one year responded the result of the performance evaluation represents their actual performance. As indicated in table 29, majority of the employees (61.3%) said that the outcome of the performance evaluation results did not represent their actual performance. What we infer from this is that (1) employees do not trust the performance measurement evaluation process and system, and (2) they do not trust their immediate supervisors who conduct individual performance evaluation. The implication is that if an individual was ranked, for instance, 20<sup>th</sup> out of 20 employees in his/her specific office, he/she will not strive to improve their performance because they believe the result does not represent their actual effort. It is almost impossible to expect performance improvement from such process.

**Table 29: Response to: Do you think the result of the performance evaluation matches your actual performance?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	24	33.8	38.7	38.7
Valid No	38	53.5	61.3	100.0
Total	62	87.3	100.0	
Missing System	9	12.7		
Total	71	100.0		

Source: Survey Data

The implication is that employees in the woreda administration do not trust the performance review, measurement and evaluation mechanism and those who are involved in the review, measurement and evaluation process which calls for immediate consideration and measure from the Woreda administration.

In the study woreda the performance of employees are measured and evaluated by head of sector offices. For instance, the head of Health Office measures and evaluates the performance of employees serving in the same office using a checklist distributed by the woreda capacity building office. Head of the sector offices are expected to complete the form for each employee in their office and send the result back to the capacity building office. During such process, as indicated in table 30 below, 67.1% of the survey participants responded that there are discrepancies in rating.

**Table 30: Response to: All the sector offices in the Woreda administration use similar rating mechanism and there is no discrepancy of rating among the offices?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	2	2.8	2.8	2.8
Agree	17	23.9	23.9	26.8
Disagree	30	42.3	42.3	69.0
Strongly Disagree	19	26.8	26.8	95.8
I don't know	3	4.2	4.2	100.0
Total	71	100.0	100.0	

Source: Survey Data

#### **4.3.6. Performance Recognition, Reward and Sanction**

This section (last part of the questionnaire) is dedicated to performance recognition, reward and sanction. As discussed in the literature review chapter, specifically the ‘performance management model’, the performance management cycle/model begins with performance planning, daily and ongoing coaching and feedbacks, quarterly performance check-ins, final performance evaluation, and performance recognition, reward and sanctions/performance accountability.

According to the majority of the respondents (78.9%), the woreda administration in general and their specific sector offices in particular have systems to recognize and reward good performance and sanction poor performance. One of the interview informants from the Sub-City Capacity Building Office has remarked that a written guideline of performance recognition, reward and sanction was centrally developed by Addis Ababa City Government Capacity Building Bureau. Copies of that manual have been distributed to all offices in the woreda administration. He also stated that this guideline is under revision during the data collection period to properly address limitations associated to recognition, reward and sanction.

Again majority of the respondents (69.0%) said that individuals and offices meeting or exceeding the performance targets were adequately recognized and rewarded. However, 31.0% of the participants replied individuals and offices were not receiving appropriate recognition and reward for their outstanding performances.

A significant number of respondents (46.4%) informed that performance of offices and individuals at Addis Ketema Sub-City Woreda 2 were not attached to appropriate recognition and sanctions. Out of 67 respondents involved in the study 82.1% have never seen offices or individuals sanctioned for their poor performances.

**Table 31: Response to: Have you ever seen offices and individuals sanctioned for poor performance?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	12	16.9	17.9	17.9
Valid No	55	77.5	82.1	100.0
Total	67	94.4	100.0	
Missing System	4	5.6		
Total	71	100.0		

Source: Survey Data

In performance management ‘recognition’ and ‘sanction’ are two sides of a coin. In a good performance management system, entities who have met the performance targets are recognized and rewarded to encourage others to come to their level or follow suit, and those who fall short of meeting their targets are held accountable/sanctioned in different ways to discourage poor performance. In the study woreda, there are, though inadequate, endeavors to recognize and reward better performance. Sector offices and individuals with better performance in comparison to others were being recognized and rewarded through public ceremony, provision of trophies and certificate of excellence, and other gift items. But, nothing has been done when we look at the sanction side.

The survey results have also indicated that the recognition and rewards being provided in the woreda administration were not adequate enough to motivate offices and employees for further improvement. Majority of the survey participants (57.8%) disagreed or strongly disagreed that the recognition and rewards would not motivate employees and sector offices to enhance their performance. The respondents have remarked that the recognition and reward should have been made in the form of budget increment, salary increment, promotion, and education and training opportunities.

As indicated below (table 32), 60.6% of the respondents replied that the whole performance management process and system in the woreda administration was not trustworthy. The remaining 39.4% responded that they trust the performance management process and system

being practiced in their Woreda. Expecting performance improvement without putting a performance management system and process in place in an organization would be a far cry.

