The Effectiveness of Balanced Scorecard in Creating Strategy- Focused City Administration

(The Case of Bole Sub City Trade Office)

By:

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A thesis submitted to the School Of Graduate Studies of Addis Abeba 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

May 2017 Addis Abeba, Ethiopia

Addis Ababa University

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This is to certify that the thesis prepared by Ermias Legesse Zewede entitled **"The Effectiveness of Balanced Scorecard in creating strategy Focused City Administration (The Case of Bole Sub - City Trade Office)"**, 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.

Approved by Board of Examiners:

Frehiwot Gebrehiwot (PhD) ____________________ ___________

Advisor **Signature** **Date**

____________________ ____________________ ____________

Internal Examiner **Signature** **Date**

____________________ ____________________ __________

External Examiner **Signature** **Date**

Declaration

Student ID: GSE/0714/08

I declare that this Research Report on **"The Effectiveness of Balanced Scorecard in creating strategy Focused City Administration (The Case of Bole Sub - City Trade Office)"** 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.

Ermias Legesse Zewede

______________________________ ______________________

Signature **Date**

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First and foremost, I thank my source and sustain for his active presence in my life. I would also like to extend my deepest gratitude to my family for their unfailing love, support and patience while I worked on this project.

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ACRONYMS

ABM:	**Activity Based Management**
BSC:	**Balanced Scorecard**
BPR:	**Business Process Reengineering**
CEO:	**Chief Executive Officer**
ICT:	**Information, Communication and Technology**
IT :	**Information Technology**
KPIs:	**Key Performance Indicators**
ROCE:	**Return-On-Capital–Employed**
SWOT:	**Strength, Weakness, Opportunity and Threat**
TOT:	**Training of Trainers**

Abstract

The main aim of this research paper is to identify the effectiveness of the Balanced Scorecard in creating a strategy focused city Administration by taking the case of Bole Sub City Trade Office. And according to Kaplan and Norton companies that have adopted the Balanced Scorecard, among other things, have been able to create a strategy – focused organization by following five common principles, which they refer to as principles of a strategy – focused organization, these are: translating the strategy to operational terms, align the organization to strategy, making strategy everyone's every day job, making strategy a continues process, and mobilizing change through executive leadership. Therefore, to evaluate how far the Balanced Scorecard has enabled the office to create a strategy – focused organization, the researcher forwarded five main questions that will help answer whether or not the above stated principles (except principle two, which is applicable to conglomerate type of organization), are at work. And it was possible to conclude that, there are some indications of the Balanced Scorecard's effectiveness in making the Bole Sub City Trade Office a strategy – focused organization. However, a very significant proportion of the key indicators or principles of a strategy – focused organization are not at work in the office. Some of the major causes of the challenges the office faced in using the Balanced Scorecard to create a strategy – focused organization are: Lack of skilled man power, man power turnover, lack of resources, politicization of public administration, lack of top management commitment, and lack of adequate knowledge in the subject matter. In line with this, it was recommended that the Bole Sub City Trade Office should acknowledge the system had in design and implementation stage and take corrective measures.

CHAPTER 1: INTRODUCTION

1.1 Background of the study

The balanced scorecard, which was developed in the 1990s by Kaplan and Norton, is one of the most popular management tools and technologies in-action, (Dorothea, G 2010.pp.534-554). It has been one of the world's top-ten management frameworks of any kind, and specifically the number one framework for Performance Management, (2GC Balanced Scorecard Usage Survey, 2010).

Originally Kaplan and Norton developed the Balanced Scorecard in the early 1990s to solve a measurement problem. In knowledge-based competition, the ability of organizations to develop, nurture, and mobilize their intangible assets was critical for success. But financial measures could not capture the value creating activities from an organization's intangible assets: such as the skills, competencies, and motivation of employees; data base and information technologies; efficient and responsive operating processes, etc….the Balanced Scorecard as a solution to this performance measurement problem (Kaplan and Norton, 2001). However, they quickly learned that measurement has consequences far beyond reporting the past. Measurement creates focus on the future. The measures chosen by managers communicate important messages to all organizational units and employees. To take full advantage of this power companies soon integrated their new measures in a management system. Thus the Balanced Scorecard concept evolved from a performance measurement system to become the organizing framework, the operating system for a new strategy management system, (Kaplan and Norton, 2001.pp.2-8). And according to Kaplan and Norton, (2001), executives of adopting organizations were using the Balanced Scorecard to align their business units, teams and individuals around overall organizational goals. They were focusing key management processes planning, resource allocation, budgeting, periodic reporting, and the management meeting – on the strategy, thereby, creating a Strategy-focused organization, Balanced scorecard has been offered by its' inventors as the cornerstone of a new strategic management system, positively linking an organization's long-term strategic intentions with its short-term, operational actions.

The use of the balanced scorecard is increasing, with varying degrees of adaptation with 60 percent of Fortune 1000 companies having experimented with the balanced scorecard and 57 percent of businesses in the UK are reported to use it and furthermore, recent research indicates that a number of organizations are beginning to actively utilize balanced scorecards to link their strategy and operations (Helen, A.pp.1441-1460, 2006). Despite the fact that Kaplan and Norton (1992) originally designed the BSC for the private sector (Federica, G. and James, G. pp. 4-13 2008), The BSC approach is still relatively new to the public sector (Jennifer S. Holmes et al., 2004). However, it has been proved useful to all types of companies, both public and private; it provides a framework for any type of organization to monitor and influence the effectiveness of its strategies, (Chris, W. et al., 2003 pp.53-63).

Although the effectiveness of the BSC both as performance management tool and a strategic management tool has mostly been proven by the practice and experience of both public and private companies of the developed world, it is interesting to note that a recent review of the last twenty years of empirical research grounded in institutional theory found that most studies focused on developed countries (95 %) (André A. de Waal, Journal vol.2, No.1 2007). As a result, there has been little structural research on institutional effect and change in emerging (developing) countries (ibid). Therefore, it is possible to say that there exists lack of empirical investigation on the effectiveness of the Balanced Scorecard in the developing world, especially in the public sector.

Balanced scorecard has also promised many benefits. According to Lawson, Hatch and Desroches (2008), mainly there are two benefits organizations can expect from effectively implementing the balanced scorecard. These are operational and strategic benefits. Among the operational benefits, the major one is tracking progress toward achieving organizational goals, measuring performance at various levels from various perspectives. On the other hand, major strategic benefits are communicating strategy to everyone, and linking and aligning the organization around strategy.

As part of the city governments' civil service reform (a reform aimed at making the civil service more efficient, organized and customer oriented) the bureau has been going through different kinds of changes in the past seven years following chained governmental organization structure.(Gaym,2011p.25) . In the year 2008 business process reengineering (BPR) – a change management tool, was introduced in the hope to bring about dramatic, radical, fundamental and process based change in the organization (ibid). And short after the implementation of the BPR the balanced scorecard (BSC) was introduced in the year 2009 with the aim of creating a more efficient and strategy-focused high performing organization. It has currently been more than seven years since the introduction of the balanced scorecard began in the organization. But, still there are lots of gaps existed on the way of applying it. Even if various assessments and studies were taken, no improvement was seen at all level of organization because of insufficient outcomes from the studies.

According to Pujas (2010), common challenges of implementation of BSC are limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, not involving the whole organization, inadequate key performance indicators (KPIs) and lack of planning and communication. The balanced scorecards are being materialized in Ethiopian public banks and assessed the gaps in implementing the balanced scorecard.

The Balanced Scorecard was initially conceived as an organizational performance measurement tool that included non-financial as well as financial measures. By ensuring that all of the objectives and measures inherent to it are derived from an organization's vision and its resulting strategy, Strategy-Focused Organizations have transformed the Balanced Scorecard from a performance management tool into a strategic tool, (Kaplan and Norton, 2001).

Using the scorecard allows the companies to redefine the relationship with the customer, to reengineer fundamental their business process, teach their workforces new skills and deploy new technology infrastructure. A new culture emerges, centered on the team effort required to support the strategy. The management system provides the mechanism to mobilize and guide the process of change. Companies created a new kind of organization based on the requirements of their strategy that means STRATEGY-FOCUSED ORGANIZATION. This organization puts strategy at the center of its change and management processes (Rodica Maria, 1998).

Therefore, the aim of this research is to investigate the major predicaments of BSC in creating strategy in public sector organizations and to empirically determine the effectiveness of the Balanced Scorecard in creating a Strategy - focused sub city administration, by taking the case of the Bole sub city administration Trade office.

The Bole Sub City Administration Trade and Industry Development Office was officially established by Addis Abeba city government proclamation number 2/1995, in the year 1995 E.C with its head as member of the city council. The office has a vision to see the city of Addis Abeba become a city where secure globally competitive trade sector that would be well founded basis of consistent development 2012 E .C. And its mission is to ensuring social benefit through establishing transparent, fair and competitive trade system and generating foreign exchange earnings. To accomplish this, the office focuses on major strategic directions. (See Addis Abeba Trade bureau manual 2011)

The office has five core processes /line departments/ (Trade registration, licensing and marketing, Trade Inspection and Regulatory, Urban Agriculture Extension, cooperatives Inspection and Audit; and cooperatives Arrangement and Expansion core processes in the sub city trade office. while, in the wereda level trade offices has three core processes/line departments/ (Trade division, Urban Agriculture Extension, cooperatives Arrangements and Expansions core processes). Under it, there are 381 employees working at different levels of the organization. In addition to this, the office structure is extended to district (wereda) level. At the district (wereda) level there are 14 Trade offices that are all functionally accountable to the sub city and city level Trade Bureau. (See Addis Abeba Trade bureau manual 2011).

1.2 Statement of the Problem

Balanced scorecard plays a vital role in different aspects such as clarify or update a business strategy; link strategic objectives to long-term targets and annual budgets; align the key elements of the business strategy; incorporate strategic objectives into resource allocation processes; facilitate organizational change and increase organization wide understanding of the corporative vision and strategy.(Waqgary,2011).

According to (Andre' A.de Waal, International Journal of Emerging Market Vol.2, No.1.2007), the popularity and effectiveness of the Balanced Scorecard in the developed economies there exist lack of empirical investigation on the effectiveness of the Balanced Scorecard in the developing world, especially, in the public sector, where lack of resources, politicization of public administration, lack of skilled man power in BSC and corruption are prevalent.

In addition to this, according to Kaplan and Norton, (2001p.8), the score card does require some management maturity and sophistication. It requires a participative, not authoritative, style of management. And an application of the BSC to public agencies is particularly appropriate for complex, transparent, and mature organizations with diverse stakeholders (Holmes et al., 2004p.127).

Therefore, the overall lack of management skills and expertise often makes it not viable for developing countries to develop complex structures such as sophisticated performance management systems (Waal, 2007p.39).

In light of the fact that the establishment of a high-quality civil service is a precondition for healthy and sustainable development and economic growth (Jennifer S. Holmes et al., 2004), the interest in such an improvement tool is growing among civil service institutions of developing countries (ibid). One such institution is the Bole sub city Trade office in Addis Ababa city Administration – the federal capital city of Ethiopia.

A study conducted by Gaym (2011p.7) on effectiveness of BSC in creating strategic organization in women and children bureau of Addis Ababa City Government indicated that very significant proportion of the key indicators or principles of a strategy – focused organization are not at work in the bureau. The conclusion that the major causes of the challenges the bureau faced in using the Balanced Scorecard to create a strategy – focused organization are: lack of skilled man power, lack of resources, politicization of public administration, lack of top management commitment, and lack of adequate knowledge in the subject matter. In spite of the fact, this research is limited to see the problems of Women and Children Affairs Bureau at head quarter level.

Similarly, Addis Ababa City Government is confronting similar problems. For instance, the 2015/16 Annual Report of the Capacity Building Bureau of the City Government exhibited that high level of employees turnover, lack of skilled man power, inadequate training on change tools and lack of leadership commitment are the major problems hindering the effectiveness of BSC in achieving strategic goals of the organizations at the city government level (2015/16 Annual Report of Addis Ababa City Capacity Building Bureau). However the researcher hypothesized still there are lots of gaps existed on the way of applying it. Even if assessments and studies were taken, no improvement has been registered at all level of public sector organization because of insufficient outcomes from the studies.

Thus, this study makes an effort to uncover, analyze and investigate the root causes of the problems associated to the effectiveness of balanced scorecard in creating strategy focused city administration Trade office 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, plans and Performance Evaluation and Reward System Manual.

1.3 Research Questions

In light of the problem statement discussed above and the core principles/dimensions of a strategy-focused organization, the following main research questions were developed:

1. What are the major challenges that hinder the organization from using the balanced scorecard to create a strategy-focused organization?
2. How the balanced scorecard enabled employees of the organization to understand the office strategy?
3. How the Balanced Scorecard enabled the organization express its strategy in operational terms?
4. What types of methods the organization use the Balanced Scorecard to make strategy an ongoing process?
5. How the change mobilized through top leadership?

