# ST. MARY'S UNIVERSITY
# SCHOOL OF GRADUATE STUDIES

# AN ASSESSMENT ON THE IMPLEMENTATION OF BALANCED SCORECARD WITH REFERENCE TO EMPLOYEE PERFORMANCE: THE CASE OF OROMIA REGIONAL HEALTH BUREAU

### By
### AMARE LEMMA

### JULY, 2018
### ADDIS ABABA, ETHIOPIA

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### By

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# Acknowledgements

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# List of Acronyms

**BSC**:        Balanced Scorecard

**ORHB**:      Oromia Regional Health Bureau

**PM**:        Performance Management

**SM**:        Strategic Management

**SP:**        Strategic Planning

**BPR**:       Business Process Re-engineering

**KPI**:       Key performance Indicator

**SPSS**:      Statistical Package for Social Sciences

**ICT**:       Information Communication Technology

**JIT**:        Just-In-Time

**ART**:       Antiretroviral Therapy

**HIV**:       Human Immuno-Deficiency Virus

**AIDS**:      Acquired Immuno-Deficiency Syndrome

**OSSCBB**:   Oromia Civil Service and Capacity Building Bureau

**FMOH**:     Federal Ministry of Health

**SWOT**:     Strengths and Weakness, Opportunities and Threats

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# *Abstract*

*This study aimed at assessing the attitude and perception of employees towards the Balanced Scorecard, BSC; pinpointing the benefits enjoyed and gaps observed in implementing it; and examining the way employees are evaluated and subsequent merits are managed. The study is mainly a descriptive research by design where self-administered questionnaires and in-depth interview were used as the main data collection instruments. The study involved 214 employees working at the Oromia Regional Health Bureau. It applied a systematic random sampling technique to select a sample size of 135 respondents and 4 informants by picking every second member from the population frame. The data collected is analyzed using version 25 of Statistical Package for Social Sciences (SPSS). The major study findings were tabulated and presented for later summary. The study identified the existence of untrained staff, absence of daily record keeping mechanisms, lack of providing regular feedbacks, the use of evaluation criteria that is subjective and full of bias and non-transparent reward system as the major findings. Based on the collected data, the Oromia Regional Health Bureau has at least put a management and measurement system in its units with the exception of the few. The study also showed areas the ORHB needs to work on like training, daily record keeping and feedback mechanism, evaluation criteria, and its reward system. In addition, less commitment among the top management has been observed as confirmed by both the respondents and informants. The study recommended that the management should carry out its responsibility in revising the BSC document as per the current structure in order to fully implementation it in all its departments. The Bureau is also expected to organize BSC specific training, put a mechanism for daily record keeping and feedback, formulate clear evaluation criteria, and make its reward system transparent. Finally, the top management has to maximize its commitment in executing its leadership role in coaching, supporting and strengthening the Monitoring and Evaluation system.*

**Keywords: -** Balanced Scorecard, Employee Performance, Strategic Planning, Training Performance Management, Measurement, Monitoring and Evaluation

# Chapter One

# Introduction

As the reflection of the entire study, this chapter presents the background, statement of the problem, research questions, objectives, significance, scope, limitation and organization of the study that lay the foundation for subsequent chapters.

## 1.1 Background of the Study

Firms, be it small or large-scale, do invest a lot on acquisition of assets, employing professionals and establishing management systems in general in order to run businesses smoothly. They assume profit as a result of the smooth flow of all these resources in an integrated, effective and efficient manner. To ensure this, organizations plan and deploy some mechanisms to follow their overall progresses in performance periodically through reports, scheduled inspections and supervisions. Paul Niven, 2006, also proves that organizations in today's change-filled, highly competitive environment must devote significant time, energy, and human and financial resources to measuring their performance in achieving strategic goals.

Over the years, both public and private businesses have been using various techniques such as total quality management (TQM), just-in-time (JIT) production and distributions system, business process reengineering among others to improve performances and thereby realize profitability. All these preach a variety of philosophies focusing on either bringing change through small and incremental changes or the ways of handling their inventories or working towards dramatically changing the organization through refining internal processes etc.

Even though this is the case, the issue of measuring performance had previously been focusing largely on financial activities. "As long as business organizations have existed, the traditional method of measurement has been financial. Bookkeeping records used to facilitate Performance Measurement and financial transactions can be traced back literally thousands of years" (Paul R. Niven, 2006). Analog Devices happened to be among the pioneers that had used a scorecard with several dimensions beyond financial perspectives as an approach for measuring rates of progress

in continuous improvement activities in relation to delivery times, quality and cycle times of manufacturing processes and effectiveness of new product development (Robert Kaplan and David Norton, 1996). After a series of debates and experience sharing events, a multidimensional measurement system that balances financial, internal process, customer as well as learning and growth perspectives came into being by Robert Kaplan and David Norton in the 1990s.

In other words, the Balanced Scorecard came into being to maintain the equilibrium between the traditional focus on measuring financial performances and other perspectives: customers, internal processes, learning and growth. Kaplan and Norton, 1996, further state that the name reflected the balance provided between short and long term objectives, between financial and nonfinancial measures, between lagging and leading indicators, and between external and internal performance perspectives. This denotes that the Balanced Scorecard measures both financial and nonfinancial performances giving a new framework to describe a strategy by linking intangible and tangible assets used in value creating activities.

Balanced Scorecard (BSC) is considered not only as a measurement tool but also as a management system that enables organizations to clarify their vision, mission and strategy to translate them into action. Hence, the Balanced Scorecard is used to plan and manage activities as well as monitor and evaluate performances. Norton and Kaplan, 1996, stresses this fact saying "The Balanced Scorecard is more than a tactical or an operational measurement system. Innovative companies are using the scorecard as strategic management system, to manage their strategy over their long run."

Seeing the opportunities, the Oromia Regional Government in general and the Oromia Regional Health Bureau (ORHB) in particular has been working to adopt and implement these reforms, the BPR, starting 2000 EC and the BSC since 2003 EC. It has been almost six years since it launched and started working under the principles of Balanced Scorecard. The ORHB consists of **214** staff with a diverse professional mix at its headquarter excluding seconded staff, being divided into fourteen Directorates and four special teams plus a legal service unit with varying roles and responsibilities (for details, see Annex B).

The Bureau envisioned to seeing a productive and prosperous population that can harvest its own health by reducing morbidity, mortality and disability as well as improve the health status of the people in the region through providing comprehensive preventive, promotive, rehabilitative and curative health services via decentralize and democratized health system in collaboration with all stakeholders.

Since the Balanced Scorecard integrates budgeting, resource allocation, target setting, reporting and feedback on performance into ongoing management processes, these functions are expected to handle its implementation. However, how it was implemented, what has been achieved, how do employees be evaluated and benefitted under the premises of BSC, and what challenges were figured out in the process etc. are questions attempted to be explored in this study.

## 1.2 Statement of the Problem

The Oromia Regional Health Bureau has been striving towards implementing government reforms for the last few years in accordance with the directions from the regional Civil Service and Capacity Building Bureau (OCSCBB) as well as the Federal Ministry of Health (FMOH). It started the reform by reengineering its internal business process in 2001 EC with a view of realizing dramatic changes on organizational performances. The process involved defining office practices, rearranging office setups, identifying and eliminating non-value adding practices or bureaucratic steps, uniting and splitting related and unrelated activities as well as erecting signboards, letting employees have badges and etc.

Two years later, more or less after the completion of the BPR, the Bureau went on introducing the Balanced Scorecard, BSC, all along its structures. According to the Balanced Scorecard Development and Implementation Document of the Bureau which was prepared in Afan Oromo in 2002, the BSC was initially accepted as a result-oriented performance evaluation tool that could fill the observed gap in the process of implementing BPR. But later, the ORHB adopted it as a planning and performance management tool, and by now, it has become a standard to set strategic goals, targets and objectives by which activities are planned, executed and evaluated. All these years, almost everyone in the system is aware and keep on executing his/her roles and

responsibilities in an effort to meet the strategic objectives the Bureau have set and said it would want to attain.

Since the objective of any measurement system is to motivate managers and employees to implement the business unit's strategy successfully, employees started tracking themselves periodically as to where their level of performance reached and what they are expected to do in the remaining time of that particular period. However, the effect of BSC implementation that is expected to be reflected on employee performance appraisals looks blurred. As all the activities included at functional level as well as individuals' annual plans are fetched from the strategic plan, there has to be a sheer linkage between employee performance appraisal system and expected benefits, rewards and penalties as well.

In other words, there has to be a clear criteria to attach a weight to a certain activity, a system that enables to capture daily performances of individuals, a procedure for departments to see and evaluate employees under them strategically, guideline to handle merits outshining individuals have to enjoy based on their performance and also support given to individuals who deviated from the plan or lagging behind.

Frankly speaking, the BSC implementation reports written in the afterwards said nothing whether there is an employee that has been promoted, demoted or participated in any supportive training or sent for an advanced level of education as per the principles of BPR and BSC. In addition, the bi-annual efficiency reports show that the organizational, team as well as individual performances are all along kept at their medium level or below. The researcher is interested to investigate as to why this is happening and suggest some possible recommendations to his capacity.

## 1.3 Research Questions

In light of the above stated problem the following basic research questions are designed with a view to provide possible solutions.

1. What does the overall implementation process of BSC in ORHB look like?
2. In what way the implementation of BSC has impacted on employee performance?
3. What does the ORHB gained from the implementation of BSC?
4. What are the major challenges that hindered the implementation of the BSC?

## 1.4 Objectives of the Study

The following are the general and specific objectives of this study.

### 1.4.1  General Objective

The general objectives of the study is to assess the implementation of Balanced Scorecard with reference to employee performance evaluations at the Oromia Regional Health Bureau.

### 1.4.2  Specific Objectives

The specific objectives of the study are to:

- Assess the implementation practices of the BSC in the ORHB;
- Explore the attitude of employees and determine their perception on BSC;
- Examine how employees are evaluated and subsequent merits are managed;
- Identify the major benefits enjoyed and gaps observed in implementing BSC;

## 1.5 Significance of the Study

This study is significant in indicating the overall gaps identified in implementing the Balanced Scorecard to the Oromia Regional Health Bureau giving particular emphasis to employee performance appraisals as a whole so that it would act upon the issues.

The study is also relevant to various academicians and researchers since the findings would be taken as a source of knowledge on the implementation of Balanced Scorecard and employee performance in the Oromia Regional Health Bureau.

In addition, since it is for the first time the Bureau is studied in this regard, this research would be a kickoff point for other researchers who want to extend the work further taking the scope it covers into consideration. Hence, future scholars will find the material important in their studies since they will have a source for their review of literature.

## 1.6 Scope of the Study

Even though the structure of the Oromia Regional Health Bureau extends upto the community level, this study is limited to the practices of BSC implementation at its headquarters due to various constraints such as time, finance, geographical complexities. Conceptually, the study focused on subjects such as business strategic plan, organizational structure, leadership, employee competency, reward system, organizational culture, and challenges faced.

Besides, the focus of this paper is limited to individual employee performance and the practices related to it though the Balanced Scorecard, as a performance management tool, can take a look at organizational as well as team performances.

## 1.7 Limitation of the Study

One of the major limitations the researcher observed is accessing series of journals that have been issued on the subject matter for free. These journals look limited to specific institutions that carry out the Balanced Scorecard as their own initiative.

In addition, some of the questionnaires are left unreturned due to reluctance from the respondents. On top of this, the busy schedules of the members of the management committee pauses a challenge in accessing the selected informants for interview which in turn may affect the successful completion of this research.

## 1.8 Organization of the Study

This thesis is organized in five chapters. The first chapter focuses on introductory issues related to the basic concepts of the subject matter and organization specific issues, while the second chapter vests much on the review of related literatures that strengthen the essence of the research based on past experiences and assumptions. The general methodology used is described in chapter three in detail so that readers understand the process the piece passed through. Chapter four, analyzes the data collected through different instruments and presents it in various ways so that readers get convinced. Finally, chapter five concludes this study by summarizing the study, listing major findings and forwarding some recommendations.

## 1.9 Definition of Terms

In the context of this study, the following operational definitions of key terms are provided.

**Business Process Reengineering**: is the fundamental reconsideration and radical redesign of the organizational process to achieve drastic improvement in cost, service and speed

**Balanced Scorecard**: is a performance management tool that enables a company to translate its vision and strategy into a set of performance measures.

**Strategic management:** is an art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives.

**Performance Management:** is a process for ensuring employees focus on their work in ways that contribute to achieving the organization's mission.

