

## **A REVIEW OF BALANCED SCORECARD IMPLEMENTATION IN SELECTED OFFICES OF ADDIS ABABA CITY, ETHIOPIA**

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**Abstract:** *The purpose of this study is to assess the implementation of balanced scorecard in the offices of Trade and Industry Development, Micro and Small Scale Enterprise Development and Finance and Economic Development Bureaus of Addis Ababa City Administration. To collect and analyze data this study employed both quantitative and qualitative method using variables such as strategy setting, implementation of the change initiatives performance measurement, leadership, management and staff commitment. The findings show that though there have been positive achievements, the leaders and organizers of the change initiatives have not yet fully discharged their responsibilities of using strategic measures and customer service standards as performance measurement and management tool. Moreover, the actions taken in monitoring and evaluation is not satisfactory. The feedbacks did not go beyond awareness creation, and they are not being consistently utilized as an input for any administrative and corrective measures. Though the leaders made efforts, the city administration had to play a leading role in supporting the implementation of the change initiatives to bring the desired changes in the sectors.*

**Keywords:** *Balanced Scorecard, change initiative*

**Acronyms:** *AACA Addis Ababa City Administration; BSC Balanced Scorecard; GTP Growth and transformation Plan; NPM New Public Management*

### **1. INTRODUCTION**

The balanced Scorecard was first introduced by Kaplan and Norton in the Harvard Business Review Article in 1992 as they recognized some of the weakness and ambiguity of previous performance management approaches (Kaplan, R. & Norton D. 1996). The Balanced Scorecard (BSC) is a carefully selected set of quantifiable measures derived from an organization's strategy and is a management tool with three main elements namely; measurement system, strategic management system and communication (Bremser and Barsky 2004). BSC provides a logical connection between the vision, mission and strategic objectives with the desired results in terms of customer and stakeholder needs, financial, internal processes and capacity building (learning and growth) which are linked through cause-and-effect relationships.

According to survey on 'Management Tools and Trends' made by Blain and company (2013), BSC was ranked the fifth most widely applied management tool in organizations. Due to its strategic approach, BSC was taken as the most important tool to be applied in almost all government institutions throughout Ethiopia since its introduction in 2010. The rationale for adopting the tool was the need to plan, control and report on the performance of public sector organizations in Ethiopia. Currently the sector bureaus and offices in the City Administration of Addis Ababa, including the study areas are

employing BSC to improve their performance. According to the strategic manual (2010), Addis Ababa City Administration, justifies the launching of balanced scorecard as a tool to build result based measurement system and develop new attitude of employees to be measured only through their results. BSC design and implementation involves a complex set of steps, perspectives and key performance indicators. Thus, it requires an understanding of its methods and applications both theoretically and practically. Therefore, the major rationale for undertaking this study is the curiosity to check the effectiveness and challenges of BSC implementation in public sector with particular reference to Trade and Industry Development, Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus of the city administration.

## **1.2. Statement of the problem**

Much of the empirical literature on BSC concerns its private sector adoption and there have been fewer studies of BSC applications in the public sector. Many of the studies focus on the motivation for adopting BSC, nature of performance indicators, and the perceive benefits. However, studies on the implementation of BSC in public sector organizations are erratic. Moreover, though there are some evidences about the achievements and challenges of implementing the BSC at the national level, still little is known about the achievements and challenges of the change initiatives at the Addis Ababa City Administration (AACAA).

This study, therefore, seeks to assess the extent of BSC implementation, its success and challenges in the selected offices of Addis Ababa City Administration. To this effect, the study gives answers the following questions.

- How is the BSC being implemented in the selected bureaus?
- What are the major achievements gained by BSC implementation?
- What are the major challenges encountered in the implementation of BSC?

## **1.3. The objective of the study**

The general objective of this study is to assess the implementation of BSC in the Trade and Industry Development Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus of city administration. The study focuses on the major aspects of BSC such as strategy, leadership, effective communication; performance monitoring, staff commitment and challenges encountering the offices in implementing the change initiatives.

The specific objectives of the study are:

- To assess the implementation of BSC in the Trade and Industry Development, Micro and Small Scale Enterprise Development, and Finance and Economic Development Bureaus
- To identify and examine major achievements gained so far from implementing BSC
- To identify and analyze major challenges that the organizations faced in the implementation of BSC

BSC is major initiative of the federal government and its cooperating partners (city administrations and regional bureaus). However, this study is limited to a randomly selected three sector bureaus of the Addis Ababa City Administration which are presumed to have implemented BSC in a full-fledged manner.

#### **1.4 Methodology**

Qualitative and quantitative approaches are the two main approaches used in this study. Quantitative research is often based on measurable numbers. All phenomena is, however, not measurable and a qualitative approach is used for in-depth assessment of some variables.

##### **1.4.1 Study Population**

The target population includes employees, leaders, and customers of AACAA working at the Trade and Industry Development, Micro and small scale Enterprise Development, and Finance and Economic Development Bureaus of the city administration. Hence, the population of the study is grouped in to top leaders (bureau heads and core processes owners of the sector bureaus), middle level leaders (sub processes owners), civil servants and customers of the bureaus. There have been a total of 260 employees and managers in the three offices. There are 105 leaders and 25 employees in Trade and Industry Development Bureau: 14 leaders and 36 employees in Micro and Small Scale Enterprise Development Bureau: and 23 leaders and 57 employees in Finance and Economic Development Bureau.

##### **1.4.2 Sample size**

Simple random sampling was chosen for conducting the study. The following samples are selected from each sector: From Trade and Industry Development Bureau (leaders 57, employees 20), from Micro and Small Scale Enterprise Development Bureau (Employees 21, leaders 10), from Finance and Economic Development Bureau (leaders 20, employees 27), and the sum of the sample respondents is 155. Focus group discussions were also held with the coordinators of the change initiatives (Monitoring, Support and Measurement sub-process owners) of the three sector bureaus.

##### **1.4.3 Data Collection Techniques**

The major instruments used to collect data were questionnaires. The questionnaire were prepared to collect data from different groups of employees and leaders about the BSC implementation status and challenges observed since its implementation. A structured questionnaire arranged in standardized 5-point Likert's scale were given to the participants to respond to each question. Closed ended questions were also provided to the respondents for issues that cannot be answered in absolute or relative way.

##### **1.4.5 Data analysis**

The information collected from both primary and secondary data sources through review of different documents as well as survey questionnaires were organized and

narrated. To be specific, opinion of respondents' to the questionnaires were summed up by frequency counts and then converted into percentages. The results of the survey were analyzed using descriptive statistics to interpret the 5 point Likert scale type responses. Data were presented using tables, charts, figures where necessary and generalizations were made and presented.

