



Addis Ababa University College of Business and Economics

School of Commerce

Department of Project Management

**Practice and Challenges of Balanced scorecard implementation
at St. Paul Hospital Millennium Medical College**

By: Thomas Shimelis, MD

A Project Work Submitted to Addis Ababa University, College of Business and Economics, School of Commerce in Partial Fulfillment of the Requirements for the Degree of Master of Arts in Project Management

Advisor: Dr Banti Workie

Addis Ababa, Ethiopia

July 06, 2023

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Statement of Declaration

I, the undersigned, declare that this study entitled “Practice and Challenges of Balanced scorecard implementation at St. Paul Hospital Millennium Medical College, Addis Ababa, Ethiopia” is my own work. I have undertaken the research work independently with the guidance and support of my advisor. This study has not been submitted for any degree or postgraduate program in this or any other institutions and that all sources of materials used for the work have been duly acknowledged.

Declared by: Thomas Shimelis Gebremeskel

Signature: _____

Date: July 06, 2023

Place: Addis Ababa, Ethiopia

Statement of Certification

This is to certify that the project work prepared by Thomas Shimelis, entitled: “Practice and Challenges of Balanced scorecard implementation at St. Paul Hospital Millennium Medical College, Addis Ababa, Ethiopia” and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Project Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Advisor: Bantie Workie (PhD) Signature: _____ Date : July 06, 2023

ADDIS ABABA UNIVERSITY
College of Business and Economics
School of Commerce

Practice and Challenges of Balanced scorecard implementation at St. Paul Hospital
Millennium Medical College, Addis Ababa, Ethiopia

By: Thomas Shimelis Gebremeskel

APPROVAL SHEET

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List of Acronyms and Abbreviations

ARVP : Academic & Research Vice provost

BAVP : Business & Administration Vice provost

BSC : Balanced Scorecard

CEO : Chief Executive Officer

COFI : Collaboration for Improvement

HCO : Healthcare Organizations

ISO office : Innovative and Strategic Operation office

KP I: Key Performance Indicators

IT : Information Technology

MoH : Minister of Health

MSVP: Medical Service Vice provost

SMT : Senior Management Team

SPHMMC : St. Paul's Hospital Millennium Medical College

Abstract

This study examines the implementation of the Balanced Scorecard (BSC) by St. Paul Hospital Millennium Medical College (SPHMMC), a large public sector health organization in Ethiopia. Qualitative research methods were used to collect data, including semi-structured interviews with 16 respondents and company documentation. Thematic analysis identified several challenges faced by SPHMMC in implementing the BSC, including lack of senior management engagement, the lack of an integrated reporting mechanism and automation, and the need for comprehensive training and communication to ensure successful implementation. To address these challenges, the study recommends embedding the BSC as a fundamental part of the organization's performance management system and engaging the Senior Management Team in the implementation process. The potential benefits of BSC implementation in the healthcare sector include improving organizational performance, enhancing accountability, and enabling better decision-making. This study contributes to the existing body of knowledge on BSC implementation in the public and healthcare sectors, filling the gap in understanding the local teaching hospital context in Ethiopia. By understanding the challenges faced by SPHMMC and the strategies used to overcome them, healthcare organizations can develop effective strategies for BSC implementation, ultimately improving healthcare performance and outcomes.

Keywords: Balanced Scorecard, Performance measures, Health care, Case study, Health services, Ethiopia

1. Chapter One: Introduction

This chapter briefly introduces background information about the study along with statements of the problems, research questions, objectives, significance, scope, limitations, and organization of the entire paper.

1.1. Background of the Study

Over the past decade, healthcare systems and organizations worldwide have increasingly recognized the importance of implementing performance measurement systems to enhance the effectiveness and quality of healthcare services. This recognition has been influenced by international public reforms and national accrediting bodies, which have emphasized the need for improved efficiency and quality in healthcare. Several studies have explored the development of performance measurement systems in healthcare, highlighting the positive impact on organizational outcomes.(Ali et al., 2020)

Furthermore, the recent outbreak of the COVID-19 pandemic has further emphasized the significance of monitoring internal processes and patient flows within healthcare organizations. Real-time information about key performance indicators has become essential in meeting organizational objectives and adapting to the rapidly changing circumstances brought about by the pandemic. Studies conducted during the last two years have emphasized the critical role of performance measurement in supporting the efficiency and quality of healthcare services during this unprecedented global health crisis.([Duarte et al. 2021](#))

The pandemic has compelled organizations to dedicate significant time, effort, and resources towards effectively measuring their performance in attaining strategic objectives. As a result, organizations must align their strategic goals with day-to-day operations by establishing or modifying their monitoring systems to effectively manage and deliver care. Performance measurement systems play a crucial role in this context, quantifying the efficiency and effectiveness of actions to monitor or align unit goals with the organization's strategy (Kaplan and Norton, 2007). Implementing a performance measurement system facilitates informed

decision-making and guides effective actions by quantifying past actions' efficiency and effectiveness through data acquisition, collation, sorting, analysis, and interpretation. This enables organizations to gain valuable insights and evaluate their performance (Kermally, 1997).

In the healthcare sector, which constantly evolves and requires effective strategies to achieve organizational goals and enhance performance, the implementation of the Balanced Scorecard (BSC) is a valuable approach. [\(Gonzalez-Sanchez et al. 2018\)](#) The BSC serves as a performance measurement framework that provides a comprehensive assessment of organizational performance by incorporating various perspectives. These perspectives include financial, customer, internal process, and learning and growth, offering a balanced evaluation of an organization's performance (Kaplan and Norton, 2007). However, the successful implementation of the BSC relies on multiple factors, underscoring the importance of exploring and assessing these influences to optimize its effectiveness within healthcare organizations.

1.2. Description of the Organization: St. Paul Hospital Millennium Medical College (SPHMMC)

Ever since it was established as a hospital for the destitute in 1968 (source) by the late Emperor Haile Selassie I, St. Paul's Hospital has been serving the destitute for more than five decades now. In 2007, intending to provide better healthcare services to its patients and produce skilled healthcare professionals, it opened a medical school with a unique integrated curriculum and admission criteria. St. Paul's Millennium Medical College, or SPHMMC, as it is known today, was later established through a decree of the Council of Ministers in 2010, by proclamation No. 691/2010. The number of patients that are seen daily, mostly free-of-charge, has now increased to more than 2000. This, along with the fact that there was a need to address longstanding public and national health issues, has entailed a need to increase the number of skilled staff to over 3000. The hospital treated approximately 600,000 patients in 2022. (SPHMMC Strategic plan, n.d.,)

The College was primarily intended to augment the national effort of mitigating the extreme shortage of medical doctors across the nation, with special focus to making a difference in the medical workforce of the emerging regional states. Later on, it was realized that its mandate has

extended to supporting neighboring countries with severe shortage of medical doctors and specialists.

In its decade old age, the College has diversified the academic program portfolio and teaching sites in both undergraduate and postgraduate programs, including subspecialty and PhD programs. Currently, there are 6 undergraduate programs in medicine and nursing specialty, 6 master's programs, 15 residency programs, 15 subspecialty programs and one PHD program with multiple tracks segregated in twenty-three departments. Currently, it has a total of nearly 2000 students in undergraduate and graduate programs.

SPHMMC is structured into three key divisions: medical care (clinical), academic and research, and business administration. Each division is led by a director who oversees its operations and activities. The hospital comprises a total of 62 units, with the medical service unit being the largest division, encompassing over 30 departments. While the hospital's primary source of funding is provided by the Federal Government of Ethiopia, it also generates additional income through external research grants and training fees. This diverse funding model enables SPHMMC to sustain its operations and pursue its mission of providing quality healthcare, conducting research, and delivering academic programs.

The college has also undergone a period of unprecedented reform over the last ten years, with notable achievements, including: 1) establishing the Health Education Development Center (HEDC); 2) establishing innovative strategies and operation (ISO); 3) establishing international partnership; 4) restructuring of the medical and allied health sciences undergraduate and postgraduate programs; 5) expanding clinical teaching in health centers and in other hospitals; 6) introducing a comprehensive clinical skills training through simulation labs; and 7) enhancing the undergraduate, post graduate and faculty research streams.

In 2020, The College introduced a new Senate legislation with the aim of opening four schools and becoming a Medical and Health Sciences University. This change requires a well-established strategy and implementation plan. Therefore, the College developed a five-year strategic plan to achieve its goals, with an implementation period from 2022-2027. The plan is organized into five strategic themes that encompass the major areas of the College's activities. These themes include providing state-of-the-art technology-based specialized health services, enhancing

postgraduate education quality, diversifying the portfolio, excelling in multidisciplinary-oriented research, promoting excellence in governance and leadership, and fostering excellence in community service. These themes are interdependent and are considered flagships of the College for the coming years. The college aims to be recognized as a national standard of excellence by providing high-quality service and performance. They are underpinned by high-quality service and performance so as to be recognized as excellence by the national standard. Scorecard system was chosen for tracking and monitoring the progress as per the identified milestones.



ICT=Information and communication technology; CPD = Continuing professional development; HEDC = Health education development center; HSRV = Health service and research village; MIS = minimally invasive surgery training center

Figure 1.1. *Strategic Plan Map of SPHMMC for 2022-2027. The five strategic themes are the pillars of the set vision.*

1.3. Statement of the problem

A balanced scorecard (BSC) is a strategic planning tool commonly employed in performance management. It serves as a standardized report that outlines performance management metrics. By utilizing a BSC, organizations can effectively articulate and measure their company strategy, as well as monitor their progress in achieving desired outcomes. Rather than solely focusing on short-term revenue, a balanced scorecard (BSC) enables the development of a sustainable long-term business perspective. By doing so, the BSC provides a comprehensive and well-rounded assessment of the company's performance. While the BSC is designed after the company strategy has been partially developed, it does not create the strategy itself. ([Kaplan and Norton 1996](#))

The Ethiopian government has demonstrated a strong commitment to achieving institutional excellence by introducing the Balanced Scorecard (BSC) as a strategic planning and management tool. Many public institutions in Ethiopia have adopted the BSC to measure organizational performance. However, despite its widespread adoption, numerous organizations have faced challenges and not experienced significant improvements or have even abandoned the concept altogether (Jember et al., 2017); as evidenced by the high failure rate of approximately 50-70% of BSC initiatives (Atkinson, 2006).

The challenges associated with BSC implementation are multifaceted. They include the exclusion of key stakeholders who can influence decision-making, misconceptions about the BSC, and a lack of understanding about its implementation (Jember et al., 2017; Abdalla, 2019). Additionally, inadequate planning and communication have been identified as common challenges (Niven, 2002). Furthermore, post-implementation challenges arise, such as the significant time and resource investment required, leadership and management commitment, measurement errors, employee motivation, and communication issues (Maccan et al., 2018). These challenges are particularly pronounced in healthcare, where the unfamiliarity with the benefits of the BSC and its impact on health outcomes is evident (Smith, P. C., Mossialos, E., Papanicolas, I., & Leatherman, 2017).

Previous research has primarily focused on the reasons behind adopting the Balanced Scorecard (BSC), the performance metrics used, and the perceived advantages of its implementation.

However, there has been insufficient investigation into how public sector organizations implement the BSC. Additionally, while some research exists regarding BSC implementation on a national level, there is a shortage of insight into the successes and challenges of implementing the BSC in local teaching hospitals. Therefore, this study aims to assess the factors influencing BSC implementation at St. Paul Hospital Millennium Medical College and provide relevant recommendations to address implementation issues.

1.4. Research Question

Based on the problem statement, the study aims to address the following research questions:

1. What are the significant achievements encountered during the implementation of BSC at SPHMMC?
2. What are the specific challenges encountered in implementing the Balanced Scorecard (BSC) at SPHMMC?

1.5. Research objectives

General Objective

Assessment of factors influencing implementation of Balanced scorecard at St. Paul Hospital Millennium Medical College, Addis Ababa, Ethiopia

Specific Objective

The study will pursue the following specific objectives:

1. Identify and analyze the significant achievements encountered during the implementation of BSC at SPHMMC.
2. Identify the significant challenges encountered during the implementation of BSC at SPHMMC.

1.6. Significance of the Study

In recent years, healthcare organizations have recognized the significance of the BSC as a performance measurement tool. ([Betto et al., 2022](#)). Despite its potential benefits, the implementation of the BSC is not without challenges. Therefore, understanding the factors that influence its successful implementation becomes crucial to guiding healthcare organizations in overcoming barriers and maximizing its potential.