**Performance measurement**: is a process of reviewing progress towards achieving pre-defined goals and objectives.

# Chapter Two

# Review of Related Literature

This chapter reviews the relevant literature to form a basis for the study. It evaluates both the theoretical and empirical literature. The section also discusses theories associated with balanced scorecard, considering the basic concepts, seeing BSC as a tool, the perspectives, the phases it passes through and country context in addition to formulating conceptual framework.

## 2.1 Theoretical Literature

### 2.1.1  Basic Concepts

*Strategic management (SM)* can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives (Fred R. David, 2011). This implies that strategic management aims at integrating various management functions such as marketing, finance, operations, research and development, and information systems to successfully leading an organization. With the intention of utilizing limited resources effectively and efficiently, David continues, strategy is sought to be formulated and implemented, task that requires a firm to establish annual objectives, devise policies, motivate employees, and allocate resources so that it is executed accordingly.

Performance Management (PM) is a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals (H. Aguinis 2005). It is all about managing businesses, departments, employees or individual processes involved in developing products in relation to their productivity. It is also the process of creating a conducive work environment that enables employees perform to their level-best capabilities (CIPD, 2009). Performance Management focuses on aligning resources, systems, and employees of organizations to their strategic objectives and priorities. In addition, PM involves measuring and evaluating achievements and failures in performances.

**Performance Measurement**

Measurement is an observation that reduces the amount of uncertainty about the value of a quantity. "We may describe measures as quantifiable (normally, but not always) standards used to evaluate and communicate performance against expected results" (Paul Niven, 2006). This implies that the measurement system gathers information about all the significant activities of a company with a view of correcting deviations through feedback. Measurement also implies a methodology, analysis, and other activities involved with how particular measurements is being carried out.

Performance measurement is the process of developing and using measurable Key Performance Indicators (KPI) that can be tracked to assess progress made in achieving predefined goals. Emphasizing the need for measurement, Norton and Kaplan (1996) stated that if companies are to survive and prosper in information age competition, they must use measurement and management systems derived from their strategies and capabilities. A performance gap is the gap between what customers and stakeholders expect and what each process and related sub processes produce in terms of quality, quantity, time, and cost.

Performance measurement is one of the key aspects of performance management in any organization. It refers to periodic assessment conducted to evaluate whether the organization or individual is on the right track to meet the performance targets set during planning. "…performance measures housed within the Balanced Scorecard monitor the course, allowing us to ensure we remain on track" (Niven, 2006). It aims at identifying deviations, if there is any, and take corrective measures on time.

Further strengthening the idea, Kairu et. al, 2013 say that performance measurement is a process of reviewing progress towards achieving pre-defined goals and objectives. Measuring organizational performance involves comparing expected results to actual ones, identifying deviations from plans, evaluating individual performance, and examining progress being made

toward meeting the stated objectives. While doing this, the criteria for evaluating strategies should be measurable and easily verifiable. This involves the creation and use of performance measures or indicators. Performance measures are taken from measurable characteristics of products, services, processes, and operations the company uses to track and improve performance.

Fred R. David in his book, Strategic Management: Concepts and Cases, argues that measuring individual performance is often conducted ineffectively or not at all in organizations. Some reasons for this shortcoming, David continues further saying that evaluations can create confrontations that most managers prefer to avoid, can take more time than most managers are willing to give, and can require skills that many managers lack.

Niven, 2002, explains that organizations face many hurdles in developing performance measurement systems that truly monitor the right things. Anderson & Oliver, 1987, also said in this regard that a control system is described as 'an organization's set of procedures for monitoring, directing, evaluating and compensating its employees'. Hence, it is understandable that there is no single approach to measuring individual performance that is free of limitations. Due to this reason, an organization may consider various methods, such as the graphic rating scale, the behavioral rating scale, and the critical incident method, and then develop or select a performance-appraisal approach that best suits the firm's needs.

For many, many years in the past, organizations had been using various performance appraisal systems, namely, Trait-Based, Behavioral-based, and Result-oriented system. Criteria for evaluating job performances can be classified as trait-based, behavioral based, or results based, (Mathis and Jackson, 1997). According to the management control systems literature performance management can be divided into result-based and behavior-based control systems, (Tamara G.D. Wierks, 2007). In Trait-Based system, employees are assessed according to their traits, such as personality, aptitudes, attitudes, skills, and abilities; while in behavioral-based performance appraisal system, it is attempted to distinguish what a person does.

As a recent development, result-oriented performance appraisal system is a result-based, practical and rational management philosophy. Mejia (2001) underscores "modern methods lay more emphasis on the evaluation of work results - job achievements - than on personality traits. Result-oriented appraisals tend to be more objective and worthwhile, especially for counseling and development purposes". Hence, managers are expected to develop specific individual and group goals, develop appropriate action plans, organize the resources properly and establish needed control standards that help managers to compare performance with.

The issue of performance measurement may not end up in comparing performance against established control standards that help managers to evaluate organizational achievements. "Some companies, believing that tying financial compensation to performance is powerful lever, have moved quickly to establish linkage" (Harvard Business Review, 2007). This tells that since incentives motivate performance, the previous levels of performances need to be tied with compensation schemes. Norton and Kaplan, 1996, suggest that reward and punishment are eventually tied, implicitly or explicitly, to the balanced set of objectives, measures, and targets on corporate and business scorecards.

## 2.1.2  Balanced Scorecard as PM Tool

According to Kaplan and Norton (1996) Balanced Scorecard (BSC) is a strategic planning and management system which provides a method of aligning business activities to the vision and mission of the organization, improving internal and external communications as well as monitoring organizational performance.

Almost all scholars including Robert Kaplan and David Norton who contributed to the development of BSC agree that the name reflects the balance provided between:

> ❖ Short- and long-term objectives
> ❖ Financial and non-financial measures
> ❖ Lagging and leading indicators
> ❖ External and internal performance perspectives

## 2.1.3 The Four Perspectives

Unlike the traditional behavioral-based performance appraisal system, result-oriented performance appraisal system (the Balanced Scorecard) follows a practical and rational management philosophy (Niven, 2002). The BSC creates a new way of assessing performance, one that gives significant emphasis on results. This means that every organization, process, leader and employee are measured merely through results being achieved since BSC is an advanced and result based measurement tool.

As it is outlined earlier, the Balanced Scorecard contemplates on both financial as well as nonfinancial performances since they are considered as the driving forces in the system, (Kaplan and Norton, 1996). Therefore, managers are expected to develop specific individual and group objectives and measures that are derived from an organization's mission, strategy and objectives. The objectives measure organizational performance from four perspectives: financial, customer, internal business process and learning and growth, (Harvard Business Review, 2005).

**Figure 2.1.1 BSC Framework to Translate Vision and Strategy into Operational Terms**
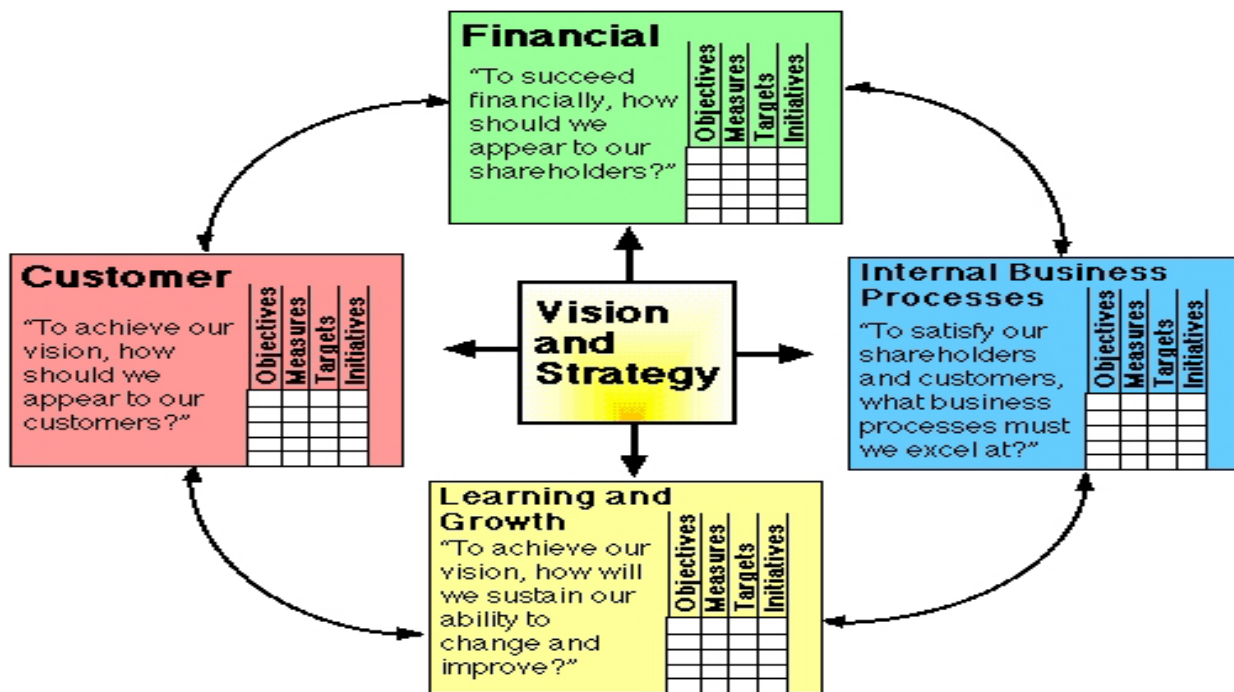


**Source: Robert S. Kaplan and David P. Norton, "Using the BSC as Strategic Management," Harvard Business Review (January - February)**

### 2.1.3.1 Financial Perspective

One of the critical resources need to be properly managed and measured to ensure whether it is expended in line with the execution of strategic objectives or not is financial perspective. Kaplan and Norton (1996) also did not undermine the traditional need for financial data but they only tried to emphasize that it has to be balanced with other perspectives saying that the Balanced Scorecard retains financial measurement as a critical summary of managerial and business performance ….

### 2.1.3.2 Customer Perspective

Nowadays, customer satisfaction is on top of the agenda in all business firms of this modern era. This is the rationale behind as to why organizations tend to be increasingly customer focused. If customers are not satisfied, they will eventually search for other options that will meet their needs. Poor performance from customers' perspective then has a penalty and leads to decline in overall performance and also hence profitability. Therefore, organizations are expected to define strategic objectives that respond to customers' satisfaction that could be shared by all members. Niven, 2002, explains that regardless of the value discipline chosen, customer perspective will normally include measures widely used today: customer satisfaction, customer loyalty, market share, and customer acquisition, for example.

### 2.1.3.3 Internal Business Process perspective

This perspective revolves around the internal business processes of a firm. Here, the general flow of activities in line with meeting strategic objectives are mapped allowing managers to know how their business is running and what products and services are going to be availed to meet customers' needs. Neven (2002) also pointed out that in the Internal Process perspective of the Scorecard, we identify the key processes the firm must excel at in order to continue adding value for customers and ultimately shareholders. In due course, core business processes and support processes are distinctly articulated defining the main purpose of the organization and repetitive processes would eventually been revised or eliminated.

### 2.1.3.4 Learning and Growth Perspective

Learning and Growth perspective deals with employee training and development. The availability of skillful manpower in an organization pays it with more profit by winning competitive advantage. In addition, the speedy nature of technological change forces organizations to work on the competencies of their employees through learning and growth perspective that could take other perspectives to the ladder of success.

Kaplan and Norton (1996) revealed that their experience in relation to learning and growth perspective of the balanced scorecard let organizations achieve strategic objectives by enhancing the capabilities of their employees, enriching information systems, ensuring motivation, empowerment and alignment.

### 2.1.4 Phases of the Balanced Scorecard

The implementation of balanced scorecard passes through nine steps where the first six are categorized under the building or development phase while the last three fall under the implementation phase, (Howard Rohm, and et al, 2013). The following are the steps it passes through.

### 2.1.4.1 Building Phase

The building phase encompasses on the overall preparations made in order to implement the Balanced Scorecard. Here are the six steps in building phase that an exercise of a Balanced Scorecard is expected to go along.

**Step 1. Organizational Assessment**

The scorecard building process primarily starts with an assessment of the organization's mission and vision, challenges, enabling situations and values. It also includes preparing a change management, as well as communication plans. In general, the major tasks in the assessment stage

include launching the balanced scorecard program, conducting environmental scanning and preparing change management plan (Howard Rohm, and et al, 2013).

## Step 2. Strategy development

Tasks need to be accomplished during developing strategy using BSC are first, identify target customers and their value proposition, second, select target customers to serve and thirdly, select the value proposition at which the organization will excel at. In addition, it requires to name strategic themes that represent the major focus areas of the organization to realize the vision, Kaplan and Norton (1996).