## **2. LITERATURE REVIEW**

Balanced scorecard is a management tool that enables an organization to translate its vision and strategy into a tangible set of performance measures. However, it is more than a measuring device (Kaplan and Norton 1996). It is a strategic planning and management system that is used in business and industry, government, and nonprofits organizations to align business activities to the vision and strategy of the organization improve internal and external communications, and monitor organization performance against strategic goals. The balanced scorecard was developed by Robert Kaplan, an accounting professor at Harvard University, and David Norton, a consultant in Boston. In 1990s, Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement. The drive for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. They discussed a number of possible alternatives but settled on the idea of a scorecard featuring performance measures capturing activities from throughout the organization customer issues, internal business processes, employee activities, and of course shareholder concern (BSC institute 2015).

The key claims success by Kalpan and Norton (1996) are that the BSC demonstrates link to strategy, cause and effect relationships and balance between BSC metrics. They also stated that the BSC is used as a communication tool, a measurement tool or a strategic management tool (Kalpan and Norton 2001). A key conclusion of the research was that in order to be successful, a company has to address long term issues and not simply rely on producing good short term results. Kalpan and Norton argue that financial measures were too one sided and not relevant to many levels in the organization and that reliance only on financial measures may affect the ability of organizations to create value (Niven, 2006). Moreover, Kalpan and Norton (1999) argue that focusing exclusively on financial performance measurements worked well in the area of industrialization, but in the era where new trends are emerging, financial measurements are not enough. Kalpan and Norton (1992) made an analog with an airplane cockpit. They explain that for the complex task of navigating a pilot, the pilot should rely on a number of indicators and instruments to reach the destination safely, and efficiently. He needs detailed information about fuel, air speed, pressure, altitude, destination, and other indicators that summarize the current and predicted environments. Relying only on one instrument could be fatal. The same can be said for organization. Managers should recognize the need to track performance in several areas.

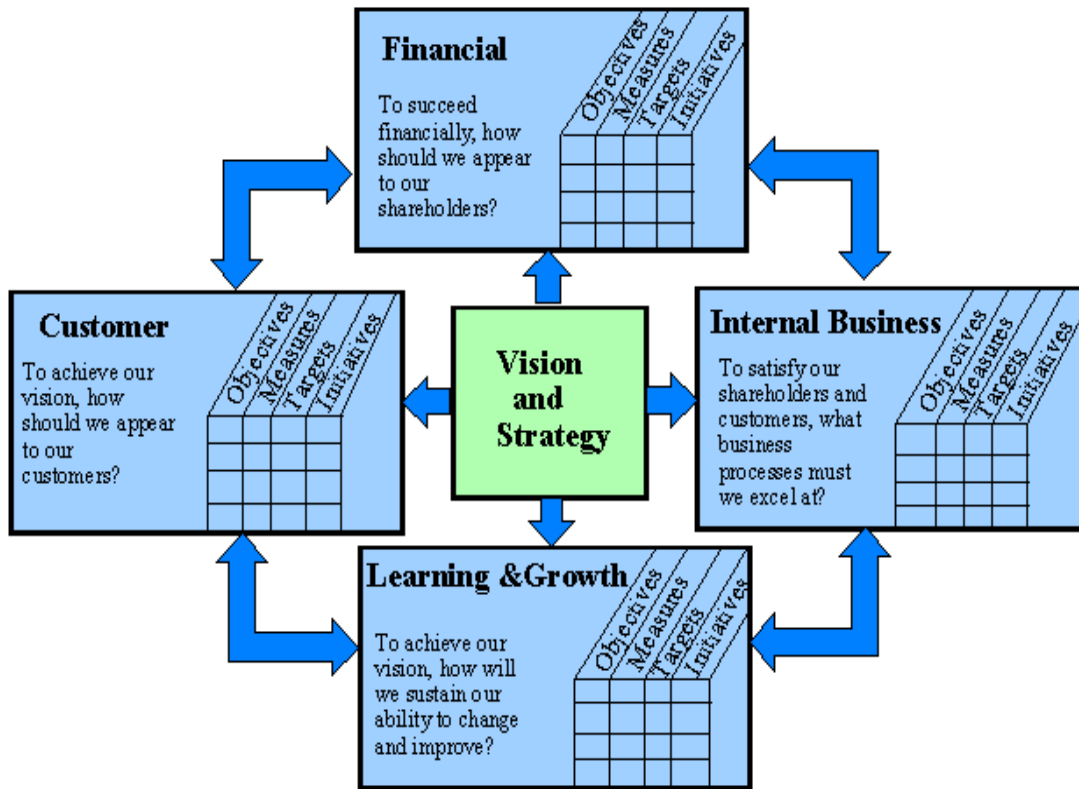
Thus, the Balanced Scorecard (BSC) is specific tool that allows managers to define and implement a set of financial and nonfinancial indicators in a balanced way to assess an organization's performance from four viewpoints. The balanced scorecard

should therefore provide answer to four basic questions that look at the business from four important perspectives (Kaplan and Norton, 1992). These are customer perspective, internal perspective, financial perspective and learning. The details are discussed below.

### 2.1 The four balanced scorecard perspectives

With the BSC framework, four categories of measures are identified in order to achieve balance between the financial and non-financial, between internal and external and between current performance and future performance (Kaplan et al., 1992).

Figure 1 The standard BSC model and its assumed causal relationships



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

Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. In fact, often there is more than enough handling and processing of financial data. With the implementation of a corporate database, it is hoped that more of the processing can be centralized and automated. However, the point is that the current emphasis on financials leads to the “unbalanced” situation with regard to other perspectives.

#### 2.1.1 The Description of the Four Perspectives

Balanced Scorecard concept offers to look at an organization's strategy from the following points of view (perspectives).

*1. The Financial Perspective*

Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. However, the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial related data, such as risk assessment and cost-benefit data, in this category.

*2. The Customer Perspective*

Of the four BSC perspectives, the customer is at the core of any business and is crucial to long-term improvement of the company performance (Kaplan et al., 1992). The customer perspective is a core of any business strategy which describes the unique mix of product, price, service, relationship, and image that a company offers (Kaplan et al., 2001). The customer perspective defines how the organization differentiates itself from competitors to attract, retain, and deepen relationships with targeted customers. The value of the customer perspective is crucial because it helps an organization connect its internal processes to improved outcomes with its customers (Kaplan and Norton, 2001).

*Internal Business Process*

Internal business process measures relate specifically to the operational processes of the business unit. Internal business is based on the notion that to satisfy customers and earn a financial return, the business must be efficient and effective at what it does. The internal process measures are typically based on the objective based on the objective of the most efficiently and effectively producing products or services that meet customers' needs. (Kaplan et al., 1996).

*Learning and Growth Measures*

Represent the employees as part of the four pillars used to measure performance with the BSC framework. The innovation and learning and learning perspective is all about developing the capabilities and processes needed for the future. In the aviation service, for example for a business to succeed not only must it effectively carry out daily transactions but it must also continually improve in terms of the value and cost of its offerings. This innovation process can be measured in a variety of ways. These may include the speed of transactions, or the number of people involved in a particular transaction, etc. again, the choice depends on what is critical for the success of each particular business (Kaplan et al., 1996). Acknowledging that performance measures relating to learning and growth are the most difficult to select, Kaplan and Norton (1996). Suggest measures of employee's capabilities, information systems capabilities, and employee motivation and empowerment as examples. The relation among the four perspectives is very strong and logically interconnected.