**Table 32: Summary of Results Pertinent to performance recognition, reward and sanction**

Question	Strongly Agree	Agree	Disagree	Strongly Disagree	Sum
The Woreda has system to recognize and reward good performance and sanction poor performance	8.5%	70.4%	15.5%	5.6%	100%
Offices and individuals meeting or exceeding the performance measures are being adequately recognized and rewarded	9.9%	59.2%	26.8%	4.2%	100%
Performance of offices and individual employees are attached to recognition and sanction in the Woreda administration	5.6%	47.9%	40.8%	5.6%	100%
The recognition and reward of the woreda administration is adequate to motivate offices and employees for further performance improvement	11.3%	31.0%	46.5%	11.3%	100%
The whole performance management process in the Woreda administration is trustworthy	0.0%	39.4%	52.1%	8.5%	100%

*Source: Survey Data*

Performance management was given due emphasis in the study woreda since 2010 with the introduction and application of the Balanced Scorecard (BSC) as performance management tool in the public service. BSC was preferred to other performance management tools in the public service by the government because (1) it enables to create strategy focused organizations, (2) enables to make organizations learning organizations, (3) facilitates result-based performance

measurement and evaluation, (4) makes organizations customer focused, and (5) ensures accountability and good governance in the public sector.

The woreda administration has been implementing BSC in combination with other tools such as Business Process Re-engineering (BPR), and later the citizen charter in a bid to significantly enhance the performance of the public sector to produce and deliver quality goods and services. The Capacity Building Office of the Woreda has been mandated to facilitate, support and oversee the performance management implementation process in the Woreda administration. The Office has four units (3 case teams-Reform Programs and Projects Implementation Capacity Building Case Team, Reform Implementation Monitoring, Measurement and Evaluation Case Team, Information Communication Technology Development Case Team and 1 supportive process- Human Resource Administration Supportive Process).

# **CHAPTER 5: Discussion of Results, Conclusion and Recommendations**

## **5.1. Introduction**

The previous chapter (Chapter 4) has attempted to present findings of the survey data collected through administration of self-administered questionnaire completed by randomly selected respondents with complementation of data gathered through interview and document reviews. The questionnaire was designed in line with the performance management models' components namely performance planning, day-to-day coaching, technical support and guidance, quarterly performance check-ins, performance measurement and evaluation, and recognition, reward and sanctions attached to performance results. This section deals with the discussion of the findings, conclusion and recommendations by putting the research topic and research questions into the spotlight. In the preceding chapter findings have been presented as they are using descriptive statistics specifically frequency tables. But, this chapter goes beyond the figures and makes an effort to make meaning out of them.

## **5.2. Discussion of Results**

### **5.2.1. Implementation of Performance Management**

The study has found out most of the sector office in the woreda administration have preparing their annual plans using BSC, the performance management tool. However, there were offices which recently began implementing the performance management tool. For instance, the Woreda Micro and Small Enterprises Development Office (MSEDO) was one the sector offices which did not prepare their performance plan using BSC, but recently started using the balanced scorecard to plan its performance plan. As one of the interview informants from MSEDO said their Sub-City line office needs them to submit quarterly reports using the format that they were using the introduction of BSC in the Woreda administration and the Woreda Capacity Building Office needs them to prepare and submit their report using the scorecard format. And this creates confusion in their office in regard to which reporting template they have to use (Interview with Woreda MSEDO Staff, 3)

However, the Woreda MSED0 has recently begun to prepare its plan using the balanced scorecard and started to produce the office level report deploying the scorecard every quarter. Office of the Woreda Council Speaker did not yet start application of the tool and have never passed through performance measurement and evaluation.

We need to bear in mind that the performance of the woreda administration is the cumulative achievement of sector offices. Thus, the presence of sector offices that are not applying the performance management tool, BSC, in the Woreda administration shall have negative implication in the performance of the woreda.

### **5.2.2. Achievements**

There are serious efforts to institutionalize performance management in the study woreda. The Woreda Capacity Building Office has been mandated to follow up, guide, and support sector offices and individuals in performance management. The office was closely working with sector offices to properly implement the performance management tool. Different guidelines and manuals have been prepared and being used in the area of performance management.

The Woreda administration has been making effort to train employees and head of sector offices on the performance management tool. As indicated in table 6, 88.7% of the respondents have taken training on the performance management tool, BSC at different times. There were employees and head of sector offices who have taken the training up to 4-5 times (see Table 7). If the woreda administration goes in the same manner, it will manage to bring the entire workforce in the woreda administration on the same page in regard to the performance management tool.

Majority of the staff have participated in the planning processes. According to the survey findings (Table 9), the level of participation was from medium to maximum. Participation in planning is quite important in performance management. It is through participation in planning that employees understand what their office/organization aspires to achieve. As studies

conducted at different times and different settings clearly show, participation in planning contributes to performance improvement.

As the survey results pinpoint, the coaching, technical support and guidance system and practice of the Woreda administration needs serious consideration. However, even the existing coaching, technical support and guidance, despite its limitations, have positive contribution to the performance improvement of offices and individuals (Table 10). What we can infer from this is that if the woreda administration manages to properly address the limitations raised the respondents, coaching, mentoring, technical support and guidance will have a significant contribution to the improvement of the performance of the woreda.