## Step 3. Strategic objectives

Objective is defined as a concise statement describing specific activities an organization must do well in order to execute its strategy. Objectives could be common, shared, and unique that are considered as the building blocks of strategy. They make up the detailed plans that describe what is to be done to accomplish strategic results. As Niven, 2002 pointed out … performance objectives are concise statements that describe the specific things we must perform well if we are to implement our strategy successfully.

## Step 4. Strategy mapping

A strategy map is a graphical representation that tells what an organization must do as per the four perspectives in order to execute its strategy effectively and efficiently. Niven (2002) defined strategy map as causal pathways (objectives) weaving through the four perspectives that will lead us to the implementation of our strategy. It helps to facilitate communication among all parties who have a stake, be it internal or external, with a view of achieving ultimate goals. Robert S. Kaplan, 2010, defines it as a causal relationships between strategic objectives. Emphasizing that it is becoming a common practice, Kaplan also says "Today, all BSC projects build a strategy map of strategic objectives first and only afterwards select metrics for each objective".

**Step 5. Performance measures and targets**

Performance measures are crucial to monitor whether an organization's strategies are effectively implemented or not. This would usually be determined by comparing actual performances against targets set and thereby organizational effectiveness as well as operational efficiencies are measured.

> *... we use performance measures to determine whether we are meeting our objectives and moving toward the successful implementation of our strategy. Specifically, we may describe measures as quantifiable standards used to evaluate and communicate performance against expected results. Measures function as a tool to drive desired action that show all employees show they can help contribute to the organization's overall goals, ...(Niven, 2002).*

From what is being discussed above, it is clear that Balanced Scorecard need performance targets to fully tell the realization of strategic objectives. Organizations may set different types of targets based on the time frame their plan covers: short, medium and long-term. This is further stressed by Kaplan and Norton, 1996, who say "… to communicate the need for change, managers should establish targets for measures, three to five years out, that, if achieved, will transform the company."

**Step 6. Strategic initiatives and budget**

Strategic initiatives are collection of projects and programs outside the organization's routine activities that are designed to help the organization achieve its performance targets. Initiatives can be short-term or long-term and need to be in line with the vision and mission of the organization.

According to Niven, 2002, initiatives describe specifically how a performance target will be met: the action steps, processes, projects, and plans that will bring the targets to life. Obviously, these

projects and programs that constitute the strategic initiatives of an organization do require the necessary budget so that they could be materialized appropriately.

## 2.1.4.2   Implementation Phase

The implementation phase starts with automation of work processes followed by cascading and ends up with evaluating the implementation with respect to the achievements registered.

**Step 7.  Performance management information system (MIS)/Automation/**

The implementation process begins by deploying a software that can generate the right performance information at the right time. Automation helps to transform organizational data in to information and knowledge and assists to communicate performance information. It also offers quick access to actual performance data using software developed to collect, report, and visualize performance data that could be transformed into useful information and presented to those who need it for decision making. BSC implementation can take full advantage to accelerate the projects using technology as enabler. (Kaplan and Norton, 2004)

**Step 8. Cascading**

For Niven, 2006, "Cascading" refers to the process of developing Balanced Scorecard at each and every level of an organization. It translates high-level strategy into lower-level objectives and measures, creates alignment around the organization's shared vision, and down to individuals, develops business processes scorecards that are aligned to corporate vision and strategy and develops individual scorecards aligned to business processes and support units objectives to tie rewards, recognition, and incentives to results. The corporate strategy map can be cascaded to divisions, businesses and support units to coordinate the value-creating activities at all units.

**Step 9. Evaluation**

Evaluation is a review of organizational progress toward its strategic goals as per the balanced scorecard to determine where efficiency and effectiveness can be improved. The Balanced Scorecard Institute divides Evaluation into two components: System Performance and Strategic Performance. System Performance looks at the technical as well as human behavior aspects of the system. Strategic Performance evaluates strategic results as well as the strategy itself.

**Figure 2.1.2 Steps BSC Passes through the Building and Implementation Phases**



**Source: Howard Rohm, and et al, 2013, The Institute Way: Simplify Strategic Planning & Management with the Balanced Scorecard**

## 2.1.5  Introduction of BSC in the Ethiopian Public Institutions

Documents shows that the government of Ethiopia has been striving to improve its service provision endeavors in public offices since early 90s. In line with this, the government has started implementing reforms such as Business Process Reengineering (BPR) since mid-1990s EC through the Ministry of Capacity Building (MOCM). This had been with the intention of speeding up service provisions, maintaining quality of services and cutting costs to the possible minimum level by eliminating non-value adding activities.

Starting mid-2000s, the government observed that BPR helps only for facilitating the internal business process of a given office. Even though this has been somehow achieved through BPR, it had been identified that some strategic management and performance measurement tool is required to take the whole effort to an end. This was the time Balanced Scorecard had been injected as a tool in line with the suggestions of Kaplan and Norton, 2001, that proved the Balanced Scorecard (BSC) is applicable in industrial organizations, service organizations, nonprofit organizations, and governmental organizations. This is possible as they said by making performance measures to be placed at top of the BSC in measuring whether the strategic objectives of the organization is being achieved or not.

The Oromia Civil Service and Capacity Building Bureau (OCSCBB) took this initiative as a regional government direction to carry out the implementation of reforms. Hence, the OCSCBB started with BPR and went on to the BSC by establishing a regional body that could handle the development and implementation of BSC since 2003 EC. This time, the Oromia Regional Health Bureau, as one of the sectors under the regional government, went onto adopting it, the BSC document of the ORHB explains.

## 2.2 Empirical Review

A number of studies have increasingly investigated the use and applicability of balanced scorecard as one of the most important modern tools in measuring and evaluating organizational performances. These studies tested how the BSC helped to achieve the different strategic objectives of profit seeking firms, government and non-government organizations who are not meant for profit. Here are additional discussions and reviews of some important studies related to this study.

### 2.2.1  Earlier Studies

As the pioneer researchers, Kaplan and Norton, 1992, were considered the starting point for subsequent BSC studies. This study was conducted on how BSC modeled the four perspectives: the financial, customer, internal operations and learning and growth in guiding company's

performance. This was in contrast to the traditional performance measurement system which mainly relies on financial gains.

In a continued research, Kaplan and Norton, 1996 explored the reasons and motives of management to use BSC approach. Their study revealed that almost all management staff encouraged the application of BSC due to its high benefits in guiding performance through both financial and non-financial measures.

### 2.2.2  Europe and Asian Studies

Patrícia and et al, 2014, in their work Determinant Factors of the Implementation of the Balanced Scorecard in Portugal that considered empirical evidences in public and private organizations concluded that although the majority of respondents claimed to know the BSC, its use in Portugal is still limited and very recent, particularly in the public sector organizations though it is increasing in recent years.

"Jordanian environment also has witnessed an increased awareness of BSC importance and benefits. This increase of awareness by all private and public Jordanian sectors encouraged the adoption of BSC to improve their performance and for more adaptation with the increased international competitiveness", Mohammad Aladwan (2016).

### 2.2.3  African Studies

Since then, several research works, outside of the USA, have come out taking different cases and factors that are expected to have relations with BSC showing greater interest with it. Recently SIMON K. CHERUIYOT, 2013 investigated the factors affecting implementation of the balanced score card in state corporations in Kenya taking the Kenya Bureau of Standards (KEBS) as a case study. The study drew conclusion that the key notable factors hindering the success of BSC implementation include: poor employees' job description, low level of top management support, poor employee supervision and inadequate financial resources recommending that the management should undertake effective job analysis in order to effectively carry out employee's job description.

Rowland Migok Misawo, 2016, also outlined the factors influencing the successful implementation of balanced scorecard in the insurance sector in Kenya. The study revealed that organizational culture in the internal business process played a great role in the implementation of BSC hence its adoption led to a continuous learning and improvement process. It also concluded that the influence of employee participation and commitment levels of senior administration on the implementation of the balanced scorecard was fully understood.

Coming to the Ethiopian context, Mitiku Regassa, 2015, assessed the Practices and Challenges of Balanced Scorecard Implementation in Commercial Bank of Ethiopia. The study concluded that CBE gained plenty of benefits due to BSC implementation and it is affected by several challenges recommending that in order for bank to become more effective, it has to address the problems faced during implementation and benefitted from it. Yared Tadesse, 2016, also investigated the Effects of Balanced Scorecard Implementation on Employee Performance Appraisal Practices in Ethio-Telecom. Also the study here showed that there is a positive relationship between BSC implementation and employee performance appraisal practices. It further confirmed that the link between the organizational strategy and individual goals of the overall practice of employee performance appraisal

From the studies reviewed above, it is possible to conclude that balanced scorecard is becoming one of the important suitable performance measuring and evaluating methods. If applied carefully and efficiently, the method is applicable in all types of organizations with varying environments due to the fact that, it can be adapted and revised to meet the requirements for all organizations. In addition, this method can provide a mixture of financial and non-financial measures that considers all performance aspects of organizations and its key success factors.

## 2.3 Conceptual Framework

Based on the research topic, objectives and questions, and the literature review discussed in sections above, the following framework has been developed.

**Figure 2.3.1 Conceptual Framework**
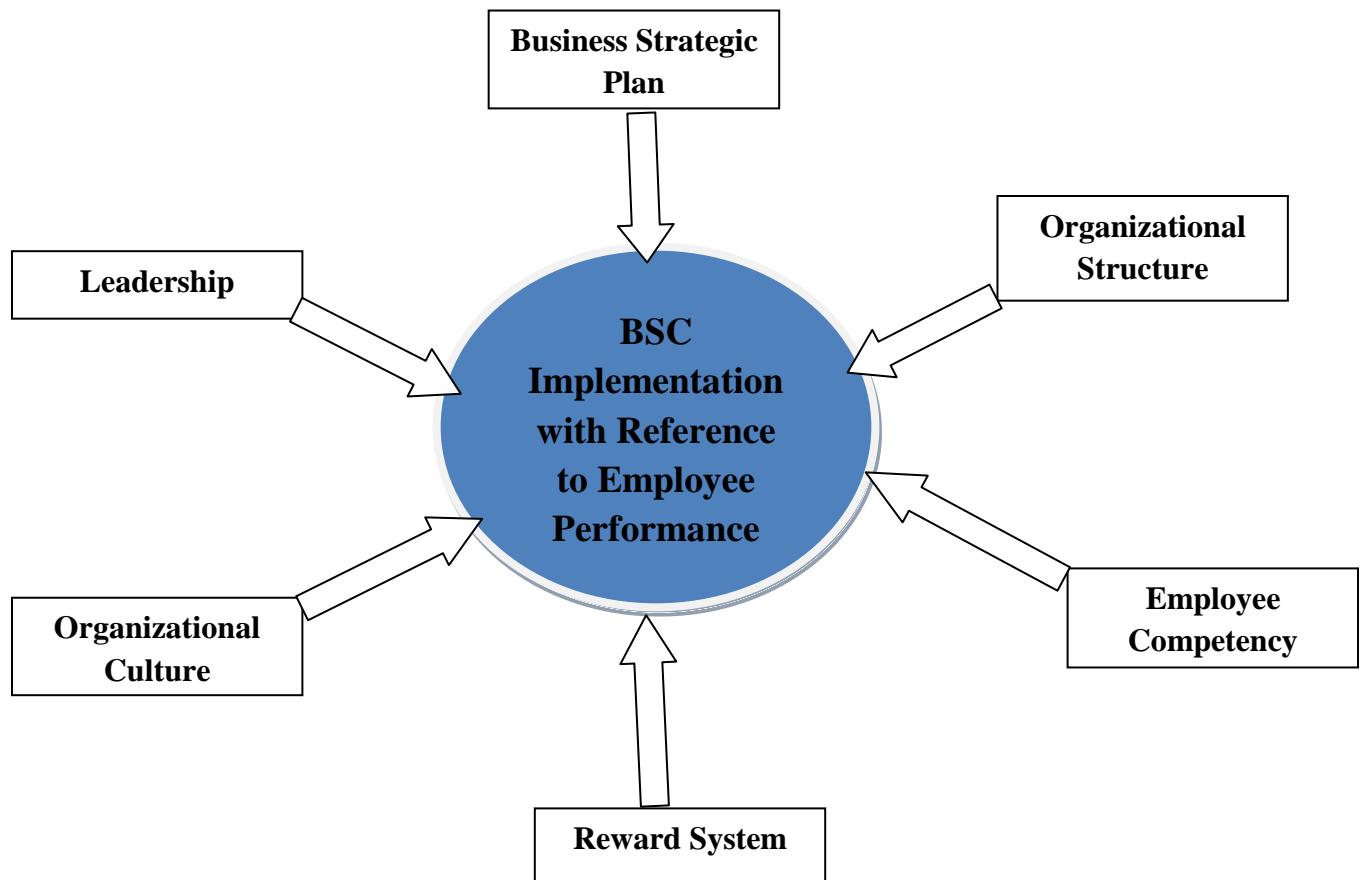


**Source: Researcher's Own Construction**

# Chapter Three
# Research Methodology

Research can be defined as a scientific and systematic search for pertinent information on a specific topic (KOTHARI, 2004). Although different scholars perceive research differently, they all in one way or the other agree that it is an art of scientifically investigating a topic to be researched. In order to explore the topic under investigation, the design and approach used, the population frame and the procedures followed to identify the samples, data collection instruments and methods of analysis are dealt with in the following sections.