## **2.2 The Use of Balanced Scorecard in Public Sector**

Public sector reforms in the early 1990s have changed the way performance is measured in public sector entities. Limited resources have put pressure on government organizations to improve financial management. Reforms have changed performance

measurement by actively encouraging entrepreneurship and ensuring that operational effectiveness is measured as well (Abernethy and Lillis 2001).

With the advent of NPM it became normative that old bureaucratic administrations need to be transformed to efficient and effective organizations through the introduction of performance management tools such as BSC (Dent, 1991). Performance management systems are considered as a managerial techniques that offer a solution to the problem of containing public expenditure, improving the services delivered and measuring public organizations on the basis of an input–output–outcome model (Johnsen, 2005). The chief benefit has been the pursuit of the fundamental goal of creating a strategy-focused organization using the BSC. With the BSC government organizations are expected to be more customer-centric. The customer perspective has become elevated to the top of the BSC strategy, effective delivery of services to customers explains the existence of most government and nonprofit organizations.

In the private sector the key financial objectives relate to profitability and returns on investment. In the public sector, financial considerations will have an enabling or restraining role but will not replace organization’s missions. In public sector, the ‘bottom line’- fiscal prudence is essential but not the reason that government program, services exist. The bottom line is success of the mission of the program or service delivered as expected. Therefore, an organization building a public sector balanced scorecard has to start with the understanding that the ultimate goal is an improvement in awareness, capacity or conditions for the customer (citizens).

Wisniewski and Olafsson (2004) looked at the development of the BSC in two local authority environments and suggested a number of useful findings. First, they pointed out that in public sector organizations, performance measures focus not only on costs, but also on the efficiency and effectiveness of the service provision. Second, the customer perspective becomes one of the ultimate objectives of public sector performance measures. Third, customer definition can become more complex in the public sector environment because of the multiplicity of customers with the various services offered by local authorities. According to public sector, the definition of the ‘customers’ is different from private institution since public sector institutions have many stakeholders such as politician, service users, resident, donator, etc. (Murby and Gould, 2005).

**Table 1: Public and private sectors compared**

Features	Private Sector	Public Sector
Focus	Shareholder value	Mission effectiveness
Financial goals	Profit; market share growth; innovation; creativity	Cost reduction; efficiency; accountability to the public
Efficiency concerns of clients	No	Yes
Desired outcome	Customer satisfaction	Stakeholder satisfaction
Stakeholders	Stockholders; bondholders	taxpayers; legislators; inspectors

Who defines budget priorities	Customer demand	Leadership; legislators; funding agencies
Key success factors	Uniqueness; advanced technology	Sameness; economies of scale; standardized technology

*Source: Nicholas J. Mathys, 2006*

### **2.3 Balanced Scorecard in Ethiopia**

Changes in the socioeconomic and political landscape in Ethiopia have resulted in changes in management of public institutions. The quests for efficiency, accountability, and transparency have forced institutions to adopt organizational strategies and management structures that are popular in business organizations. To this effect, Ethiopia has introduced a range of approaches that broadly fall into the category of ‘New Public Management’. The main successive reform tools include Business Process Re-engineering (BPR), BSC and the Citizen Charters. Building on earlier efforts to establish strategic planning norms and an employee result-oriented performance appraisal system, the federal government introduced the BSC in 2010 (Menwuyelet Fentie,2014). The BSC is being used as a planning, change management, and communication tool, and is also considered as an opportunity to embed strategic management principles into the plan. The BSC incorporates the higher-level goals identified by the country’s Growth and Transformation Plan (GTP) and tries to operationalize these goals.

According to Menwuyelet (2014),three reasons are cited as rationales to implement BSC in Ethiopian Federal civil service organizations, namely:

- To have better performance evaluation system in civil service organizations
- To put in practice the Federal Civil Servants’ proclamation no. 515/99 (proclamation for administration of Ethiopian Federal Civil Service employees)
- To focus on strategies and link the day to day activities to strategies with well-balanced and multi perspective performance evaluation system

A ministry or agency provides a highest expression of tangible and identifiable results that the government expects, below the Ministry or Agency level, the results are further cascaded down to process teams and individual members of staff. BSC set targets for output and interventions for which measures or indicators are set. As of 2012, the civil service’s “Individual Employee Performance Management and Measurement” directive was incorporated into the BSC. The management of individual performance is now being addressed through a system of individual performance agreements that are linked to team and organizational targets derived from the four dimensions of the BSC. These include: i) finance, ii) learning and growth; iii) client/customer satisfaction, and iv) processes (time volume, frequency).The first set of annual performance agreements for individuals were signed in July 2012.Currently 60 percent of the score is allocated towards achieving the agreed upon specific tasks and goals, while 40 percent is dedicated to attitude or behavioral aspects (this can also be seen as a reaction to earlier criticism of assessments introduced by the BPR that were seen as overemphasizing ‘attitudes’). Thus, the BSC seeks to create direct links between employees’ performance and the strategy of an organization towards its clients/citizens, budget, internal processes, and learning and



growth. Both employee and organization performance reviews are carried out twice a year, in December and June.

The challenges at the design level includes on how to set higher level objectives. Firstly the sectors focused on their very mission, later among the 18 higher level objectives almost all sectors took 17 and only one unique objective-related to their mandates. These resulted in cascading difficulty as well as later on measuring performances of each sector i.e. the shared 17 objectives are not relevant to all sectors. For instance, imagine a health sector's performance measurement from Political and Economic empowerment of Women point of view. The other well noted problem is related to technology-automation. It was aimed to have a corporate sector performance on weekly, monthly, quarterly and annually basis; but currently this aspect is not practical. There were also confusion among the existing multiple plans (Strategic Plan, BSC, Growth and Transformation-some organizations could hardly understand whether GTP is strategic plan or another planning tool) in the organizations. For instance, in education sector there were Strategic plan, Education Sector Development Plan, BSC and others; employees and officials were not clear on which plan to follow. Despite, the establishment of separate process to lead BSC and other reforms, there have been lack of details on functions and responsibilities and often staffed by experts with little or no experience of major reform tools.