All sector offices in the woreda administration have set up performance measurement system and procedure. The presence of this system and procedure enables the woreda administration to regularly measure and review the progress of the offices towards the achievement of their goals. As table 13 shows every office conducts performance measurement and review every quarter. The presence of such practice has enabled sector offices whether they are on the right track to meet the performance targets or not.

The other achievement worth mentioning was provision of performance measurement and evaluation feedbacks to sector offices. As indicated in table 17, feedbacks and results of performance review, measurement and evaluation were properly communicated to sector offices in writing. The researcher has reviewed samples of feedback reports given to sector offices by the Woreda Capacity Building Office. The feedback reports include areas of strength, areas for improvement/gaps and a set of recommendations to address the limitations. The Revised Manual for Monitoring, Support, Evaluation and Feedbacks by the Addis Ababa Capacity Building Bureau (AACBB, 2013b:28), which is in use by all the sector offices in the city administration, including the study woreda, states “the primary purposes of feedbacks are to properly share performance monitoring, measurement and evaluation findings to leaders, employees, and stakeholders so that they can sustain strengths, observe whether set goals were met or not, encourage team work, tackle limitations,... strengthen communication... and thereby improve

performances”. The feedback communication was being made in line with the manual in the Woreda administration.

### **5.2.3. Constraints /Areas Which Need Improvement**

#### ***Disparity of understanding on the performance management tool (BSC)***

Despite efforts by the woreda administration to create similar understanding about the performance management tool, BSC, employees and head of sector offices are on different pages (Table 8). Disparity of understanding leads to disparity in the application of the performance management tool and negatively affects the performance of woreda at the end. The disparity emanates from inadequate trainings, limited capacity of trainers in conveying the necessary skills, capacity limitation of employees/trainees and head of sector offices and poor training delivery approach/mass training approach. There were employees who have never taken training on the performance management tool, BSC, though they have served at least for 6 months in the woreda administration (Table 6). According to the survey participants, due to complex nature of the BSC, trainings should have been provided repetitively to bring similarity of understanding on the tool among the workforce.

#### ***Limited participation in planning processes***

Significant number of employees (Table 6) did not take part in the planning processes. Participation of each and every employee in plan preparation is quite essential to bring about consensus on performance targets. As we have seen in the literature review, participation of employees in setting their own goals, targets and measures motivates them to improve their performances. Surprisingly enough, some of the head of sector offices did not participate in the planning processes in the study woreda. Individuals can not contribute their fair share unless they are involved in planning what their organizations aspires to achieve. Empirical studies have shown that performance of employees participated in setting goal processes was much higher than their peers who did not participate in planning process (Latham, Borgogni and Petita, 2008).

### ***Limited cascading of plans to units and individual employees***

Office level plans were not properly cascaded to units (core, supportive, and sub-processes, and case teams) and individual employees (Table 10). If an organization is implementing BSC as performance management instrument, splitting and cascading the corporate office/organizational level target plans to units and employees within it is a requirement (Kaplan & Norton, 2006; Niven, 2002). Cascading is a mechanism that informs units and individuals what is expected of them. As discussed at different sections of this study, implementation of BSC has 9 phases. The 8<sup>th</sup> phase stipulates that an organization destined to bring about tangible performance improvement has to cascade its generic organizational performance targets to units to make them suitable for execution.

Through cascading units and individual employees take their fair share and by executing their share contribute to the overall organizational achievement. Unless organizational plans are cascaded, it is impossible to properly measure and evaluate performances. As Table 10 shows only 66.6% and 35.3% of the respondents have replied organizational plans were cascaded to units and individual employees respectively. This indicates serious limitation of the performance management system of the study organization. In its rapid assessment of the implementation of reform tools in the City Administration, Addis Ababa Capacity Building Bureau had identified that the last three phases of BSC implementation namely automation (phase 7), cascading (phase 8) and monitoring and evaluation (phase 9) were not to the required level and prepared a *strategy cascading and implementation* manual in November 2013 (AACBB, 2013a). Though some changes have been observed, the problems associated to cascading were not yet properly addressed until the date of data collection.

### ***Inadequate alignment of individual efforts and actions to the organizational plans***

The survey findings (Table 10) inform that individual efforts and actions were not aligned to organizational plans. At this juncture, we need to note that non-alignment stems from poor cascading. If organizational plans were properly cascaded, units and individuals would have the opportunity of knowing what their organizations wants to achieve, and their share to realization

of that goal. As Mackie (2008) strongly argues performance management is an important instrument that provides employees with higher role clarity by aligning individual behaviour and actions with the desired organizational goals and strategic objectives to bring about incessant public sector improvement. Though this is the central point of performance management in any organization, results of this study indicate individual employees were not clear with their role and their actions were not aligned to the organizational goals.