The findings of this study will provide valuable insights into the specific achievements and challenges faced by regional hospitals in implementing the BSC. By understanding these factors, healthcare organizations can develop strategies to overcome obstacles and maximize the potential benefits of the BSC. This research will contribute to the existing body of knowledge on BSC implementation in the public sector and healthcare sector, filling the gap in understanding the local teaching hospital context.

1.7. Scope of the Study

This study focuses on evaluating the implementation of the BSC at St. Paul's Hospital Millennium Medical College. It aims to assess the effectiveness of the BSC implementation, analyze the significant achievements and challenges encountered, and identify the key factors influencing its effective implementation. The study will primarily examine the BSC implementation within the context of SPHMMC.

1.8. Definition of Terms

To ensure clarity and understanding throughout the research paper, the following key terms will be defined and used consistently:

- **Balanced Scorecard (BSC):** is a management tool, allowing organizations to translate their vision and strategy into concrete performance measures. However, the BSC is more than a mere measuring device; it enables a comprehensive approach to performance management (Kaplan and Norton, 1996).
- **Balanced Scorecard Perspectives:** refer to the different categories of performance objectives or measures. Typically, organizations adopt the four standard perspectives:

financial, customer, internal process, and learning and growth (Kaplan and Norton, 1996).

- Healthcare organization: A collective term encompassing hospitals, clinics, healthcare networks, and other institutions providing healthcare services.
- Implementation: The process of adopting and executing the Balanced Scorecard within an organization.
- Leading indicators: are metrics or data points that provide insights into future trends or performance. They are used to predict or anticipate changes in a particular area or process and can help organizations make proactive decisions to achieve their goals.
- Lagging indicators: measures that represent the consequences of actions previously taken, which it also referred to as lag-indicators. They frequently focus on results time and characterize historical performance. Employee satisfaction may be considered a lag indicator. A good balanced scorecard must contain a mix of lag and lead indicators (Kaplan and Norton, 1996b).

1.9. Organization of the Study

This research paper is organized into five chapters. Chapter 1, the current chapter, provides an introduction to the study, its significance, research question, objectives, scope, limitations, and organization. Chapter 2 presents a comprehensive literature review, exploring the concepts of the Balanced Scorecard and factors influencing its implementation. Chapter 3 describes the research methodology, including the research design, data collection methods, and analysis techniques. Chapter 4 presents the findings and analysis of the study. Finally, Chapter 5 summarizes the study, discusses its implications, and provides recommendations for healthcare organizations looking to implement the Balanced Scorecard effectively.

2. Chapter Two: Literature Review

2.1. Introduction

The primary objective of this chapter is to provide a comprehensive overview of the balanced scorecard concept, both in theory and practice. It begins with a brief introduction to the origins of the balanced scorecard and its evolution over time. Furthermore, it examines the specific context of Africa and Ethiopia, exploring the history and adoption of the balanced scorecard in these regions. Additionally, the chapter delves into the application of the balanced scorecard within the healthcare sector. To contextualize the balanced scorecard, the chapter highlights the efforts made to tailor its implementation to specific organizational contexts. This includes understanding the key factors that influence the implementation of the balanced scorecard.

2.2. Performance measurement

Performance Management in healthcare involves the proactive utilization of performance information to enhance public health by employing performance standards and metrics, tracking progress, and continuously implementing quality improvement strategies. Despite its significance, even seasoned professionals may find Performance Management inundated with technical terms that are often used interchangeably, inconsistently, and occasionally incorrectly. Therefore, it is crucial to establish clear definitions for fundamental terminology.

Performance measurement refers to the utilization of quantitative metrics and indicators to gather data and monitor progress in relation to a defined strategy, goals, and objectives. Most organizations, whether in a formal or informal manner, engage in performance measurement. For instance, health departments often collect and report data on specific performance measures to fulfill grant requirements. While performance measurement is essential for comprehending performance, it falls short of driving improvements. On the other hand, performance management encompasses performance measurement and involves actively utilizing performance data to enhance public health through the strategic utilization of performance standards, metrics, progress reports, and ongoing quality improvement. Managing performance entails reviewing performance data and identifying actions to continuously enhance outcomes. To put it simply, performance measurement tracks progress in relation to a strategy, while performance management pertains to how an organization manages the achievement of that strategy.

Quality improvement is a purposeful and well-defined procedure aimed at achieving measurable enhancements in the efficiency, effectiveness, outcomes, and other quality indicators of services or processes that promote equity and enhance community health. In contrast, performance management exposes deficiencies in performance, offers understanding into unfulfilled customer requirements, and presents a data-driven method for recognizing and prioritizing quality improvement initiatives. Performance data also play a vital role in the implementation of quality improvement projects since analyzing data before and after an intervention can unveil whether a change has resulted in improvement.

Performance measures are used to directly quantify and assess the activities and processes of a program, while key performance indicators (KPIs) measure performance in relation to an organization's strategy. On the other hand, community indicators provide an overall description of the entire population. It is crucial to differentiate between measures that evaluate an agency's performance, such as health outcomes for clients in a Diabetes Prevention program, and indicators that reflect population health, such as the diabetes rate in a county. For instance, a hospital should monitor performance measures for the Diabetes Prevention Program while also tracking the diabetes rate in the county as a community indicator. A common mistake is to place sole accountability on the local hospital for the diabetes rate, disregarding the various sectors and community partners that contribute to these rates. Health departments often play a role as facilitators and coordinators in addressing community health issues, but addressing such issues requires the involvement of multiple agencies and stakeholders.

2.3. Overview of Balanced scorecard

Performance measurement is a crucial aspect for organizations, involving disciplines such as economics, management, accounting, and information technology. It encompasses the process of evaluating and analyzing the efficiency and effectiveness of actions taken. However, performance measurement can be complex, challenging, and often misused. The primary objective of a Performance Measurement System (PMS) is to provide timely and comprehensive information about business process performance. This information aids in goal communication, resource allocation, process improvement, identifying weaknesses, implementing corrective actions, and assessing their impact.(Smith, P. C et al. 2017)

Kaplan and Norton highlighted the influence of an organization's measurement system on the behavior of managers and employees. They argued that traditional financial accounting measures might not accurately reflect continuous improvement and innovation. To address this, they proposed the use of a scorecard that considers multiple measures. This approach, known as the Balanced Scorecard (BSC), introduced four perspectives: financial, customer, internal processes, and learning and growth. The BSC has become a widely recognized and influential framework for performance measurement in organizations. It has transformed the way organizations assess their performance and provides a more holistic view by considering various aspects beyond financial indicators. [\(Kaplan and Norton 1996\)](#)

BSC strikes a balance between lagging indicators and leading indicators that influence performance. Lagging indicators are measures that reflect past performance and provide insights into historical results. They are often easier to identify and capture, representing the consequences of previous actions. On the other hand, leading indicators are proactive measures that offer insights into future performance. They are forward-looking and help predict the outcomes and trends that will impact an organization's success. To assess outcomes, key performance indicators (KPIs) are used. These metrics indicate whether the company is successfully accomplishing its intended objectives.

The Balanced Scorecard recognizes the significance of both lagging and leading indicators in understanding and managing performance. By incorporating a mix of these indicators, organizations can gain a comprehensive view of their performance and take proactive measures to drive improvement. This approach enables a balanced evaluation that considers both historical results and future-oriented factors, contributing to a more holistic assessment of performance. [\(Kaplan and Norton 1996\)](#)

2.4. Balanced Scorecard Perspectives

- **Customer Perspective:** The customer perspective assesses how well an organization satisfies its customers. It involves measuring market share and indicators of customer retention and acquisition, reflecting the organization's ability to attract and retain customers and meet their needs.
- **Financial Perspective:** The financial perspective in the Balanced Scorecard framework focuses on long-term objectives such as growth, sustainability, and profitability. It includes measures like sales volume, return on capital employed, net profit rate, and cash flow analysis.
- **Internal Business Process Perspective:** The internal business process perspective emphasizes innovation within production processes and products. It involves streamlining operations, improving product quality, and fostering innovation to enhance overall performance and competitiveness.
- **Learning and Growth Perspective:** The learning and growth perspective highlights the importance of investing in human resources to meet future requirements and achieve long-term financial objectives. It focuses on developing the workforce's capabilities through learning, training, and employee engagement.

2.5. Evolution of Balanced scorecard

The balanced scorecard (BSC) is widely regarded as one of the most important management ideas in the past 75 years, according to experts. It was first introduced in the early 1990s and is now utilized by professional organizations worldwide. The Balanced Scorecard (BSC) has undergone significant evolution, transforming from a simple performance measurement framework to a comprehensive strategic planning and management tool. This evolution was driven by empirical evidence highlighting shortcomings and growing criticisms from academics, authors, and consultants. The BSC's complexity stems from its different interpretations over time: initially in early 1990's it focused on financial and non-financial measures, then aligning measures with strategy, and ultimately becoming a strategy implementation tool in 2001. The varying understanding of the BSC confuses many managers and poses implementation challenges.(Bible, L; Kerr, S; Zanini, M. 2006)

The initial generation of the BSC adopted a four-box approach, encompassing the same categories as the current version: financial, customer, internal business processes, and learning and growth. However, the first-generation BSC was more simplistic, primarily capturing goals and measures for each perspective. While it demonstrated causality, organizations did not utilize this causality for specific purposes, and many still employ the first-generation scorecards as their model.

The second-generation BSC emerged in response to concerns that the descriptions of the first generation were too vague and subject to liberal interpretations. The changes implemented in the second generation introduced a more process-oriented approach to identify key measures. Strategic objectives were added to enhance alignment with a company's own strategies, and explicit causal linkages were established between each perspective and component.

The third-generation BSC, developed in the late 1990s, introduced distinct components and a refined design process. The new elements included a vision statement, clear definitions of strategic objectives, targets for measures, and the integration of a strategy map. This generation also emphasized the involvement of company management in the design process to ensure cohesive strategic objectives take precedence. Since its introduction, the concept of the BSC has expanded to encompass nonprofit and public-sector entities, adapting its principles to suit their specific needs and requirements.

According to Kaplan, (2010), the Balanced Scorecard (BSC) divides the organizational strategy into actionable components and links them through four perspectives: learning and growth, internal business process, customer, and financial perspectives. These perspectives form a cause-and-effect relationship, where improvements in employee skills lead to better process quality, which results in enhanced customer satisfaction, leading to increased revenues and margins. Maintaining these causal relationships is crucial for the successful implementation of the BSC in an organization. (Bible et al. 2006)

2.6. The Steps of Building and Implementing Balanced Scorecard

The successful implementation of the Balanced Scorecard (BSC) involves a nine-step process outlined by Kaplan and Norton. The initial six steps focus on building the BSC, while the remaining three steps involve its implementation.

1. **Organizational Assessment:** Assessing the organization's vision, mission, and SWOT analysis to determine its readiness for implementing the BSC.
2. **Developing Strategy:** Formulating the organization's priorities and strategic objectives that align with its operating environment and mission.
3. **Strategic Objectives:** Defining concise objectives for each of the four perspectives of the BSC, linking them to the organization's strategic themes and continuous improvement activities. These represent the high-level goals of your organization. Based on your existing company strategy, you should be able to identify 10-15 strategic objectives that you aim to achieve. Conducting a SWOT analysis (which assesses your business's strengths, weaknesses, opportunities, and threats) can help in defining these objectives. It is important that your objectives follow the S.M.A.R.T. criteria, meaning they should be specific, measurable, achievable, realistic, and time-bound.
4. **Strategic Maps:** Creating a strategy map that provides a cohesive framework for transforming intangible assets into tangible outcomes, enabling better understanding and management of the strategy.
5. **Performance Measures:** Once your objectives are defined, you need to determine the measures that will track your progress towards achieving those objectives (these can be considered as key performance indicators or KPIs). Each objective should have no more than three KPIs that provide indications of whether you are on track to achieve the objective. Effective KPIs should be objective enough to assess the effectiveness of the strategy, use clear language understood by everyone in the company, measure accomplishments, demonstrate success rather than being irrelevant metrics, show changes over time, and reduce uncertainties.

Additionally, it is essential to set targets that directly align with each of your KPIs. For every KPI, you should establish a corresponding value. Your targets should be challenging yet attainable.