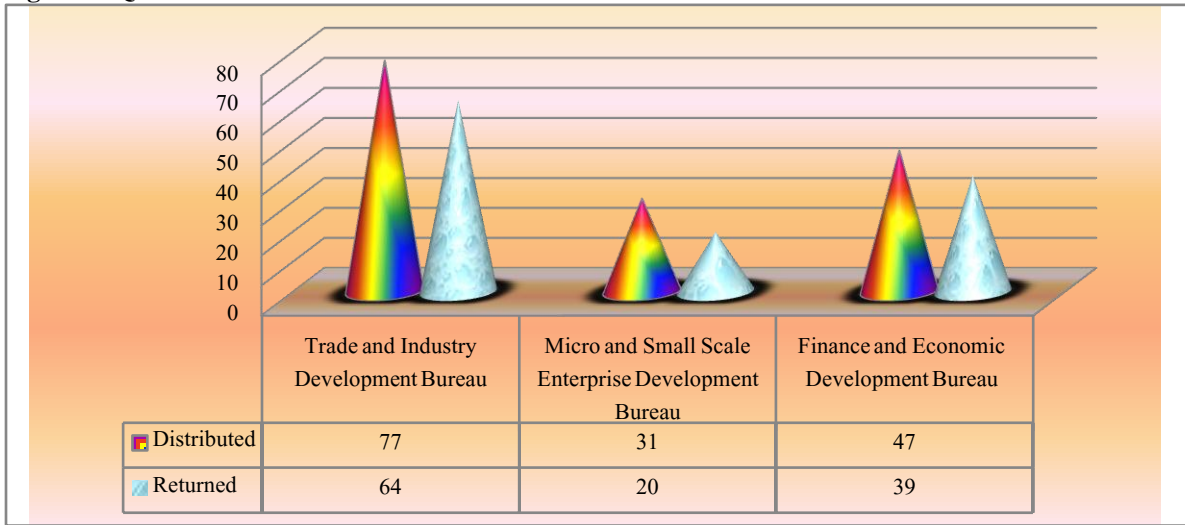
### **3. FINDINGS AND DISCUSSION FROM PRIMARY DATA**

As it is discussed in the literature review, there are few attempts to explore the implementation of BSC in public sector with empirical analysis in Addis Ababa based on factors as awareness of BSC, implementation and measurement of performance, leadership roles, communication and managers and staff commitment.

#### **3.1. Response Rate**

One hundred fifty five questionnaires were distributed to employees working at Trade and Industry Development, Micro and Small Scale Enterprise Development and Finance and Economic Development Bureaus of the Addis Ababa City Administration of which 77 questionnaires are addressed to trade and industry, 31 to Micro and Small Scale Enterprise, and the remaining 47 questionnaires distributed to Finance and Economic Development Bureau as indicated in the table below. 123 questionnaires were filled in and returned from the respondents. Accordingly 64 returned from Trade and Industry Development Bureau, 20 from Micro and Small Scale Enterprise Development Bureau, and 39 from Finance and Economic Development bureau employees gave back the questioners.

**Figure 2: Questionnaires distributed and returned**

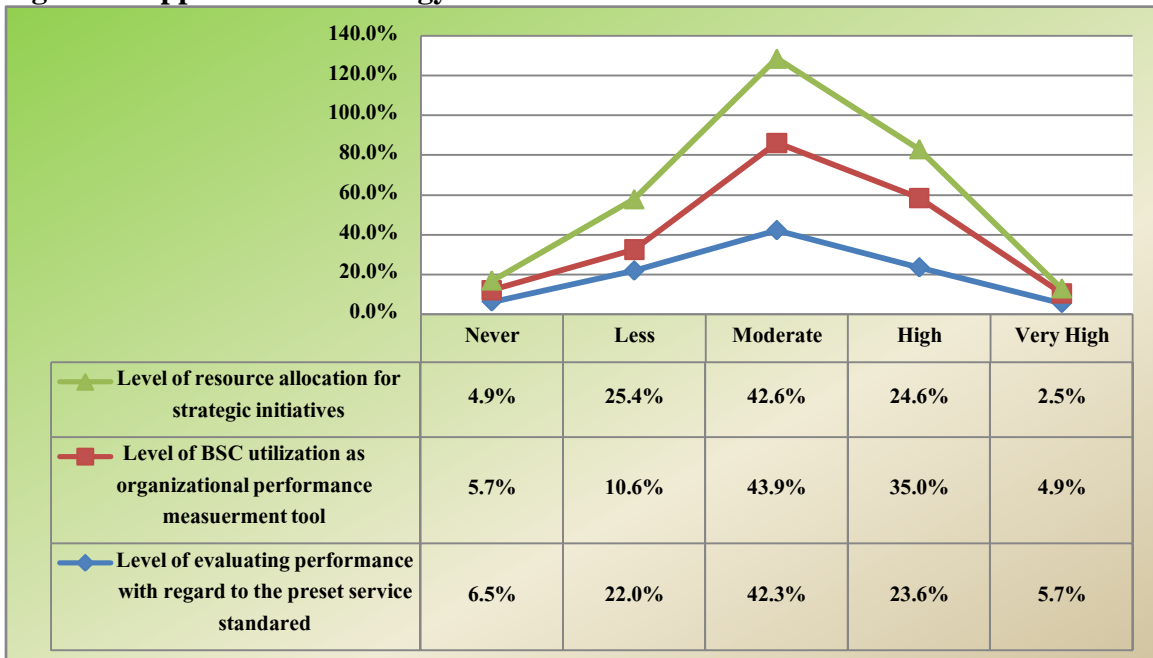


### 3.2. Findings

#### 3.2.1. Level of strategy measures usage

Level of strategy measures usage in this case is mainly concerned with how the strategic measures and customer service standards of the sector bureaus are being utilized as performance measurement and management tools. In addition, level of performance evaluation against the preset customer service standards, availability of relevant information about the performance of the strategic objectives are also considered as key indicators of the factor (variable).

**Figure 3: Application of strategy measures**



The use of strategic measures as performance management tool serves to focus actions on what is important to the organization. One of the indicators for proper utilization of the strategic measures as both performance measurement and management tool is level of resource allocation for the strategic initiatives. In addition 24.6% and 2.5% of the respondents marked the level of resource allocation for the strategic initiatives as “high” and “very high” respectively. On the contrary, the remaining respondents that constituted 30.3% discharged with the majority. These groups of respondents stated that the necessary attention is not given for the change initiatives to the extent of failing to allocate sufficient budget for their strategic initiatives. Meanwhile, data obtained from the focus group discussion held with the coordinators of the change initiatives (Monitoring, Support and Measurement sub-process) of the three sector bureaus shows that there has been no change in the budgeting process since the Balanced Scorecard was introduced as resource allocation is not directly linked with the strategic initiatives. Similarly, interview results also underscored the difficulty to allocate the necessary budget for the strategic initiatives independently due to the fact that program budgeting is not yet fully deployed in the budgeting process of the city administration as a whole.