1.4 Objective of the Study:

1.4.1. General Objective

The goal of this study is to empirically identify and evaluate the effectiveness of the Balanced Scorecard in creating a strategy-focused city administration, in the case of Bole sub city Trade office.

1.4.2. Specific Objectives

This study specifically aims:

- To uncover possible challenges that hinder the organization from using the balanced scorecard to create a strategy-focused organization.
- To assess how far the Balanced Scorecard enabled employees of the organization understand the office strategy.
- To assess whether or not the Balanced Scorecard has helped the organization describe and communicate strategy in consistent and operational terms.
- To determine whether or not the Balanced Scorecard made strategy an ongoing process.
- To assess how far the leaders of the organization have mobilized the change process

1.5 Significance of the Study

Primarily this research paper will contribute in addressing the scarcity of empirical investigation in the effectiveness of the Balanced Scorecard in the context of developing countries in general and the country in specific. Next to this, the study may help the organization or the city administration to evaluate its current performance against the objectives it originally set to achieve through the Balanced Scorecard, and make future decisions accordingly. In addition to this, the findings of the research may also serve as a relevant reference material for a much deeper investigation in the area. And finally, the fact that the Balanced Scorecard tool touches different variety of fields in management, (e.g. Performance management and Strategy management) the study can be used as a significant reference material for studies of varies management fields in the context of the countries public sector.

Moreover, it would have substantial significance to Bole Sub-City Trade offices in general and the study Woreda (Woreda 6,9and 11) in particular to improve their effectiveness of balanced scorecard in creating strategy focused city administration 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 Sub city administration Trade office and this shows willingness 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 strategic tool in the public sector organizations.

1.6 Scope of the Study

It is obvious that the Balanced Scorecard is a strategy management tool applicable to private sector organizations, NGOs, and public sector organizations but this study will only be focused on the effectiveness of the strategic tool in public sector organizations. And among the different types of public sector organizations the study will be restricted to a single office/organization in the civil service sector of the city of Addis Abeba, Bole sub- city Trade offices.

And as stated in the background of the organization section, the office structure extends from sub city level of Trade office to 14 district or "WEREDA" level Trade offices, but due to the vastness of the offices as well as time constraints the study is limited to the Bole sub city Trade office and the three randomly selected sample Wereda's (wereda 6, 9 and 11) Trade offices. Therefore, the rest districts or "WEREDA's" level Trade offices were not included in the research. As a result, further research in this topic is needed to strengthen and generalize these findings.

1.7 Limitation of the Study

Though data have been gathered from 73 employees (sum of questionnaire and interview respondents), which is 91.25% of the total questionnaires distributed to employees in the study Sample, the number of interview respondents was quite limited with only 5 key informants contacted for an in-depth . 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 office.

The other limitation was that as the researcher could not find scientific studies in the area of the effectiveness of balanced scorecard in creating strategy focused organization 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 contains introduction, background of the study, 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 provides in-depth review of available literature in the area of basic concept of the balanced scorecard, evolution of balanced scorecard and balanced scorecard and strategy – focused organization, and balanced scorecard in the public sector.

The third chapter is 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 is 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 chapter provides an in-depth discussion of the results as presented in the preceding chapter by putting the research objective and topic into spotlight. It has offers an overall review of what the research has achieved and what drawbacks have taken surface.

This section of the study further links 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 are also part of this last chapter.

CHAPTER TWO: LITERATURE REVIEW

2.1 Historical Background

During the industrial age, from 1850 to about 1975, companies succeeded by how well they could capture the benefits from economies of scale and scope. Technology mattered, but, ultimately, success accrued to companies that could embed the new technology into physical assets that offered efficient, mass production of standard products, (Kaplan and Norton, 1996). During the age financial control systems where developed in companies, such as General Motors, DuPont, Matsushita, and general electric, to facilitate and monitor efficient allocation of financial and physical capital. A summary financial measure such a return-on-capital–employed (ROCE) could both direct a company’s internal capital to its most productive use and monitor the efficiency by which operating divisions used financial and physical capital to create value for shareholders, (Kaplan and Norton, 1996).

In the early 1980s, however, people began to recognize that pure financial reporting was an inadequate basis for managing modern businesses. Times had changed; industrial age competition is shifting to information age competition. The information age environment for both manufacturing and service organizations requires new capabilities for competitive success. The ability of a company to mobilize and exploit its intangible or invisible assets has become far more decisive than investing and managing physical, tangible assets, (Kaplan and Norton, 1996). Investing in, managing, and exploiting the knowledge of every employee, motivation and process capabilities have become critical to the success of the information age companies. Therefore, for a company operating in the information age and complex competitive environment to be navigated by quarterly and annual financial reports only, will no longer enable companies gain sustainable competitive advantage. Companies in the contemporary competitive environment needed to track financial results while simultaneously monitoring progress in building the capacity and acquiring the intangible assets they need in the future growth.

The Balanced Scorecard approach grew out of a multi-company study group in the early 1990s, sponsored by CEO of The Nolan Norton Institute, David P. Norton, with support from Dr Robert S. Kaplan, the Arthur Lowes Dickinson Professor of Accounting at the Harvard Business School (Bose and Thomas, 2007).

Kaplan and Norton's BSC concept challenged this traditional, single focused approach to performance measurement.

They noted that examining only financial outcomes did not provide a company the full picture of its overall performance – that it in fact ignored the other factors at play in a company's performance. And, proposed that organizations consider all the factors that influence overall performance in order to get a balanced view. They urged companies to ask and to measure; if we're going to succeed financially (the overall mission for businesses) what if that we're doing well from our customer's perspective? and if we are to meet these customer needs, what if that we must do well internally? By answering such questions, organizations would be considering their performance from all perspectives – financial, customer, and internal business process and learning and growth.

2.2 Basic Concepts of the Balanced Scorecard

The BSC is an integrated performance management system that enables organizations to clarify their strategy and translate it into action (Papenhausen and Einstein, 2006 p.15-22). Many companies these days have adopted mission statements to communicate fundamental values and beliefs to all employees. The mission statement addresses core beliefs and identifies target markets and core products. In addition to this, mission statements need to be inspirational. They should supply energy and motivation to organization. But inspirational mission statements and slogans are not sufficient. As Peter Senge (2004 p.35), observed: many leaders have personal visions that never get translated into shared vision that galvanize an organization. What has been lacking is a discipline for translating individual vision into shared vision. The Balanced scorecard translates vision, mission and strategy into objectives and measures, organized into four different perspectives of balanced scorecard: Financial, Customer, Internal business process, and learning and growth.

2.2.1. Mission

The mission is the highest, guiding level of the scorecard. It answers the questions:

- What is our overall reason for being?
- What is our mission?
- Why do we exist as an organization?

2.2.1. Perspectives

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.

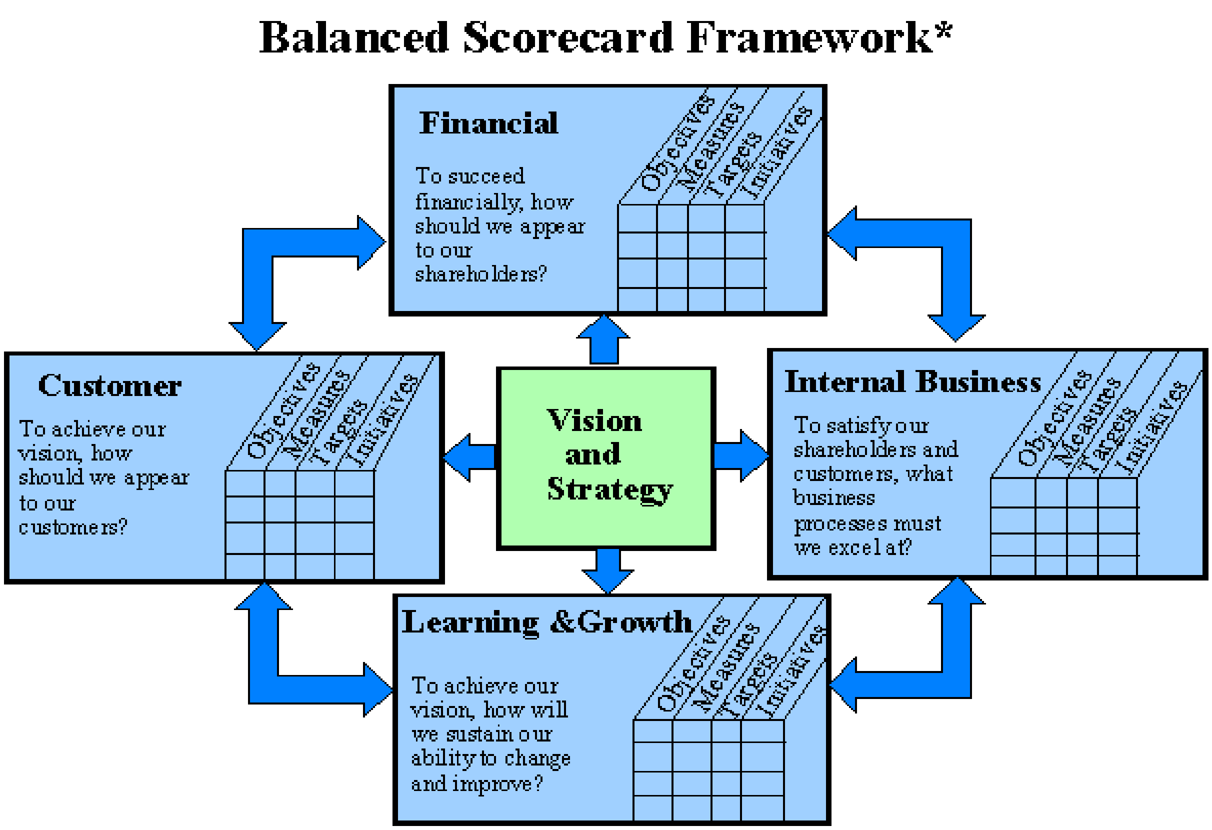
This is because the organization sets its goal for that specific perspective, set of measures/indicators, targets or final destination that the organization aspires to reach, and initiatives/projects/activities that derive the organization to its destination.

As illustrated in the below diagram (figure 1), 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 following figure shows how each of the above discussed perspectives interact with one another to the overall achievement of the organization's mission and vision.



* Adapted from Kaplan & Norton 1996. *The Balanced Scorecard*. Harvard Business School Press: 9. Original from HBR Jan/Feb 1996, p. 76.

Figure 1 Balanced scorecard framework

2.3 Evolution of the Balanced Scorecard

During the dozen years since the advent of balanced scorecard, changes have been made to the definition of what constitutes a balanced scorecard. These changes have enabled related changes to be made to the design processes used to create the device within organizations. This evolution of balanced scorecard can be largely attributed innovation driven by empirical evidence of weaknesses in the devices created, rather than in the original idea. Early balanced scorecards failed because they were very difficult to design well, in part because the characteristics of an effective balanced scorecard were not well characterized. The need to have a design process that made measure selection more relevant and part of the collective view of the management team drove the major changes from the original concept that can be seen in two subsequent generations of balanced scorecard. However, while empirical developments were the mainstay of the evolution of balanced scorecard, certain aspects of the evolution rationale can be paralleled to pre-existing academic philosophies relating to organizational management and strategic thinking (Lawrie and Cobbold, 2004 p. 624-633).

2.3.1 First Generation Balanced Scorecard

Balanced Scorecard was initially described as a simple, "4 box" approach to performance measurement (Kaplan and Norton, 1992) as cited by (Lawrie and Cobbold, 2004). In addition to financial measures, managers were encouraged to look at measures drawn from three other perspectives of the business: Customer, Internal Business Process; Learning and Growth; and chosen to represent the major stakeholders in a business (Mooraj et al, 1999p.481-491) as cited by (Lawrie and Cobbold, 2004). Kaplan and Norton's original work makes no specific observations concerning how the Balanced Scorecard might improve the performance of organizations; the implication is that the provision of accessible relevant measurement data itself will trigger improved organizational performance. However, they do imply that the source of these improvements is changes in behavior: It establishes goals but assumes that people will adopt whatever behaviors and take whatever actions are necessary to arrive at those goals. In the light of this, the basis for selecting the goals represented by the Balanced Scorecard is some importance. But according to Kaplan and Norton say little about how a Balanced Scorecard could be developed in practice beyond a general assertion that design involved putting vision and strategy at the centre of the measurement system (1992). Later writing includes increasing amounts of proscription about development methods, concluding with a lengthy description of one such process in their first book on the subject published in 1996 (Lawrie and Cobbold, 2004p.624-633).

2.3.2 Second Generation Balanced Scorecard

Perhaps the most significant early change translated the attitudinal approach to measure selection proposed initially by Kaplan and Norton (e.g. to succeed financially, how should we appear to our shareholders?) into a process that yielded a few appropriate key measures of performance in each perspective. A solution was the introduction of the concept of strategic objectives (Kaplan and Norton, 1993). Initially these were represented as short sentences attached to the four perspectives, and were used to capture the essence of the organization's strategy material to each of the areas: measures were then selected that reflected achievement of these strategic objectives.