### ***Lack of coordination during coaching, technical support and guidance***

As discussed above, sector offices were receiving coaching, technical support and guidance from two sources: the woreda capacity building office and their Sub-City level line offices. The efforts of these two were not well-coordinated. There were cases where the directions given by the two Sub-City line offices and the Woreda Capacity Building Office contradict. For instance, according to an informant from the Woreda Micro and Small Enterprises Development Office, the Sub-City Office has shared them a reporting format of its own, and Woreda 2 Capacity Building Office has informed them to use a different reporting format. Such incidences lead offices and individuals to confusions and negatively affect performance improvement in any organization. In addition to this, it would lead to suspicion on the performance management system and process in general and coaching, technical support and guidance in particular. The other key point that we need to underline is that lack of coordination leads to wastage of resource.

### ***Unsatisfactory coaching, technical support, and guidance***

A significant number of respondents (Table 11) were unsatisfied with the coaching, technical support and guidance rendered to them. As we have discussed in the literature review (Chapter 2), BSC has four perspectives namely 'customer', 'finance', 'internal business processes, and 'learning and growth'. The fourth perspective (learning and growth) is all about development and ability of employees. Coaching, mentoring, technical support and guidance are the most effective mechanisms to enhance the capability of individuals while they are on their jobs. Respondents were unsatisfied because coaching, technical support, and guidance were not tailored to

individual capacity limitations and needs, and sporadic. Coaching, mentoring, technical support and guidance should have been given after a thorough identification of needs, analysis of the problem and arrangement of convenient method of delivery.

***Performance measurement and evaluation were not based on the organizational scorecard and cascaded plans***

Any organization implementing BSC as its performance management tool prepares a scorecard that contains the four perspectives, goals, initiatives, benchmarks, measures, and targets to be met by the end of the plan period. This is one of the competitive advantages of BSC in performance management. It enables organizations to translate their strategy into explicit objectives, initiatives, measures, and targets which makes performance measurement, review and evaluation relatively easy. In the study woreda, though the trend and practice of measuring and reviewing was in existence in a quarterly basis, the whole process was not being done based on the scorecard. The performance review and measurement checklists give due emphasis to points (such as attitude of the employees, whether the offices send their report to concerned bodies regularly, whether the service standards have been posted in a visible area to customers, etc.) that had been in use before the introduction of BSC as a performance management tool.

The ‘Performance Evaluation and Reward Manual’ of the Woreda administration has clearly stipulated that every performance evaluation that the woreda administration conducts twice in a fiscal year has to be conducted based on the following four tools: the corporate scorecard (has 50% weight), evaluation measures prepared for supervision purposes (30%), evaluation by the stakeholders and service users (10%), and evaluation by immediate supervisor [10%] (AACBB, 2013c). However, the first, the scorecard has never been taken into consideration during the performance evaluation since the introduction of BSC as performance management instrument in the Woreda administration.

One can easily discern an outright conflict between formal rules, performance management procedures as stipulated in the “Performance Evaluation and Reward System Manual” and informal routines in the study woreda. As Haij Said in his *‘Performance Management in the*

*Brunei Public Sector*’, argued one of the serious challenges of public sector organizations in implementing and institutionalizing performance management is their inability to break away from traditional bureaucratic way of doing things (2013:15). Haij Said’s argument precisely works to the performance measurement and evaluation process in the study woreda, Addis Ketema Sub-City Woreda 2. The formal rules stipulate that any performance measurement and evaluation must be done by taking the organizational scorecard and cascaded plans to individuals (see AACBB, 2013c). But, all the rules have been set aside and the scorecard was not taken into consideration during performance measurement and evaluations.

### ***Performance measurement and evaluations were not universally applied***

When we talk of the performance of Addis Ketema Sub-city Woreda 2, we are talking about the cumulative performance of each office within it; for instance, performance the Education Office, Trade and Industry Development, Health, Micro and Small Enterprises Development, etc. As the study found out (Table 20), there were offices whose performance was not measured and evaluated in the last one year since the date of data collection. For example, in 2013/14 fiscal year the performance of only 15 offices was evaluated out of 19 sector offices. Four sector offices did not pass through performance evaluation process. The reason was that they did not have adequate employees.

### ***Performance measurement and evaluation process lacks credibility by the staff***

The study has found out that 61.3% and 47.1% of the respondents (Tables 24 & 29) did not accept results of individual employee and organizational/office level performance evaluation results respectively. Participants of the survey have raised a number of reasons for rejecting the results of the performance evaluation including disparity of rating, the evaluations were not made based on the scorecard and plans cascaded to individuals, intentional bias on the bases of relationship with evaluators, political opinion and even gender, limited capacity of evaluators to undertake their assignment in an objective manner, and vague and ambiguous checklists.

### ***Disparity of rating during performance evaluation***

The other constraint associated to the performance evaluation process in the woreda administration was disparity of rating during performance evaluation. This is especially happen during individual employee performance evaluation. The Woreda Capacity Building Office distributes evaluation checklists to the sector offices in the woreda administration. Head of sector offices complete the checklist and send it back to the Capacity Building Offices. In this process, all the sector offices do not apply similar ratings.

### ***Inadequate recognition and reward system***

The study has found out that recognition and reward to sector offices, units, and individuals were being provided in the form of gift materials, trophies, certificates and etc. As indicated in Table 32, 57.8% of the respondents have said that the recognition and reward did not motivate sector offices, units and employees for further performance improvement. According to the study, most of the survey participants prefer other kinds of recognition and reward such as budget increase, salary increment, promotion, and education and training opportunities.