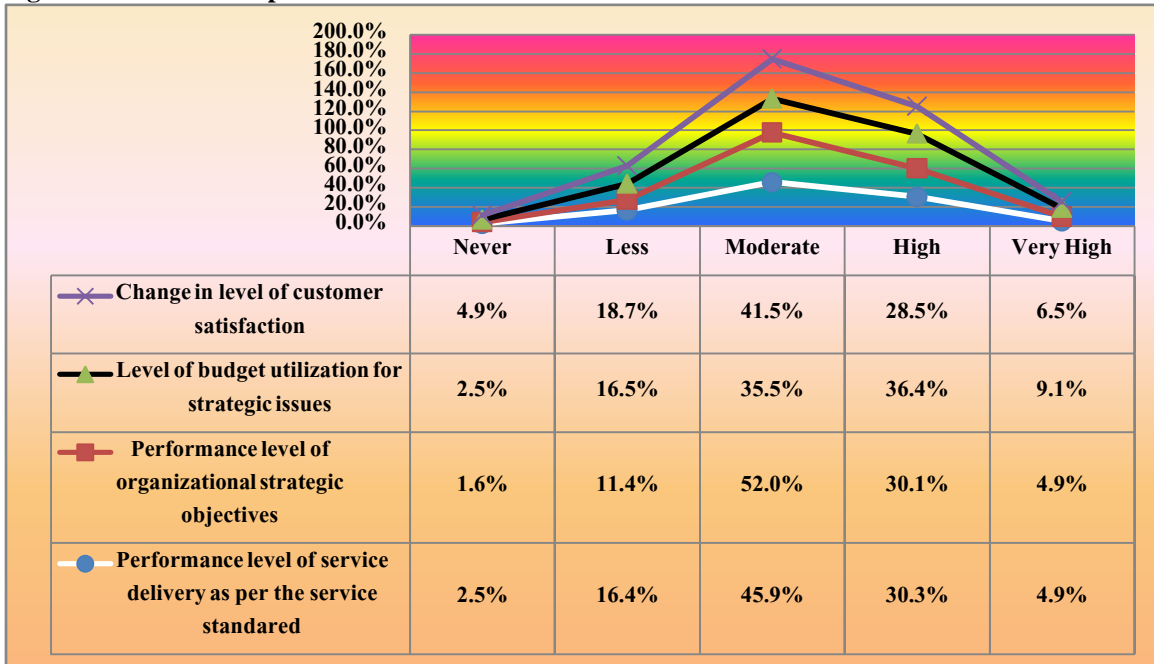
Respondents who marked and supported Balanced Scorecard (BSC) is being utilized as organizational performance measurement and management tool rated 39.9% (for very high and high). In addition 43.9% of the respondents marked the level of BSC utilization as organizational performance measurement and management tool as “moderate”. The remaining 16.3% of the respondents thought, in spite of its existence, the BSC is not good at being utilized as performance measurement as well as management tool. Regarding customer service standard, significant number of the respondents (42.3%) realized that the level of evaluating employees’ performance against the preset customer service standards of BPR is moderate and about 29.3% (for very high and high) of the respondents marked that the performance of employees is being evaluated against the service standards. Despite this the remaining respondents that constituted 28.5% disagreed. These groups of respondents argued the customer service standards are not being utilized as performance evaluation tool in the sectors under discussion.

### **3.2.2. Strategy implementation**

Strategy implementation is the manner in which a chosen strategy is translated into organizational action so as to achieve strategic goals and objectives. It mainly requires creating strategic alignment between strategic goals and its organizational factors. Thus, the tighter the linkage, the more powerful strategy execution and more likely targeted performance can be achieved.

In this case, the key performance indicators of strategy implementation include performance level of customer service delivery as per the preset service standards, performance level of organizational strategic objective as per their targets, improvement in the level of customer satisfaction and level of budget utilization for the strategic initiatives.

Figure 4: Indicators of performance



Employees realized change in customer satisfaction after the implementation of change initiate BSC is good. As figure 4 above illustrates significant number of respondents of the stated that there is a moderate level of customer satisfaction in the sector bureaus after the implementation of BSC. About 28.5% and 6.5% of the respondents also marked the change in customer satisfaction that steam from the introduction of change initiatives as “high” and “very high” respectively on the other hand, the remaining respondents that constituted 23.5% argued that institutionalizing both change initiatives hasn’t brought any significant change on the level of customer satisfaction. Data obtained from customers of the three sector bureaus under discussion shows that though the office layout of all the sectors is somewhat comfortable for the customers, majority of the respondent customers (85%) marked that their level of satisfaction on the quality and efficiency of the service delivery of the sectors is “moderate”. The remaining 15% rated their level of satisfaction as ‘high’.

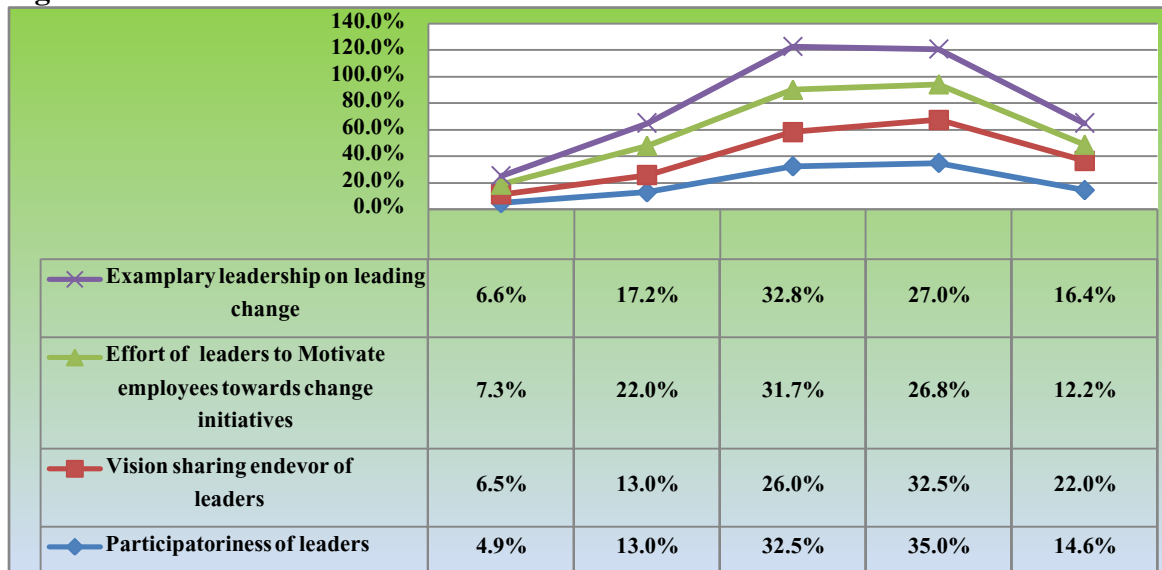
Regarding the performance level of organizational strategic objectives, about 52.0% of the respondents marked the performance level of organizational strategies of the three sectors under consideration as ‘moderate’ (average). In addition about 30.1% and 4.9% of the respondents also marked the performance level of organizational strategies as ‘high’ and ‘very high’ respectively also marked the performance level of organizational strategies as ‘high’ and ‘very high’ respectively. Notwithstanding to this, the remaining respondents that constituted 13.0% opposed the majority. The groups of respondents argued the organizational strategic objectives of the sector bureaus are not being implemented as per their planned targets. In this regard, additional data were collected from the secondary sources especially from the annual performance evaluation reports of the three sector bureaus. As a result, the evaluation reports of each sectors

concluded that the performance level of some selected strategic objectives as ‘moderate’. However, this performance level is getting lesser and lesser as it goes down to the three tiers of the three sector bureaus under discussion (center bureau, sub city and woreda level).