Although subtle, this approach to measure selection is quite different from that initially proposed, since strategic objectives were developed directly from strategy statements based on a corporate vision or a strategic plan.

Another key development concerned causality. Causality between the perspectives had been introduced in early 1st Generation Balanced Scorecard thinking. 2nd Generation Balanced Scorecard saw the idea of causality developed further. Instead of simply highlighting causal links between perspectives, internal documents from one consulting firm's work in 1993 shows an early attempt to indicate linkages between the measures themselves. This improvement was also proposed later by others (Newing, 1995). Measure based linkages provided a richer model of causality than before, but presented conceptual problems – for example, the use of measures encouraged attempts to prove the causality between measures using various forms of analysis (Lawrie and Cobbold, 2002p.72-81).

2.3.3 Third Generation Balanced Scorecard

The third-generation balanced scorecard model is based on a refinement of second-generation design, with new features intended to give better functionality and more strategic relevance. The origin of the development stem from the issues relating to the validation of strategic objective selection and target setting. These triggered the development in the late 1990s of a further design element – the destination statement. Destination statements were initially created towards the end of the design process by challenging the managers involved to imagine the impact on the organization of the achievement of the strategic objectives chosen earlier in the design process. This integrative process helped identify inconsistencies in the profile of objectives chosen (in part addressing the type of issues raised by Kennerley and Neely, 2000; Brignall, 2002), and the final document was found to be useful in validating the targets chosen for some measures. The idea that it would be useful for an organization to have access to a clear statement concerning what the organization is trying to achieve was not new (Senge, 1990; Kotter, 1995): the innovation here was simply to realize that such a statement could act as a useful reference point for the target setting process, (Lawrie and Cobbold, 2004).

Across its three generations, the balanced scorecard has evolved to be a strategic management tool that involves a wide range of managers in the strategic management process, provides boundaries of control, but is not prescriptive or stifling and most importantly removes the separation between formulation and implementation of strategy, (Lawrie and Cobbold, 2004).

2.4 Balanced Scorecard and Strategy–Focused Organization

As we have seen in the previous section the Balanced Scorecard was initially conceived as an organizational performance measurement tool that included non-financial as well as financial measures. By ensuring that all of the objectives and measures inherent to it are derived from an organization's vision and its resulting strategy, Strategy-Focused Organizations have transformed the balanced scorecard from a performance management tool into a strategic tool, (Kaplan and Norton, 2001).

Using the scorecard allows the companies to redefine the relationship with the customer, to reengineer fundamental their business process, teach their workforces new skills and deploy new technology infrastructure. A new culture emerges, centered on the team effort required to support the strategy. The management system provides the mechanism to mobilize and guide the process of change. Companies created a new kind of organization based on the requirements of their strategy that means STRATEGY-FOCUSED ORGANIZATION. This organization puts strategy at the center of its change and management processes (Rodica Maria, 1998).

Companies like Mobil, CIGNA and Chemical (Chase) Retail Bank have used the Balanced Scorecard approach to focus their organizations on strategy by adhering to the five key principles, (Kaplan and Norton, 2001p.2-8). This will be discussed in detail in the following sections:

1. Translate the strategy into operational terms

2. Align the organization to the strategy

3. Make strategy everyone's everyday job

4. Make strategy a continual process

5. Mobilize change through executive leadership

2.4.1 Translate the Strategy into Operational Terms

In order to be a Strategy-Focused Organization, you must put strategy at the center of your organization's management process. Strategy cannot be executed if it cannot be understood; if it cannot be described. In the past, however, there has been no generally accepted framework for describing strategy and the value created from intangible assets, (Kaplan and Norton, 2001). The Balanced Scorecard links the intangible and tangible assets in value-creating activities. Using strategy maps of cause-and-effect linkages, it describes how intangibles are mobilized and combined with other assets to create value-creating customer value propositions, (Kaplan and Norton, 2001).

Eight years after introducing the BSC, Kaplan and Norton published an article entitled, Having Trouble with Strategy, Then Map It! The article introduced the concept of a Strategy Map to the BSC framework. A Strategy Map enables organizations to clarify their strategy and assist organizations with creating their BSC framework and measures, (Christian C. Johnson, 2007).

The strategy map and balanced scorecard provide a framework to look at a value-creation strategy from four different above mentioned perspectives; customer, financial, internal business processes and learning and growth.

The arrows in the strategy map show the cause-and effect relationships between elements in each perspective, clearly displaying how such intangible assets as strategic awareness feed into themes that eventually yield tangible results, (Kaplan and Norton, 2001).

Within each of the strategic themes, a second strategy map and balanced scorecard breaks down into detail how the theme affects the customer objectives that result from the theme, (Kaplan and Norton, 2001).

In balanced scorecards, value-creating processes and critical roles for intangible assets are clearly portrayed, in the correct context of how those intangibles create value, providing the measurement and management framework for knowledge-based strategies, (Kaplan and Norton, 2001).

The following is an example of a strategy map for a business company:

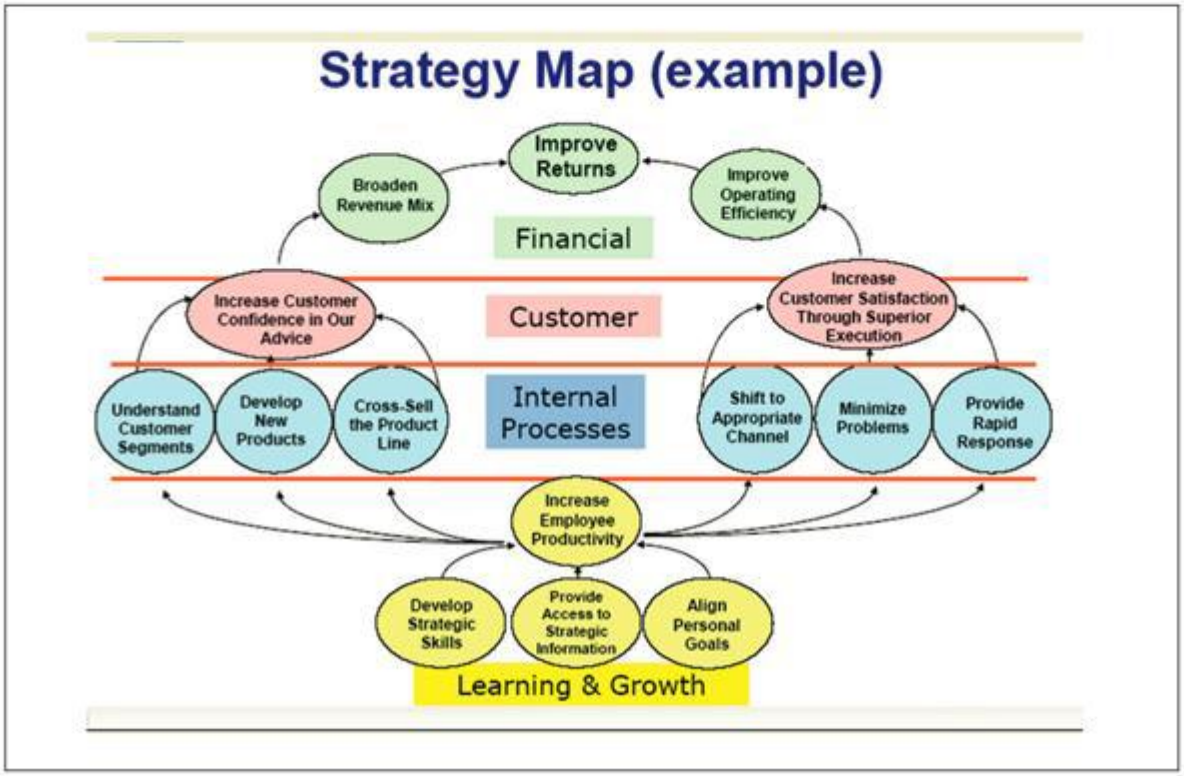


Figure 2: Example of a Strategy Map for a Business Organization (Source: Adapted from Kaplan and Norton, 2000).

2.4.2 Align the Organization to the Strategy

The balanced scorecard provides a powerful framework for business units to describe and implement their strategies. A Strategy-Focused Organization, however, requires more than just having each business unit use its own balanced scorecard to manage a great strategy; the strategies and scorecards for all such units should be aligned and linked with one another. Synergies can then develop from efficient interactions between those units — interactions which must be explicitly recognized in the strategies and scorecards of each unit (Kaplan and Norton, 2001).

Many organizations share common business processes and require a corporate role to ensure their most effective use; others share common technologies and knowledge. A corporate scorecard should articulate the rationale behind keeping different business units operating within a corporate structure rather than spinning them off into individual, independent entities.

A corporate scorecard can clarify two elements of a corporate-level strategy:

- **Corporate themes** — values, beliefs and ideas that reflect the corporation's identity and must thus be shared by all business units.
- **Corporate role** — the actions mandated at the corporate level that create synergies at the business unit level.

Shared Services Units: Organizations can also create synergies by aligning the internal units that provide shared services. These shared service units are created at a corporate or division level because of economies of scale and the advantages of specialization and differentiation that these units can create — for example, purchasing, manufacturing, distribution, real estate, etc.

The Strategic Partner Model: allows for the shared service unit to be a partner in the process of the business units' development of balanced scorecards. Successful balanced scorecard companies typically first develop scorecards for business units that sell products and services to external customers, and then develop shared service unit scorecards. The linkage between business unit and shared service unit scorecards requires four components:

1. A service agreement between the business units and shared service unit that defines expectations about services and costs.

2. The shared service unit scorecard, which reflects its strategy to support the service agreement with the business units.

3. A linkage scorecard, in which the shared service unit accepts accountability for improving selected measures on the business unit scorecards.

4. Customer feedback from the business units on the performance of the shared service unit (Kaplan and Norton, 2001).

2.4.3 Make Strategy everyone's everyday Job

In the past, aligning all employees to a strategy was not critical. In the age of sequenced, repetitive, task based manufacturing jobs, employees did not have to understand or implement strategy; they simply had to perform the narrow tasks management assigned them and trained them to do. Today, this type of work is virtually obsolete, replaced by knowledge-based work (Kaplan and Norton, 2001).

Strategy-Focused Organizations understand that, ultimately, employees are tasked with implementing strategy, and are often the ones who come up with the innovative ideas that make strategies work. These organizations use the balanced scorecard in three distinct processes to align their employees to the strategy: According to Kaplan and Norton, 2001.

Creating Strategic Awareness: Employees must learn about and understand the strategy before they can help implement it. Executives must use communication processes at the launch of their new strategy, starting with education and followed by 1) testing to ensure that employees understood the message; 2) checking that employees believe the strategy is being followed; and, 3) determining how many are teaching others about it.

Defining Personal and Team Objectives: Employees must understand how they can influence the successful implementation of the strategy. Homogeneous organizations whose outcomes are easy to measure — sales organizations, for example — can focus on a few primary metrics.

More complex organizations must share the outcomes and strategy they are trying to achieve. They will allow individuals and teams to define personal objectives that can influence and will have an impact on the organizational objectives (Kaplan and Norton, 2001).

Linking compensation to the Balanced Scorecard: Employees should feel that their organization's successes result in shared rewards for those who brought about those successes namely, the employees. Conversely, when the organization experiences shortfalls, employees should feel some pain. Incentive and reward systems provide the link between organizational performance and individual rewards (Kaplan and Norton, 2001).

2.4.4 Make Strategy a Continual Process

Strategy-Focused Organizations use a double-loop process, integrating the management of budgets and operations with the management of strategy. The balanced scorecard creates a reporting system that allows the progress against the strategy to be monitored and corrective actions to be taken as required. The scorecard also serves as a link between the operations control process and the learning and control process for managing strategy. This management system enables you to do three essential things:

- **Link Strategy and Budget**. Stretch targets and strategic initiative on the balanced scorecard link the rhetoric of strategy with the rigor of budgets.
- **Close the Strategy Loop**. The balanced scorecard links with feedback systems to provide a new framework for reporting and a new strategy-centered focus for management meetings.
- **Test, Learn and Adapt**. The balanced scorecard explicitly states the hypothesis of the strategy, allowing it to evolve in real time as new ideas and directions emerge from the organization.

2.4.5 Mobilize Change through Executive Leadership

Executives that create balanced scorecards for their strategic initiatives help build their strategy, the team to implement that strategy and the commitment from the team that is required for success.

It's easy to build a business plan that addresses and meets specific growth objectives; the hard part is identifying how that growth will be achieved. The balanced scorecard helps organizations specify in detail the critical elements for their growth strategies:

- Targeted customers where profitable growth will occur;
- Value propositions that lead customers to do more business and at higher margins with the company;
- Innovations in products, services and processes;
- Investments in people and systems to enhance
- Processes and deliver differentiated value propositions for growth.

Most of these strategy-focused leaders found that their most important challenge was communication of their strategy to those whose job it was to implement it. They had to gain the hearts and minds of all their middle managers, technologists, sales forces, frontline employees and back office staff. They developed their visions of what success would look like and the outcomes they wanted to achieve, and then let their employees help find innovative ways to accomplish the strategic mission. In so doing, they found it more effective to communicate vision and strategy, rather than to try to control the actions of their subordinates; they used the Balanced Scorecard as a communications tool, not a control tool (Kaplan and Norton, 2001).