6. Strategic Initiatives: refers to specific programs, projects, or actions that support your company's strategy. These initiatives have defined start and end dates. Identifying and implementing these initiatives are crucial for bridging the gap between your company's current reality and its ambitious targets.
7. Software and Automation: Exploring software options and automation to enhance the implementation and utilization of the BSC, enabling advanced analytics and decision support for improved performance evaluation.
8. Cascading: Aligning the BSC throughout the organization, providing employees at all levels with a clear understanding of how their daily activities contribute to the organization's strategic objectives.
9. Evaluation: Regularly assessing progress towards goals and targets set in the BSC, monitoring performance and milestones to ensure ongoing improvement and effectiveness. [\(Kaplan and Norton 1996\)](#).

By following these steps, organizations can effectively implement the BSC and utilize it as a strategic management tool to measure, monitor, and improve performance. A distinguishing feature of BSC is the recognition of cause-and-effect relationships between measures across perspectives. Strategy is viewed as a series of interconnected hypotheses, where improvements in certain areas are expected to have positive effects on related parameters. By monitoring these cause-and-effect relationships, BSC provides valuable insights for decision-making and predicts financial performance based on non-financial measures. It also offers a balanced and comprehensive approach to performance measurement and strategic management, enabling organizations to align their activities with their strategic objectives and drive long-term success. (Bible et al. 2006)

2.7. BSC in Africa

The adoption of the Balanced Scorecard (BSC) for organizational performance measurement and management is increasing across Africa in response to global and local competition. However, opinions differ regarding the effectiveness of BSC implementation within the African context. Kamwachale (2011) highlights the significant socio-cultural disparities between African and Western settings. The African framework is characterized by its humanist, inclusive, socialist, and community-based nature, with a focus on stakeholders. In contrast, the Western framework is exclusive and centered around shareholder interests. Kamwachale argues that the current BSC model, developed for the Western context and shareholder wealth maximization, contradicts inclusive and stakeholder-oriented governance in Africa. To effectively implement the BSC in African organizations, it should incorporate suppliers, government, competitors, the community, and environmental concerns. ([Vermaak et al. 2011](#))

However, critics argue that the failure to implement the BSC in certain African organizations stems from a lack of government and management commitment to address the fundamental requirements of the BSC throughout the entire implementation process ([Niven 2002](#)). On the other hand, there is ample evidence that a properly implemented BSC can lead to significant improvements, including efficient resource allocation, enhanced work culture and systems, improved customer satisfaction, and overall organizational performance. This holds true regardless of the level of advancement or cultural aspects of a nation or continent, as long as there is timely support, commitment, and continuous monitoring from the government and management at all levels.

2.8. BSC in Ethiopia

The Ministry of Capacity Building in Ethiopia was established in 2002 to address fragmented government organizations and improve public service delivery. It later merged with the Federal Civil Service Agency and became the Ministry of Civil Service in 2010. The Civil Service Reform Program (CSRP), introduced as part of national capacity building programs, aimed to strengthen the administrative system and enhance public service delivery. The Public Sector Capacity Building Program (PSCBP) in 2004 further laid the foundation for capacity building initiatives at various levels of government. Initiatives such as Strategic Planning and

Management, Quick Wins, Business Process Re-engineering, and the Balanced Scorecard (BSC) were subsequently implemented to improve management practices in Ethiopia. (Jiru 2020)

BSC was introduced in Ethiopia in 2009, and to date, approximately 27% of civil service institutions have implemented BSC initiatives. The implementation of BSC was seen as a response to the limitations of the initial performance measurement and management system, which focused solely on measurement and lacked alignment with organizational strategies and objectives. The BSC, being a comprehensive management, evaluation, and communication tool, aimed to address these shortcomings and improve organizational performance. ([Adebabay, 2011](#))

The health sector in Ethiopia, ranking as the third-largest employer after defense and education, operates at both federal and regional levels. At the federal level, the Ethiopian Federal Ministry of Health (FMH) is responsible for formulating national health policies. In 2007, the FMH took a significant step towards improving its strategic planning and management processes by adopting the Balanced Scorecard (BSC) framework. This adoption set a precedent for other government offices, making the FMH the first government ministry in Ethiopia to embrace the BSC. ([Jember et al. 2017](#))

The adoption of the BSC by the FMH was influenced by the sector-level actors' interest in fostering a unified performance management system. These actors recognized the importance of integrated planning and sector-wide strategic alignment while tracking the performance of organizations within the health sector. By emphasizing the trans-organizational role of the BSC, they aimed to facilitate the implementation of health policies in Ethiopia. ([Jember et al. 2017](#))

The adoption of modern management systems and tools, including the BSC, in the Ethiopian public sector reflects a commitment to enhancing operational efficiency and achieving strategic objectives. These initiatives not only improve performance planning and tracking within individual organizations but also promote sector-wide strategic alignment, ultimately supporting the effective implementation of policies and programs in critical sectors such as healthcare (Adebabay, 2011; Jember et al., 2017).

2.9. Significance of Balanced Scorecard for Healthcare Organizations

The implementation of the BSC in the FMH aimed to consolidate performance information from individual health sector organizations to monitor progress towards sector-wide strategic goals. The introduction of the BSC, along with other health sector reforms, has contributed to significant improvements in health indicators. For instance, between 2000 and 2012, life expectancy at birth for both genders in Ethiopia increased by 13 years, surpassing the average increase observed in the African region during the same period. ([World Health Organization, 2015](#)). The Federal Minister of Health (FMOH) believed that by customizing the BSC, it could significantly enhance performance across the entire healthcare system. However, an evaluation of the current status of BSC implementation in the sector indicates that in order to transform the FMOH BSC into a genuinely strategic system and fully capitalize on the advantages of a best practice BSC system, substantial modifications to both the FMOH BSC structure and leadership approach are required. ([Jember et al. 2017](#))

The Balanced Scorecard (BSC) serves as a comprehensive system to enhance healthcare quality and ensure long-term survival. It also serves other purposes such as reducing goal uncertainty, fostering customer focus, creating a common language for healthcare improvement, and supporting strategy implementation. The BSC monitors organizational outcomes, identifies areas for improvement, and aligns performance with organizational strategies and goals. Additionally, it defines and communicates the values, purpose, and direction of the organization, encouraging proactive and opportunity-seeking behavior. (Beata Kollberg, Mattias Elg, 2011)

Duke Children's Hospital in the USA was the pioneering healthcare organization to implement the Balanced Scorecard (BSC) in 1997. This strategic initiative proved highly successful, transforming their financial performance from a loss of 11 million dollars to a profit of four million dollars within four years of implementation. This accomplishment brought significant attention to the BSC, leading to its widespread adoption by healthcare organizations (HCOs) across high-income and low- to middle-income countries. ([Amer et al. 2022](#))

A systematic review of 20 studies shows: reflected a remarkably positive impact of BSC on patient satisfaction and financial performance in both currency and percentage indicators. Plus, it

revealed a less remarkably positive impact on staff satisfaction, which showed slightly positive, almost zero, or somewhat negative scores in most studies included. 20 Screened from 4000 researchers, in 2022. ([Amer et al. 2022](#))

The Balanced Scorecard (BSC) not only enhances the monitoring and evaluation of a healthcare organization's performance but also facilitates its continuous improvement. A notable benefit of BSC is its ability to incentivize staff based on the value delivered to customers, rather than solely focusing on revenue generated. This approach encourages staff to seek innovative ways to enhance the quality of services provided, mitigating the risk of prioritizing short-term financial gains. Additionally, by effectively measuring the progress and outcomes achieved by patients, clients, and the community, BSC fosters a sense of pride among internal stakeholders, including medical staff and employees, reinforcing their commitment to their work. (Coskun, 2019)

2.10. Tailoring BSC for Healthcare organization

Kaplan and Norton (1996a) initially proposed the Balanced Scorecard (BSC) with four perspectives: financial, customer, internal process, and learning and growth. The Balanced Scorecard (BSC) incorporates a wide range of performance measures to encompass all aspects of an organization, including in the healthcare context. It considers factors such as patients, healthcare processes, and professional staff learning, moving away from traditional bureaucratic control. The BSC encourages a multi-dimensional approach, as highlighted by various scholars. In healthcare, it is crucial to measure and monitor both medical activities (such as diagnoses, treatments, and patient outcomes) and administrative activities (including efficiency, productivity, waiting times, and economic measures). (Beata et al. 2011)

After evaluating the current implementation of the Balanced Scorecard (BSC) in the healthcare sector, it is clear that the Ministry of Health (FMOH) needs to make substantial changes in the BSC structure and leadership approach to fully harness the strategic advantages of a best-practice BSC system. Healthcare organizations have frequently tailored the BSC perspectives or introduced additional ones to suit their specific needs. Here are some examples of the resulting perspectives and their primary and sub-dimensions. ([Amer et al. 2022](#))

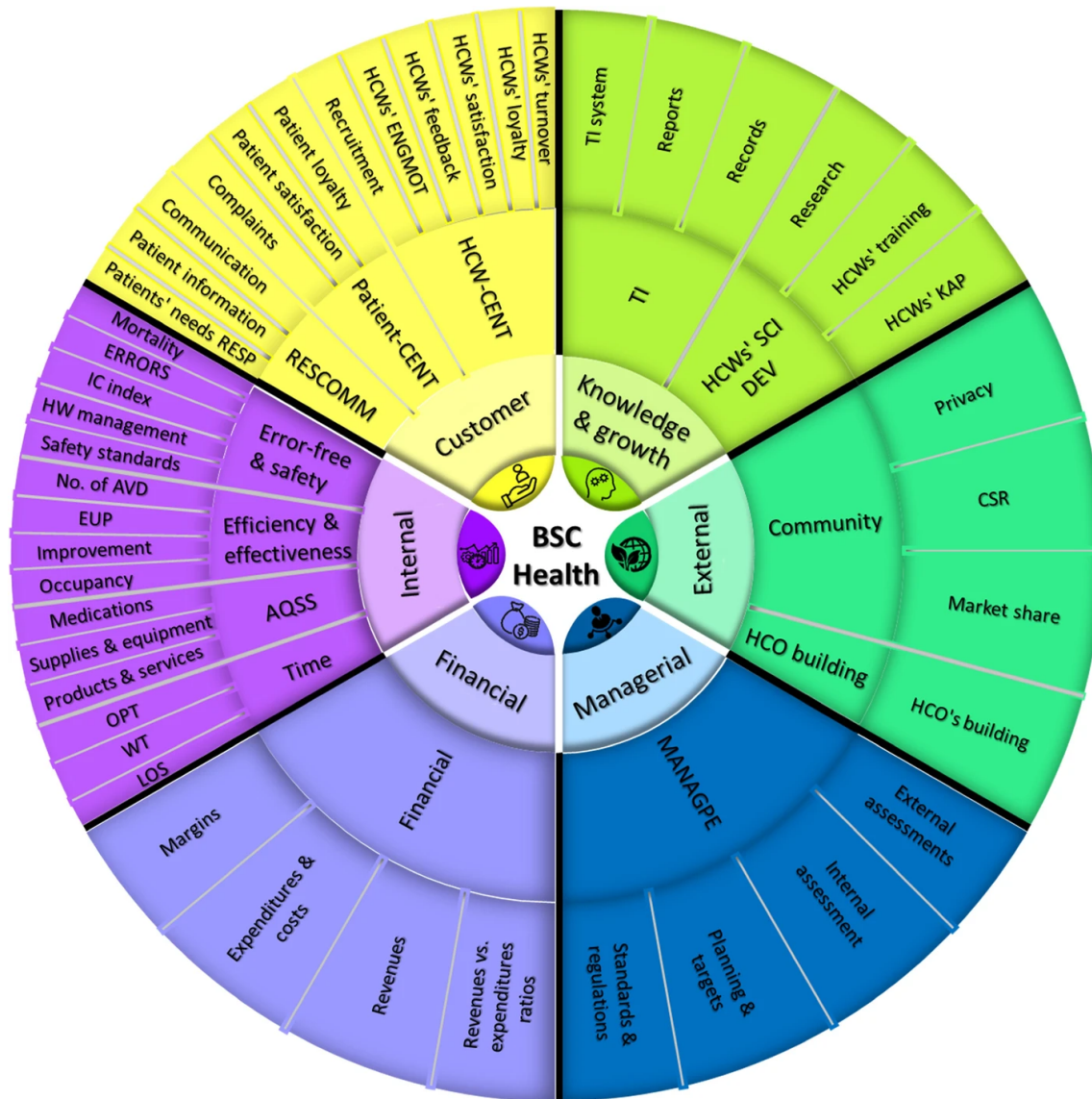


Figure 2.1: Summary of BSC perspectives and the underlying major and minor subdimensions for healthcare organizations.