### 3.2.3. Leadership style

Visionselling endeavor of top leaders, exemplary leadership in leading change, readiness to participate subordinates in decision making, and efforts of leaders to motivate their followers towards the change initiatives are considered as key performance indicators of appropriate leadership style. The more participatory and exemplary leadership is institutionalized the greater will be better performance.

**Figure 5: Indicators of leaders’ actions**



As figure 5 illustrates, about 32.8% of the respondents rated the existence of exemplary leadership in leading change as ‘moderate’. In addition, about 27.5% and 16.4% of the respondents rated the level of exemplary leadership as ‘high’ and ‘very high’ respectively. On the other hand, the remaining respondents that constituted 23.8% argued that there no as such exemplary leadership in leading the changes. Vision sharing endeavor of top leaders is fundamental for the full practice of the change initiative (BSC). To this end, about 26.0% of the respondents stated that leaders of the sectors under discussion are moderately striving to enlist others to share their vision. In addition, about 32.5% and 22.0% of the respondents rated the sharing endeavor of top leaders as ‘high’ and ‘very high’ respectively. On the other hand, the remaining respondents that constituted 19.5% argued that there no any considerable endeavor of the existing top leaders to share vision of their sector bureaus to the employees.

Meanwhile, 32.5% of the respondents stated that leaders participate, engage and consider ideas of their employees moderately. Similarly, about 35.0% and 14.6% of the

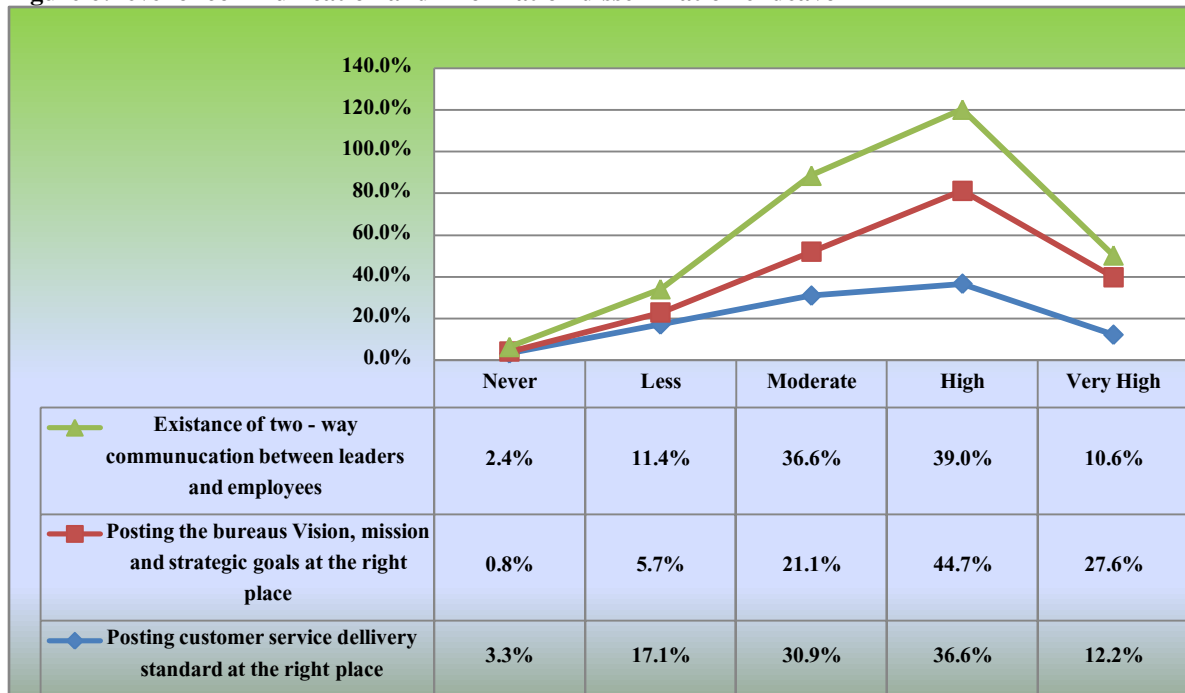
respondents marked that the level of participation of employees in the decision of leaders as ‘high’ and ‘very high’ respectively. Few of those respondents, which account 17.9%, are in the reverse direction. They argue that leaders fail to consider the ideas of their employees in their decision-making. In this regard, data obtained from the focus group discussion also shows that leaders of the three sector bureaus under consideration have been striving to participate, engage and consider ideas of their employees mainly through periodic meeting. Especially those leaders who are process owners are expected to conduct weekly meetings with their staff members in view to share ideas and evaluate their weekly performances.

Motivations of employees is also one of the determinant factors for the change to come true. To this end, about 31.7% of the respondents marked effort of their leaders to motivate employees towards change endeavors as ‘moderate’. In addition, about 26.8% and 12.2% of the respondents rated effort of their leaders to motivate employees towards change endeavors as ‘high’ and ‘very high’ respectively. On the country, the remaining respondents the constituted 29.3% oppose the majorities by arguing that their leaders do not bother about the attitude of their employees towards the change initiatives.

### 3.2.4. Effective Communication

Effective communication is very crucial for making a strategy everyone’s everyday job. In this case, use of tools to facilitate communication with all stakeholders (customers, employees, etc.), existence of two-way communication between leaders and their subordinates and availability of service standards and preconditions for the services at the service stations are considered as key indicators of effective communication.