### ***Absence of performance accountability and support to poor performing entities***

The survey findings have shown that offices, units and individuals with poor performance were not held accountable for their deeds (Table 32). No visible actions were also done to support them so that they can improve their performances. If we evaluate the whole performance management system of the study woreda from accountability and support to those who have fallen short of the targets dimension, its contribution is of less significance. This is actually attributed to failure of the woreda administration to properly execute the “Performance Evaluation and Reward System Manual” developed and shared to all sectors in the City Administration by the Addis Ababa Capacity Building Bureau. The Manual has clearly stated that the primary purpose of the “Evaluation and Reward System” was to encourage public institutions in the City Administration and support those with unsatisfactory performances

through monitoring and technical support so that they can deliver quality services to their customers (AACBB, 2013c). Performance accountability is one of the central themes of performance management. It does not give sense to have a performance management system unless performance accountability is in place. The unintended effect would be bad lessons to sector offices and employees. That is why some of the individuals contacted during the data gathering processes disclosed that nothing will happen whether they were ranked first or last. The obvious implication of the failure of performance accountability is that poor performers will not strive to improve their performance because they know that nothing will happen to them.

### **5.3. Conclusion**

This study has made a modest endeavor to look at the implementation, and seek out key achievements and constraints that have taken root in the whole performance management system and processes in Addis Ketema Sub-City Woreda 2, City Government of Addis Ababa. By putting the research objectives and questions at the spotlight, the study has attempted to conduct a 360° investigation to empirically find out the performance implementation status, achievements, and constraints in connection to the performance management processes in the study woreda.

In doing so, the researcher has collected primary data through self-administered questionnaire from randomly selected respondents and in-depth interview with purposively selected individuals from the Woreda administration and Addis Ketema Sub-City Capacity Building Office. Questionnaire was distributed and completed by 71 (50.4%) of the eligible employees (employees and head of sector offices over 6 month service) in the woreda administration and was analyzed using SPSS version 20 to get descriptive statistics. Secondary data such as reports, manuals and guidelines, performance measurement and evaluation checklists, have also been used to triangulate the information gathered through primary data collection instruments and techniques.

The results of the survey have yielded useful findings to improve the performance management system and processes in the study woreda, Addis Ketema Sub-City Woreda 2. As the results of

the study have vividly revealed there are areas that need immediate considerations from all the concerned bodies to improve the performance management system and processes.

In short, the study has reached a conclusion that the performance management process in the study woreda has failed to break away from the previous practices that were in existence before the implementation of BSC as performance management tool because, according to the study findings, performance review, measurement and evaluations are being practiced using simple checklists in lieu of the performance targets planned via the balanced scorecard. Though, different manuals and guidelines have been developed to facilitate the performance management process, they are not translated in to practice. The research has found out serious discrepancies between what have been stipulated in the manuals and guidelines, and the actual practice on the ground. All the processes required in performance management such as performance planning, coaching and technical support, periodic performance check-ins, final performance evaluation, and reward are being done just for compliance purposes.

Unless corrective measures are taken by the Woreda administration and Addis Ketema Sub-City to redress the drawbacks and deficits in the performance management system and processes, the current practice would not lead to organizational performance improvement. Though some achievements are visible, a lot remains to be done to bring about tangible performance improvement. The constraints include failure to involve all the stakeholder/workforce during performance planning, different level of understanding in applying the performance management tool, non-alignment of individual actions and efforts to that of the organization, inadequate coaching and technical support to sector offices, and individual employees, failure to tailor coaching and mentoring to practical individual need, subjectivity during performance measurement and evaluation, inadequate reward and recognition system and practice, and absence of performance accountability. The Woreda administration has to address these constraints to properly respond to discontent and apathy of sector offices and individual employees.

## 5.4. Recommendations

Based on the research findings, the study has produced the following recommendations to improve the performance management system and process in the study woreda:

- ◆ The woreda administration has to make sure that the performance management tool BSC is being properly implemented by all the sector offices, units and employees. It is advisable to identify sector offices and units which have limitations in fully implementing the tool and understand the underlying causes, and interventions to circumvent constraints
- ◆ Exert maximum effort to ensure the participation of all employees and head of sector offices have adequately participated in the planning processes. Participatory planning is one the key instruments to bring the entire workforce on the same page in regard to where their organization is heading
- ◆ Organizational/office level plans have to be properly cascaded to units and individual employees in an aligned manner. During cascading offices have to make sure that the disaggregated/cascaded actions have direct link to that of the organizational strategic goals
- ◆ Sub-City level bodies and the Woreda Capacity Building Bureau need to coordinate their efforts during coaching, technical support, and guidance to avoid duplication of efforts and confusion
- ◆ The woreda administration has to make sure that the performance of all the sector offices and individual employees has been measured and evaluated as stipulated in the 'Performance Evaluation and Reward System Manual'. Unless it will be impossible to gauge the performance of the woreda administration in its entirety
- ◆ A system has to be developed and utilized to bring about performance accountability. Sector offices and individuals with unacceptably poor performance because of their own negligence must be held accountable
- ◆ The woreda administration has to work with the sector offices and employees to circumvent the problem associated to disparity of rating or scoring.