This contextualization of BSC was done through comprehensive research that examined 4,028 BSC implementations, and analyzed 36 selected studies. The study identified 797 key performance Indicators (KPIs), which were then grouped into 13 major dimensions and 45 subdimensions based on their frequency and importance. Standardizing the categorization of KPIs addressed the variations observed across studies, ensuring greater precision and consistency in results. This approach has the potential to guide future performance evaluations and BSC implementations in healthcare organizations, promoting data sharing and comparability. The

review encompassed diverse studies and healthcare organizations worldwide, making the findings applicable and replicable. ([Amer et al. 2022](#))

In the healthcare Balanced Scorecard (BSC), each perspective is accompanied by specific strategic objectives and a set of performance measures to assess their attainment. Organizations establish performance targets for each measure and evaluate the outcomes periodically. The selection of performance measures may vary based on the organization's requirements and strategic objectives. Here are some examples of performance measures commonly utilized by healthcare organizations.

Table 2.1: Commonly used performance measures by healthcare organizations:([Amer et al. 2022](#))

Financial Performance Perspective	Customer Perspective	Internal Business Processes Perspective	Learning and Growth Perspective
<p>growth in net revenues, volume growth by key service line , amount / sources of funds raised, number of contracts received, increase in contracts, percentage of contracts relative to competition, dollars generated from new contracts, patient census, competitive position, market share, referrals and use, dollars raised from community (number and dollars of corporate gifts, level of fund-raising activity for the hospital, etc.), funds raised for facility improvements, payer mix (percent commercial), number of out-patient visits, research grants,</p>	<p>patient waiting time, access, accurate diagnosis rate, accurate test rate, incidents, hospital-acquired infections, discharge timeliness, unplanned readmissions, hospital food, number of best practice initiatives health maintenance organizations' satisfaction (number of contracts), stakeholder satisfaction with services (quality of services, complaints, public opinion) staff satisfaction (employee satisfaction, physician satisfaction, retention rate, absentee rate,</p>	<p>length of stay, case cancellations, waiting time, discharge, readmission rate, mortality index, number of patient falls, call center response time, claim processing accuracy, weekly patient complaints, % emergency patients triaged within 15 minutes of arrival, mortality index, billing and collections / posting time, risk management, infection rate, coding error rate (clinic and hospital), medication errors per dose, occupational injuries, restraint usage, serious incidents, perfect orders (reduce errors), cost per</p>	<p>staff development, including training times, continuing education credits per FTE, publications, tuition reimbursement dollars spent per year, percentage of clinical staff who receive change management training, board leader/skills and knowledge strategic database (availability, use), work design, computer networks and training, key infrastructure targets, number and quality of new services offered in past five years, new research projects, number of institutions / agencies participating in joint activities, staff satisfaction levels,</p>

<p>cardiology cases per month, profit, operating margin, depreciation, amortization and expense expressed as a percentage of net revenue, total assets by net revenue, current ratio, unit profitability (cost per case, cost per discharge), supply expense and pharmacy expense, personnel cost, reduced cash outlays, general drug prescribing, operations within budget (overtime, unit expenditures), length of stay, operating room supply expense per surgical case, etc.</p>	<p>turnover rate) reputation, number of referrals, community satisfaction, increased community support, increased donations, favorable press coverage featuring doctors/staff, advertising budget per bed, number of new contracts per period, market share, patient retention, percent patient would recommend, number of contracts renewed, etc.</p>	<p>patient day, cost per diagnosis; cost per product, per case cost, daily staffing vs occupancy, resource utilization ratio, percentage of occupied beds, hours per unit of activity, resource utilization (\$ value of outputs/net operating costs), performance against contract (\$ value of outputs!\$ value of contract), product innovation, staff training, number of physicians using online hospital clinical information systems, employee turnover rate, etc.</p>	<p>employee survey rating, staff turnover, staff retention, sickness rate, absenteeism, leadership survey, leader approval rate, strategic alliances, culture of improvement, communication, enhanced employee motivation and empowerment (decision~making participation, performance improved activities), etc.</p>
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2.11. Implementation of the Balanced Scorecard

The success of an organization depends not only on what is measured but also on how those measurements are used. A well-designed balanced scorecard fosters consensus and clarity among all stakeholders involved in the implementation process, regarding the organization's vision, strategy, and how to translate them into actionable objectives and measures.

According to Kaplan and Norton (1996), the implementation process of the balanced scorecard should aim to achieve the following objectives:

1. Clarify and gain consensus on the vision and strategy.
2. Build a strategic management team.
3. Communicate the strategy throughout the organization.
4. Align departmental goals with the strategy.
5. Set strategic targets.
6. Conduct periodic and systematic strategic reviews.
7. Obtain feedback to learn and improve the strategy.

For a successful implementation, it is crucial to establish a shared understanding of the organization's vision and effectively communicate the business strategy to all members. It is also important to maintain a balanced view of short-term and long-term objectives, using both lagging and leading indicators. Additionally, the collection of these measures should be aligned with incentive and compensation structures at both individual and departmental levels. Sometimes, for bigger organizations, multiple BSCs might be used, one for the overall strategy and one for each division. ([Weller 2017](#))

2.12. Empirical Study on Challenges of BSC Implementation

According to Kaplan and Norton (1992), the successful implementation of the balanced scorecard requires the active involvement of senior managers who possess a comprehensive understanding of the company's vision and priorities. This highlights the significance of senior management's engagement, as traditional performance measurement systems have primarily been overseen by financial experts. Additionally, Niven (2002) warns against the misconception that implementing the Balanced Scorecard requires minimal learning and training. Neglecting the need for thorough education can undermine the initiative and lead to failure.

The implementation of the Balanced Scorecard also faced significant challenges due to resistance from individuals and groups within different organizations. These stakeholders perceived the BSC as a threat to their own interests and were hesitant to adopt the new concept. As a result, they actively opposed the implementation and continued to rely on traditional methods in conducting their activities. Creating a 'measurement' culture takes time but when staff see the benefits, there is a snowball effect. (Andon et al. 2005)

A recent survey on the challenges of implementing the Balanced Scorecard (BSC) revealed several key obstacles. Insufficient information systems to support the BSC, lack of top management support and dedication, organizational politics, and the time-consuming nature of BSC implementation were identified as the major challenges. (Abdeta & Kumilachew 2019)

Maccan (2018) highlights several challenges associated with implementing the Balanced Scorecard (BSC). These challenges encompass aligning BSC objectives with organizational strategy, ensuring effective communication and employee engagement, securing accurate and

accessible data, navigating the complexity of performance measurement, and managing resistance to change within the organization. The research offers valuable insights into these challenges and proposes strategies to overcome them. It emphasizes the significance of strong leadership, active stakeholder involvement, and continuous monitoring and evaluation as crucial factors in successfully addressing these obstacles.

Jember (2017) highlights another challenge in the implementation of the Balanced Scorecard (BSC) in healthcare organizations, which is the complex relationship between Regional Bureaus and the regional governments. These bureaus have dual reporting structures, being accountable to both the regional governments for administrative matters and the FMOH for technical matters. This can create difficulties when the priorities of the regional governments do not align with the FMOH's objective of adopting the BSC framework across the sector.

Another significant barrier identified is the resistance to change. Employees may exhibit resistance to adopting the new performance measurement system due to fear of job insecurity, lack of understanding, or reluctance to deviate from established practices. Overcoming this resistance requires effective change management strategies and communication to address employees' concerns and provide them with the necessary knowledge and skills. ([Jember et al. 2017](#)), ([Abdalla 2019](#)),

According to Niven (2006), the value of a Balanced Scorecard initiative heavily relies on the timely and accurate input of information into the system. Without proper data entry, the initiative may become ineffective. Furthermore, even if the necessary information is recorded in the Scorecard and its databases, it needs to be retrieved and accessed by the relevant stakeholders to derive any meaningful benefits for the organization. A common challenge in implementation is the lack of appropriate information technology (IT) infrastructure. Niven (2006) highlights the difficulty of collecting and entering data into the Balanced Scorecard, which can present unique challenges in some cases. Organizations should allocate the necessary resources to acquire technology-driven performance management tools like dashboards and scorecards. These tools offer real-time data visualization, accessibility, and timely information, facilitating efficient tracking and monitoring of performance metrics. However, a lack of resources in this area can lead to challenges in integrating data from different sources. ([Abdalla 2019](#))

A study conducted on top management responsible for implementing the Balanced Scorecard in Kenya Wildlife Conservancies emphasized the importance of employee involvement in strategy implementation. The research also underscored the significance of managerial skills in driving the successful execution of strategies. These findings align with existing literature that emphasizes the importance of employee participation and ownership in achieving strategic goals ([Maccan et al. 2018](#))

In order to ensure the successful implementation of the Balanced Scorecard (BSC), it is essential for supervisors and implementers to have a comprehensive understanding of its principles and methodologies. Education plays a crucial role in equipping supervisors with the necessary knowledge for effective BSC implementation. When supervisors possess adequate knowledge about the BSC, the implementation process becomes smoother and more achievable. This highlights the influence of two key variables on BSC implementation: management style and educational factors. By focusing on these variables, healthcare organizations can prioritize the provision of necessary knowledge to supervisors, enabling them to effectively implement the BSC framework. ([Maccan et al. 2018](#))

The research findings also highlight the impact of resources on BSC implementation. Insufficient financial resources can divert organizations from providing BSC training and supervision, hindering staff skills development and implementation across units. Adequate human resources guarantee implementation success, while their absence leads to failure. ([Maccan et al. 2018](#))

Based on the above mentioned studies, the implementation of the Balanced Scorecard (BSC) can be accompanied by several challenges. These challenges include:

1. Design and Conceptual Issues:
 - a. Failure in design: Too few measures, too many indicators without identifying the critical few, and failure to link measures to the organization's strategy.
 - b. Conceptual understanding: Lack of understanding and interpretation of the BSC concept, leading to ineffective implementation.
 - c. Lack of causal relationships: Failure to develop and test causal relationships between BSC measures.
2. Process and Organizational Challenges:

- a. Lack of senior management support and commitment: Insufficient commitment and support from senior management.
 - b. Lack of continuity: Challenges in maintaining the ongoing process of BSC implementation, including turnover and new hires.
 - c. Weak infrastructure: Inadequate office layout and IT infrastructure, hindering data gathering and utilization.
 - d. Overemphasis on measurement: Focusing excessively on measurement aspects rather than addressing organizational and strategic issues.
 - e. Organizational culture and resistance: Resistance to change, incompatible organizational culture, and lack of commitment and participation.
3. Performance Misuse and Political Issues:
- a. Misuse of BSC for control: Using BSC indicators for punishment or inappropriate rewards, leading to fear, resistance, and underperformance.
 - b. Political dynamics: Power struggles among different interest groups and insufficient time and resources. Lack of an integrated reporting system.
4. Resource Constraints:
- a. Time and resource limitations: Challenges related to investing sufficient time, resources, commitment, and patience in BSC implementation.

3. Chapter 3: Research Design and Methodology

3.1. Introduction

Research methods include all the techniques and methods which have been taken for conducting research whereas research methodology is the approach in which research troubles are solved thoroughly. It is a science of studying how research is conducted systematically (Bhushan and Alok 2017). Therefore, this chapter tries to discuss the research design, sources of data, sampling, method of data analysis and ethical considerations for the study.

3.2. Research Approach

For this study, the qualitative research approach was chosen as it provided insights into the complex factors influencing the implementation of the BSC, allowing for a deeper understanding of individuals' perspectives and experiences. Qualitative methods enabled the collection of rich and detailed data, uncovering dynamics, challenges, and successes, which proved valuable in studying organizational change and performance management, and exploring emerging themes. Therefore, the qualitative research approach was deemed appropriate for comprehensively understanding the social and technical aspects of BSC implementation at SPHMMC.

3.3. Research Design

For this research study, a case study research design was selected because it offers the opportunity to investigate the contextual factors that affect the implementation of the BSC and how they interact to influence the implementation process. This design facilitates an in-depth analysis of a particular phenomenon within its natural setting. Implementation of the BSC at St. Paul Hospital Millennium Medical College was a complex and distinctive process, and the case study design offered a comprehensive exploration of the process. Given the research objective, the case study design was suitable as it allowed for a thorough examination of a specific organization's implementation of the BSC. By focusing on a singular case, it enabled the exploration of the intricate details and contextual factors that influenced the implementation process.