## 3.1  Research Design and Approach

This study adopted a descriptive type of research design based on the existing assumptions, the nature of the research and data collection methods used so that research objectives could be met and questions are properly addressed.  It mainly relied on qualitative approach to describe the events and procedures observed in due course of the development and implementation process of Balanced Scorecard in the Oromia Regional Health Bureau, ORHB. Of course, the data collected through questionnaires will be analyzed quantitatively and presented being tabulated.

Strengthening the point above, KOTHARI, says that descriptive research includes surveys and fact-finding enquiries of different kinds adding that its major purpose is describing the state of affairs as it exists at present. Hence, this study is characterized by describing the overall BSC implementation process, the benefits the Bureau has gained and the challenges it encountered.

## 3.2  Population, Sample Size and Sampling Procedure

### 3.2.1   Research Population

The target population under the study totaled to 214 employees who are civil servants ranking from subordinates to appointees in the Oromia Regional Health Bureau. As a member of the

ORHB, the researcher preferred to limit the research at its headquarters only considering prior knowledge of the research problem.

### 3.2.2 Sample Size Determination

Taking the cost of data collection and analysis, the type of data required for the study, and total number of target population into consideration, the researcher has decided to limit his sample size to 139 of the total population. Seeing the nature of the ORHB, the technical staff with a health background is quite large in number, an issue that is required to be taken into account in determining the sample size. Therefore, it is better to tactically tilt towards the Directorates that are primarily established to translate the mission and vision of the Bureau. Hence, the sample size will be determined based on a 2:1 ratio.

Thus, out of the total 214 employees, primary data will be collected from 139 individuals serving in different Directorates of which four are their Directors to be engaged in the interview. The sample size determination was based on a simplified formula as sited by Mitiku Regassa, 2015.

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size, N is the sample frame, and e is the level of precision: 95 % of confidence level, 5% level of precision. Hence, it is calculated as follows.

$$n = \frac{214}{1 + 214(0.05)^2} = \underline{\mathbf{139}}$$

The subordinates (135 are selected randomly for the data collection through questionnaire and the four directors that are included in the interview sessions are deliberately hand-picked ones based on their knowledge and closeness to the subject matter.

### 3.2.3 Sampling Procedures

A combination of both probability and non-probability sampling techniques will be used to identify respondents. Probability method will be used to select the 135 respondents who fill in the questionnaires through systematic sampling technique. The researcher passed through the following procedures to select his sample population:

1. Obtain the total number of workforce in the Bureau by respective Directorate: from the attendance system of Human Resource Database;
2. Categorizing the Directorates in focus in a 2:1 ratio and add one special team to identify the interviewees (will be 4 in number);
3. Identifying the 139 respondents out of the total population using systematic random sampling technique. Out of these, three Directors and one Special Team Leader goes to the list of interviewees. Thus, the researcher picked every second member in the list from the sample frame to get the remaining 135 respondents.

The researcher involved hand-picked interviewees from the 14 Directorates and three special teams who directly report to the Bureau Head. They will be selected based on their attachment to the development and implementation of BSC in the sector, individuals who are still working on the implementation of reforms and evaluation processes and are mandated to provide coaching, technical support and guidance to the Bureau.

## 3.3 Sources of Data

Having quality Data is decisive to make decisions in any situation. Particularly, when one is interested in investigating on a certain problem, there must be data at hand ready for analysis from which certain conclusions are drawn. Kothari, in his book, Research Methodology: Methods and Techniques, says "In dealing with any real life problem, it is often found that data at hand are inadequate, and hence, it becomes necessary to collect data that are appropriate".

Therefore, with a view of addressing the research questions and meeting the core objectives of the research, all the appropriate data sources, which could be regarded as primary and secondary, are used.

### 3.3.1 Primary Data Collection Methods

Self- administered **questionnaires** that are made of statements to be rated from 1 to 5 using Likert Scale get distributed to 135 subordinates that are selected based on the outlined sample selection technique.

Conducting an **in-depth interview** that is governed by semi-structured questions posed to four (4) Directors and a team leader is another data collection instrument the researcher has used to collect primary data for triangulation purpose.

### 3.3.2 Secondary Data Collection Techniques

Various published and unpublished materials used to collect information from the secondary sources of data. Official documents such as strategic and annual plans, BSC development and implementation documents, periodic reports, performance appraisal reports and checklists, manuals, and performance evaluation reports, bulletins, publications and websites have also been consulted as an input for fetching secondary data.

## 3.4 Data Collection Instruments

Having quality Data is decisive to make decisions in any situation. Particularly, when one is interested in investigating on a certain problem, there must be data at hand ready for analysis from which certain conclusions are drawn. Kothari, in his book, Research Methodology: Methods and Techniques, says "In dealing with any real life problem, it is often found that data at hand are inadequate, and hence, it becomes necessary to collect data that are appropriate".

To do this, a number of literatures has been consulted with a view of identifying the major constructs that practically influential factors in the implementation of the Balanced Scorecard.

Once these subject matters are singled out, the next step is organizing the detailed items to be included under each construct so that the objectives of this research could have been met as well as the research questions are properly addressed.

## 3.5   Procedures of Data Collection

To collect the appropriate data used for this study, first and foremost, categorizing the 139 (135+4) respondents and informants identified using systematic random sampling technique is required. After testing the questionnaires taking 10% of the sample size and test it for its reliability by deriving the value of the Crombach Alpha, the self-administered questionnaires are distributed to individuals included in the sample. After collecting the distributed questionnaires through friends who helped me as enumerators and identifying those non-returnable questionnaires, it has been made ready for analysis. With regard to the interview, the informants were made aware and appointments were taken from the three Directors and the Team Leader. Finally, the interview sessions were organized and conduct as per their schedules so that the data are used for triangulation in the analysis together with the other data.

## 3.6   Pilot Testing

### 3.6.1   Reliability Test

Reliability is nothing but it is the degree of consistency and dependability of variables used as a measuring instrument. One way and the most commonly used estimate is using Cronbach Alpha to test the internal reliability of multiple items. All the indicators should be related to each other for a multiple-item measure in which each answers to each questions are aggregated to form an overall score (Bryman and Bell, 2003).

Hence, the researcher calculated the value of Cronbach Alpha of the variables used in the data collection instrument as shown below. It was calculated from a pilot data collected for the purpose of testing the instrument that has involved 14 respondents out of the 139 sample population. A result of Alpha value that lies between 0.80 and 0.95 could be considered as good, according to Wallach and Wells (2003). In my case, as it can be observed from table 3.6.1, the

reliability test conducted for each variable indicated a value that ranges from 0.701 to 0.938. Thus, it is possible to conclude that the measuring instrument is reliable.

**Table 3.6.1 Alpha value on major variables**

| SN | Variables | No. of Items | Cronbach's Alpha |
|---|---|---|---|
| 1 | Business Strategic Plan | 6 | 0.885 |
| 2 | Organizational Structure | 3 | 0.896 |
| 3 | Leadership | 5 | 0.768 |
| 4 | Employee Competency | 6 | 0.938 |
| 5 | Reward | 8 | 0.703 |
| 6 | Organizational Culture | 5 | 0.882 |
| 7 | Challenges | 5 | 0.701 |

**Source: Pilot Data, 2018**

### 3.6.2   Validity Test

The characteristics of a good measure include relevance and accuracy. In other words, validity refers to how accurately an instrument measures what it intends to measure. Bryman and Bell, 2003, suggest various ways of establishing validity including face validity; concurrent validity, predictive validity, construct validity, and convergent validity. Of these, construct validity is considered in this study.

The researcher attempted to consult various literatures for factors that need to be included in this assessment to ensure the relevance of the items as much as possible. In addition, it has been tried to discuss the questionnaire with few groups (three staffs) whom he regarded them familiar with the subject matter. They more or less verified the validity of the instrument with respect to the items it has to capture, the scope it covers and arrived at a conclusion saying that the measurement consisted major variables to collect the appropriate data for the study.

## 3.7  Method of Data Analysis

The researcher applies descriptive data analysis method on both qualitative and quantitative data gathered through either interview or questionnaires. SPSS (Statistical Package for Social Sciences) version 25 is used to process the quantitative data collected through questionnaires so that the statistical results would be described. The qualitative data collected via interview are analyzed for triangulation by summarizing and giving them certain pattern depending on their linkage to the research questions.

## 3.8  Ethical Considerations

The primary data are collected from respondents and interviewees through structured questionnaire and semi-structured interview questions. Once they executed their responsibilities freely as promised, it is up to the researcher to keep the secrecy of the responses. Therefore, the researcher is obliged to respect the confidentiality of all the information obtained from respondents. Moreover, all books, journals, and organization specific documents referred are duly acknowledged.

# Chapter Four

## Data Presentation, Analysis and Interpretation

This chapter contemplates on analyzing and interpreting the data obtained from respondents using various instruments. The data was collected based on certain major variables that believed would answer the research questions and thereby meet the objectives. The variables incorporated mainly touched upon the factors that may influence the proper implementation of the Balanced Scorecard such as knowledge of Business Strategic Plan, Organizational Structure, Leadership Role, Employee Competency, Organizational Culture, Reward System and Challenges. The items under each variable are analyzed and discussed based on the major findings at hand.

The chapter presents the general demographic information of respondents followed by discussion after major findings are outlined one after the other. Out of 135 questionnaires distributed to respondents, a representative number, 114 (that accounts 82%), were filled and returned for analysis while the remaining sum (21) left uncollected.

### 4.1 Demographic Characteristics of the Respondents

Demographically, the respondents were characterized based on their gender, age, level of work experience, marital status, level of education, and profession. In addition, it is under this section that the respondents were asked whether the Bureau has implemented Balanced Scorecard or not, whether they ever took any training on BSC or not as well. The table below contains these statistics. It is summarized using cross-tabulation with simple descriptive statistics such as frequency.

As it is shown in table below, 77.2% of the total respondents working for the Bureau are males taking the lion's share of the total taskforce, compared to 22.8%. However, the number of female respondents is not that much lower proportionally, given the total number of female employees in the ORHB.

**Table 4.1.1 Demographic Characteristics of Respondents**

| Characteristics | | Frequency | Percent |
|---|---|---|---|
| **Gender** | Female | 26 | 22.8 |
| | Male | 88 | 77.2 |
| | Total | 114 | 100 |
| **Age** | 18-25 years | 2 | 1.8 |
| | 26-30 years | 27 | 23.7 |
| | 30-35 years | 41 | 36.0 |
| | 36-40 years | 19 | 16.7 |
| | Above 40 years | 25 | 21.9 |
| | Total | 114 | 100 |
| **Marital status** | Single | 20 | 17.5 |
| | Married | 82 | 71.9 |
| | Divorced | 7 | 6.1 |
| | Widowed | 4 | 3.5 |
| | other | 1 | .9 |
| | Total | 114 | 100 |
| **Education level** | Diploma | 5 | 4.4 |
| | First Degree | 56 | 49.1 |
| | Second degree | 52 | 45.6 |
| | Third Degree | 1 | .9 |
| | Total | 114 | 100 |
| **Profession** | Clinical | 43 | 37.7 |
| | Non-clinical | 71 | 62.3 |
| | Total | 114 | 100 |
| **Work Experience** | Under 1 year | 4 | 3.5 |
| | 1-5 years | 41 | 36.0 |
| | 6-10 years | 43 | 37.7 |
| | 11-15 years | 6 | 5.3 |
| | Above 15 years | 20 | 17.5 |
| | Total | 114 | 100 |
| **Position** | Director | 4 | 3.5 |
| | Team Leader | 25 | 21.9 |
| | Expert | 83 | 72.8 |
| | Other | 2 | 1.8 |
| | Total | 114 | 100 |

**Source: Survey Data, 2018**

The Oromia Regional Health Bureau is endowed with an energetic workforce. The account in the table 4.1.1 witnesses that 61.4% of the respondents are below the age of 35. This proves that over half of the staff of the Bureau is in its younger age that can keenly accept and lead efforts towards change.

With regard to marital status of the respondents, nearly 72% of the respondents are married. This broadly believed that is a favorable condition in having responsible personnel that could plan, execute and act responsibly.