2.5 Balanced Scorecard in the Public Sector

Over the last two decades, the public sector in many nations has been characterized by administrative and financial changes that have affected its modus operandi (Guthrie et al., 2005 as cited by Farneti and Guthrie, 2008, p.4-13). Public agencies are under pressure to improve performance beyond mere economic efficiency (Holmes et al., 2004).

This means, the traditional and still predominant approach to performance measurement is based on productivity measures, including such measures as service inputs and outputs. While these measures may provide means to determine how well an agency is performing its efficiency related duties, such measures fail to provide a comprehensive picture of how well management is preparing an agency to handle current and future challenges. In short, performance measurement may describe how well an agency is meeting its defined measures, but fails to capture information concerning deeper issues of institutional maintenance and resilience (Holmes et al., 2004).

The balanced scorecard (BSC), developed by Robert Kaplan and David Norton, provides a comprehensive method of measuring organizational performance that is superior to traditional singular and efficiency based measures of agency performance**.**

Although originally the BSC was designed for the private sector, later Kaplan and Norton (1996) suggested its application to the not-for-profit and public sectors (Farneti and Guthrie, 2008). Moreover, Kaplan and Norton (2001), the BSC needs some adjustments in order to fit to the modus operandi of not-for-profit organizations, because their main objectives are not finance-related. They suggest putting the customer at the top of the strategic map (Gomes and Liddle, 2009).

The following figure illustrates a sample strategy map for a corporate agency, where the customer perspective is put at the top rather than the financial perspective:

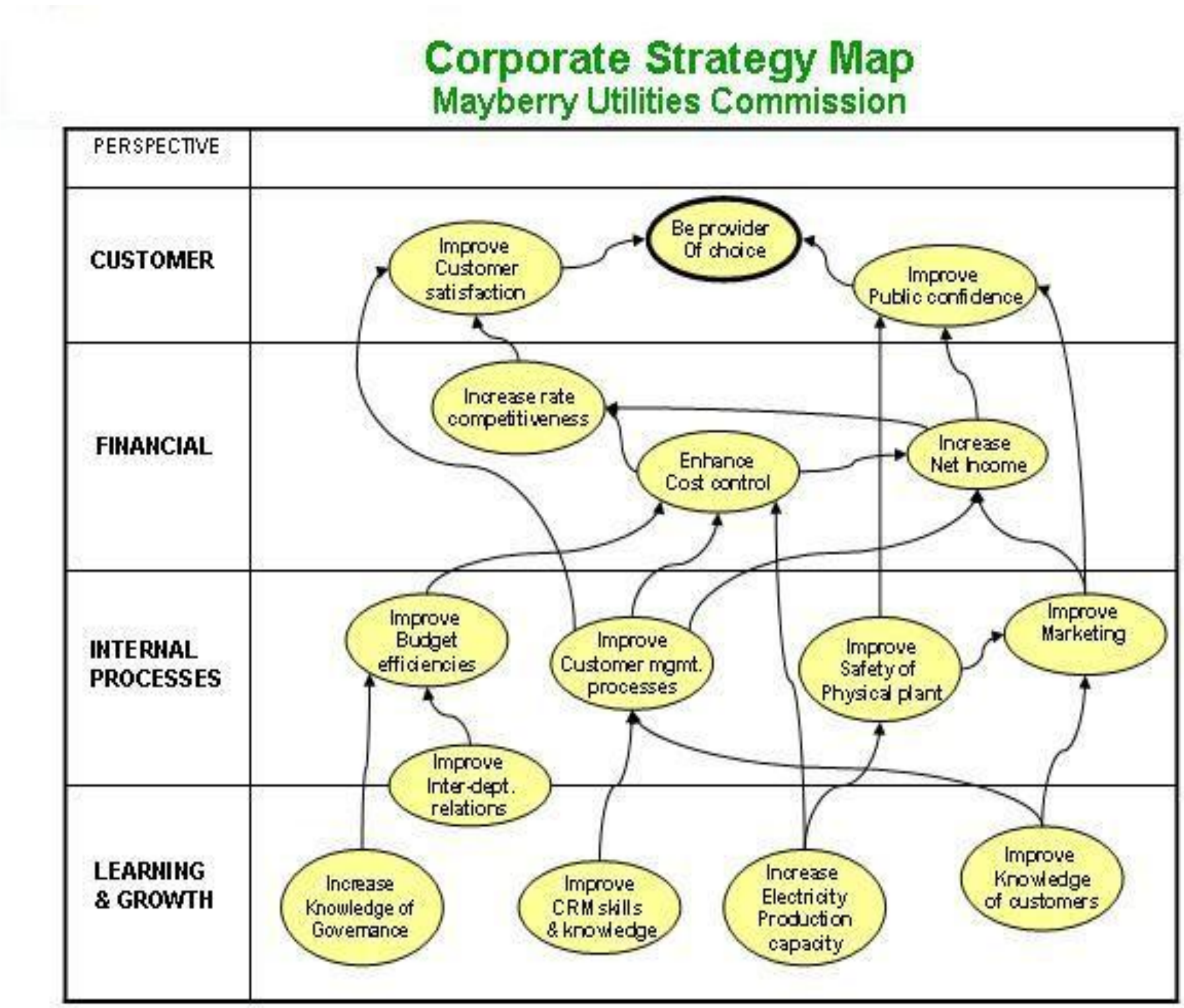


Figure3: Example Source: (www. Value based management .net) Posted date: Jan 6th, 2016

2.6 BSC in Developing Countries

Developing countries offer potentially some of the most important growth opportunities for companies both from the developing as the developed world. It is therefore interesting to note that a recent review of the last twenty years of empirical research grounded in institutional theory found that most studies focused on developed countries (95 percent) and that only a small portion (five percent) of the studies tried to test institutional theory in developing countries, (Farashahi et al., 2005; André A. de Waal, 2007). As a result, there has been little structural research on institutional effect and change in emerging countries which is surprising because many of these countries offer a highly dynamic environment which is a good testing ground for new theory, techniques and concepts of business and management, (Hofstede, 2001; Pacek and Thorniley, 2004; André A. de Waal, 2007).

At the same time, interest in this type of research is increasing as developing and developed countries a like start to realize that the study results can be important input in development policies to reduce poverty (Hopper et al., 2004). Performance management can be regarded as one of those theories whose validity needs to be tested in an emerging country's context, as this context can be more dynamic and be completely different from a developed country's context, (André A. de Waal, 2007). In addition to this, the sheer size of the developing world does not warrant homogeneous discussion of the feasibility of implementing performance management in developing countries, (André A. de Waal, 2007).

The major public administration challenge to developing countries is to improve institutional performance, enhance accountability, and increase efficiency. There is pressure to adopt market driven economic reforms, privatization, and new performance measurement systems. Many developing country governments are undergoing both economic modernization and democratic transition. In the view of the major role played by the state in the economy, the establishment of a high-quality civil service is a precondition for healthy and sustainable development and economic growth, (Holmes et al., 2004). As a result, although performance management is relatively unknown in many African countries, the interest in such an improvement tool is growing among African organizations and in specific African countries. For instance, there seems to be a real need for the BSC in Burkina Faso's state-owned companies, (André A. de Waal, 2007). In Egypt, there is a trend in many manufacturing organizations to combine financial and nonfinancial measures because there is growing awareness that sole reliance on financial data is no longer effective for an organization, 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 (Tessema, 2005; André A. de Waal, 2007).

What is the potential to apply a method such as the BSC to nations in Klingner's first or second stage of the development of public administration (political patronage or transition)? The following table presents an overview of the unique challenges to effective reform and reform goals in developing countries, (Holmes et al., 2004).

Table1. Public Administration Challenges and Goals in Developing Countries

An overview of the unique challenges to effective reform and reform goals in developing countries	
Challenges	**Goals**
▪ Human resources — lack of training, subjective promotion and hiring practices, pay not linked to performance or productivity ▪ Hierarchical, non-participatory bureaucracy ▪ State stability ▪ Lack of strategic planning ▪ Rent seeking by bureaucrats creates need for competitive sourcing ▪ Poor financial performance ▪ Performance tracking — training has no relation to career development ▪ Cultural barriers — highly politicized bureaucracy ▪ Corruption — part of the administrative culture ▪ Lack of political will —bureaucratic resistance due to an incestuous relationship between politicians and bureaucrats ▪ Transparency — citizens not involved in public decision-making, ▪ Customer Satisfaction — lack of responsiveness to citizens needs	▪ Strategic planning ▪ Effective implementation of policies ▪ Increased flexibility and objectivity in performance evaluations ▪ Open communication both within and between public agencies ▪ Separation of political from career appointments ▪ Increased use of contracts to improve continuity ▪ Performance and training linked to career development ▪ Participatory culture that encourages creativity and innovation with in public agencies ▪ Citizen involvement in public decisions ▪ Customer satisfaction through efficient delivery of services ▪ Reduce cost and increase effectiveness in civil service ▪ Impartial bureaucracy

Source: Holmes, (2004), the University of Texas at Dallas

Additionally, the BSC component requiring citizen feedback would be difficult in many developing countries. In a context of a history of non-responsive agencies, it is difficult to garner feedback about particular services independent from a general view of the agencies or government. A lack of confidence in the process, both from the citizens and the officials, may complicate efforts at using them as reliable evaluation tools for the efficiency and quality of the public services, (Holmes et al., 2004).

The strategic process of creating the BSC would attempt to reform public organizations so that they would better meet the needs of the citizens and the missions of their agency. But, despite the promise of reform, the BSC is not a panacea. Successful implementation is likely to be limited to complex, mature and transparent public agencies, (Holmes et al., 2004).

Analytical framework (developed based on the literature review)

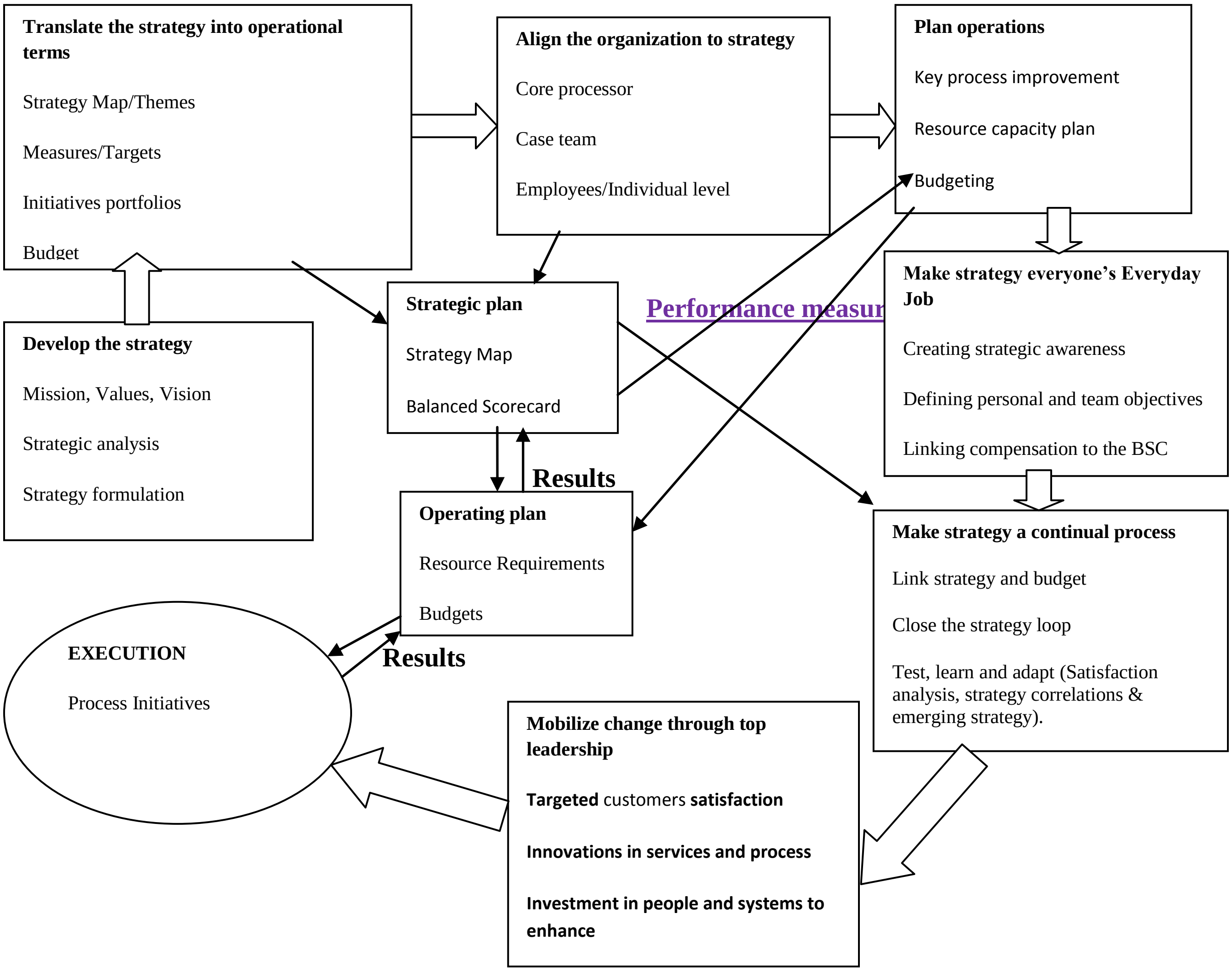


Figure 4. Source: Researchers own construction based on literature review

CHAPTER 3: RESEARCH METHOD

3.1 Research Design

Since this research aims to understand the phenomena by conducting a detailed contextual analysis as it develops in a real-world setting, it is a descriptive research.