3.4. Sampling technique and sample size

The data sampling process for this research study utilized purposive sampling to select participants who had relevant exposure and involvement in the development and implementation of the Balanced Scorecard (BSC) at St. Paul Hospital Millennium Medical College. Purposive sampling is a non-probability technique that involves selecting individuals or groups based on specific criteria, such as age, gender, profession, or experience (Maxwell, 2012).

Purposive sampling was chosen for this study as it allowed for targeted selection of participants who could provide valuable insights into the BSC implementation process. While this approach does not provide proportional representation, it was deemed appropriate as the primary goal was to obtain a targeted sample quickly. However, there is a risk of bias if the selection criteria are not well-defined or if the researcher has preconceived notions about the participants' characteristics. To minimize this risk, clear criteria were established for participant selection, and an open-minded approach was maintained throughout the data collection process.

16 individuals who were involved in the BSC implementation at St. Paul Hospital Millennium Medical College were chosen, particularly those in higher and middle management positions. This sample size was considered sufficient to capture diverse perspectives and experiences related to BSC implementation. The selected participants were invited to participate in in-depth interviews, which were conducted in person or via online video conferencing, depending on their preference.

3.5. Data Sources

For qualitative research, the researcher deals with meanings rather than plain numbers and can use various sources such as observation, interviews, and collection of documentary materials. These sources produce field notes, transcripts, and documents (Dey, 1993).

The data for this study was collected from both primary and secondary sources. To ensure the best possible results, semi-structured interviews and document analysis were used. Two strategies can be employed to document interviews, either taking detailed notes or recording the entire conversation, or capturing essential facts, data, opinions, or impressions (Gummesson, 1993). The first strategy was used for this study, with the researcher recording the interviews

with permission from the participants. This approach facilitated a thorough examination of the material, allowing for the identification of patterns and differences between interviews and enabling in-depth data analysis. The interviews were conducted both face-to-face and online, depending on the availability of the participants, and proved to be instrumental in gathering rich qualitative data, capturing individual experiences, perceptions, and valuable insights regarding BSC implementation.

In addition, a comprehensive document analysis was conducted, examining relevant documents such as strategic plans, reports, and internal communications provided by the participants and publicly available data that were relevant to the topic being observed. This approach, known as data triangulation, helps to collect more comprehensive relevant information and cross-checks the consistency of the data to enhance the robustness of findings (Patton, 2002). This analysis provided additional contextual information and served as a valuable resource for supporting the interpretation of the data collected through the interviews.

3.6. Data Analysis

Thematic analysis was employed to analyze the qualitative data collected from interviews and document analysis. This approach involved identifying themes and patterns that emerged from the data, allowing for the exploration of commonalities, differences, and relationships between the identified themes. The analysis of the conducted interviews followed the principles of qualitative research, where data generation, analysis, and interpretation occur simultaneously. This involved dissecting the notes and transcriptions while preserving the connections between different pieces of information. To achieve this, the data was differentiated and combined according to the similarities and differences in meaning or characteristics, allowing for patterns and themes to emerge. Throughout the interview process, the interviewer took notes and formed initial impressions of the interviewees' responses, which contributed to the final conclusions drawn from the data. This iterative approach allowed for a comprehensive analysis and interpretation of the collected information.

3.7. Interview Questions design

Bourque and Clark (1992) proposed three methods for designing interview questions to gather data from samples: developing original questions, adapting questions from existing questionnaires, and adopting questions from existing questionnaires. In this research, the interview questions were adapted from the existing literature. The questions were then commented on by performance management experts at SPHMMC.

3.8. Ethical Considerations:

Research ethics therefore relates to questions about how we formulate and clarify our research topic, design our research and gain access, collect data, process and store our data, analyze data and write up our research findings in a moral and responsible way (Saunders M et al. , 2009). The research adhered to ethical guidelines, ensuring informed consent, confidentiality, and anonymity of participants. All personal or sensitive information was handled with utmost care, and data protection measures were implemented.

Overview of Methodology

Research purpose:	Exploratory
Research strategy:	Case study
Data collecting techniques:	Qualitative
Data collection type:	Interview and Document review
Questionnaire type:	Semi- Structured interview
Sampling:	Purposive Sampling
Data Analysis:	Thematic analysis

4. Chapter four: Data Analysis

This chapter presents the analysis and interpretation of the data collected through in-depth interviews and document analysis. The primary focus is to gain insights into the implementation of the Balanced Scorecard at SPHMMC. Purposive sampling was employed to select participants with relevant exposure and involvement in the BSC implementation at St. Paul's Hospital Millennium Medical College. The selection criteria were based on participants' organizational positions and their close involvement as actors in the BSC adoption process. The interview was conducted with the following major participants who have a major role during BSC implementation at SPHMMC.

Table 4.1: Respondents with their code and Duties

Code of Respondents	Duty of the Participant in BSC implementation
A	Senior Management Team
B	Department Heads
C	Plan and Policy office staff
D	Quality Office staff

General Information on BSC implementation at SPHMMC

The implementation of the Balanced Scorecard at St. Paul's Hospital Millennium Medical College began with a pilot phase led by a specially formed ad hoc committee called the Collaboration for Improvement (COFI) team. This team was created to oversee the implementation of the BSC and was made up of members from various departments, including the Office of Innovative Strategies and Operations (ISO), the Health Management Information System team, the Plan and Policy team, the Good Governance office, and the Quality team. The team was responsible for ensuring the successful implementation of the BSC at SPHMMC. Most of these members came from clinical backgrounds, including nurses and physicians, with only two having formal training in BSC.

The BSC implementation at SPHMMC followed the five-year strategic plan, which had 33 strategic objectives categorized under five thematic areas. To achieve these objectives, core initiatives were designed based on the strategic objectives, as depicted in the diagram below.

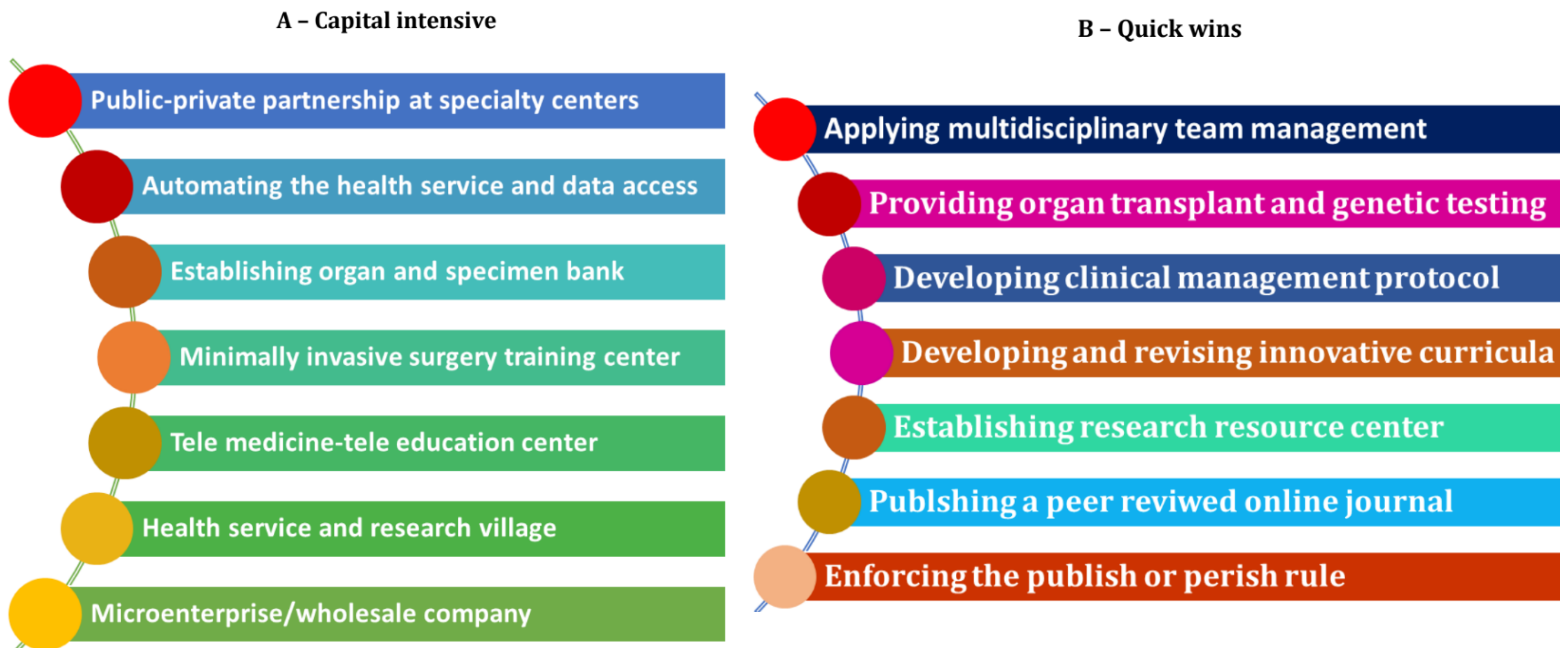


Figure 4.1: Core initiatives in SPHMMC's five year strategic plan. (SPHMMC Strategic plan, n.d.,)

The ad hoc committee then organized a series of workshops and focus group discussions to determine how to cascade the strategic plan. The first step was to develop a scorecard template, as indicated in the strategic plan. To achieve this goal, the ad hoc committee created a Strategic Plan Implementation Training package for SPHMMC staff. The main purpose of this training was to equip selected departments at SPHMMC with essential concepts related to strategic planning and familiarize them with the institution's five-year strategic plan. The training aimed to help participants comprehend and develop department-tailored annual plans and properly track their performance using the customized BSC format.

The training package had specific objectives, including using the BSC tool for annual plan development, using the BSC tool for performance monitoring, and describing the advantages and disadvantages of using the BSC tool. By providing this training, the ad hoc committee aimed to

ensure that staff members at SPHMMC had the necessary skills and knowledge to implement the BSC effectively.

The ad hoc committee, then conducted a series of workshops, and focus group discussions on how to cascade the strategic plan, the first plan was to developed scorecard as its indicated by the strategic plan. For this purpose the ad hoc committee developed a Strategic plan implementation training package for its staff. This training is intended to equip selected departments in SPHMMC with the essential concept about strategic plan in general and familiarize them with the SPHMMCs five-year strategic plan, Comprehend and Develop department tailored annual plan, and properly track their performance using the Customized BSC format.

Specifically the objective of the training included : Use the BSC tool for annual plan development, Use the BSC tool for performance monitoring and Describe the advantages and disadvantages of using the BSC tool. To make this process easier, an Amharic version of the BSC was designed to encourage more engagement from the training participanAfter obtaining authorization from the ad hoc team, a series of contextualization tasks were undertaken to customize the BSC model to the specific context of SPHMMC. One of these tasks involved modifying the original BSC model to better suit the institution's unique requirements. For instance, the term "Customer" was changed to "Community" due to the fact that SPHMMC serves multiple groups, including patients, students, staff, and external stakeholders. This change was made to better reflect the diverse range of individuals that SPHMMC interacts with and to facilitate a better understanding of their needs and expectations. By modifying the BSC model to fit the specific context of SPHMMC, the ad hoc team aimed to ensure that the BSC implementation would be successful and effective in achieving the institution's strategic objectives. (SPHMMC Strategic plan, n.d.,)

Table 4.2. SPHMMC's BSC based STRATEGIC OBJECTIVES. (SPHMMC Strategic plan, n.d.,)

Perspective	Weight	Strategic Objective	Weight
Community	20	1. Improve the health and wellness of the community	7
		2. Improve leadership and life-skill of the graduate students	3
		3. Improve the media based promotion of the College	5
		4. Improve a welcoming environment in the College	5
Finance	10	1. Increase financial resources	4
		2. Improve proper utilization of financial and material resource	6
Internal process	40	1. Improve the quality of specialized health services.	6
		2. Improve the graduate' professional competence	5
		3. Strengthening the interdisciplinary course delivery and postgraduate research advising	4
		4. Improve Integration of postgraduate research with staff research and thematic research areas	4
		5. Strengthen multidisciplinary, collaborative, and problem solving research projects	3
		6. Strengthen student centered undergraduate education programs	3
		7. Improve innovative undergraduate and postgraduate curricula	3
		8. Build a multidisciplinary team (MDT) management at the center of the health service	4

		9. Strengthen internationalization , linkage, partnership & alumni connection	2
		10. Improve team spirit, disciplinary and ethical culture of the college	2
		11. Improve the college Administration (Good Governance)	4
Learning and Growth	30	1. Increase health service outlets through expansion	5
		2. Improve the College staff retention and performance	5
		3. Improve the academic staff and postgraduate student's capacity	5
		4. Strengthen the research resource center	4
		5. Strengthen the health service system automation	5
		6. Improve the infrastructure of college	6