It is also possible to observe from the table above that the respondents selected for this research are serving at different capacities that stretch from head of the Bureau, directors to experts with varying educational level, professional backgrounds and rich work experiences that could be seen as assets while thinking to adopt new initiatives. Especially, it looks a blessing to have a staff holding a first degree and above (95.6%) in realizing strategic objectives.

From these demographic characteristics elaborated in table 4.1.1, one can infer that the data provided in the analysis section are based on clear understanding of the issues under consideration particularly in connection to their work experience, level of education and profession.

## 4.2 Analysis of the Data Collected

As outlined above, the implementation of Balanced Scorecard could be influenced by several factors. This research tried to touch upon all the major variables for which the data is collected through questionnaire and responses of interview questions for triangulation as discussed below.

## I. Business Strategic Plan

One of the key variables that signifies the implementation of a Balanced Scorecard is the formulation of business strategic plan. The formulation involves several aspects of the BSC all the ways through environmental scanning, SWOT analysis, defining mission and vision, setting

targets, goals and objectives etc. to get the BSC realized. Hence, respondents were checked for their perception on few elements of this variable and below is what they have responded to the statements in the questionnaire.

**Table 4.2.1 Awareness Regarding the Formulated Strategic Plan**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---------|-----------|-------|-------------------|----------|---------|-------|----------------|-------|
| 1 | Familiar with policies, procedures and rules of organization | Frequency | | 3 | 21 | 57 | 33 | 114 |
| | | Percent | | 2.6 | 18.4 | 50.0 | 28.9 | 100 |
| | | Mean | | | | | | 4.05 |
| 2 | Aware on vision, mission and values of organization | Frequency | | | 11 | 63 | 40 | 114 |
| | | Percent | | | 9.6 | 55.3 | 35.1 | 100 |
| | | Mean | | | | | | 4.25 |
| 3 | Participated in formulation of organizational strategic plan development | Frequency | 15 | 27 | 25 | 30 | 17 | 114 |
| | | Percent | 13.2 | 23.7 | 21.9 | 26.3 | 14.9 | 100 |
| | | Mean | | | | | | 3.06 |
| 4 | Strategic and annual plans are clear & measurable | Frequency | 4 | 10 | 34 | 52 | 14 | 114 |
| | | Percent | 3.5 | 8.8 | 29.8 | 45.6 | 12.3 | 100 |
| | | Mean | | | | | | 3.54 |
| 5 | Organization availed all resources required for activities | Frequency | 5 | 37 | 25 | 37 | 10 | 114 |
| | | Percent | 4.4 | 32.5 | 21.9 | 32.5 | 8.8 | 100.0 |
| | | Mean | | | | | | 3.09 |
| 6 | You Know that your activities contribute to the strategic objectives | Frequency | 2 | 3 | 18 | 54 | 37 | 114 |
| | | Percent | 1.8 | 2.6 | 15.8 | 47.4 | 32.5 | 100.0 |
| | | Mean | | | | | | 4.06 |
| **Aggregate Mean** | | | | | | | | **3.68** |

**Source: Survey Data, 2018**

As show in the table above, being asked on their familiarity with the policies, procedures and rules of the organization they work in (Item 1), 50% of respondents confirmed that they know them expressing their agreement in the scale while very insignificant number, 2.6% of them disagreed to this statement. This implies that almost all of them work within the framework of the policies, procedures and rules of the organization. The 4.05 mean score also indicates that they positively agreed to the statement.

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Taking on Item No. 2, awareness on vision, mission and values of organization, 55.3% of the respondents say that they are aware with only 9.6 of them preferred to be neutral on the issue. The mean score 4.25 also assures that they are positively responded to it. With regard to the participation in the formulation of organizational strategic plan (Item No 3), only 26.3% agreed while 13.2% strongly disagreed to the item. This indicates that there is a considerable gap in creating participatory environment while developing plan, may be it is due a top-down plan development approach that they organization is using. Here, the mean score 3.06 tells something linked to neutrality on the matter.

Close to half of the respondents (45.6%) agreed that both the strategic and annual plans are clear & measurable except that 3.5% disagreed strongly on Item No 4. This time, the mean score 3.54 skewed positively to the point raised. An equal sum of respondents, 32.5%, agreed and at same time disagreed the availability of all the resources required for activities as stated on Item No 5. In addition, another 4.4% of them have strongly disagreed indicating either a deficiency or unequal distribution of resources in the Bureau. The mean score 3.09 again stands in the middle showing that some measure is required. On the last one under this variable, Item No 6, 47.4% of respondents agree that they know any of their activities contribute to strategic objectives with only 1.8% strong disagreement. The 4.06 mean score supports the positions of respondents.

In summary, the Oromia Regional Health Bureau has a strategic plan that is properly communicated to its staff so that daily activities of individuals are tailored in such a way that the ORHB could achieve the strategic objectives. In addition, the awareness it created among its employees is an asset by which everyone is operating under the policies, procedures and rules it devised which in turn assists the management. Taking those who rated the items as agree and strongly agree, the result looks the following.

Familiarity to policies, procedures and rules             – 78.9%
Awareness on vision, mission and values                   – 90.4%
Participation strategic plan development                  – 41.2%
Clarity & measurability of strategic and annual plans     – 57.9%
Availability of all resources required for activities      – 41.3%
Knowledge of activities contribution to strategic objectives  – 79.9%

To further strengthen the analysis, the 3.68 aggregate mean of this construct, Business Strategic Plan, indicates that every detail included here has positively impacted the subject matter which is believed to be one of the crucial areas that require due attention in the implementation of Balanced Scorecard.

In triangulating the data obtained through the questionnaire, the interviewees also confirmed that a regional taskforce have been established in 2003, just after the implementation of the BPR with a view of preparing a general strategic plan so that every individual sector would take its part and further work on it. Hence, the Oromia Regional Health Bureau did the same and prepared a strategic document with defined vision and mission as well as some 15 strategic objectives under the four perspectives. Since a massive training had been given to all employees under it, every unit took its respective initiatives that could later been cascaded upto individual level. The adoption of BSC as a management and measurement tool was done passing through all its phases. But one of them complained of the last stage, automation. Therefore, this is a proof that business strategic plan had been formulated and communicated so that every member would be clear with and able to act under the policies, procedures and rules of the ORHB to attain its mission and vision.

As far as the interviewees are concerned, there had not been an opportunity to involve the general staff in the formulation of the strategic plan since the reason for the implementation itself was a government direction through the Capacity Building Bureau and the approach followed was a top-to-bottom one. However, there were attempts to roughly collect information from process owners, team leaders and certain prominent individuals. With regard to resource constraint, they all equally uttered that there is no critical problem concerning basic resources required to perform daily activities. However, they didn't deny that there are challenges related to logistics to carry out responsibilities executed out of office (in a field work). In general, there seems no huge gap as such under this variable other than making the plan preparation more participatory.

## II. Organizational Structure

It is known that workflows are defined, decision-making levels are identified, roles and responsibilities are clearly articulated, and reporting hierarchies are drawn through organizational structure. Hence, it is unlikely to omit it from taking it as one major variable to be considered while implementing the BSC. Below is what the respondents have to say.

**Table 4.2.2 Perceptions of Respondents on the Organizational Structure**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | Decision making is highly centralized and concentrated | Frequency | 6 | 35 | 34 | 30 | 9 | 114 |
| | | Percent | 5.3 | 30.7 | 29.8 | 26.3 | 7.9 | 100 |
| | | Mean | | | | | | 3.01 |
| 2 | Your roles and responsibilities are clearly defined and understood | Frequency | 4 | 17 | 12 | 58 | 23 | 114 |
| | | Percent | 3.5 | 14.9 | 10.5 | 50.9 | 20.2 | 100 |
| | | Mean | | | | | | 3.69 |
| 3 | There is no confusion in the reporting hierarchy | Frequency | 3 | 11 | 22 | 54 | 24 | 114 |
| | | Percent | 2.6 | 9.6 | 19.3 | 47.4 | 21.1 | 100 |
| | | Mean | | | | | | 3.75 |
| **Aggregate Mean** | | | | | | | | **3.48** |

**Source: Survey Data, 2018**

As it is depicted in table 4.4.2 above, 30.7% of the respondents disagreed to the availability of a higher degree of centralization in decision-making while another 5.3%, the least grade in the rating, strongly disagreed to the issue under consideration in Item No 1. The mean score 3.01 looks positioned in the middle of the axis indicating that there is still a higher degree of reservation. Seeing the 50.9% agreement respondents Item No 2, the roles and responsibilities of individuals are clearly defined and understood by them though as little as 3.5% are still in strong disagreement. The 3.69 mean score also shows that the issue is positively taken. There are no confusions in the reporting hierarchy, as proved by 47.4% of the respondents by agreeing to the statement while 2.6% are in strong disagreement though. The mean score 3.75 again confirmed that the statement is positively taken up by the respondents.

Therefore, one can conclude that the items considered under this variable seem well taken by the Bureau except on the higher degree of centralization which is left undecided by many in the data. In other words, other than the issue of decision making, the roles and responsibilities shouldered on individuals are somehow clearly defined and understood and also there are no much confusions in the reporting hierarchy in the structure these respondents are operating.

In wrapping up the analysis of the respondents, the aggregate mean of each piece of item under this subject matter, Organizational Structure, is calculated as 3.48. This shows the statements formulated to evaluate this issue have positively influenced the big picture of the realities related to Organizational Structure.

All of whom I interviewed, confirmed that the BSC has decentralized decision makings with the exception of sensitive issues, especially financial and information dissemination. Otherwise, every Director has the right to decide on its own and become liable for his/her decision. Individuals are also decisive by themselves but in consultation with immediate team leaders and directors at times. Hierarchically, everyone knows under whom he/she works with the exception of few. At the time of development, one of the interviewees said that there were units left without defined hierarchies in both BPR as well as BSC documentations due to the reason that they will be independent after a while. Other than these, there is no any confusion in the reporting hierarchy which may in turn distort the roles and responsibilities of individuals as well.

## III.  Leadership

Leadership matters much in guiding overall operations, managing by friendly cooperating and doing, be available at times he/she is wanted and keenly following performances and correct deviations as soon as possible. Taking these pillars in to consideration, the table below compiled the results of the respondents.

**Table 4.2.3 Attitude of Respondents towards the Role of Leadership**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---------|-----------|-------|-------------------|----------|---------|-------|----------------|-------|
| 1 | The management has cascaded and communicated its strategic plan to you | Frequency | 6 | 12 | 27 | 60 | 9 | 114 |
| | | Percent | 5.3 | 10.5 | 23.7 | 52.6 | 7.9 | 100 |
| | | Mean | | | | | | 3.47 |
| 2 | Relationship between you & your immediate supervisor are smooth and participatory | Frequency | 2 | 12 | 24 | 57 | 19 | 114 |
| | | Percent | 1.8 | 10.5 | 21.1 | 50.0 | 16.7 | 100 |
| | | Mean | | | | | | 3.69 |
| 3 | Your supervisor is a kind of democratic one while directing you to perform activity | Frequency | 12 | 29 | 30 | 40 | 3 | 114 |
| | | Percent | 10.5 | 25.4 | 26.3 | 35.1 | 2.6 | 100 |
| | | Mean | | | | | | 3.06 |
| 4 | Your supervisor is easily accessible when you are in need of him/her | Frequency | 2 | 15 | 20 | 62 | 15 | 114 |
| | | Percent | 1.8 | 13.2 | 17.5 | 54.4 | 13.2 | 100 |
| | | Mean | | | | | | 3.64 |
| 5 | Your supervisor regularly follows your performances and gives you feedback | Frequency | 2 | 29 | 39 | 32 | 12 | 114 |
| | | Percent | 1.8 | 25.4 | 34.2 | 28.1 | 10.5 | 100 |
| | | Mean | | | | | | 3.19 |
| **Aggregate Mean** | | | | | | | | **3.41** |

Source: Survey Data, 2018

As it could be seen from Item No 1 in the Table above, 52.6% of the respondents said they agree that the management has cascaded and communicated its strategic plan with them. To the contrary, 5.3% of them strongly disagreed to this same statement. The mean score 3.47 skews towards the positivity of the item. For Item No 2, the majority of the respondents (50% agree and 16.7% strongly agree) ensured that the relationships between the respondents and their immediate supervisor are smooth and participatory. Only 1.8% of the strongly disagreed on the issue of employee-supervisor relationship. 3.69 mean score confirms the positive agreement to the result discussed. With regard to Item No 3, there seems a mixed reaction whether their supervisor is acting democratically while directing them to perform an activity. While 35.1% and 2.6% of the respondents agreed and strongly agreed to the democratic nature of supervisors, 25.4% and 10.5% of them disagreed and strongly disagreed respectively. The mean score 3.06 also explains the relative equilibrium nature of the responses. On the issue of accessibility of

supervisors, the large sum (54.4%) said they agree that they could find him/her while 1.8% of them strongly disagreed to the availability of supervisors at times they are in need. The mean score 3.64 shows positivity towards the item. Lastly, Item No 5 describes the regular follow ups and feedbacks given by supervisor. The data showed that an encouraging percent of the respondents, 28.1%, responded that they agree with the point and again 1.8% of them strongly. In addition, the mean score 3.19 doesn't seem to have clearly supported positively, indicating that it is an area that requires improvement.