Figure 6: level of communication and information dissemination endeavor



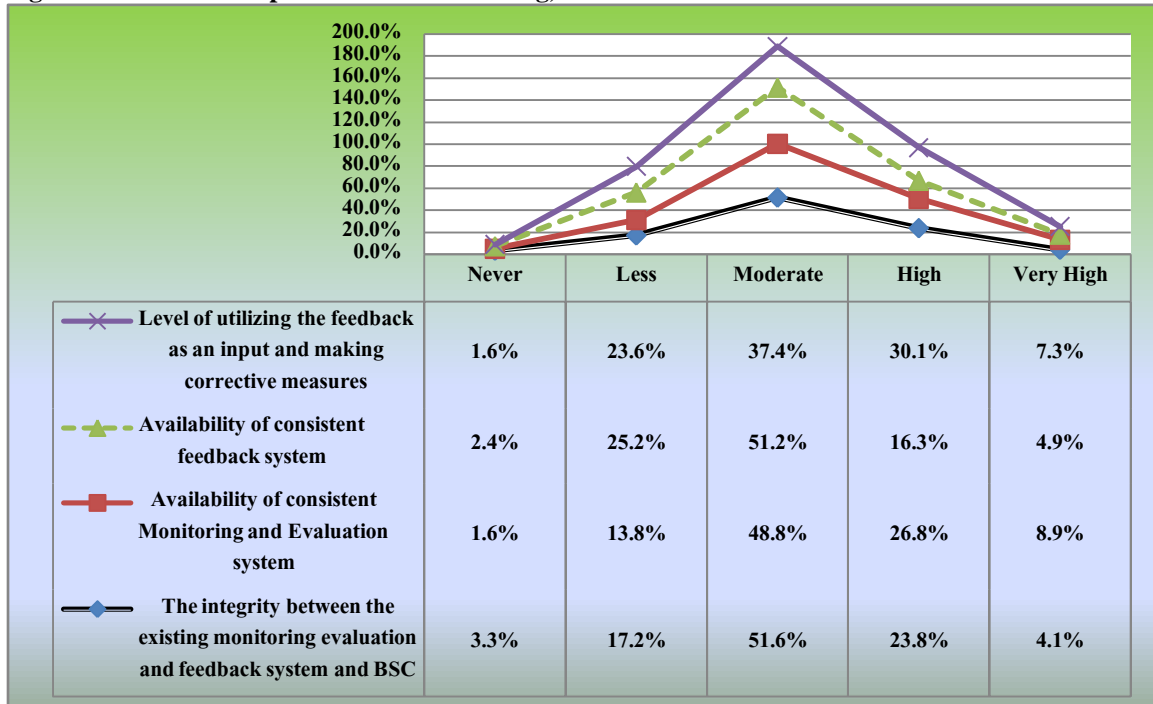
As indicated above, the level of communication and information dissemination endeavor among the stakeholders (leaders, employees and customers) of the sectors under consideration is high. Majority of the respondents, which account 86.2% (for very high and moderate) realized the existence of two-way communication between leaders and their employees. Few of those respondents, which account 13.8% opposed the majority by arguing the leaders fail to promote mutual understanding and respect others' ideas through institutionalizing two-way communication. Posting the bureaus 'vision, mission, strategic goals and direction pointers at the right place facilitates communication between customers and the service providers. To this effect, about 93.4% (for very high, high and moderate) marked that their organizational vision, mission, strategic goals and strategy maps in general are placed at the right place. The remaining 6.6% oppose the majorities by arguing that their strategy maps are not posted at the proper place.

Regarding the availability of customer service delivery standards and precondition for the service at the service stations, about 79.7% (for very high and moderate) realized that the service standards and preconditions are posted at the service stations of the three sectors. The remaining 20.3% oppose the memories by arguing that service standards and precognitions for the services are not properly posted at the service stations. In this regard, data obtained from the field observation confirmed that the vision, mission, strategic goals and direction pointers of all the three sectors are posted at the right places. However, customer service standards and preconditions for the services are properly posted only at the Trade and Industry Development Bureau. But the remaining two sectors (Micro and Small Scale Enterprise Development and Finance and Economic Development Bureau have failed to do so.

### **3.2.5 Performance monitoring, evaluation and feedback system**

The existence of consistent performance monitoring system, periodic performance evaluation system, feedback system, and timely reviews and r-adjustments as per the feedbacks are taken as key indicators.

Figure 7: Indicators of performance monitoring, evaluation and feedback



Respondents were asked whether there existed consistent and periodic monitoring and evaluation system; the result indicated about 48.8% of the respondents stated that there exists a moderate level of consistency in the current monitoring and evaluation system. Furthermore, 35.7% (for very high and high) of the respondents have assured that the existing performance monitoring and evaluation system is a regular ongoing exercise in the sectors under consideration. Despite this, few of the respondents that account 15.4% (for less and never) have argued that there is no as such consistent and periodic performance monitoring and evaluation system. Regarding the consistency of the feedback system used, majority of the respondents which account 51.2% stated that the existing feedback being given by the top leaders, customers and evaluators is moderately consistent. In addition, 21.2% (for very high and high) of the respondents have ensured that the existing feedback system considerably consistent. On the other hand, the remaining respondents which account 27.6% argued that the sector bureaus have failed to institutionalize a consistent feedback system.

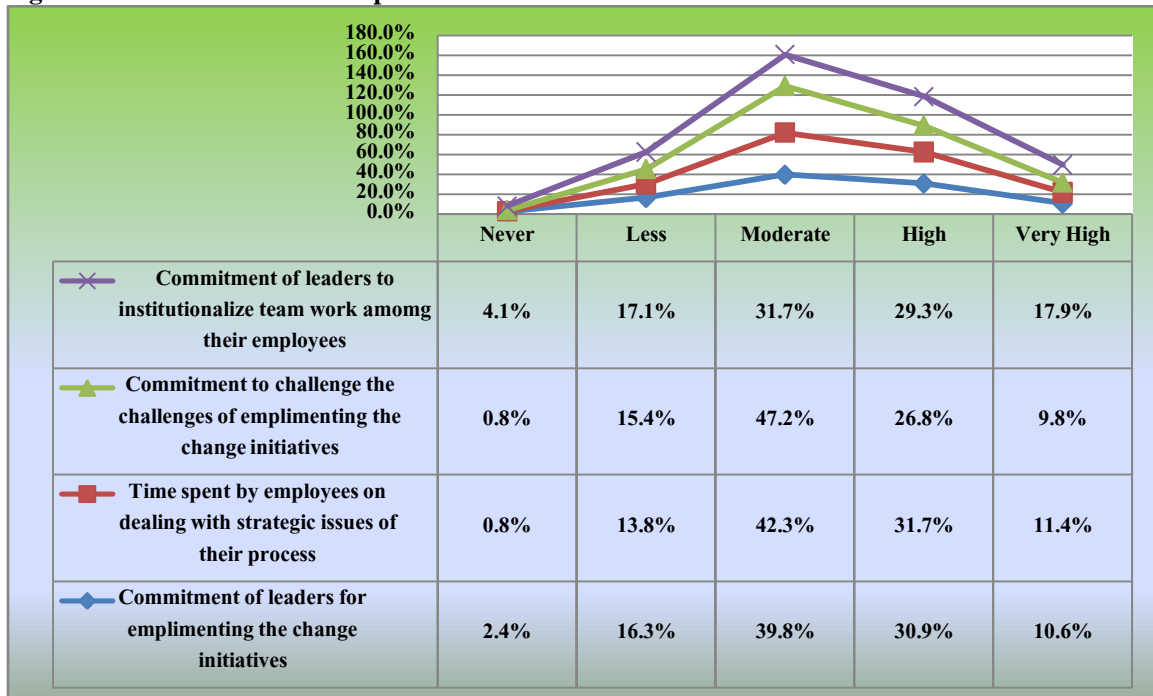
Regarding the feedback system, data obtained from observation and focus group discussion held with the monitoring, Support and Measurement sub-process shows that the entire sector bureaus understand have arranged customers' suggestion boxes and registration books at the right place. In addition, the Monitoring, Support and Measurement sub-processes of all the three sectors conduct periodic performance evaluation and provide feedback for the evaluates. However, it is noted inconsistency in considering the customers as well as the feedback given by the evaluators (Monitoring, Support and Measurement sub-processes) as input for their administrative and corrective measures.



### 3.2.6 Leadership and staff commitment.

Effective change in the organization’s culture and shared vision comes from able, strong and committed leaders and staff members. Leadership and staff commitment in this case means consistency in performance measurement tool, amount of time spent in dealing with the strategic issues, willingness to face barriers of implementing the change initiates, and team building endeavors of leaders.