3.2 Research Method

There are two methods through which data can be collected – the quantitative method and the qualitative method. The quantitative method is characterized by a numerical observation while the qualitative method can be distinguished by lack of use of numbers. Instead there is a focus on written the words where the spoken or the written is collected in to a text with an aim of creating a deeper understanding among the readers.

Less well known than either the quantitative or qualitative strategies are those that involve collecting and analyzing both forms of data in a single study, (Creswell 1998), Recognizing that all methods have limitations, researchers felt that biases inherent in any single method could neutralize or cancel the biases of other methods. Triangulating data sources-a means for seeking convergence across qualitative and quantitative methods - were born, (Jack, 1979; Creswell 1998).

Therefore, to capture the best of both quantitative and qualitative approaches and to fulfill the purpose of this study – to both generalize the findings to a population and develop a detailed contextual analysis as it develops in a real-world setting, the researcher has found the mixed method to be more suitable. To be more specific concurrent procedures, in which the researcher converges quantitative and qualitative data in order to provide a comprehensive analysis of the research problem was followed.

3.3 Selection of the Company

Primarily, by working with one case company office the researcher will receive a deeper insight in to how the BSC tool is being used to create a strategy-focused office by assessing the change process at sub city level structure of the office in addition to the “wereda” or district level structure. If the researcher had worked with more offices of the sub city administration it would have been impossible to assess the process at" wereda" or district level (given the limitations of time and resource), which would make the study shallow and inadequate to show the full picture. Secondly, the researcher is working in the Bole Sub City Administration Trade Office and the three "weredas" Trade offices was specifically selected randomly for its convenience to the researcher.

3.4 Sampling Technique and Sample Size

The study included to the sampling of employee's, stratified sampling was used to make sure that employees at different levels are represented in the sample. The strata were identified by using an important variable – type of work, this is important because some of the variables of a strategy-focused organization cannot be measured similarly in all types of works. Accordingly, there were two stratums professional workers/officers and middle level managers and lower level workers (which includes: Drivers, janitors, cashiers, secretaries, and securities). After this, simple random sampling was used.

According to Naresh, (2007), the following table can be used to determine a representative sample size:

Table 1: **sample size determining table**

Population Size	**Sample Size**		
	Low	**Medium**	**High**
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Accordingly, the population of the study and sample size selected is summarized in the following 2 tables:

Table 2: population proportion of the study

	Stratum 1		Stratum 2	
Total population of employees at sub city and wereda level	No.of middle management and professional workers	Percentage	No.of non Professional workers	Percentage
*381	233	61%	148	39%

Source: Survey Data

*The population size excludes all contract employees and employees who have no more than 6 months of experience.

Table 3: selected sample size

	Stratum 1		Stratum 2	
Total Sample Size	Sample size of middle management and Professional workers	Percentage	Sample size of non-professional workers	Percentage
*80	49	61%	31	39%

Source: Survey Data

*Since the population of the study lay between the ranges of 281-500 a sample size of 80 was selected.

Questionnaires were served to a total of 80 employees. And of the 80 questionnaires distributed to employees 73 (91.25%) have been collected.

3.5 Types of Data and Data Collection Techniques

3.5.1 Types of Data

The research is based on both primary and secondary data collected from primary and 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.

3.5.2 Primary Sources of Data: One of the primary sources of data was questionnaire with close ended questions (to view the middle level management, professional workers as well as the nonprofessional workers perspective). Two types of questionnaires were used to measure variables that are uniquely important to employees working at different levels of the organization (i.e. middle level management and professional worker and lower level workers: like janitors, record officers, cashiers, secretaries, drivers and securities).

The second primary source of data is interview. In-depth Interview was used to view the organizations BSC team champions' perspective.

3.5.3 Secondary Sources of Data: Since the study will try to identify the effectiveness of the BSC in creating a strategy focused sub city administration analysis of the office BSC document, plans, reports, and the like will be necessary.

3.6 Validation and Objectivity of Instruments

3.6.1 Validity: Questionnaires were administered to few relevant respondents in the first few days of the data collection and adjustments were made to the questionnaire items based on the comments of the respondents. In addition to this data gathered from questionnaires were triangulated with data gathered from interviews with the office BSC team champion as well as data gathered from the analysis of the offices BSC document.

3.6.2 Objectivity: Objectivity is the absence of the researchers influence on the results of the study, It is about limiting the influence of the researchers own value, interest and intention. The researcher has tried to keep a high level of objectivity in all works of the study by trying to search for information from varies sources and triangulating the findings in the analysis.

And since this study is not written at the request of any company or organization there is no pressure on the researcher to reach at a specific conclusion, which has made keeping an objective perspective easier.

3.7 Data Analysis Methods

This researcher employed both quantitative and qualitative methods of data analysis. The data gathered through primary sources of data (especially data gathered through questionnaire) was summarized using descriptive statistics such as tables, frequency distributions and percentages to give a condensed picture of the data via using quantitative analysis of SPSS v21. Whereas, the data gathered through interview and data gathered through secondary sources of data were analyzed through narrative analysis.

3.8 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.

3.9 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 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- maleficience - 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: FOUR

DATA PRESENTATION AND ANALYSIS

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. During presentation and interpretation of findings, an attempt is made_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 sub city and the selected three Woredas. 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 5 below, the majority (57.53%) of the total respondents are females working in the sub city and the three selected woreda level Trade offices. The percentage of male respondents constitutes (42.47%). The respondents were serving in 4 offices/units 1 in the sub city Trade office and the rest in the Woreda Trade offices.

Table 5: Profile of Respondents

	Middle level management and professional employees		Non professional employees		Total	
	Number	%	Number	%	Number	%
Sex						
Male	23	47	8	33.3	31	**42.47**
Female	26	53	16	66.7	42	**57.53**
Total	**49**	**100%**	**24**	**100%**	**73**	**100%**
Age						
Below 25	7	15	1	4.2	8	**10.95**
26-35	28	57	4	16.7	32	**43.83**
36-40	6	12	4	16.7	10	**13.69**
41-50	6	12	7	29.2	12	**17.8**
51-60	2	4	8	33.3	10	**13.69**
Total	**49**	**100%**	**24**	**100%**	**73**	**100%**
Educational level						
Second degree	-	-	-	-	-	**-**
First degree	36	74	-	-	36	**49.31**
College diploma	8	16	-	-	8	**10.95**
Certificate	5	10	-	-	5	**6.84**
Below high school	24	-	24	100	24	**32.88**
Total	**49**	**100%**	**24**	**100%**	**73**	**100%**
Year of service in the offices						
Less than 5 years	6	12	-	-	6	**8.21**
6-10	22	45	3	12.5	25	**34.24**
11-15	6	12	1	4.2	7	**9.58**
More than 15	14	29	20	83.3	34	**46.57**
Total	**48**	**100%**	**24**	**100%**	**72**	**100%**

Source: Survey Data

4.3 The System Design and Implementation Process of the office

The Bole sub city Trade offices started the implementation process of the Balanced Scorecard on October 2011 by selecting 7 outstanding employees to form the Balanced Scorecard design and follow up team. The team members were selected from different departments or core processes, different job positions (ranging from department heads to subordinates), different level of work experience in the office (also ranging from more than 6 years of experience to fresh entrants), as well as different educational backgrounds. And out of the seven team members one champion was selected, the champion had the responsibility of coordinating all aspects of the change process. Following this, the team was given a two weeks training on the basic principles of the balanced scorecard performance management tool by international consultants. Then after they immediately went on conducting the study. The system development process had nine major phases. And at the end of each phase the management team of the office reviewed the process and gave comments. There are nine steps (see Addis Abeba city Administration Trade Bureau BSC revised research manual, (2011).

Step 1: Assessment

Step one of the scorecard building process started with an assessment of the organization's Mission and Vision, challenges (pains), enablers, and values. Step one also included SWOT analysis and mandate analysis of the office. This assessment built a strong strategic foundation from which the rest of the management system was built.

Step 2: Strategy

In Step Two, a strategy is defined around a Customer Value Proposition (The Customer Value Proposition is the unique added value and organization offers customers through their operations) and strategic elements of the organization, including Strategic Results, Strategic Themes, and Perspectives. Strategic Themes are the main focus areas of the organization's strategy; key areas in which an organization must excel in order to achieve its mission, vision and strategy. Strategic theme is the organization's Pillars of Excellence. For each theme, an explicit Strategic Result, or a description of the desired outcome, is articulated.

Four Strategic themes and corresponding results were chosen by the BSC team, these are;

1. Micro and Small Enterprise Expansion

2. Modern and Fair trade system

3. Production and productivity

4. Investment Expansion

Step 3: Strategic Objectives

In Step Three, the strategic elements developed in Steps one and two where decomposed into Strategic Objectives, which are the basic building blocks of strategy and define the organization's strategic intent. Objectives where first initiated and categorized on the Strategic Theme level, categorized by Perspective, linked in cause-effect linkages (Strategy Maps) for each Strategic Theme, and then later merged together to produce one set of Strategic Objectives for the entire organization. A total of 22 strategic objectives categorized by perspectives, where formulated by the BSC team of the office. But the objectives which had to be individually linked to one another in a cause and effect relationship, they were linked by category, for example: objectives in learning and growth perspective where generally assumed to cause objectives in the internal business process perspective rather than linking each objective to one another to create a cause and effect relationship.

Step 4: Strategic Mapping

In Step Four, the cause and effect linkages between the sector-wide Strategic Objectives were formalized in a sector-wide Strategy Map. The strategic map of the office and a guide to reading a strategic map has been attached in Appendix 4 and 5

Step 5: Performance Measures

In Step Five, Performance Measures were developed for each of the Strategic Objectives. Performance Measures answer the question, “How is the organization doing at the job of meeting its strategic objectives?”

An example of performance measures under one of the office’s 22 objectives is shown in the figure below.

Table 6: Example of the offices measures

Perspective	Strategic Objective	Measure
Customer	Provide fast, result oriented and fair service satisfied	Satisfied customers in percentage
		Decreased complaints in percentage
		Services provided according to their standards* in percentage

Source: Survey Data

*These are standards of services set during the implementation of Business Process reengineering (BPR) change management tool.

Step 6: Strategic Initiatives and Budget

In Step Six, according to Addis Abeba city Administration Trade bureau BSC manual, (2011), Strategic Initiatives that support the strategic objectives together with their respective implementation budgets should have been developed. But due to the limited time set by the sub city administration to implement the system, the team was not able to develop new initiative. As a result, they simply adopted some existing government policies and packages. With regards to the budget, as the BSC champion puts it "the BSC team believed that 72,000,000 birr was required to implement the objectives set. But, due to existing financial constraints the city government allocated only 2,500,000 birr". This is approximately 3.5% of the entire budget required to implement the objectives. (See Addis Abeba Trade Bureau BSC revised research, 2011)

An example of the offices strategic initiatives that support the strategic objectives is shown below.

Table 7: Example of the offices initiatives

Perspective	Strategic Objective	Measure	Target	Initiatives	Budget
Customer	Increase public participation	Number of people participated in creating modern and fair trade system	37,500	Commercial registration and license	-
				Inspection and regulatory	-

Source: Survey Data

Step Seven: Automation

In Step Seven, the implementation process began by applying performance measurement software (a user friendly software that anybody with basic computer skills can operate was developed locally) to get the right performance information to the right people at the right time. Automation adds structure and discipline to implementing the Balanced Scorecard system, helps transform disparate corporate data into information and knowledge, and helps communicate performance information. In short, automation should help people make better decisions because it offers quick access to actual performance data.

Step Eight: Cascade

In Step Eight, the office-level scorecard was ‘cascaded’ down into different core processes, meaning the organizational level scorecard (the first Tier) is translated into processes or department level scorecard (the second Tier) and then later to team scorecards (the third Tier). Furthermore, the sub city level scorecard was cascaded down to district or” woreda” level offices. Moreover the sub city and the “woreda” or district level offices score card have been cascaded down to each core process to create alignment around strategy; mostly Cascading was stopped at team level in some part of the office due to lack of BSC education and training, inadequate key performance indicators (KPIs), inadequate IT support and so on. Therefore, accountability of individuals for objectives and measures could not be created.