In summary, the aggregated mean calculated for the five statements under the subject 'Leadership' reads 3.41. This implies that these details skewed to the positive quadrant of this dimension ensuring their relevance in evaluating the leadership roles that has been exercised in the Bureau.

There is a huge problem in relation to executing leadership roles the management could have in laying a dependable foundation for the implementation of BSC, the data collected through the interview confirmed. What every team leader, director or even vice head is looking at is the plan prepared at the beginning of every year. Subsequent follow ups, coaching, supporting through a well-established feedback mechanism are extremely ideal in the ORHB. As a management team, all the four accepted that there is no strong regular feedback system; the culture of taking data and documenting daily activities is at its lowest level; sorting out models so that others would be encouraged is not as frequent as it should be. All in all, the implementation looks highly theoretical, they directly or indirectly concluded, suggesting the need for a committed revitalization scheme. Otherwise, the interviewees confirmed the positions of the respondents in connection with the accessibility, smooth relationships with immediate supervisors and other elements.

## IV.    Employee Competency

The human element is the most significant part of any business. Thus, having a staff that is mentally, physically, psychologically and emotionally competent and skillful employee would equivalently pay the organization through meeting its goals and objectives. Therefore, BSC, as performance management and measurement tool, requires employees with some degree of

competency that could be obtained through either education or training. In connection to this, the researcher tried to assess in some way the competency of employees in the Oromia Regional Health Bureau as depicted in the table below.

**Table 4.2.4 Opinion of respondents on Employee Competency**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | Your job assignment corresponds to your educational background | Frequency | 2 | 16 | 13 | 54 | 29 | 114 |
| | | Percent | 1.8 | 14.0 | 11.4 | 47.4 | 25.4 | 100 |
| | | Mean | | | | | | 3.81 |
| 2 | You are clear with the responsibilities shouldered on you | Frequency | 2 | 9 | 13 | 64 | 26 | 114 |
| | | Percent | 1.8 | 7.9 | 11.4 | 56.1 | 22.8 | 100 |
| | | Mean | | | | | | 3.90 |
| 3 | You believe that you are competent enough in accomplishing the target set to you | Frequency | 2 | 4 | 8 | 59 | 41 | 114 |
| | | Percent | 1.8 | 3.5 | 7.0 | 51.8 | 36.0 | 100 |
| | | Mean | | | | | | 4.17 |
| 4 | BSC helped you to align your daily activities to strategic objectives of the ORHB | Frequency | 5 | 10 | 37 | 53 | 9 | 114 |
| | | Percent | 4.4 | 8.8 | 32.5 | 46.5 | 7.9 | 100 |
| | | Mean | | | | | | 3.45 |
| 5 | You ever attended a training organized on BSC that helps you in implementation | Frequency | | 32 | 10 | 72 | | 114 |
| | | Percent | | 28.1 | 8.8 | 63.2 | | 100 |
| | | Mean | | | | | | 4.31 |
| 6 | You are committed towards the implementation of Balanced Scorecard | Frequency | 1 | 15 | 23 | 66 | 9 | 114 |
| | | Percent | 0.9 | 13.2 | 20.2 | 57.9 | 7.9 | 100 |
| | | Mean | | | | | | 3.58 |
| **Aggregate Mean** | | | | | | | | **3.72** |

**Source: Survey Data, 2018**

Item No 1 under this variable talks about whether the job assignment corresponds to educational backgrounds of respondents or not as listed in the table 4.2.4 above. Hence, 47.4% of the respondents confirmed that the position they currently hold corresponds to their educational background whereas 1.8% of them, very insignificant number, strongly disagreed to this statement. The 3.81 mean score also indicates that the statement was positively agreed upon.

In relation to Item No 2, respondents were asked whether they are clear with the responsibilities shouldered on them or not. The result showed that 56.1% of them agreed and said there is no any doubt about it except the1.8% who strongly disagreed to the statement. The 3.90 mean score also indicated that it was positively accepted. Asking about their level of confidence in Item No 3, i.e., whether they believe that they are competent enough in accomplishing the target set to them or not, 51.8% of them proved that they are competent enough in this regard though some1.8% of the respondents strongly disagreed to it. The mean score 4.17proved that the statement was supported positively.

Almost half of the respondents, 46.5%, agreed that BSC has helped them to align their daily activities to strategic objectives of the Bureau (Item No 4). However, some 4.4% of them expressed their disagreement strongly. Though this is the case, the mean score 3.45 showed positivity to the point. As stated in Item No 5, 63.2% said they have attended a training organized on a Balanced Scorecard while 8.8% of the respondents took a neutral position. The mean score 4.31 again positively stood by the statement on training which is a fertile ground for the implementation of BSC. This asserts that the Oromia Regional Health Bureau has started commencing the Balanced Scorecard after proper training had been given though the time looks as old as its startup. 57.9% of the respondents agreed to Item No 6 saying that they are committed to implement the BSC with only 0.9% of them showed their strong disagreement. The 3.58 mean score looks that it conforms to the position taken by the respondents.

Also, the 3.72 weighted average mean calculated for all the statements under 'Employee Competency' proves that the details have been included to truly evaluate the overall competency of the respondents with regard to the implementation of the BSC. They are positively impacting the dimension confirming that they are relevant to evaluating the construct.

In summary, it is an opportunity for the Oromia Regional Health Bureau to have employees that are competent enough in all spheres as the detailed Items under this variable confirmed. Taking those who rated the items as agree and strongly agree, the following results have been observed.

Alignment of job assignments to educational background             - 72.8%

Clarity on the responsibilities shouldered on them                 - 78.9%

Competency in accomplishing the target set to them                 - 87.8%

Role of BSC in aligning daily activities to strategic objectives   - 54.4%

Valuing serving customers most due to BSC                          - 63.2%

Commitment towards the implementation of BSC                       - 65.8%

All the three directors and the reform team leader agree that employee competency is crucial for the successful realization of a mission. They all also affirmed that almost all the employees working for the Bureau are competent enough in executing the responsibilities he/she has been shouldered. However, they all put the commitment of employees in question especially in relation to the implementation of the BSC. According to the interviewees, employees see the reform as a system that creates extra burden on them. Even though additional strategies have been introduced to support the successful implementation of the BSC, it is still a challenge to discuss daily performances and correct flaws, if any, perceiving it as something boring, to take daily records of performances either manually or electronically, to bring customers at the forefront of their service etc. Therefore, it is possible to conclude that the implementation of the BSC in the Oromia Regional Health Bureau lacks the execution of leadership roles and harnessing the commitment of the general employee that can be regarded as issues the Bureau is expected to work on.

## V.    Reward System

One way of encouraging employees who registered remarkable achievements at least psychologically is equivalently rewarding them. The reward may include recognizing their contributions, promoting them in salary or position, facilitating educational opportunities and etc. This requires a strong reward system to be in place so as to properly manage the practice. The result of the reactions of the respondents to statements designed to explore the incentive package and reward system in the Bureau is presented in the following table.

**Table 4.2.5 Perception of respondents on the Reward System**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | You remember a time when you were ranked other than "Medium" in your efficiency in the last 5 years | Frequency | 24 | 63 | 27 | | | 114 |
| | | Percent | 21.1 | 55.3 | 23.7 | | | 100 |
| | | Mean | | | | | | 2.03 |
| 2 | Problem in the rankings may be related to gaps in devising objectives, setting target and other administrative issues | Frequency | 7 | 1 | 30 | 21 | 55 | 114 |
| | | Percent | 6.1 | 0.9 | 26.3 | 18.4 | 48.2 | 100 |
| | | Mean | | | | | | 4.02 |
| 3 | There is a transparent incentives and reward system in ORHB | Frequency | 31 | 43 | 25 | 13 | 2 | 114 |
| | | Percent | 27.2 | 37.7 | 21.9 | 11.4 | 1.8 | 100 |
| | | Mean | | | | | | 2.23 |
| 4 | The tasks you execute are linked to payment | Frequency | 23 | 41 | 39 | 10 | 1 | 114 |
| | | Percent | 20.2 | 36.0 | 34.2 | 8.8 | 0.9 | 100 |
| | | Mean | | | | | | 2.34 |
| 5 | You promoted in salary, position, educational opportunity, got appreciations etc. since BSC | Frequency | 37 | 45 | 17 | 15 | | 114 |
| | | Percent | 32.5 | 39.5 | 14.9 | 13.2 | | 100 |
| | | Mean | | | | | | 2.09 |
| 6 | You were sent to an institution for a capacity building training since the BSC implementation | Frequency | 33 | 52 | 9 | 14 | 6 | 114 |
| | | Percent | 28.9 | 45.6 | 7.9 | 12.3 | 5.3 | 100 |
| | | Mean | | | | | | 2.19 |
| 7 | There were demotions in salary and/or position, or warnings you faced due to under performances | Frequency | 42 | 54 | 9 | 9 | | 114 |
| | | Percent | 36.8 | 47.4 | 7.9 | 7.9 | | 100 |
| | | Mean | | | | | | 1.87 |
| 8 | The practices of reward and recognition have nothing to do with BSC implementation | Frequency | 7 | 33 | 16 | 34 | 24 | 114 |
| | | Percent | 6.1 | 28.9 | 14.0 | 29.8 | 21.1 | 100 |
| | | Mean | | | | | | 3.31 |
| **Aggregate Mean** | | | | | | | | **2.51** |

Source: Survey Data, 2018

Obviously any reward system is linked to the level of efficiency of individuals. Asked about whether they remember a time they were ranked other than 'medium' in their level of efficiency in the last 5 years (Item No 1 of Table 4.2.5), 55.3% of the respondents disagreed while 21.1% of them strongly disagreed. This implies that over 75% of the samples in focus were ranked

medium in the last five years indicating that the evaluation system is critically problematic. Almost half of them (48.2%) related this problem in the rankings to the gaps in formulating objectives, setting targets and other administrative issues as depicted in Item No 2. The mean score 2.03 for Item No 1 shows that the respondents reacted negatively to it while 4.02 of Item No 2 showed positivity.

In Item No 3, 37.7% of the respondents disagreed to the availability of transparent incentive and reward system in ORHB whereas only 1.8% of them strongly disagreed to this same issue. Hence, about 65% of them believe that there is no transparency in the reward system as a point that needs to be in focus. Also 36% disagreed to whether the tasks they execute are linked to payments while only 0.9% of the respondents strongly agreed to Item No 4. The mean scores 2.23 and 2.34 for Items No 3 and 4 respectively determines the negative reactions of respondents.

Coming directly to the reward system, they were asked to share their opinion on whether they promoted in salary or position, got educational opportunity or some appreciations etc. since the implementation of the BSC. To this end, 39.5% of the respondents go against it while some 13.2% agreed that enjoyed from the reward system. The 2.09 mean score also shows the negative reactions to this Item No 5. In another dimension, nearly half of the sample population, 47.4%, disagreed to the statement that tried to assess if there were any demotions in salary and/or position, or warnings faced due to under performances. But 7.9% of them confirmed that they were penalized over the period in relation to Item No 7. With regard to Item No 6, 45.6% of the respondents said they have never been sent to an institution for a capacity building training since the BSC implementation with a view of balancing the rewards to penalties. Only 5.3% of them have strongly agreed in contrast to the above objection. The mean scores 2.09, 2.19, and1.87 for Items No 5, 6 and 7 would be indications that practices of reward are negatively perceived pinpointing that it is the area where the Bureau needs to intervene.

As final element under this variable, respondents were assessed on whether the practices of reward system have nothing to do with the BSC implementation. Hence, 29.8% agreed and 6.1% strongly disagreed. Overall, the majority (29.8% agree and 21.1% strongly agree) confirmed that

the reward system is not conducted as per the principles of the BSC. Also the mean score 3.31 tilted positively towards the statement that says the practices of the reward system have nothing to do with the BSC implementation.

The weighted average mean of 2.51 which is calculated from the eight statements under the 'Reward System' confirmed that these details tilted towards the negative block of this dimension ensuring their relevance in evaluating the practices of reward system that seems is in a problematic situation in general.