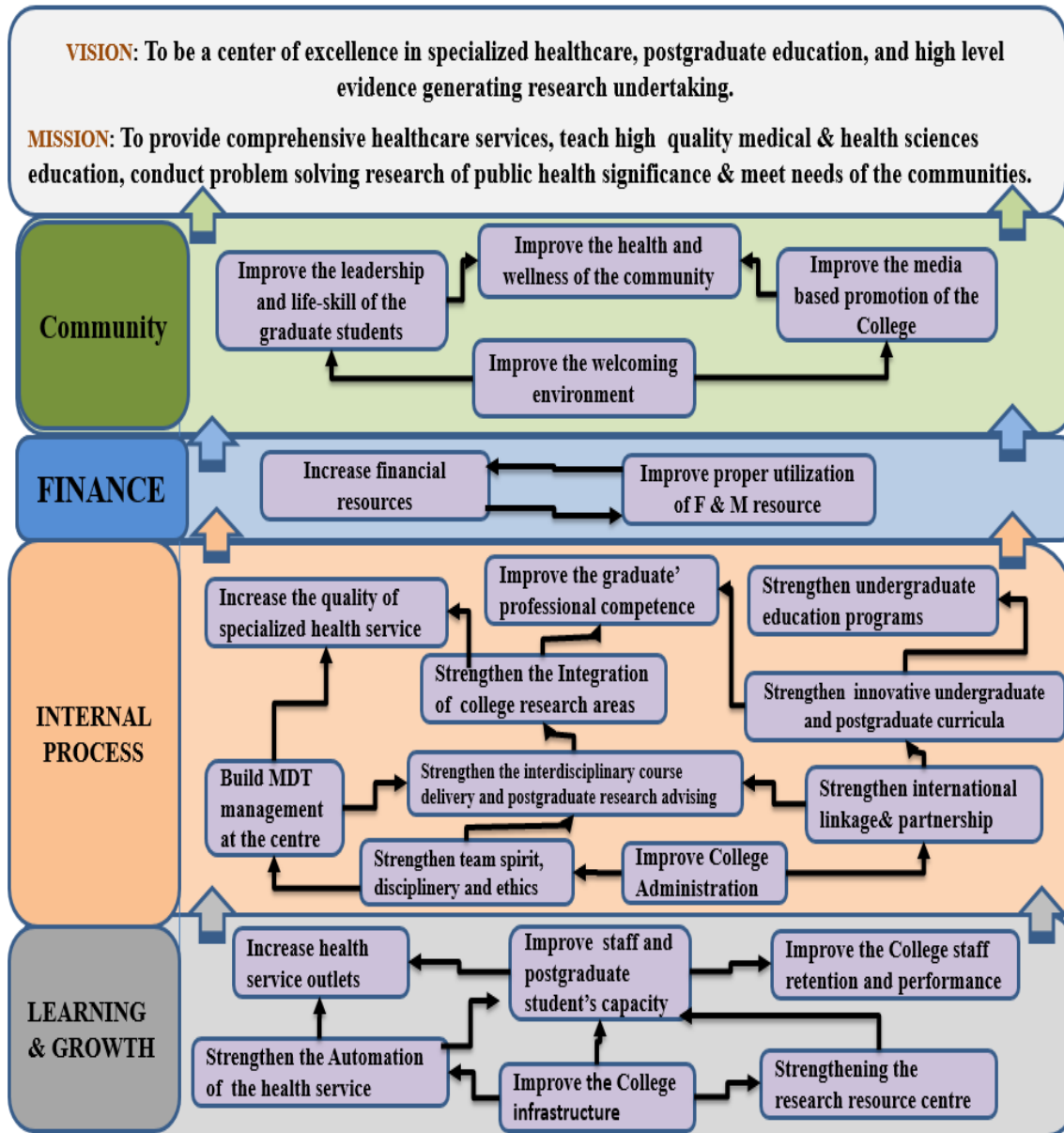


Figure 4.2: SPHMMC's BSC strategic map. (SPHMMC Strategic plan, n.d.)

Table 4.3. Strategic Objective Cascading Format. (SPHMMC Strategic plan, n.d.,)

Perspective	Weight	Strategic Objective	Weight	Vice Provosts			Provost
				MSVP	BDVP	ARVP	
Customer	20	1. Improve the health and wellness of the community	7	11.0	12.0	10.0	7.0
		2. Improve leadership and life-skill of the graduate students	3	2.0	-	3.0	3.0
		3. Improve the media based promotion of the College	5	-	-	-	5.0
		4. Improve a welcoming environment in the College	5	7.0	8.0	7.0	5.0
Finance	10	1. Increase financial resources	4	3.5	4.0	3.5	4.0
		2. Improve proper utilization of financial and material resource	6	6.5	6.0	6.5	6.0
Internal process	40	1. Improve the quality of specialized health services.	6	15.0	-	2.0	6.0
		2. Improve the graduate' professional competence	5	-	4.0	8.0	5.0
		3. Strengthening the interdisciplinary course delivery and postgraduate research advising	4	3.0	-	6.0	4.0
		4. Improve Integration of postgraduate research with staff research and thematic research areas	4	4.0	4.0	4.0	4.0
		5. Strengthen multidisciplinary, collaborative, and problem solving research projects	3	3.0	-	4.0	3.0
		6. Strengthen student centered undergraduate education programs	3	-	-	5.0	3.0
		7. Improve innovative undergraduate and postgraduate curricula	3	-	-	5.0	3.0
		8. Build a multidisciplinary team (MDT) management at the centre of the health service	4	6.0	4.0	2.0	4.0
		9. Strengthen internationalization , linkage, partnership & alumni connection	2	3.0	4.0	-	2.0
		10. Improve team sprit, deciplinary and ethical culture of the college	2	6.0	8.0	4.0	2.0
		11. Improve the college Administration (Good Governance)	4	-	16.0	-	4.0
Learning and Growth	30	1. Increase health service outlets through expansion	5	11.5	-	-	5.0
		2. Improve the College staff retention and performance	5	11.5	12.5	10.0	5.0
		3. Improve the academic staff and postgraduate student's capacity	5	-	-	10.0	5.0
		4. Strengthen the research resource center	4	-	-	8.0	4.0
		5. Strengthen the health service system automation	5	7.0	2.5	2.0	5.0
		6. Improve the infrastructure of college	6	-	15.0	-	6.0

The first round of training prepared by the ad hoc committee was provided to teams under the provost and the three vice provosts (MSVP, ARVP, BAVP). They were then responsible for taking on key performance indicators (KPIs) from the institution's strategic plan and assigning them to the relevant departments or directorates, along with targets and budgets. These scorecards were then cascaded down to the departments and directorates under each vice provost.

Table 4.4. Indicative work plan for 2014 EFY, based on BSC (SPHMMC Strategic plan, n.d.,)

Strategic Objectives	Strategic Initiatives and major activities	KPI (Measures)	Target	Time schedule				Budget Source (in Million)		Responsible body	Remarks
				Q1	Q2	Q3	Q4	Govt	Other		
C1. Improve the health and wellness of the community	SI 1.1 Establishing comprehensive "one stop shopping"									MSVP	
	KPI: No of established comprehensive "one stop shopping"		2		1		2				
	Quality of care and patient safety are maintained across the		Quality	??						MSVP	
			Safety	??							
	Make a patient-centred (two-way) communication a culture.		% of Patient Knowledge assessed	100	100	100	100	100			
			% of properly filled informed consent form	100	100	100	100	100			
	Strive to make the hospital experience of patients satisfactory		% patient satisfaction	40%	33	35	38	40			
Take the lead in conducting CB health service campaign of public health significance		No. CBHS campaign conducted	6	1	2	2	1		Community Directorate		
C2. Improve the leadership and life-skill of the graduate students	Equip the graduate students with leadership and life-skill through training and practice		No of Soft Skill training given on graduate programs	30		10	10	10		ARVP	
	Give graduate students the opportunity of team leading to exercise leadership		No. of graduate team established for organizing life skill sessions	30		30				MSVP, ARVP	
	Preparing graduate students to seamlessly team up with other healthcare professionals		% of departments with graduates/representatives as part of MDT	100%	50	70	80	100			
	Develop at least one patient management protocol per residency/fellowship program		No. of patient management protocol developed per clinical departments	2	1		1				
		No of patient management protocols implemented	2		1		1				

To ensure alignment with the organization's strategic goals, SPHMMC cascaded its overall strategic plan to its divisions and departments. The process involved defining specific goals for each division and department based on the organization's strategic objectives. The strategy map played a crucial role in consolidating managers' understanding of their roles within the broader context by visually presenting the relationships among SPHMMC's principal goals.

To create awareness, the strategic plan was printed and distributed to every department and unit in the organization. Additionally, teams from every department were selected and scheduled for training on the BSC model and workshops to develop KPIs that were specific to their department's context. For the first round of training, seven major departments were selected to kickstart the implementation, and the ad hoc committee provided comprehensive guidance for these departments. These workshops helped staff members understand the fundamental concepts and principles of the BSC. This training facilitated the translation process and fostered staff commitment to the BSC implementation by enabling them to recognize the value of the BSC in planning their jobs. This approach allowed departments to tailor their KPIs to their unique needs and to ensure that they were aligned with the institution's overall strategic plan.

Following the initial round training and workshops, all departments at SPHMMC were expected to develop their own BSC-based annual plan and receive further BSC training and workshops according to their schedule. However, due to budget constraints, only seven departments received the training, and the rest of the departments were left to develop their BSC-based annual plan on their own.

This study addresses the principal research question: What is the practice and challenges of the implementation of the Balanced Scorecard (BSC) at St. Paul's Hospital Millennium Medical College. Upon analyzing the interview data, several key themes emerged that shed light on the factors influencing the implementation of the Balanced Scorecard (BSC)

4.1. Balanced Scorecard Education and Training

According to Niven (2007), organizations often conduct awareness sessions when the Balanced Scorecard (BSC) is declared as a measurement system featuring financial and non-financial measures. However, little information is usually provided about the many subtleties and complexities of the model. The deceptive simplicity of the BSC can lead organizations to believe that thorough education and training are not required, which can have a detrimental impact on the initiative's success and may even lead to its failure.

As mentioned earlier the training provided was limited to the senior management and few departments. Majority of the departments were left to develop BSC based annual plans on their own. Each department has designed its own personal profile and has been monitoring its performance quarterly and annually since then. The lack of a comprehensive approach had some significant drawbacks, as noted by some respondents under code "A":

"We didn't have enough budget to provide training to all departments, which led to inconsistencies in the way departments developed their BSC-based annual plans. This created confusion among staff members, as different departments used different metrics to measure similar goals."

Another drawback was that some departments focused too much on their own departmental goals at the expense of the organization's overall strategic objectives. This resulted in a lack of

alignment and coordination across the organization, hindering the achievement of the overall strategic plan.

According to the respondents, the training provided to employees during the implementation of BSC was inadequate. This resulted in difficulties obtaining KPIs that can objectively measure individual performance in the implementation of the individual level scorecard. Breaking down initiatives into individual tasks and aligning them with overall organizational goals proved to be challenging. This resulted in a lack of connection and understanding among individuals regarding their roles and contributions to the organization's broader strategy. To address these challenges, the hospital cascaded the scorecard down to the team level and measured their performance progress accordingly. While this approach provides a feasible solution for measuring performance progress, it was crucial to establish relevant and objective KPIs at the individual level to drive performance improvement and contribute to the hospital's overall performance management goals.

The lack of training hindered the successful implementation of the BSC and contributed to a lack of clarity on how the BSC aligned with daily tasks and the overall strategic goals of the organization. However, the departments that underwent BSC training demonstrated improvements in the format and depth of their performance reports. The respondents under code “A” and “D” said that:

“Prior to the training, performance reports were merely ceremonial and consisted of a single page. However, after the training, significant progress was seen in the quality of their reports, with staff members having a clearer understanding of the organizational plan and objectives.”

Although the lack of formal training may have slowed down the implementation process, the improvements in the quality of the performance reports suggest that the initial training and workshops were effective in conveying the fundamental concepts and principles of the BSC. This highlights the importance of training and workshops in ensuring successful implementation and fostering staff commitment to the BSC.