**Figure 8: Indicators of leadership and staff commitment**



A the aforementioned detailed result indicates, 39.8% of the respondents rated the commitment of leaders for implementing the change initiatives as ‘moderate’ and about 30.9% and 10.6% o the respondents rated the level of commitment of leaders for implementing the change initiatives as ‘high’ and ‘very high’ respectively. On the contrary, the remaining respondents that account 18.7% argued that the commitment of leaders for implementing the change initiatives were not as such satisfactory. Regarding commitment of leaders to institutionalize team work among their employees 31.7% of the respondents marked the commitment of leaders to institutionalize team work among their employees as ‘moderate’ and about 29.3% and 17.9% of the respondents rated the level of commitment of leaders for encouraging team work their employees as ‘high’ and ‘very high’ respectively. On the country, the remaining respondents that account 21.2% argued that the commitment of leaders to encourage team work was not as such satisfactory. Time spent by employees on dealing with strategic issues of their sector bureaus is one of the key indicators of the commitment of staff members for implementing the change initiatives. In this regard, significant share of the respondents (42.3%) stated the

employees are moderately spending their time in dealing with the accomplishment of their strategic issues (strategic goals and objectives). And about 31.7% and 11.4% of the respondents rated the amount of time spent on dealing with strategic issues by the employees as 'high' and 'very high' respectively. On the contrary, few respondents that account 14.6% argued that employees are not spending their time in dealing with the accomplishment of their strategic goals and objectives.

Readiness of the staff members to challenge the barriers of implementing the change initiatives (BPR and BSC) is also another indicator of both leaders' and other staff members' commitment to ensure effectiveness of the change initiatives. To this effect, significant share of the respondents (47.2%) rated the willingness of the staff members to challenge the barriers of implementing the change initiatives as 'moderate' and about 26.8% and 9.8% of the respondents rated the readiness to challenge the challenges as 'high' and 'very high' respectively. On the contrary, some respondents that account 16.2% argued that the staff members are not as such devoted to resolve the challenges of implementing the change initiatives by themselves or they do not bother about the effectiveness of the change initiatives. Data obtained from the focus group discussion also confirmed that there is some sort of negligence and irresponsibility among some employees of the sectors under discussion. According to the staff members of Monitoring Support and Measurement sub-process the very reason is the fact that there is a loose accountability framework for their duties and responsibilities, and lack of standardized reward/incentive mechanism linked with the implementation of the change initiatives.

**3.2.7. Major challenges in the implementation of the change initiatives**

Similar to that of achievement, data about challenges were gathered from open-ended questions, interviews held and with top leaders. The major challenges BSC identified by majority of the respondents are summarized as follows.

**Figure 9: Challenge of implementing the BSC**

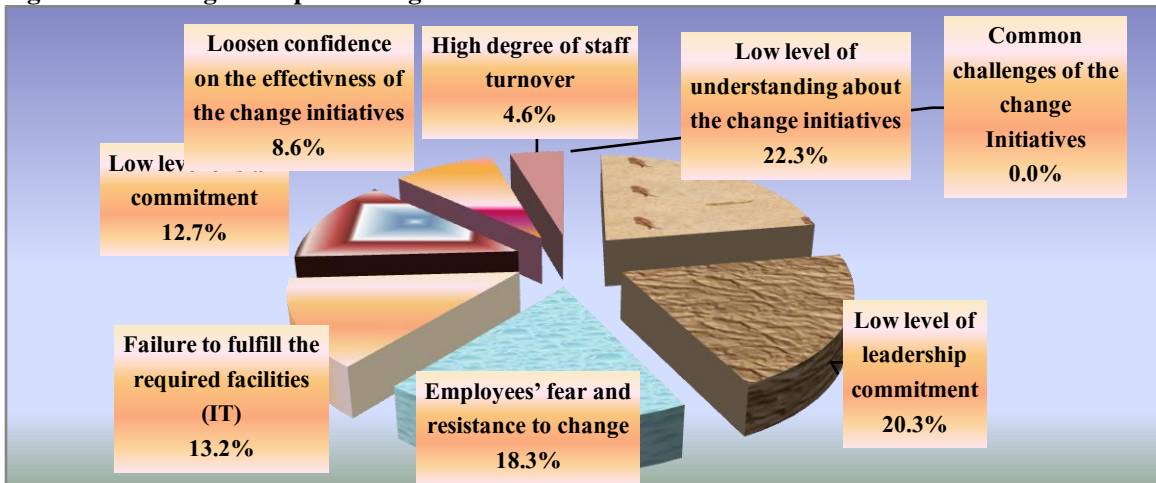


Figure 24 illustrates challenges identified by majority of the respondents which may impede the smooth functioning of the change initiatives. The most critical ones are low level of understanding about the change initiatives BSC, limitation on leadership

commitment, employees' fear and resistance to change, failure to fulfill the required facilities (Information Technology), low level of staff commitment, loosen confidence on the effectiveness of the change initiatives, and high degree of staff turnover. In this regard, about 22.3% and 20.3% of the respondents stated low level of understanding about the change initiatives, and limitation on leadership commitment as critical bottlenecks of the change initiatives respectively. About 18.3% and 13.2% of the respondents marked employees' fear and resistance to change and lack of the required facilities (IT) as the most critical challenges respectively. Similarly, 12.7% and 8.6% of the respondents confirmed that the major challenges are low level of staff commitment and loosen confidence of the employees on the effectiveness of the change initiatives respectively. The remaining 4.6% of the respondents ensured the seriousness of high degree of staff turnover as a bottleneck for sustainable implementation of the change initiatives. Lack of commitment and competency of leaders, shortage of resources, lack of ICT infrastructure and its utilization skill, weak monitoring and evaluation, and unchanged attitudes of employees and leaders were some of the challenges for poor implementation of BSC. On the whole, attitudinal and commitment problems of employees and managers, resource constraints, gaps in understanding why and where to implement the reform tools and absence of clear and uniform measurement and incentive system are factors repeatedly raised as major challenges.

#### **4. CONCLUSION**

Many countries including Ethiopia have been striving to make the necessary changes to fit in the changing environment. Majority of public institutions in Ethiopia have joined the revolution against the perceived inability to address problems of service delivery and inefficiencies. To this effect, BSC has become the principal agenda of many public institutions of the nation including the Addis Ababa City Administration

It is understood that the Addis Ababa City Administration is striving to respond to its problem of service delivery and inefficiency by adopting various reform programs. In this regard, major findings of this study shows that there is a progress in implementing the change initiatives (BSC). However, the data also indicated major challenges and shortages in putting the change initiatives into practice as required.

The findings show that though there have been positive achievements, the leaders and organizers of the change initiatives have not yet fully discharged their responsibilities of using strategic measures and customer service standards as performance measurement and management tool. Moreover, the actions taken in monitoring and evaluation is not as such satisfactory. The feedbacks did not go beyond awareness creation, and the feedbacks are not being consistently utilized as an input for any administrative and corrective measures.

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