To take upon the evaluation mechanism prior to the reward system, employees are evaluated by four parties. Scorecard of activity plan covers 50%, customers evaluate them out of 20%, team evaluation takes again 20% and the remaining 10% is for self-evaluation, one of the informants explained. Even though this is the reality in theory, the practice is highly subjective since performance records are not taken and kept on daily basis using either simple spreadsheet or other software. In addition, they said, the implementation lacks sectoral contextualization and in accordance to the level where that particular employee serves (office, health center, hospital).

On top of this, strengthening the monitoring and evaluation system of the Bureau may add to put a transparent reward and recognition system in the Bureau. Moreover, making evaluation criteria as highly quantifiable as possible may help to minimize the subjectivity and biasness that are currently noticed. Some of the criteria even tries to measure attitude of individuals that could be interpreted in several dimensions that have nothing to do with the performance of the person.

Due to these and other unstated problems, the individual as well as organizational performance evaluations are kept at medium level in the last few years, the interviewees commented adding even some practices of BSC are diminishing from time to time. "There is no reward, recognition, penalties I ever noticed being carried out as per the BSC", one of the informants stressed. Hence, it is difficult to say that the mechanism by which promotions, demotions and capacity building efforts through trainings and providing education opportunities are handled do totally fall under the principles of the BSC.

## VI.   Organizational Culture

Culture is a value or belief that occupies a considerable place in a society that exercises it. With a passage of time, regular practices that have got due attention by the management of an organization turn into its culture. By implication, these practices will become commonly understood and practiced by everyone associated with that particular business firm. It is something that develops through time. Therefore, outcome-orientation, innovation, team orientation, attention to details and being mission-oriented are the elements that are going to be assessed under this variable in this research and the result is being presented in the following table.

**Table 4.2.6 Observations of Respondents on the Organizational Culture**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | Your supervisors are keen to the final outcome of your activities | Frequency | 4 | 20 | 23 | 49 | 18 | 114 |
| | | Percent | 3.5 | 17.5 | 20.2 | 43.0 | 15.8 | 100 |
| | | Mean | | | | | | 3.50 |
| 2 | You are encouraged to innovatively perform your daily tasks and register better results | Frequency | 4 | 18 | 35 | 48 | 9 | 114 |
| | | Percent | 3.5 | 15.8 | 30.7 | 42.1 | 7.9 | 100 |
| | | Mean | | | | | | 3.35 |
| 3 | You plan, perform and evaluate in teams | Frequency | 3 | 15 | 23 | 54 | 22 | 114 |
| | | Percent | 2.6 | 13.2 | 20.2 | 47.4 | 19.3 | 100 |
| | | Mean | | | | | | 3.73 |
| 4 | Your supervisor pays much attention to details of any activity | Frequency | 4 | 28 | 27 | 46 | 9 | 114 |
| | | Percent | 3.5 | 24.6 | 23.7 | 40.4 | 7.9 | 100 |
| | | Mean | | | | | | 3.25 |
| 5 | All what you perform are expected to be in line with the mission of the house | Frequency | 2 | 14 | 25 | 61 | 12 | 114 |
| | | Percent | 1.8 | 12.3 | 21.9 | 53.5 | 10.5 | 100 |
| | | Mean | | | | | | 3.59 |
| **Aggregate Mean** | | | | | | | | **3.48** |

**Source: Survey Data, 2018**

Item No 1 entertains whether the respondents' supervisors are keen to the final outcome of their activities or not. The result showed that 43% of the respondents said that they agree while 3.5 of them said they would strongly disagree. Of course, taking those who responded that they

strongly agree (15.8%) into consideration close to 60% would believe that the supervisors are keen to final outcomes confirming that there is a culture of outcome orientation as it is reflected in the 3.5 mean score. Innovation, performing activity out of the usual way, looks encouraged in the ORHB as 42.1% said they agree and 7.9% strongly agree though some 3.5% of the respondents strongly disagreed. The 3.35 mean score could still be viewed as positive inclination to innovation.

Team orientation looks a strong culture in the ORHB as 47.4% of the respondents said that they plan, perform and evaluate activities in teams. Only 2.6 % of them have strongly disagreed to the idea of team orientation. Still details are given due attention among supervisors in the Oromia Regional Health Bureau which is confirmed through 40.4% of the respondents who agreed to Item No 4 in spite of the 3.5% who strongly disagreed to it. This has also been somehow confirmed through the 3.35 mean score that shows slight positivity towards team spirit.

With regard to being mission driven, 53.5% of the respondents said they would agree while an insignificant percentage 1.8% strongly disagreed to Item No 5. This affirms that all what they perform is in line with the mission of the house as it is also supported by the 3.59 mean score that can interpreted as a positive agreement.

In congruent to the analysis above, the weighted average mean of 3.48 obtained from the detailed statements under the 'Organizational Culture' proved that all the details listed are developing into culture at an institutional level. Hence, the items look considerably relevant to identify the cultures developing among a well majority of the respondents.

Taking those who scaled the items as agree and strongly agree together, it is possible to summarize the result as follows.

| | |
|---|---|
| Outcome-Orientation | - 58.8% |
| Innovation | - 50% |
| Team-Orientation | - 66.7% |
| Attention to Details | - 48.3% |
| Being mission-driven | - 64% |

One of the interviewees stressed that one of the most important legacies of Balanced Scorecard is the creation of team spirit. As employees began to plan and work in teams, supervisory roles would be highly minimized while creativity and the practice of thinking out of the box would be developed. In addition, all of them said they value the outcome of a task though details are also important at times especially when it comes to budget allocation and utilization. Last but not least, the interviewees unanimously agreed that there is no option other than working by putting the mission of the Bureau at the center of every activity.

## VII. Challenges

Finally, the dimensions that are regarded as challenges in due course of the implementation of BSC as responded by the sample population under the study are presented in the table below.

**Table 4.2.7 Knowledge of Respondents on Challenges**

| Item No | Statements | Stats | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | Activity planning using BSC is tedious and time consuming | Frequency | 5 | 25 | 21 | 48 | 15 | 114 |
| | | Percent | 4.4 | 21.9 | 18.4 | 42.1 | 13.2 | 100 |
| | | Mean | | | | | | 3.38 |
| 2 | You are challenged by the targets cascaded to you as per your job title and grade | Frequency | 1 | 38 | 31 | 35 | 9 | 114 |
| | | Percent | 0.9 | 33.3 | 27.2 | 30.7 | 7.9 | 100 |
| | | Mean | | | | | | 3.11 |
| 3 | There are no clear standard measurement criteria used during performance evaluation | Frequency | 5 | 19 | 26 | 44 | 20 | 114 |
| | | Percent | 4.4 | 16.7 | 22.8 | 38.6 | 17.5 | 100 |
| | | Mean | | | | | | 3.48 |
| 4 | Performance appraisal results do not clearly reflect your performances | Frequency | 1 | 17 | 22 | 59 | 15 | 114 |
| | | Percent | 0.9 | 14.9 | 19.3 | 51.8 | 13.2 | 100 |
| | | Mean | | | | | | 3.61 |
| 5 | Collecting sufficient data for measurement before performance appraisal is tedious | Frequency | 2 | 17 | 22 | 53 | 20 | 114 |
| | | Percent | 1.8 | 14.9 | 19.3 | 46.5 | 17.5 | 100 |
| | | Mean | | | | | | 3.62 |
| Aggregate Mean | | | | | | | | 3.44 |

**Source: Survey Data, 2018**

It could easily been observed from Item No 1 of Table 4.2.7, 42.1% of the respondents said they agree that activity planning using BSC is tedious and time consuming. Contrary to this, 4.4% of them strongly disagreed to the statement as well. The mean score 3.38 tilted towards the positivity of the responses to the item. In Item No 2, 33.3% of the respondents ensured that they were not challenged by the targets cascaded to them as per their job titles and grades. In support of this position, another 0.9% disagreed to this same item. However, the mean score 3.11 showed some tilt towards the central axis that more or less divides them into two equal blocks as a result of the remaining scales.

In connection to Item No 3, 38.6% of the respondents agreed that there are no clear standard measurement and criteria to be used during performance evaluations with only 4.4% strong disagreement. The 3.48 mean score also shows a positive agreement to the responses of the statement in Item No 3. In conjunction with the previous item, 51.8% of the respondents agreed that performance appraisal results do not clearly reflect their actual performances. In opposition to this fact, few of the respondents, 0.9%, disagreed to Item No 4. The mean score of Item No 4 is 3.61 indicating that the statement with negation is positively perceived. As one major reason may be, comes collecting sufficient data for measurement before performance appraisal. Being asked how far collecting sufficient data for measurement before performance appraisal is tedious, 46.5 of the respondents their agreement saying that it is truly tedious. An insignificant portion, 1.8%, strongly disagreed arguing it is not tedious for them. The mean score is calculated to 3.62 and thereby proving it was seen as tedious.

In addition, the 3.44 weighted average mean computed from the details that are stated as 'Challenges' indicated that each of the respondent was at least challenged by either of the items in the list. Hence, it is possible to say that the items are relevant to identify the challenges faced by the respondents.

As suggested by the interviewees, here is the summary of the challenges experienced in due course of the implementation of Balanced Scorecard in the Oromia Regional Health Bureau over the past years.

❖ Unavailability of contextualized work plan and evaluation criteria for offices and health facilities separately)

❖ Lack of being guided by the plan (emphasis on routine activities)

❖ Absence of employee as well as leadership commitment

❖ General staff resistance to change

❖ Absence of taking daily records of performances

❖ Subjective and biased criteria for performance evaluation

❖ High staff turnover to maintain the continuity of the implementation

❖ Absence of continued training on BSC

❖ Lack of ownership among employees and management

❖ Problem in automating workflows

In conclusion, what the interviewees mentioned in the list above in one way or the other corresponds to the analyzed data collected from employees through questionnaire. Therefore, these are expected to be strictly dealt with to take the implementation of the BSC back onto the right track.

## VIII. Summary of the Overall Descriptive Statistical Analysis

Taking a glimpse look at the degree of influence the variables under consideration may have and computing their mean, employee competency happened to be a variable with the highest mean score followed by business strategic plan, organizational structure, organizational culture, implementation challenges, leadership role, and lastly reward system. The data collected ensured that all the variables under investigation do considerably influence the endeavors towards implementing the Balanced Scorecard.

Though the overall mean score of Reward System is minimal, it doesn't mean that it is not influential in the implementation of the Balanced Scorecard. It simply describes that the reaction of the respondents to the elements under Reward system is skewed to the negative quadrant of the scale proving that it somehow is problematic in real terms.

Moreover, the overall mean of each individual construct surpasses the middle value. This indicates that the items listed under each subject matter are relevant and appropriate to measure the concepts considered as a major factor.

**Table 4.2.8 Descriptive Statistics on Major Constructs**

| Major Constructs | No. | Mean |
|---|---|---|
| Business Strategic Plan | 114 | 3.6769 |
| Organizational Structure | 114 | 3.4825 |
| Leadership Role | 114 | 3.4132 |
| Employee Competency | 114 | 3.7237 |
| Reward System | 114 | 2.5143 |
| Organizational Culture | 114 | 3.4825 |
| Implementation Challenges | 114 | 3.4404 |

**Source: Survey Data, 2018**

# Chapter Five

# Summary, Conclusions and Recommendations

This chapter is dedicated to the major findings, conclusions and recommendations based on the analysis, discussions and interpretations conducted on the collected data through questionnaire as well as interview questions prepared to assess the study under consideration.

## 5.1 Summary of Major Findings

+ The majority of the respondents agree with the availability of a clear, measurable and well-communicated strategic plan that has devised achievable objectives on which everybody in the organization works to. However, the whole process was not participatory as complained by a huge portion of the respondents. In general, what the whole thing shows is that the implementation of BSC at least has helped the Bureau in establishing a planning and measurement system that drew a tangible experience among the general staff.

+ A well majority of the respondents disagree to the centralization of decision makings in the Bureau. This implies that decision-making is considerably decentralized upto individuals which in turn can avoid confusions in the reporting hierarchy by defining roles and responsibilities of each party.

+ The management has cascaded and communicated its strategic plan, a number of respondents said adding that there are no significant challenges depicted with regard to the relationship between supervisors and their subordinates. In addition, they said there is no problem in accessing immediate supervisors at times they are in need. But what the majority of the respondents considerably agreed upon is that there is a huge gap in monitoring performances and forwarding timely feedbacks. Looking at these, it is valid to conclude that there is a substantial gap with regard to leadership commitment.

- Job assignments do correspond to educational backgrounds of employees and no confusion over responsibilities and almost all of the respondents vowed that they are competent enough to their positions. And the BSC has somehow helped them to give due attention to their customers they are serving. But all the interviewees has questioned the commitment of employees.