- ◆ There is a need to consider the frequency, quality, and delivery of trainings in the performance management tool and related instruments. Trainings must be planned, facilitated by trained and experienced trainers, and given in small size participants
- ◆ The reward system needs revisiting. The study has found out that rewards in the form of crystal cups, medals, education and training opportunities, visit to historical sites, certificate of excellence, and coverage on electronic and print media, as stipulated in the Performance Evaluation and Reward System Manual (AACBB, 2013c), are not adequate enough to motivate sector offices and individual employees. Additional rewards such as budget increment to offices, and promotion and salary increment to individuals should be considered.

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# **Annexes**

## **SURVEY QUESTIONNAIRE**

**ADDIS ABABA UNIVERSITY, SCHOOL OF GRADUTE STUDIES,  
COLLEGE OF BUSINESS AND ECONOMICS, DEPARTMENT OF  
PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT**

### **SECTION I: GUIDELINE**

This questionnaire is designed to elicit information from randomly selected respondents (employees and head of sector offices) in Addis Ketema Sub-City Woreda 2 in the subject matter of organizational and employee performance management. The researcher is currently undertaking a Master thesis titled “IMPLEMENTATION, ACHIEVEMENTS AND CONSTRAINTS OF PERFORMANCE MANAGEMENT IN THE ETHIOPIAN PUBLIC SERVICE: THE CASE OF ADDIS KETEMA SUB-CITY WOREDA 2, CITY GOVERNMENT OF ADDIS ABABA” as part of requirement for fulfilling **MASTER OF PUBLIC MANAGEMENT AND POLICY-MPMP** at Addis Ababa University. Based on the random selection procedure the researcher adopted, you are identified as one of the respondents.

For the purpose of quality of the research and ethical issues, the researcher seeks your honest and sincere responses to each question after carefully reading and understanding the questions. Please note that no one except the researcher will have access to the questionnaire you completed and ‘confidentiality’ is one of the leading ethical principles that the researcher adheres to in the whole process of conducting of this study. The results will be presented in an aggregated form with other close to 80 respondents and will only be used for academic purpose. You are cordially requested to answer all the questions and do not leave a question unanswered. Please do not write your name on the questionnaire. Circle your choice from the list of answers or put your response in brief and to the point in the space provided as appropriate to open-ended questions.

**THANK YOU FOR TAKING YOUR TIME IN COMPLETING THE QUESTIONNAIRE!**

## II. BACKGROUND INFORMATION

- What is your gender? 1. Female 2. Male
- In which office you are working currently? \_\_\_\_\_
- How long you have served in Addis Ketema Sub-City Woreda 2? 1. 6 month- 1 year  
2. 1-2 years 3. 2-3 years 4. 3-4 years 5. 4-5 years 6. Above 6 years
- What is your position in the office? 1. Head of office 2. Core process coordinator 3. Case team coordinator 4. Expert 5. Officer 6. Secretary 7. Cleaning and Security 8. Other (please specify) \_\_\_\_\_

## SECTION III: PERFORMANCE PLANNING USING BALANCED SCORECARD (BSC)

1. Have you ever taken training in BSC? 1. Yes 2. No
2. If 'Yes' to question number '1', how many times you have taken training in BSC? \_\_\_\_\_
3. All the workforces in your office (head of offices and career civil servants) have, more or less, equal understanding about BSC? 1. Strongly agree 2. Agree 3. Disagree 4. Strongly disagree
4. If you answer 'disagree' or 'strongly disagree' to question '3', what is/are the major reason/s in your opinion?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Does your office have corporate/office level annual plan for the year 2014/2015 fiscal year?  
1. Yes 2. No
6. If you answer 'Yes' to question number '5', is it planned using BSC? 1. Yes 2. No
7. Have you participated in the organizational corporate plan preparation process?  
1. Yes 2. No
8. If you answer 'Yes' to question number '7', how do you rate the level of participation?

1. Maximum 2. Medium 3. Low

9. Does your office have core process/es? 1. Yes 2. No

10. Does your office have case teams? 1. Yes 2. No

11. Your office corporate plan is properly cascaded to core processes and/or case teams?

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

12. If you answer 'disagree' or 'strongly disagree' to question '11', what are the reasons for not being cascaded?

1. Skill gap in cascading 2. Head of office and staff do not give emphasis to cascading 3. Cascading is too complex and difficult to do 4. Other (please specify)

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13. Your office corporate plan is properly cascaded to individual employees?

1. Strongly agree 2. Agree 3. Disagree 4. Strongly Disagree

14. If you answer 'disagree' or 'strongly disagree' to question '13', what is/are the reason/s?

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15. If your office corporate plan cascaded to individual levels, do you think units' and individuals' plans are properly aligned to the corporate/organizational annual plan?