Step Nine: Evaluation

While the evaluation of the completed scorecard is a continual process, one major evaluation and improvement step was taken after a 3 months trial period. Usually after a trial period only minor adjustments are expected to be made, since all stake holders have been involved at each step of the process. But in this case major changes on the strategic themes and objectives were made due to the introduction of a new strategy by the government that emanated from two main sources. The First source was feedback collected by the government from the public during the 2002 E.C election campaign. The second source was introduction of new strategy (i.e. the growth and transformation plan) which was inspired by the outcome of the 2002 E.C election. This resulted in forcing in of some objectives that aren't directly linked to the office strategic themes. Such as: micro and small enterprise expansion, modern and fair trade system, production and productivity and investment expansion.

4.4. 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.

4.4.1 Effectiveness of BSC in Translating Strategy into operational Terms

According to Kaplan and Norton, (2001), one of the key indicators or principles of achieving a strategy focused organization is the organizations ability to translate its strategy into operational terms. And this can be done through two main methods:

- Using a "Strategy Map" to outline all relationships (i.e. it describes how intangible assets are mobilized and combined with other assets to create value to customers)
- And through construction of a Balanced Scorecard: Balanced Scorecards build on strategy maps by adding the measures (both financial and non financial) by which success will be evaluated.

  Specifically, for each of the four perspectives (learning and growth, internal process, financial, and customer), Balanced Scorecards specify the appropriate parameters.

Accordingly, five questions (one for the clarity of the strategy map and four on the clarity and effectiveness of the BSC), were developed to evaluate whether or not the Strategy map and the Scorecard of the organization have indeed expressed strategy into operational terms. And due to the nature of the questions they were administered to professional workers and middle level management only.

The following tables summarize the major findings:

Table 8: Summary of Responses on the Clarity of the office Scorecard

Variables	**Strongly disagree**		**Disagree**		**Uncertainly**		**Agree**		**Strongly agree**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
1. The **strategy maps** of the office logically and comprehensively describe the organization's strategy	1	2.0	4	8.2	5	10.2	35	71.4	4	8.2
2 The offices' scorecard has clearly defined interrelated **objectives**	-	-	15	30.6	9	18.4	22	44.9	2	4.1
3 The offices 'scorecard clear and measurable **indicators**	3	6.1	20	40.8	9	18.4	14	28.6	2	4.1
4 The **targets** fully represent the Short term goals of your department and the organization	2	4.1	14	28.6	8	16.1	24	49	1	2
5 The strategic **initiative** represent what is currently being done to achieve the target	1	2	10	20.4	17	34.5	18	36.7	2	4.1
Average	2	4	15	30	11	22	20	39.8	2	3.5

Source: Survey Data

The above table clearly portrays that **79.6 %** agree that the Strategy Map of the organization logically and comprehensively describe the organizations strategy. Therefore, it is possible to say that in general the office's Strategy map has significantly enabled the organization to communicate its strategy to employees.

It is important to note that the variables put in the form of questions in the above table are major components of the Balanced Scorecard. Therefore, clarity or effectiveness of each of these points will mean clarity or effectiveness of the balanced scorecard in translating strategy into operational terms. With this in mind it is possible to see from the above table that a very comparable number of employees are on both sides of the likert scale. For example, while **20** employees disagree that the offices scorecard has clear and measurable indicators, **14** employees agree. And similarly while **15** employees disagree that the scorecard has clearly defined and interrelated objectives, **22** employees agree. And finally, the average of the four questions shows us a clear image of how the scorecard is being perceived by the employees, i.e. while **30%** of the respondents disagree on the clarity of the scorecard, **39.8%** agree that the score card of the office is clear. This shows us that there are some who perceive the scorecard of the office as effective in translating strategy into operational terms and there are also a significant number of people who perceive it as not effective. This should clearly put its effectiveness in to question.

This lack of clarity can be attributed to some of the challenges encountered by the BSC team during the system designing stage as discussed above. For example, the forcing in of some new objectives to the scorecard which is not directly related to the strategic team of the office, (which was a result of feedbacks gathered from the public during the 2002 E.C election campaign).

4.4.2 Making Strategy Every Ones Every Day Job

Another key indicator or principle of achieving a strategy focused organization is the organizations ability to make strategy every ones every day job. And according to Kaplan and Norton, (2004), companies that have adopted the BSC have been able to making strategy every ones every day job through the following four main points:

- Creating strategic awareness
- Creating awareness on the basics of the BSC

- Defining personal and team objectives
- A compensation schemes linked to strategy

Therefore, to evaluate whether or not these four points have been addressed, 2 questions were developed and administered both to the professional and non - professional workers. And triangulating of the answers and rationalizing the outcomes were made by comparing the answers given by employees to the answers given by the top management and the offices BSC team champion.

Summary of the responses are presented in the following tables:

Table 9: Summary of Responses on Questions Related to Knowledge and Clarity of the Offices Strategy and the BSC

Variables		Middle level management and professional employees		Non professional employees		Total	
		Number	**%**	**Number**	**%**	**Number**	**%**
6. The offices strategy is well communicated among employees	strongly disagree	4	8.2	2	8.3	6	8.45
	Disagree	15	30.6	13	54.2	28	39.43
	Uncertainly	10	20.4	1	4.2	11	15.55
	Agree	16	32.7	8	33.3	24	33.8
	strongly agree	2	4.1	-	-	2	2.81
	Total	**47**	**100%**	**24**	**100%**	**71**	**100%**
7. The balanced scorecard strategy management tool is well understood by employees	strongly disagree	4	8.2	3	12.5	7	9.58
	Disagree	18	36.7	15	62.5	33	45.2
	Uncertainly	11	22.4	1	4.2	12	16,4
	Agree	15	30.6	5	20.8	20	27.4
	strongly agree	1	2	-	-	1	1.36
	Total	**49**	**100%**	**24**	**100%**	**73**	**100%**

Source: Survey Data

As the gathered data illustrates, a total of **47.88%**, do not believe that the office's strategy is well communicated among employees (especially employees who are below high school). The offices

BSC team champion has also admitted that strategic awareness has not been created at all levels. But as Kaplan and Norton, (2001), suggested "we need to educate all of our people to understand what they can do when they come to work every day to influence the company".

Similarly, the majority of employees **54.78%** do not believe that the Balanced Scorecard strategy management tool is well understood by employees. But according to the offices BSC team champion educating of employees on the basics of the BSC have been carried out several times and through several methods. The following are the main ways through which education of employees was carried out:

- Brochures
- Trainings
- And through teleconferencing

The training was carried out by first giving the top and middle level management of the sector TOT (training of trainers), and then the management gave the training to employees at all levels of the sector (i.e. bureau level, sub-city level, and district level). But according to the BSC champion of the office, the management (who are the trainers in this case) does not have sufficient knowledge on the subject matter and the employees were not committed to accept the tools, which in turn makes the whole training process insufficient to give employees knowledge on the basic concepts of the Balanced Scorecard.

Table 10: Summary of Responses on Clarity and Alignment of Team Level and Individual Level Objectives

Variables		Professional workers and middle level management	
		Number	**%**
1. We have a clearly defined objectives at case team level	strongly disagree	3	6.1
	Disagree	12	24.5
	Uncertainly	10	20.4
	Agree	22	44.9
	strongly agree	2	4.1
	Total	**49**	**100%**
2. We have a clearly defined objectives at an individual level	strongly disagree	4	8.2
	Disagree	18	36.7
	Uncertainly	8	16.3
	Agree	17	34.7
	strongly agree	2	4.1
	Total	**49**	**100%**

Source: Survey Data

Based on the information gathered at case team level relatively larger amount of workers **49%** agree that they have clearly defined and aligned objectives. Whereas, at individual level the majority is on the disagreement side of the scale. And as the researcher has identified from the document analysis as well as from the interview with the offices BSC team champion, individual level balanced scorecards were not constructed, and the cascading process was mostly carried out only up to case team level.

And to measure individual level performance, the office (the city government in general) consider another performance management tool, ABM (activity based management) to be specific, as a much more appropriate tool to measure as well as define objectives at an individual level. But according to Helen Atkinson (2006), "when individuals can construct their own balanced scorecard, then we have produced the clearest mechanism for aligning individual objectives to business unit and corporate objectives". And in the absence of this individual level scorecards ownership and accountability over objectives, measures and initiatives will inevitably prevail.

Table 11: Summary of Responses on Questions Related to Compensation Scheme of the offices

Variables		Middle level management and professional employees		Non professional employees		Total	
		Number	%	Number	%	Number	%
3. Does your organization use the performance measurement system to compensate/reward some/all employees?	Yes	10	20.4	3	12.5	13	18
	No	19	38.8	18	75	37	51.38
	I don't know	19	38.8	3	12.5	22	30.55
	Total	**48**	**100%**	**24**	**100%**	**72**	**100%**
4. If your answer to the previous question is no, please indicate if your organization intends to link compensation/reward to your performance measurement system within the next year or two.	Yes	6	12.2	1	4.2	7	12
	No	-	-	1	4.2	1	1.72
	I don't know	31	63.3	19	79.2	50	86.25
	Total	**37**	**100%**	**21**	**100%**	**58**	**100%**

Source: Survey Data

Kaplan and Norton (2001) suggest that "the final linkage from higher level strategy to day to day action occurs when companies link individuals' incentive and reward program to the balanced scorecard". But as we can see from the above responses, most employees **81.93%** don't believe that the organization uses the BSC or performance measurement system to compensate/reward employees. These responses were further reinforced by the data gathered from the interview with the offices top management as well as the offices BSC team champion. In addition to this, the researcher has been able to identify that there are future plans of linking compensation with BSC performance measurement system. But as we can see from the above responses the vast majority **86.25 %** is not aware of the offices plan to link compensation or reward to the BSC. And this will affect willingness or eagerness of employees to adopt the newly implemented system; since it won't add any immediate value to employees, it would just look like another way of controlling employees' daily output.

4.4.3 Make Strategy a Continual Process

The third key indicator or principle of achieving a strategy focused organization is the organizations ability to make strategy a continual process rather than a one-off event. And according to Robert Kaplan, (2010), companies that have adopted the Balanced Scorecard have been able to make strategy a continual process through the following two main ways:

- Linking strategy to the budgeting process
- Learning and adopting process

Therefore, to evaluate whether or not the first points have been addressed, one question was developed and administered to the professional workers. And to evaluate the second question two more questions were developed and administered to both professional and non professional workers.

The response of the respondents is summarized in the following table:

Table 12: Summary of responses to questions related to the offices activity in making strategy a continual process

Variables		Middle level management and professional employees		Non professional employees		Total	
		Number	%	Number	%	Number	%
5. The organizations budgeting process is aligned directly with the Balanced Scorecard change project objectives	strongly disagree	3	6.1	-	-	3	6.1
	Disagree	14	28.6	-	-	14	28.6
	Uncertainly	16	32.6	-	-	16	32.6
	Agree	11	22.4	-	-	11	22.4
	strongly agree	2	4.1	-	-	2	4.1
	Total	**46**	**100%**	**-**	**-**	**46**	**100%**
6. Employees are encouraged to share information regarding factors affecting strategy	strongly disagree	1	2	-	-		
	Disagree	10	20.4	12	50	22	31.42
	Uncertainly	10	20.4	3	12.5	13	18.62
	Agree	21	42.9	6	25	27	38.57
	strongly agree	4	8.2	3	12.5	7	10
	Total	**46**	**100%**	**24**	**100%**	**70**	**100%**
7. Evaluation is made periodically to identify and support emergent strategies	strongly disagree	3	6.1	1	4.2	4	5.79
	Disagree	23	46.9	13	54.2	36	52.17
	Uncertainly	11	22.5	2	8.4	13	18.89
	Agree	8	16.3	7	29.2	15	21.73
	strongly agree	1	2	-	-	1	1.44
	Total	**46**	**100%**	**23**	**100%**	**69**	**100%**

Source: Survey Data

Integrating the Balanced Scorecard with the organizations planning and budgeting process is critical for creating a strategy focused organization (Kaplan and Norton, 2001), but as we can identify from the above summary of responses **34.7%** of the respondents disagree (as opposed to the **26.5%** who agree); with the statement that suggests the organizations budgeting process is aligned directly with the Balanced Scorecard change project objectives. In addition to this, **12.2%** of the respondents (who are middle level managers and employees) uncertain as to whether the offices budgeting process is integrated with the BSC. And as it has also been suggested in previous sections, the organizations budgeting process is not aligned directly with the Balanced Scorecard change project objectives due to city governments' budget deficiency. And as the BSC champion puts it, "the BSC team believed that 72,000,000 birr was required to implement the objectives set. But, due to existing financial constraints the city government allocated only 2,500,000 birr". This is approximately **3.5%** of the entire budget required to implement the objectives.

And if the objectives, measures, targets and initiatives of the Balanced Scorecard are not supported by sufficient budget their practicality will obviously be hindered. It is also possible to infer that the budgeting process of the office is not clear to significant number of employees. Because, even if the figure shows that the majority **(34.7%)** responded negatively to the fact that the alignment of the budgeting system with BSC of the office exists, rest of the respondents either agree (**26.5%)** or are certain (**32.6%)** to the fact that the organizations budgeting process is aligned directly with the balanced scorecard change project objectives.