Furthermore, the planning process facilitated by the BSC enhanced understanding among staff members and organizational units regarding their expected goals and how their performance

would be evaluated. Initially, there were misconceptions and skepticism surrounding the adoption of the BSC. Some respondents, including members of the management team, viewed the BSC as a tool relevant only to for-profit organizations, which created skepticism about its applicability in the context of SPHMMC. Adding to the challenge, some employees associated the BSC as another bureaucratic tool, with increased paperwork. The respondents under code “B” “C” and “D” said that:

“the nursing staff perceived BSC’s administrative paperwork as a hindrance to their primary nursing duties.”

“After the training workshops were conducted, individuals gained an understanding that the Balanced Scorecard (BSC) was different from previous reform tools.”

The misconceptions and concerns about the BSC implementation hindered employee engagement and buy-in, particularly among those who did not receive the training. This led to a lack of clarity on how the BSC aligned with daily tasks and the overall strategic goals of the organization. Additionally, one respondent noted that some staff raised issues regarding the lack of flexibility in the Key Performance Indicators (KPIs), which impacted their effectiveness in accurately reflecting performance. For example, in the procurement department, if an item requested by a department could not be purchased due to the unavailability of vendors, the procurement team had fulfilled their responsibilities. However, this exceptional circumstance was not adequately considered in the KPIs, leading to an inaccurate evaluation of the department's performance. This lack of flexibility in the KPIs was perceived to be due to the fact that the BSC was primarily used as a report to the civil service commission, rather than being fully embedded within the organization's performance management system.

However, for those who received the training, there was increased transparency and clarity in performance expectations. This enabled individuals to align their efforts with the overall strategic direction of the organization. By understanding how their daily tasks contributed to the achievement of the organization's strategic goals, they were able to see the value in the BSC and were more engaged in the implementation process.

Respondents noted that some staff members had reservations about the BSC training they received. One of the main issues was the perceived generic nature of the training, as the BSC

measures were not adequately contextualized to address the specific needs of SPHMMC, Professionals undergoing the training questioned the validity of certain measures such as , arguing that they failed to capture the varying complexity of patient cases, the KPIs were not seen as comprehensive enough to capture the multidisciplinary nature of the organization. he training not only addressed the misconceptions but also highlighted the benefits of the BSC. It had a significant impact on staff members, including department heads who initially opposed the BSC. In fact, some department heads took the initiative to organize training for their staff using their own budgets. These training programs and workshops played a crucial role in making staff members realize the value and benefits of the BSC, paving the way for increased acceptance and engagement.

In addition to the interview data, valuable insights were gained from the analysis of a previous BSC implementation report (COFI team, 2021). The report highlighted challenges such as the absence of a cascading plan and a dedicated budget, which hindered the implementation process. Additionally, a shortage of human resources for training and a lack of proactive planning resulted in delays and frequent changes in the project scope. The report stressed the need for a comprehensive plan and allocated resources to support the BSC implementation efforts.

4.2. Senior Management Engagement

The success of any project in an organization, including the Balanced Scorecard (BSC), is heavily dependent on the support and commitment of top management. Niven (2006) emphasizes that without the backing of senior executives, the BSC initiative is likely to show mediocre results and may even fail to achieve its objectives.

However, the respondents in the study noted that despite initially supporting the implementation of the BSC, the senior management team showed a tendency to overlook their responsibility of monitoring the progress and closely working with the BSC champion. For example, one respondent stated that "we submit the annual plans based on BSC, but there is no initial assessment or follow-up of the plan," highlighting a lack of commitment from the senior management team during the implementation process.

4.3. BSC institutionalization

The implementation of the Balanced Scorecard (BSC) at SPHMMC was not as efficient as planned due to the lack of institutionalization, which was recognized as a significant challenge by the respondents. Respondents have noted, this lack of institutionalization was attributed to limited training on the BSC and a shortage of staff with a background in performance management, which resulted in scattered skilled staff members unable to maintain consistency throughout the organization. As a result, the BSC was heavily dependent on a few key individuals, and its integration was not uniform across the hospital. All respondents agreed that:-

"The BSC was not uniformly integrated throughout the hospital, it was dependent on key individual staffs"

The respondent under code "A" especially emphasized that

"The hospital has a staff attrition rate of less than 2%. However, those who leave take their skills with them, resulting in a brain drain for the organization."

In addition to this challenge related to lack of institutionalization, respondents noted that the high turnover rate of skilled staff members has further aggravated the problem. Despite the hospital's overall low staff attrition rate, the loss of these talented employees has resulted in a significant brain drain effect, causing critical knowledge and expertise to leave the organization with departing staff members. This has created a culture where the implementation of the BSC has not become second nature to the staff members, and they have not fully embraced its value as a tool for performance management. As a result, the hospital is unable to effectively utilize the BSC to its full potential, negatively impacting the achievement of the organization's performance management goals.

Respondents have noted that a lack of compensation mechanism for individuals who perform well on the BSC merits was a significant factor contributing to staff turnover. The absence of a formal recognition and reward system tied to BSC achievements can result in a lack of motivation and incentive for employees to actively engage with and excel in their BSC-related responsibilities. This, in turn, can hinder the overall effectiveness of the BSC in driving performance improvement within the organization.

To address the challenge of a lack of compensation mechanism tied to BSC achievements, the management at SPHMMC took several steps to provide additional motivation and recognition to employees who performed well based on the BSC criteria. One solution implemented was the provision of overseas training opportunities and other benefits as rewards for exceptional performance. This approach aimed to incentivize staff members to actively engage with and excel in their BSC-related responsibilities, ultimately leading to improved staff retention and better performance outcomes for the hospital.

Additionally, one respondent noted that the Oncology department introduced a sense of competition among staff members by implementing a practice where completed scorecards were displayed on office doors. The respondent under code “B ” said that:

“ The scorecards were color-coded with green, yellow, and red to indicate whether objectives had been achieved. This visual representation not only fostered transparency and accountability but also created a sense of pride and motivation among employees. This approach encouraged staff members to take ownership of their BSC-related responsibilities ” Respondent 9

Another challenge in the institutionalization of the BSC at SPHMMC was the lack of accountability of physicians to patients, particularly in the clinical services. While the BSC mainly focused on offering educational opportunities to those who performed well in their respective roles, the absence of a robust accountability framework for physicians to ensure patient satisfaction and outcomes represented a significant gap in its implementation.

To address this issue before the Covid-19 pandemic, SPHMMC implemented an accountability framework to ensure physicians' accountability to patients. The hospital offered the opportunity to work in the private wing only to physicians who had seen all their patients booked for the day. This approach aimed to incentivize physicians to prioritize their patients and ensure that they received the necessary care and attention. However, due to the pandemic, this framework was lost, and the hospital faced significant challenges in maintaining accountability and ensuring patient satisfaction.

4.4. Integrated Reporting system

The integration of the Balanced Scorecard with the rigid public sector policies related to human resource management and administration of finances presented a challenge in its role as a performance evaluation tool. The link between the strategic plan developed using the BSC and the national human resource policy, specifically the employee performance evaluation system, proved problematic. The biannual employee performance evaluation is conducted using the civil service evaluation instrument, which every public sector organization in Ethiopia is required to use. Government policy requires a uniform application of staff evaluation. The limited influence exercised by supervisors in the evaluation rating was because peer- and self-evaluation scores constituted the majority of the weight of employee performance evaluation. The nationwide public sector employee performance appraisal system presents a structural constraint on the possible use of the BSC as a performance evaluation tool at the organizational level. As per the response found from the respondent under code “A” revealed that :

“the performance evaluation of public sector employees is almost arbitrary and that the BSC targets are not referred to at all.”

The arbitrary nature of employee performance evaluation and the limited influence exercised by supervisors in the evaluation rating make it difficult to align individual performance with the organization's broader strategic goals. Moreover, the limited discretion of managers in taking actions based on BSC-based performance criteria means that the BSC has a limited role as an object defining accountability relationships between employees and management. Even if a manager recognizes the outstanding contribution of an employee on the BSC performance criteria, the manager cannot reward the employee through financial incentives or other rewards. This is because salaries are increased uniformly by the government based on the number of years of service of individuals, creating additional challenges in BSC implementation.

4.5. Automation

Automating the Balanced Scorecard (BSC) has several benefits that maximize its use as a measurement system, strategic management system, and communication tool. According to Niven (2006), even the simplest scorecard software can provide advanced analytics and decision

support that allows organizations to perform complex evaluations of performance and examine the relationships among their performance measures critically. Automating the BSC also supports true organization-wide exploitation of the scorecard system.

In the interview, the researcher discovered that there was now a BSC automation system and the failure to obtain information on the BSC and the lack of effective information technology support adversely affected and contributed to the low level of achievement of objectives and the implementation process of the BSC at SPHMMC. The absence of automated systems made it burdensome to complete the scorecard at the organizational level and posed significant challenges in aggregating data. As a result, staff members often engaged in a mere formality, underreporting their achievements on the scorecard.

4.6. Discussion

The results of this research connect to the previously identified literature on factors affecting BSC implementation. The study found that the effort made to equip employees with sufficient knowledge about the concept and the meaning of the BSC was inadequate. Most respondents confirmed that the training provided was not comprehensive and did not address the majority of the employees, making it challenging for them to design their own scorecards aligned with the team scorecard. This finding aligns with previous research in the field. (Malmi & Brown 2008). According to their research, effective communication and training programs play a crucial role in the successful implementation of BSC. It also emphasizes the importance of ensuring that employees have a clear understanding of the strategic objectives, their individual roles, and the connections between their work and organizational goals.

To address the issues of insufficient training and communication, organizations may prioritize the development and implementation of comprehensive training programs. Additionally, it is crucial to establish effective communication channels that facilitate the dissemination of the strategic plan throughout the organization. This includes clear and consistent communication of the BSC objectives, progress, and expectations. Organizations should encourage open dialogue and provide platforms for employees to ask questions, share insights, and contribute to the implementation process. By promoting effective communication, organizations can foster a

shared understanding of organizational goals and individual contributions, enhancing the overall success of the BSC initiative. (Malmi & Brown 2008)

The study also highlighted the need for further contextualization and adaptation of the BSC in the Ethiopian healthcare setting. Respondents expressed concerns about the generic nature of the BSC training and the lack of adequate contextualization to address the specific needs of SPHMMC. This aligns with the importance emphasized by [Amer et al. \(2022\)](#) of tailoring performance evaluation frameworks to the unique characteristics and challenges of the healthcare sector. This is well presented in Figure below.

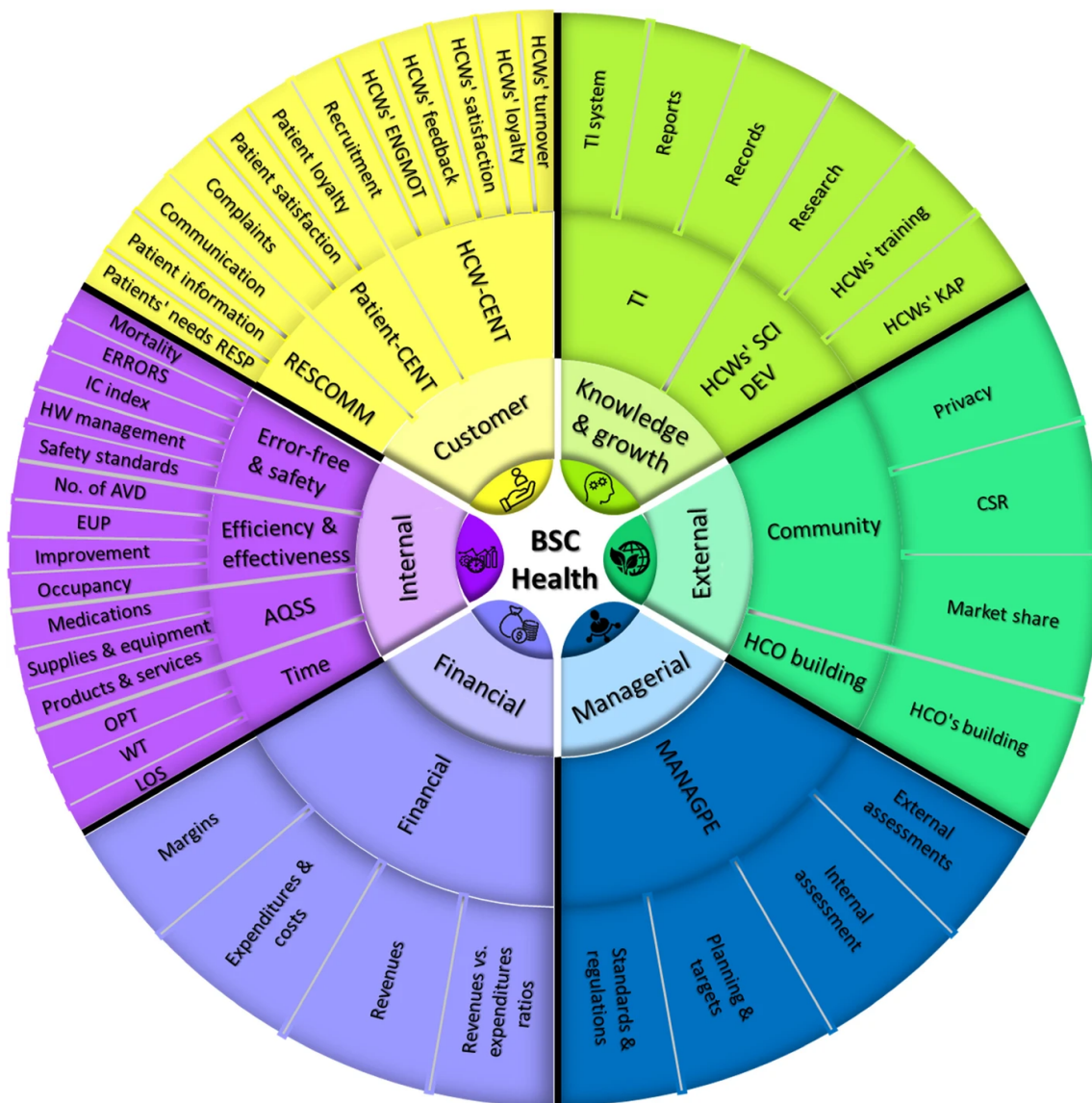


Figure 4.3: BSC perspectives and the underlying major and minor subdimensions for healthcare organizations.