1. Strongly agree 2. Agree 3. Disagree 4. Strongly Disagree

16. Performance planning using balanced scorecard (BSC) contributed to create similar/shared understanding about individual employee and your office performance plan? 1. Strongly agree 2. Agree 3. Disagree 4. Strongly Disagree

17. If you answer 'disagree' or 'strongly disagree' to question '16', what is/are the major reason/s?

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18. Performance planning using BSC has created role clarity among the employees in your office?      1. Strongly agree      2. Agree      3. Disagree      4. Strongly disagree  
5. I don't know

#### **SECTION IV: COACHING, TECHNICAL SUPPORT AND GUIDANCE**

19. Is your office receiving coaching, technical support and guidance in performance management?      1. Yes      2. No
20. If you answer 'Yes' to question '19', who is providing technical support, coaching and guidance?    1. Woreda 2 Capacity building office    2. Sub-City Capacity Building Office  
3. Your Sub-City level line office    4. Other (please specify)

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21. If you answer 'Yes' to question '19', how do you rate the level of coaching, technical support and guidance?

1. Highly satisfactory    2. Satisfactory    3. Unsatisfactory    4. Highly unsatisfactory

22. The coaching, technical support and guidance you and your office receiving are well-planned and done regularly?

1. Strongly Agree    2. Agree    3. Disagree    4. Strongly disagree

23. The coaching, technical support and guidance have positively contributed to improve the performance of individual employee and sector offices?

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

24. If you answer 'disagree' or 'strongly disagree' to question '23', what do you think should be done to improve the situation?

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25. Individuals who provide technical support, guidance and coaching are well trained, experienced and have good expertise in the area?

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

**SECTION V: BALANCED SCORECARD (BSC) AND PERFORMANCE IMPROVEMENT**

26. The implementation of BSC has improved the performance of your office?

1. Strongly Agree    2. Agree    3. Disagree    4. Strongly Disagree

27. If you answer 'disagree' or 'strongly disagree' to question '26', what do you think is/are the major reason/s?

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28. What are the major achievements observed after the implementation of BSC as performance management tool?

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29. What is/are the major constraints/challenges/gaps in implementing BSC as performance management tool?

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30. What do you think are the possible solutions to tackle/solve these constraints/challenges?

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**SECTION VI: ORGANIZATIONAL PERFORMANCE REVIEW, MEASUREMENT  
AND EVALUATION**

31. Does your office have performance review and measurement system and procedure?  
1. Yes 2. No
32. The performance of your office is being reviewed and measured regularly based on pre-set performance review system and procedure?  
1. Strongly Agree 2. Agree 3. Disagree 4. Strongly Disagree
33. If you answer 'strongly agree' or 'agree' to question '32', who conducts the performance review process?  
1. Internal performance reviewing team  
2. External performance reviewing team  
3. A joint internal and external performance reviewing team  
4. Other (please specify)\_\_\_\_\_
34. How frequently is your office performance review being conducted?  
1. Monthly 2. Quarterly 4. Biannually 5. Annually 6. Other (please specify)\_\_\_\_\_
35. The performance review and measurement are conducted in line with the corporate scorecard and cascaded plan?  
1. Strongly Agree 2. Agree 3. Disagree 4. Strongly Disagree
36. Your office takes corrective measures to address performance review and measurement findings? 1. Strongly Agree 2. Agree 3. Disagree 4. Strongly Disagree
37. What is the frequency of organizational/office level performance evaluation?  
1. Monthly 2. Quarterly 3. Biannually (mid and end of the year) 4. Annually  
5. Other (please specify) \_\_\_\_\_
38. Who conducts the performance evaluation?

- 1. Woreda 2 Capacity Building Office      2. Sub-City Capacity Building Office
  - 3. Your Sub-City line office    4. Regional Capacity Building Office    5. Other  
(please specify) \_\_\_\_\_
39. The feedbacks and results of performance review, measurement and evaluation are properly communicated to your office and yourself?
- 1. Strongly agree    2. Agree    3. Disagree    4. Strongly Disagree
40. Your office takes appropriate action to address performance review, measurement and evaluation findings? 1. Strongly agree 2. Agree 3. Disagree 4. Strongly disagree
41. The performance review, appraisal, measurement and evaluation are done free of bias and objectively? 1. Strongly agree    2. Agree    3. Disagree    4. Strongly Disagree
42. If you answer ‘disagree’ or ‘strongly disagree’ to question ‘41’, what are the bases for the bias?
- 1. Sex    2. Nationality    3. Relationship with the evaluator/assessor    4. Political stand
  - 5. Other (please specify) \_\_\_\_\_
43. Individuals who conduct performance evaluation are competent enough to undertake their assignment?
- 1. Strongly Agree    2. Agree    3. Disagree    4. Strongly Disagree
44. Has your office performance been evaluated in the last 1 year? 1. Yes 2. No
45. If you answer ‘Yes’ to question ‘44’, do you think the result is acceptable? 1. Yes 2. No
46. If you answer ‘No’ to question ‘45’, what is/are your reason/s for rejecting the results?
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**SECTION VII: INDIVIDUAL EMPLOYEE PERFORMANCE APPRAISAL, REVIEW AND EVALUATION**