As to whether or not employees are encouraged to share information regarding factors affecting strategy, the responses show that the majority of employees (**48.57%** of the respondents as opposed to **32.84%**) agreed that employees are encouraged to share information regarding factors affecting strategy. That is a sign of a positive work environment that makes strategy a continual process rather than a one-off event. And with regard to the third point of making a strategy continual, that is, making periodic evaluation to identify and support emergent strategies, despite the offices BSC team champions' claim that the BSC team (which is directly accountable to the head of the office), makes periodic monitoring, feedback gathering and evaluation at all levels of the sector, the majority of the respondents (**57.96%)** disagreed that this periodic evaluation to identify and support emergent strategies is actually being made.

4.4.4 Mobilize Change through top Leadership

The final principle of achieving a strategy focused organization is mobilizing the change process through top leadership. And to achieve this, companies that have adopted the Balanced Scorecard have been able to mobilize change through top leadership through the following three main ways:

- Mobilization – creating momentum
- Governance issue – guidance for transitions
- Strategic management system

Therefore, to evaluate whether or not these three main ways of mobilizing change through top leadership have indeed been followed by the bureau, a total of 7 questions were developed and administered to employees. Out of the seven questions six were administered to both professional and non-professional workers, and the remaining one was administered only to middle level managers and professional workers, depending on the respondents' level of understanding or exposure to the situation at hand.

The responses of the respondents have been summarized in the following 3 tables:

Table 13: Summary of Responses on Questions Related Mobilization or Momentum Creating Process

Variables		Middle level management and professional employees		Non professional employees		Total	
		Number	**%**	**Number**	**%**	**Number**	**%**
8. The organizations leaders have communicated a compelling reason as to why the change is needed	strongly disagree	3	6.1	1	4.2	4	5.88
	Disagree	11	22.4	13	54.2	24	35.29
	Uncertainly	11	22.4	2	8.4	13	19.13
	Agree	18	36.7	7	29.2	25	36.76
	strongly agree	2	4.1	-	-	2	2.94
	Total	**45**	**100%**	**23**	**100%**	**68**	**100%**
9. The organizations management team provides ongoing guidance and refinement	strongly disagree	6	12.2	-	-	6	8.84
	Disagree	13	26.5	15	62.5	28	41.17
	Uncertainly	9	18.3	2	8.4	11	16.17
	Agree	15	30.6	6	25.0	21	30.88
	strongly agree	2	4.1	-	-	2	2.94
	Total	**45**	**100%**	**23**	**100%**	**68**	**100%**
10. A shared vision (a vision that represents all processes) have been developed	strongly disagree	1	2.0	1	4.2	2	2.77
	Disagree	1	2.0	2	8.3	3	4.16
	Uncertainly	5	10.2	15	62.5	20	27.77
	Agree	33	67.3	3	12.5	36	50
	strongly agree	9	18.4	2	8.3	11	15.3
	Total	**49**	**100%**	**23**	**100%**	**72**	**100%**

The process to initiate the Balanced Scorecard management system starts with a leader creating the sense of urgency for change (Kaplan and Norton, 2001), and this sense of urgency for change comes when leaders communicate a compelling reason as to why the change is needed. Therefore, a question was administered to both professional and non-professional workers, and most of the professional workers **(40.8%)** agreed that a compelling reason as to why the change is needed was indeed communicated. But on the other hand most of the non- professional workers **(58.4%)** disagreed that a compelling reason was communicated. This will lead us to conclude that a compelling reason as to why the change was needed has not been communicated equally to all employees. This in turn may lead to lack of commitment from employees to enduringly see through the full implementation of the BSC management tool, which according to Andy Neely and Mike Bourne, (2000), is more akin to a long march than a quick hike.

The other major point forwarded to employees to identify how the change process is being mobilized by leaders was whether or not the organizations management team provides ongoing guidance and refinement. And the majority **50%** of employees disagreed with the statement that states the management team provides ongoing guidance and refinement. This can be perceived as a sign of lack of commitment from the management side.

The final point that the researcher tried to identify was whether or not a shared vision (a vision that represents all work units) have been developed. And while the majority of the professional workers (**85.7%**) agreed that a shared vision was developed, the majority of the non professional employees (**62.5**%) are uncertain about the fact.

From document analysis the researcher has also identified that a vision statement that represents all the different work units has been developed. But as we can see from the responses of the employees most of the non professional workers are uncertain about the vision statement of the office. And in an organization where **39%** of the employees are from this group (i.e. non professional workers) it would be impossible to suggest that a strategy – focused organization has been created.

Table 14: Summery of Responses on Questions Related to Governance Issues

Variables		Middle level management and professional employees		Non professional employees		Total	
		Number	**%**	**Number**	**%**	**Number**	**%**
11. The new governance values of the organization have been defined	strongly disagree	1	2.0	3	12.5	4	5.79
	Disagree	12	24.5	13	54.2	25	36.23
	Uncertainly	12	24.5	4	16.7	16	23
	Agree	21	42.9	2	8.3	23	33.4
	strongly agree	1	2.0	-	-	1	1.44
	Total	**47**	**100%**	**22**	**100%**	**69**	**100%**
12. The new governance value have been demonstrated in a way	strongly disagree	2	4.1	-	-	2	2.94
	Disagree	10	20.4	18	75.0	28	41.17
	Uncertainly	11	22.4	1	4.2	12	17
	Agree	20	40.8	3	12.5	23	33.8
	strongly agree	2	4.1	1	4.2	3	4.1
	Total	**45**	**100%**	**23**	**100%**		**100%**
13.The new governance values are reinforced and strengthened by the top management	strongly disagree	2	4.1	-	-	2	4.1
	Disagree	18	36.7	-	-	18	36.7
	Uncertainly	13	26.5	-	-	13	26.5
	Agree	13	26.5	-	-	13	26.5
	strongly agree	1	2.0	-	-	1	2.0
	Total	**47**	**100%**			**47**	**100%**

In its purest form, the balanced scorecard is a new measurement framework which reflects the drivers of future performance and the ways in which new value will be created, (Kaplan and Norton, 2001).

Therefore, the researcher tried to identify if the new cultural values of the organization have been defined well. And again while the majority of the professional workers **(44.9%)** agreed that the new governance values of the organization have been defined well, the majority of the non professional employees **(66.7%)** responded that they disagree.

Similarly while the majority of the professional employees **(44.9%)** agreed that the new governance value have been demonstrated in a meaningful way, the majority of the non professional employees **(75%)** responded that they disagree.

These two questions clearly portray that there exists a huge gap between the professional workers and non professional workers in terms of management – employee communication (providing and receiving relevant information).

And finally, a point was raised as to whether or not the new governance values are continually reinforced and strengthened by the top management. This point was raised only to the professional employees and middle level management. And the majority **(40.8%)** responded that they don't agree that the new governance values are continually reinforced and strengthened by the top management. It is important to note that the majority of these group of employees agreed that the new governance values have been defined and have been demonstrated in a meaningful way. But they didn't agree that it was being done continually, and without continuity it is always possible for the organization to slip back to where it originally started.

Table 15: Summary of Responses on Question Related Creation of Strategy Management System

Variables		**Middle level management and professional employees**		**Non professional employees**		**Total**	
		Number	**%**	**Number**	**%**	**Number**	**%**
14.The organization is a learning organizations where people are encouraged to identify local actions and initiatives which can be taken consistent with the overall strategy	strongly disagree	3	6.1	2	8.3	5	7.24
	Disagree	7	14.3	11	45.8	18	26.2
	Uncertainly	10	20.4	2	8.3	12	17.34
	Agree	21	42.9	8	33,3	29	42
	strongly agree	5	10.2	-	-	5	7.24
	Total	**46**	**100%**	**23**	**100%**	**69**	**100%**

In order to consolidate progress and reinforce 'the organizational changes which have occurred', organizational leaders need to modify their long term management systems. Typically, this will involve:

- Linking top management compensation to the Balanced scorecard

- And creating a strategic management system.

And the researcher identified that since the organization is a civil service organization the top management compensation system is not directly related to the BSC, but it is considered as one of the points in which the city government cabinet members are evaluated.

And to identify whether or not the Balanced scorecard has provided a sound foundation for building and maintaining a suitable strategic management system. First, it was important to identify what kind of strategy management system was most suitable, According to Kaplan and Norton, (2001), a suitable strategy management system is a system that creates a learning organization where people are encouraged to identify local actions and initiatives which can be taken consistent with the overall strategy.

Therefore, a point was raised as to whether or not this type of environment exists in the organization, and the majority of the respondents **(49.24%)** agreed that the organization is such an organization. But, even if the majority agreed on the situation, a very significant number (**33.44%**) of employees disagreed that there exists such an organization.

CHAPTER: FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

5.1. Introduction

The previous chapter has attempted to present findings of the survey data collected through administration of self-administered questionnaire filled by randomly selected respondents with complementation of data gathered through interview and document reviews. The questionnaire was designed in line with translation the strategy into operational terms, make strategy everyone's everyday job, make strategy a continual process and mobilize change through top leadership, 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 Summary of Major Findings

- The majority **79.6 %** of the respondents agreed that the strategy map of the organization logically and comprehensively describe the organizations strategy.
- While **30.1%** of the respondents disagree on the clarity of the scorecard, **39.8%** agree that the score card of the office is clear.
- The researcher uncovered that a total of **47.88%** do not believe that the offices strategy is well understood by employees (especially employees who are non-professional).
- Similarly, the majority of employees **(54.78%)** do not believe that the balanced scorecard strategy management tool is well understood by employees. But according to the offices BSC team champion, educating of employees on the basics of the BSC has been carried out several times and through several methods.
- At case team level relatively larger amount of workers **(49%)** agree that they have clearly defined and aligned objectives. Whereas at individual level the majority **51%** is on the disagreement side of the scale. And as the researcher has identified from the document

analysis as well as from the interview with the offices BSC team champion, individual level balanced scorecards were not constructed, the cascading process was carried out only up to case team level.

- Most employees **(81.93%)** don't believe that the organization uses the BSC or performance measurement system to compensate/reward employees. These responses were also further reinforced by the data gathered from the interview with the office BSC team champion.
- Almost all **(86.25)** are not aware of the office plan to link compensation or reward to the BSC.
- Data gathered from professional workers shows that **34.7%** of the respondents disagree (as opposed to the **26.5%** who agree) with the statement that suggests the organizations budgeting process is aligned directly with the Balanced Scorecard change project objectives. In addition to this **12.2%** of the respondent (who are middle level managers and professional workers) are uncertain about the offices budgeting process is integrated with the BSC.
- Data gathered from offices BSC team on the same issue suggests that the organizations budgeting process is not aligned directly with the Balanced Scorecard change project objectives due to city governments' budget deficiency.
- The majority of the respondents **48.57%** (As opposed to the rest **32.84%** of the respondents**)** agreed that employees are encouraged to share information regarding factors affecting strategy.
- Despite the offices BSC team champions claim that the BSC team makes periodic monitoring, the findings showed that the majority of the respondents **(57.96%)** disagreed that this periodic evaluation to identify and support emergent strategies is actually being made.
- The professional workers (**40.8%)** agreed that a compelling reason as to why the change is needed was indeed communicated. But on the other hand most of the non professional workers **(58.4%)** disagreed that a compelling reason was communicated.
- The majority (**50%)** of employees disagreed with the statement that states the management team provides ongoing guidance and refinement.

- The majority of the professional workers (**85.7%)** agreed that a shared vision was developed; the majority of the non professional workers (**62.5%)** replied that they are uncertain.
- And again while the professional workers (**44.9%)** agreed that the new governance values of the organization have been defined, the majority of the non professional workers (**66.7%)** responded that they disagree.
- Similarly while the professional workers (**44.9%)** agreed that the new governance value have been demonstrated in a meaningful way, the majority of the non professional workers **(75%)** responded that they disagree.
- The researcher identified that since the organization is a civil service organization, the executive compensation system is not directly related to the BSC, but it is consider as one of the points in which the city government cabinet members are evaluated.
- The researcher also identified that the respondents (**49.24%)** agreed that the organization is a learning organizations where people are encouraged to identify local actions and initiatives which can be taken consistent with the overall strategy. But, even if the majority agreed on the situation, a very significant number **(33.44%)** of employees disagreed that there exists such an organization.

5.3 Conclusions

It can be concluded that, while there are some indications of the effectiveness BSCs in making the Bole Sub City Administration Trade office a strategy-focused organization. A very significant proportion of key indicators or principles of a strategy-focused organization are not at work in the office. And some of the major causes of the challenges the office faced in using the balanced scorecard to create a strategy focused organization are: lack of skilled man power, lack of resources, lack of top management commitment, politicization of public administration, employee's turnover and lack of adequate knowledge in the subject matter.