The challenges uncovered in this study, specifically the lack of resources and lack of automation in implementing the Balanced Scorecard (BSC) at SPHMMC, are consistent with the findings of Abdalla (2019) and Ittner and Larcker (2003). Abdalla's 2019 research emphasizes the significant impact of limited resources on BSC implementation and the associated obstacles in achieving implementation goals. Similarly, Ittner and Larcker, 2003 stress the importance of automation in streamlining data collection and reporting processes for performance measurement systems like the BSC. These findings underscore the need to address resource limitations and incorporate automation to ensure the effective implementation of the BSC.

To address the resource limitations, the management of SPHMMC implemented innovative strategies. These strategies align with the research of Abdalla (2019), which emphasizes the need for organizations to optimize available resources and leverage external support. The management sought external donations of computerized systems to overcome the absence of automation, enhancing the efficiency of BSC implementation. Additionally, the development of online training programs catered to the majority of staff members while requiring minimal resources. These strategies demonstrate the proactive approach taken by SPHMMC to address resource constraints and ensure effective BSC implementation.

The study also showed that aligning accountability measures with BSC objectives can strengthen the connection between physician performance and patient care quality. Proper institutionalization is essential for improving the effectiveness of the BSC in driving performance improvement. This finding is consistent with previous research by Kaplan and Norton (2004), Ittner and Larcker (2003), and Rabbani et al. (2011), which emphasizes the importance of aligning accountability systems with BSC. In addition the finding aligns with the findings of previous research conducted by Bédard and Gendron (2010). Their study emphasizes the importance of aligning and integrating performance measurement systems within an organization to ensure a comprehensive view of performance and facilitate effective decision-making.

The interviews conducted at SPHMMC revealed the existence of misconceptions and limited awareness among employees regarding the Balanced Scorecard (BSC). Initially, some staff members viewed the BSC as relevant only to for-profit organizations and expressed skepticism about its applicability in the context of a healthcare institution. These misconceptions hindered employee engagement and buy-in, leading to a lack of clarity on how the BSC aligned with daily tasks and organizational goals. The findings are supported by research conducted by Neely et al. (2005), which highlights the importance of addressing misconceptions and enhancing employee understanding of the BSC for successful implementation. Similar concerns and challenges related to paperwork and administrative burden were also identified in the research by Jember et al. (2017).

The role of senior management commitment in the successful implementation of the Balanced Scorecard (BSC) emerged as a key theme during the interviews. The findings highlighted that a lack of commitment from the senior management team posed a significant challenge throughout the implementation process. This emphasizes the criticality of active involvement and support from senior management in driving the success of the BSC initiative. This finding aligns with previous research conducted by Kaplan and Norton (1996) who emphasized the importance of senior management commitment in BSC implementation. Their study revealed that without the steadfast support and engagement of senior management, the BSC is unlikely to be effectively integrated into the organizational system and may fail to achieve its intended goals.

The significance of senior management commitment lies in their ability to provide leadership, allocate necessary resources, and communicate the strategic importance of the BSC to the entire organization. Their involvement ensures that the BSC is integrated into the organization's decision-making processes, performance evaluation systems, and strategic planning activities. To address the challenge of lack of senior management commitment, it is crucial for organizations to foster a culture of top-down support and create mechanisms to ensure the active involvement of senior management throughout the implementation journey. This can include regular communication and engagement sessions, training and development programs for senior executives to enhance their understanding of the BSC, and aligning the BSC goals with senior management's strategic objectives.

The interviews conducted in this study highlighted various factors that could facilitate the implementation of the Balanced Scorecard (BSC). Among these factors, effective communication, support from leadership, IT support and comprehensive training were identified as crucial. These findings align with previous research conducted by Costa Oliveira et al. (2023), which also emphasizes the importance of these facilitators in successful BSC implementation.

5. Chapter Five: Summary and Recommendation

5.1. Introduction

The findings from the previous chapter are critically and methodically summarized in this chapter. Useful conclusions are drawn from the findings, and recommendations are proposed in order to address the difficulties encountered when implementing BSC.

5.2. Summary

The primary aim of this study was to evaluate the implementation process of the Balanced Scorecard (BSC) system at SPHMMC and identify the challenges faced during the implementation. The study found that successful implementation of the BSC requires active participation of the management body in both the development and implementation process. However, the study revealed that while executives and process owners were actively involved in the design process, monitoring the progress of the implementation process was neglected.

The study also found that the arbitrary nature of employee performance evaluation and the limited influence exercised by supervisors in the evaluation rating make it challenging to align individual performance with the organization's broader strategic goals. Another notable challenge is the lack of an integrated reporting mechanism and the presence of multiple governing entities with different evaluation systems. This highlights the need for alignment and integration of performance measurement systems within the organization. By establishing a unified reporting framework and streamlining evaluation processes, organizations like SPHMMC can obtain a comprehensive view of their performance, enabling better decision-making and resource allocation.

The study also identifies training and communication as critical success factors in successful BSC implementation. Effective communication channels and comprehensive training programs are essential to ensure that all employees understand the purpose and benefits of the BSC. This shared understanding creates a sense of ownership and encourages active engagement from employees at all levels of the organization.

Resource limitations and the lack of automation were identified as additional challenges. Given the constrained resources in the healthcare sector, it becomes crucial to optimize resource allocation and leverage technological solutions to streamline data collection and reporting processes. Automation can significantly enhance the efficiency and accuracy of performance measurement, allowing organizations to focus more on analysis and decision-making. Furthermore, the study highlighted that automation is a crucial precondition for successful BSC implementation. However, the SPHMMC did not initiate the BSC automation process at all.

Furthermore, the study highlights the need for institutionalizing the BSC implementation. This involves embedding the BSC as a fundamental part of the organization's performance management system, extending its application beyond specific departments or units. It requires developing a performance-driven culture, implementing comprehensive compensation mechanisms, and establishing accountability measures to ensure that employees are held responsible for their performance in alignment with BSC objectives.

In summary, the study identified several challenges faced during the implementation of the BSC system at SPHMMC. These include neglecting monitoring of the implementation process, inadequate training of employees, lack of automation, and limitations in aligning individual performance with the organization's broader strategic goals. By implementing the recommended strategies, organizations can enhance the effectiveness of the BSC, improve performance evaluation, foster a shared understanding of organizational goals, and ultimately drive performance improvement across the organization.

5.3. Recommendation

Based on the objective of the study, the results show that the implementation of the BSC in SPHMMC has been effective in improving the organization's performance and achieving its strategic objectives. However, due to budget limitations, the BSC was not adopted in every unit as per the standard. Therefore, to sustain the effectiveness of the BSC implementation, it is recommended that SPHMMC should regularly monitor and evaluate the performance metrics and use the results to continuously improve the BSC system.

To build on the significant achievements, SPHMMC should continue to align individual and organizational goals and strengthen communication to ensure that all employees understand their role in achieving the organization's strategic objectives. Additionally, the organization should recognize and reward employees who contribute to the achievement of the BSC goals.

The study identified several significant challenges encountered during the implementation of the BSC at SPHMMC, including lack of effective communication, lack of leadership engagement, lack of IT support (automation), lack of understanding of the BSC framework due to no comprehensive training and inadequate communication, resistance to change due to misconceptions among staff, and inadequate communication, and lack of institutionalizing the BSC.

To overcome these challenges, SPHMMC should develop a comprehensive change management plan to address resistance to change and ensure that all staff understand the rationale and benefits of the BSC implementation. SPHMMC should provide sufficient training using online platforms to address financial constraints and ensure comprehensive BSC training reaches all units within the departments to sustain progress and widespread implementation. In addition, the organization should strengthen its knowledge management system to retain and disseminate the experience and knowledge of skilled staff. This can be achieved through the development of a knowledge-sharing culture and the implementation of knowledge management systems, such as knowledge repositories and communities of practice. Such systems would allow for the efficient sharing of insights and best practices among staff, contributing to improved organizational learning and performance.

Improving communication channels is also crucial in encouraging employee acceptance and active engagement. SPHMMC can achieve this by creating an open and transparent communication culture and utilizing various communication channels, such as regular meetings, newsletters, and social media platforms. These channels would allow for the effective dissemination of information regarding BSC implementation progress, challenges, and successes, fostering a sense of ownership and participation among staff.

Furthermore, the automation of the BSC is recommended to adapt scorecard software to the Ethiopian context by incorporating local language options and aligning with the Ethiopian calendar system. This will enhance data collection, reporting, and overall effectiveness of the BSC implementation. Finally, institutionalizing the BSC is recommended by fostering a culture of performance management, implementing a comprehensive compensation mechanism based on BSC, developing accountability measures for physicians, and integrating the BSC into the organization's performance management system.

By implementing these recommendations, SPHMMC can enhance the effectiveness of the BSC implementation, improve performance evaluation, foster a shared understanding of organizational goals, and drive performance improvement across the organization.

5.4. Limitations and Suggestions for Further Study

Due to time and resource constraints, this study had a limited sample size, involving only a small group of team members from SPHMMC. Therefore, the findings may not fully represent the experiences and perspectives of all departments within the hospital. While the qualitative research approach provided valuable insights into the experiences of hospital employees, it lacked quantitative data to measure the effectiveness of BSC. It is important to recognize that the findings of this study may have specific relevance to the healthcare industry and may not be readily generalizable to other sectors. Therefore, caution should be exercised when interpreting and applying the study's results beyond the healthcare industry. Furthermore, the study adopted a one-time observation research design, capturing a snapshot of the remote team experience without considering potential changes or advancements in team dynamics, technology, or organizational practices over time.

5.5. Suggestions for Further Study

To gain a deeper understanding of the factors influencing the implementation of the Balanced Scorecard (BSC), future research can employ quantitative methods such as surveys or questionnaires. Additionally, conducting a comparative analysis of BSC implementations across different healthcare organizations in Ethiopia or other countries can shed light on variations in strategies, challenges faced, and achieved outcomes, thus providing valuable benchmarks and identifying best practices.

Moreover, exploring alternative performance evaluation frameworks and their suitability for the Ethiopian healthcare sector can be a fruitful area of research. This investigation can delve into the applicability and effectiveness of other performance measurement systems, in addressing the specific challenges and needs of healthcare organizations in Ethiopia. Furthermore, there is potential for examining the impact of incorporating patient perspectives in performance evaluation and assessing how patient-centered measures align with organizational goals and contribute to quality improvement in healthcare delivery.

By adopting these approaches, researchers can gather comprehensive and data-driven insights into the key determinants and dynamics that drive successful BSC implementation. This systematic analysis will contribute to a deeper understanding of the factors influencing the effective adoption and utilization of the BSC framework in diverse organizational contexts.

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