47. Your performance is being regularly assessed based on the plan cascaded to you?
- 1. Strongly agree    2. Agree    3. Disagree    4. Strongly disagree
48. The performance appraisal and review contributed to improve your performance?
- 1. Strongly agree    2. Agree    3. Disagree    4. Strongly Disagree

49. Is your personal performance evaluated in the past 1 year? 1. Yes 2. No
50. If you answer 'Yes' to question '49', was it evaluated based on the cascaded plan?  
1. Yes 2. No
51. If you answer 'Yes' to question '49', do you think the result of the performance evaluation represents/matches your actual performance? 1. Yes 2. No
52. If "No" to question '51', what is/are your reason/s for not accepting the results of your performance evaluation?

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53. All the sector offices in the Woreda administration use similar rating mechanism and there is no discrepancy of rating among the offices?  
1. Strongly agree 2. Agree 3. Disagree 4. Strongly disagree 5. I don't know

## **SECTION VIII: PERFORMANCE RECOGNITION, REWARD AND SANCTION**

54. In the Woreda administration in general and your specific office in particular there is a system to recognize and reward good performance and sanction/penalize poor performance?  
1. Strongly agree 2. Agree 3. Disagree 4. Strongly disagree
55. Offices and individuals meeting or exceeding the performance measures are being adequately recognized and rewarded?  
1. Strongly Agree 2. Agree 3. Disagree 4. Strongly disagree
56. Performance of offices and individual employees are attached to recognition and sanction in the Woreda administration? 1) Strongly agree 2) Agree 3) Disagree 4) Strongly disagree

57. Have you ever seen offices and individuals sanctioned/penalized for poor performance?  
1) Yes 2) No

58. In what ways the recognition and reward is being given to offices and employees who meet or exceed performance measures in the woreda administration?

1. Budget and salary increment
2. Trophy and certificate
3. Different materials (gift items)
4. Other (please specify) \_\_\_\_\_

59. The recognition and reward that is being provided in the Woreda is adequate to motivate employees and sector offices to enhance their performance:

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

60. What type of recognition and reward you propose for higher performer offices and individuals?

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61. The whole performance management process in the Woreda administration is trustworthy? 1. Strongly agree 2. Agree 3. Disagree 4. Strongly Disagree

62. If you answer 'disagree' or 'strongly disagree' to question number '61', what is/are the major problems you have observed?

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63. What actions do you propose to improve the performance management process of the woreda?

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**THANK YOU AGAIN FOR COMPLETING THE QUESTIONNAIRE!!!**

# **LEADING QUESTIONS FOR PURPOSIVELY SELECTED INTERVIEW RESPONDENTS**

## **ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS, DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT**

The purpose of this interview is to collect primary data from purposively selected respondents in Addis Ketema Sub-City Woreda 2 and Addis Ketema Sub-City Capacity Building Office in the area of organizational performance management. The researcher is currently conducting research for the purpose of fulfilling requirements of **Master of Public Management and Policy (MPMP) at Addis Ababa University**. You are selected because of your role and closeness to the process of performance management in the Woreda administration. The following questions will ask about organizational and individual performance management and your responses will be kept confidential and your name or position will not be mentioned in the report. Your answer will be used for academic purpose only and you are kindly requested to give your honest and sincere response.

***MANY THANKS FOR PARTICIPATING IN THIS INTERVIEW!!!***

1. What are the factors triggered the government to introduce performance management system and procedure in the public sector in general and Woreda 2 in particular?
2. What the performance management process looks like in the woreda administration?
3. Is there any manual or rule being used to standardize the performance management process in the public service in general and Addis Ketema Sub-City Woreda 2 in particular?

4. Do you think the performance review, appraisal, measurement and evaluations are conducted based on pre-set and agreed upon performance criteria and without bias? What are your justifications for your position?
5. What achievements have been observed since the introduction of BSC as performance management tool?
6. Do you think organizational plans are cascaded properly to units, core processes, case teams and individual levels and performance evaluation is being conducted based on the cascaded plan?
7. Do you believe the performance of offices and employees is improving because of the performance management process?
8. Do you think offices and individual employees are clear with their performance targets and they know that they will be evaluated against that performance target?
9. To what extent the performance assessment, review and evaluation are conducted based on the plan using the BSC and cascaded plan?
10. Tell me about the coaching, technical support, staff development and guidance being provided to improve the performance of sector offices and individual employees?
11. Do you think performance is properly attached to recognition & reward, and sanction? Please provide some examples?
12. What measures are being taken against offices and individuals whose performance falls below the performance targets? Please tell me if you ever have seen individuals or offices sanctioned for poor performance and the type of sanctions?

13. What constraints have taken surface in the performance management process and what should be done to redress the constraints?
  
14. Do you think the performance management process and system has contributed to improve the performance of public services in Woreda 2? How do you substantiate your position?
  
15. What actions you propose to improve the performance management process in the woreda administration?

**Thank you for your time!**