Some areas where these challenges can be viewed are:

- The forcing in of some included new micro and small enterprise objectives to the scorecard which are not directly related to the strategic team of the office, (which was a result of feedbacks gathered from the employees),
- Lack of clarity on the offices strategy as well as the basic principles of the BSC which can be attributed to the poor training system (which has been explained in detail in the previous chapter).

From this we can infer that despite the success and popularity of the balanced scorecard in creating a strategy-focused organization in many developed countries, this research conducted on the Bole Sub City Administration Trade office could serve as an indicator of the fact that civil service organizations in least developed countries, that are trying to adopt the BSC could be faced with set of challenges that are different from set of challenges that organizations in developed countries face.

5.4 Recommendations

In line with the findings well, it is generally important to bear in mind that the conditions of effectively implementing the BSC strategy management tool are not common to every country and every situation. Therefore, it is important to design and implement the BSC in a manner that is responsive to the prevailing reality of a country or the specific situation at hand.

With regards to the Bole Sub City Trade office, it needs to acknowledge the major deficiencies the system had in design and implementation stage and take some corrective measures.

Based on the research findings, the study has produced the following recommendations to improve the effectiveness of balanced scorecard in creating strategy focused Sub city administration in the study office:

- Give more education on the basic principles of the balanced scorecard both to the management and employees, 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
- Reevaluate some of the objectives set in the offices scorecard and eliminate those that are not directly related to the offices strategic themes,
- 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.
- To make appropriate alignment budgeting system with the balanced scorecard of the office,
- To make appropriate alignment compensation with the balanced scorecard of the office,
- Educate new entrant employees on the strategy of the offices and the implementation of balanced scorecard by on- job and off- job training ,
- Reevaluate some of the measures and change or eliminate those that are ambiguous.
- The majority of the office case team cascade down the offices scorecard to individual level but, some need to further cascade down the offices scorecard to individual level.

- Set targets in consultation with employees by inviting experts about the performance and strategic management tools ,
- Create a conducive working environment for all employees and reduce high employees turnover,
- The employees should be encouraged to share information regarding factors affecting strategy
- The new governance values of the office should be defined properly.
- The new governance value should be demonstrated in a well structure way
- The executive compensation system is not directly related to the BSC therefore the office should be align the system
- The balanced scorecard needs periodical review to identify and support emergent strategies is actually being made.
- Pinpointing responsibility and practiced based on team charter,
- It needs stakeholders and beneficiaries participation,
- And finally, establish continues monitoring and evaluation system, that will enable the office identify challenges and solve challenges, identify emergent strategies and create a strategy – focused, learning city administration office.

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Appendix 1

Term	Definition
Customers:	Customers are the direct beneficiaries of the organization's services or products
Mission:	A Mission defines why an organization exists
Organization Core Values:	Core values establish the kind of organization it wants to be. They are guiding principles; what the organization believes in. They serve as the basis for decision making and influence actions in everyday situations.
Performance Measures:	Performance Measures are metrics used to provide an analytical basis for decision making and to focus attention on what matters most. Performance Measures answer the question, “How is the organization doing at the job of meeting its Strategic Objectives?” Lagging indicators are those that show how successful the organization was in achieving desired outcomes in the past. Leading indicators are those that are a precursor of future success; performance drivers.
Perspectives:	A Perspective is a view of an organization from a specific vantage point. Four basic perspectives are traditionally used to encompass an organization's activities. The organization's business model, which encompasses its mission, vision, and strategy, determine the appropriate perspectives.
Strategic Initiatives:	Strategic Initiatives are programs or projects that turn strategy into operational terms and actionable items, provide an analytical underpinning for decisions, and provide a structured way to prioritize projects according to strategic impact. Strategic Initiatives answer the question, “What strategic projects must the organization implement to meet its Strategic Objectives?”
Strategic Objectives	Objectives are strategy components; continuous improvement activities that must be done to be successful. Objectives are the building blocks of strategy and define the organization's strategic intent. Good objectives are action-oriented statements, are easy to understand, represent continuous improvement potential and are usually not “on-off” projects or activities
Strategic Theme:	Strategic Themes are key areas in which an organization must excel in order to achieve its mission and vision, and deliver value to members. Strategic Themes are the organization's "Pillars of Excellence."
Strategy Map:	A Strategy Map displays the cause-effect relationships among the objectives that make up a strategy. A good Strategy Map tells a story of how value is created for the business.
Strategy:	How an organization intends to accomplish its vision; an approach, or “game plan”.
Targets:	Desired levels of performance for performance measures
Vision	A vision statement is an organization's picture of future success; where it wants to be in the future

Appendix 2

Addis Ababa University

College of business and Economics

Department of Public Administration and Development Management

Questionnaire to be filled by middle level management and Employees

Name of Student: - Ermias Legesse

Dear Respondent, The purpose of this questionnaire is to collect primary data for conducting a study on the topic**, "the effectiveness of the balanced scorecard in creating a strategy-focused city Administration: the case of Bole sub city Trade Office"** as partial fulfillment to the completion of the Masters program in public management and policy at Addis Ababa University College of Business and Economics. In this regard I kindly request that you provide me with reliable information to the best of your knowledge so that the findings from the study would meet the intended purpose. I strongly assure you of confidential treatment of your answers, and would like to extend my deepest gratitude in advance for being a volunteer to devote your valuable time in filling this form.

Directions

- No need to write your name,
- In cases where answer options are available please make a √ mark in the appropriate box,
- If you have any query, please do not hesitate to contact me and I am available at (Tel; 09-11-55-65-27)

Part 1 – General information

1. Gender

1.1 Male ☐

1. 2 female ☐

2. In which age group are you?

2.1 <25

2.2 25 to 35

2.3 36 to 40

2.4 41 to 50

2 .5 51 to 60

3. What is your highest and recent educational status?

3.1 Below high school

3.2 Certificate

3.3 College diploma

3.4 First degree

3.5 Second degree

3.6 Third degree (PhD)

4. years of service in the office

4.1 Less than 5 years

4.3 11 to 15 years

4.2 6 to 10 years

4.4 more than 15 years

6. In which of the following units are you currently working?

6.1 Wereda 6 Trade and Industry Development Office

6.2 Wereda 9 Trade and Industry Development Office

6.3 Wereda 11 Trade and Industry development Office

6.3 Bole Sub-city Trade and Industry Development Office

7. In which department (process) are you currently working?

8. Your current position in the department (process):

Part 2 – translation of strategy in operational terms

Please rate your agreement or disagreement with the statements below using √ mark

	Strongly disagree (1)	**Disagreed (2)**	**Uncertain (3)**	**Agree (4)**	**Strongly agree (5)**
2.1 The **strategy maps** of the office logically and comprehensively describe the organization's strategy					
2.2 The office' scorecard clearly defined and interrelated objectives					
2.3 The office' scorecard clear and measurable indicators					
2.4 The targets fully represent the Short term goals of the department and the organization					
2.5 The strategic initiative represent what is currently being done to achieve the target					

Part 3 – making strategy every ones every day job

	Strongly disagree (1)	**Disagreed (2)**	**Uncertain (3)**	**Agree (4)**	**Strongly agree (5)**
3.1 The office strategy is well communicated among employees					
3.2 The balanced scorecard strategy management tool is well understood by employees					
3.3 We have a clearly defined objectives at case team level					
3.4 We have a clearly defined objectives at an individual level					
3.5 The organization use the performance measurement system to compensate/reward some/all employees					
3.6 The organization intends to link compensation/reward to your performance measurement system within the next year or two					

Part 4 – making strategy a continual process

	Strongly disagree (1)	Disagreed (2)	Uncertain (3)	Agree (4)	Strongly agree (5)
4.1 Employees are encouraged to share information regarding factors affecting strategy					
4.2 Evaluation is made periodically to identify and support emergent strategies					

Part 5 – mobilization of change through top leadership

	Strongly disagree (1)	Disagreed (2)	Uncertain (3)	Agree (4)	Strongly agree (5)
5.1 The organizations leaders have communicated a compelling reason as to why the change is needed					
5.2 The organizations management team provides ongoing guidance and refinement					
5.3 A shared vision (a vision that represents all processes) have been developed					
5.4 The new governance values of the organization have been defined a well					
5.5 The new governance value have been demonstrated in a meaningful way					
5.6 The new governance values are continually reinforced and strengthened by the top management					
5.7 The organizations budgeting process is aligned directly with the Balanced Scorecard change project objectives					
5.8 The organization is a learning organizations where people are encouraged to identify local actions and initiatives which can be taken consistent with the overall strategy					

Thank you very much for your cooperation!!!

Appendix 3

Interview questions

For the BSC team champion

1. Please briefly describe the BSC design process and the respective role the top management, and employees had in the change process?

2. Do you believe the strategy maps of the office logically and comprehensively describe the organization's strategy?

3. Do you believe the strategy maps of the office outline how assets of all types are combined to create value for customers?

4. Do you believe the offices' scorecard has clearly defined and interrelated objectives?

5. Do you believe the offices' scorecard has clear and measurable measures?

6. Do you believe the strategic initiative represent what is currently being done to achieve the target?

7. What where the major challenges encountered by the team in the design process?

8. Has the balanced scorecard enabled the organization to create Appropriate and thorough understanding of the organization's strategy at all levels?

9. Where employees at all level educated on the basics of the Balanced Scorecard methodology? How?

10. Has the balanced scorecard enabled the organizations to define team and individual objectives?

11. Was it possible to establish Feedback and Learning system? Explain the system.

12. How was the vision and strategy development process?

13. Has planning/budgeting been linked to the Balanced Scorecard?

14. Is dialogue throughout the organization encourages to drive learning and improvement? How?

Appendix 4

How to Read a Strategy Map

A graphical representation called a strategy map was created for each theme team in Step Three and then for the entire organization in Step Four. Strategy maps are communication tools used to tell a story of how value is created for the organization. They show a logical, step-by-step connection between strategic objectives (shown as ovals on the map) in the form of a cause-and-effect chain. Generally speaking, improving performance in the objectives found in the Employees & Technology perspective (the bottom row) enables the organization to improve its Internal Process perspective (the next row up), which in turn enables the organization to create desirable results in the Financial Stewardship Responsibility and Community perspectives (the top two rows). Reading the map means starting at the bottom of the map and asking the question, “Why?” For example, starting at the bottom left of Organizational Excellence strategy map in Figure 13, WHY does the organization want to Increase Response Capacity/Capability? Answer: to enable the organization to both Improve Operational Safety and Improve Operational Efficiency. Similarly, one can begin at the top of the map and read down by asking the question, “How?” For example, starting at the top of the same strategy map, HOW will the organization Increase Community Health, Safety & Satisfaction? By increasing alternative & existing sources of revenue, improving cost effectiveness and improving service delivery.

Special Notes:

- Objectives grouped together in a box are not necessarily similar or related, but rather share a similar location within the chain of logic that makes up the organization’s strategy
- Large solid arrows are often used to imply that the objective or group of objectives enables everything in the perspective above it.

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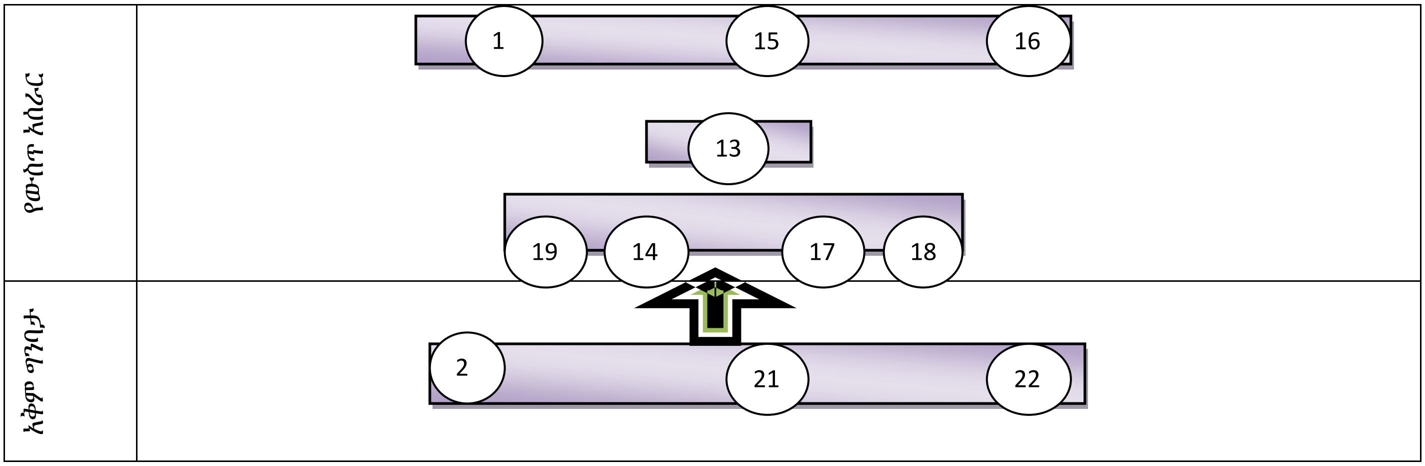
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