- Almost all of the respondents including the interviewees said they were only ranked as medium in the level of their efficiency in the last five years. Once again, the majority of them also voted that this was mainly due to poor formulation of objectives and target setting, as well as other administrative issues. In addition, they proved that the incentives and reward system is not as transparent as it could be. Besides, they underlined that they never experienced any promotion or demotion and never sent to institutions for a capacity building training as per the BSC since its implementation.

- Though the creation of team spirit in the Bureau is mainly considered as the legacy of the BSC, outcome-orientation, giving attention to details and the sense of being mission driven are also other dimensions developing as a culture in the ORHB, the majority of the responses from sample population agreed.

- The majority of the respondents regarded planning using the BSC as time-consuming and collecting data daily for measuring performance is tedious, confirming the interviewees' complain that questions the commitment of the employees. Thus, the responses of employees that express themselves as committed to implement the BSC doesn't seem convincing.

- Although various levels of the Bureau are expected to cascade their work plan from the Strategic Plan, they all seem use similar indicators with regard to evaluation as if their work plan is the same. More specifically, the following challenges were identified through the responses of interview questions.

- Lack of guidance by the plan (emphasis on routine activities)
- Absence of employee and leadership commitment
- General staff resistance to change
- Absence of collecting data of performances daily
- Subjective and biased criteria for evaluating performances
- High staff turnover to maintain the continuity of BSC implementation
- Lack of ownership of the reform
- Problem in automating workflows using ICT

## 5.2 Conclusions

In conclusion of this study, the Oromia Regional Health Bureau has started using the Balanced Scorecard as performance management tool with a view of aligning operational activities with strategic objectives and measuring the results taking the mission, vision and strategies into consideration. Hence, this study concludes in accordance with the constructs it has examined: business strategic plan, organizational structure, leadership role, employee competency, reward system, organizational culture and challenges encountered.

To this end, one of the major success stories with regard to the implementation of the BSC in the Bureau which is worth mentioning is the preparation of strategic plan though not as participatory as it could be. The study concludes that even though the whole process passed through all the steps, building through implementation, it doesn't seem that it is full taking the current shape of the Bureau.

The research work concludes that it is encouraging having employees that are clear with the vision, mission and strategies as well as the policies of the organization which they abide by. The organizational structure also contributed to the implementation in a way that it could avoid confusions in the line of reporting as well as creating definitive roles and responsibilities to each employee.

As said by respondents, it could be easily understood that the environment in connection to leadership looks smooth and friendly. However, the interviewees stressed that the leadership commitment in terms of monitoring, coaching, and supporting is minimal, an issue which is also shared by respondents. Similarly, employees view some of the practices of BSC as time consuming and tedious which could be an indication to their commitment be blurred.

It is obvious that the implementation of the Balanced Scorecard is not a one time job, it is rather a continuous practice. It looks that the training on BSC has been organized only once in the last five years taking some 30% of the respondents who have never been trained on it into consideration. Besides, best performers do not seem that they are enjoying the fruits of their efforts through training and other advanced educational opportunities based on their evaluation results. In another dimension, the Oromia Regional Health Bureau lack a clear criteria and standardized measurement tool to evaluate its employees as per the BSC that is free from subjectivity and bias.

On top of this, the Bureau is being challenged by the culture to plan for the sake of planning, limited understanding in applying the performance management tool and alignment of individual efforts to strategic objectives. There is also inadequate coaching and technical support, lack of strong M&E system and contextualized evaluation criteria.

## 5.3 Recommendations

In line with the findings and conclusions drawn, the following recommendations are made in order for the considerations of Bureau management concerning BSC implementation. Primarily, the Bureau has to harness the current favorable conditions that help to advance the system and make sure that the BSC is being properly implemented in all units and among the employees under them by revising the document in a way that it could address the current structure.

➢ **Towards solving employee and leadership commitments**

The commitment of the Head as well as Vice Heads, Directors, Team leaders and employees at large is crucial to the successful implementation of Balanced Scorecard. The management has to coordinate its efforts in coaching, providing technical support, and guidance to avoid confusions and bring about leadership commitment. Also realizing the participation of employees adequately in the planning process would pay an important role in improving their commitment. Therefore, the Bureau has to take time and try to inspire and direct all the staff on a stage organized to measure the organizational scorecard and put a monitoring strategy in place.

Specifically, categorizing everyone as medium in their level of efficiency since the implementation of the Balanced Scorecard is almost denying individual differences. Therefore, it is highly recommended for the Bureau to revise its measuring indicators for each objective setting stretched but attainable targets so that measurements are easily linked to the incentive packages. The ORHB has to also take a look at administrative circumstances such as budgeting and others that have direct impact on the proper implementation of the BSC. The following are also critical areas that need due attention.

➢ **Strive towards improving the monitoring and Evaluation system**

To avoid subjectivity during performance evaluation, it is very important to work on improving the culture of data collection and record keeping on daily basis. Besides, to uplift the awareness of employees on performance management tool and other related topics, there should be a frequent, quality, and simplified training sessions need to be organized as per the capacity of participants. Moreover, the ORHB has to work on the gaps identified by the majority of the respondents in connection with non-transparent performance appraisal system and making measurement criteria free from subjectivity. It looks that the training on BSC has been organized only once in the last five years. Therefore, new comers has to be trained and those already trained get refreshed.

➢ **Linking evaluation results with the Reward System**

The evaluation results obtained through the BSC should be strategically linked to the reward system. Moreover, clarifying evaluation criteria and aligning it with performance appraisal system would help to decide on incentives, bonuses, promotions in salary and positions as well as other necessary recognitions. With this, the researcher recommends the ORHB has to develop a document that clearly dictates the reward system considering a variety of incentive packages so that best performers enjoy the fruits of their efforts and lagging ones been capacitated to the acceptable level.

➢ **Trying to automate workflows using ICT**

Since the first step in the implementation phase of the BSC is automation, the role that ICT plays in simplifying and organizing workflows is unquestionable. As the interviewees involved in this study confirmed, there are no or very minimal efforts made so far to automate workflows in the Oromia Regional Health Bureau. Thus, the Bureau should focus on the ways to enjoy from the fruits of ICT through developing database-driven application to manage activities.

Finally, harnessing the emerging culture in the Bureau, simplifying the practices related to BSC implementation so that every employee would develop a positive attitude, boosting employee, leadership commitment and enriching the BSC document in accordance with the current organogram, revising the strategic map of the organization as well as opening the doors to participate in the planning process are areas that need attention based on the findings of this paper and the Bureau is expected to work on in the time ahead.

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# Annex A

**Dear Respondents:**

I am mare Lemma and I am currently working on a Master's thesis at St. Marry University **on the Implementation of Balanced Scorecard (BSC) at the Oromia Regional Health Bureau**".

This questionnaire aims at collecting primary data from randomly selected respondents. Thus, since you are one of the randomly selected respondents, the researcher seeks your honest and sincere responses. The results will be used for academic purpose and remain confidential.

**Thank You In Advance For Taking Your Time In Completing This Questionnaire!**

## Part I: Background Information of Respondents

**<u>Instruction</u>**: Please circle the letter of your choice.

1.  What is your gender?          a. Female          b. Male

2.  In which age category you belong to?
    a. 18-25 year   b. 26-30 years  c. 30-35 years  d. 36 - 40 years          e. Above 40 years

3.  How long have you been here serving the Bureau?
    a. Under 1 year          b. 1-5 years     c. 6-10 years   d. 11-15 years  e. Above 15 years

4.  What is your Marital Status?
    a.  Single       b. Married      c. Divorced     d. Widowed    e. Other

5.  What is your level of education?
    a. Certificate   b. Diploma      c. First Degree  d. Second Degree          e. Third Degree

6.  What is your Profession:      a. Clinical                                    b. Non- clinical

7.  What is your current position in the Bureau?
    a. Office Head          b. Director     c. Team Leader          d. Expert
    e. Other (please specify) _____

8.  How long since you carry current position?
    a. Under 1 year          b. 1-5 years     c. 6-10 years   d. 11-15 years  e. Above 15 years

# Part II: Opinion Survey on BSC Implementation

**Instruction:** Please use the following scale on each of the identified issues associated with BSC implementation and put **'X'** mark under the rating you think would best explain your thoughts for the statements listed in the table below.

## I.    Business Strategic Plan

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|----|-----------|---------------------|------------|-----------|---------|------------------|
| 1 | You are familiar with the policies, procedures and rules of your organization. | | | | | |
| 2 | You are aware of the vision, mission and values your organization that it want to live upto. | | | | | |
| 3 | You participated in the formulation of your organizational strategic plan. | | | | | |
| 4 | Both the strategic as well as annual plans are clear and measurable. | | | | | |
| 5 | All the required resources for your activities are availed by the organization. | | | | | |
| 6 | You know that your activities contribute to the strategic objectives of the ORHB. | | | | | |

## II.    Organizational Structure

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|----|-----------|---------------------|------------|-----------|---------|------------------|
| 1 | Decision-making is highly centralized and concentrated. | | | | | |
| 2 | Your roles and responsibilities are clearly defined and understood. | | | | | |
| 3 | There are no confusions in the reporting hierarchy. | | | | | |

## III. Leadership

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|----|-----------|---------------------|-----------|-----------|---------|------------------|
| 1 | The management has cascaded and communicated its strategic plan to you. | | | | | |
| 2 | Relationships between you and your immediate supervisor are smooth and participatory. | | | | | |
| 3 | Your supervisor is a kind of democratic one while directing you to perform an activity. | | | | | |
| 4 | Your supervisor is easily accessible when you are in need of him/her. | | | | | |
| 5 | Your supervisor regularly follows your performances and gives feedback to you. | | | | | |

## IV. Employee Competency

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|----|-----------|---------------------|-----------|-----------|---------|------------------|
| 1 | Your job assignment corresponds to your educational background. | | | | | |
| 2 | You are clear with the responsibilities shouldered upon you. | | | | | |
| 3 | You believe that you are competent enough in accomplishing the targets set to you. | | | | | |
| 4 | BSC helped you to align your daily activities to strategic objectives the ORHB. | | | | | |
| 5 | You ever attended a training organized on BSC that helps you in implementation | | | | | |
| 6 | You are committed towards the implementation of Balanced Scorecard. | | | | | |

## V.    Reward

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|---|---|---|---|---|---|---|
| 1 | You remember a time that you were ranked other than "**Medium**" in your efficiency in the last five years | | | | | |
| 2 | The problem in the rankings may be related to gap in formulating objectives, target setting and other administrative issues | | | | | |
| 3 | There is a transparent incentives and reward system in the ORHB. | | | | | |
| 4 | The tasks you execute are linked to payments. | | | | | |
| 5 | You promoted in salary, position, educational opportunity, got appreciations etc. since BSC. | | | | | |
| 6 | You were sent to an institution for a capacity building training since the BSC implementation. | | | | | |
| 7 | There were demotions in salary and position, warnings you faced due to under performances. | | | | | |
| 8 | The practices of reward and recognition have nothing to do with BSC implementation. | | | | | |

## VI.    Organizational Culture

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|---|---|---|---|---|---|---|
| 1 | Your supervisors are keen to the final outcome of your activities. | | | | | |
| 2 | You are encouraged to innovatively perform your daily tasks and register better results. | | | | | |
| 3 | You plan, perform and evaluated in teams. | | | | | |
| 4 | Your supervisor pays much attention to details of any activity. | | | | | |
| 5 | All what you perform are expected to be in line with the mission of the house. | | | | | |

## VII. Challenges

| SN | Statements | Strongly Disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly Agree 5 |
|----|------------|---------------------|------------|-----------|---------|------------------|
| 1 | Activity planning using Balanced Scorecard is tedious and time consuming. | | | | | |
| 2 | You are challenged by the targets cascaded to you as per your job title and grade. | | | | | |
| 3 | There are no clear standard measurement criteria used during performance evaluation. | | | | | |
| 4 | Performance appraisal results do not clearly reflect your performances. | | | | | |
| 5 | Collecting sufficient data for measurement before performance appraisal is tedious. | | | | | |

# Interview Questions for Purposely Selected Interviewees

The purpose of this interview is also to collect primary data from purposely hand-picked respondents (Reform team leader and directors) from the headquarters of the Oromia Regional Health Bureau on BSC. I am is currently conducting research to fulfill the requirements for **Master Degree in General Business Administration at St. Marry University**.

You are selected because of your roles and closeness to the practices of BSC in the Bureau. Your responses remain confidential and will only be used for academic purposes. And hence, I kindly request you to respond honestly.

*I really thank you for taking time to participate in this interview!*

1. What do you think were the factors that specifically triggered the ORHB to introduce BSC as performance management system?
2. What did the implementation process of BSC look like?
3. How did you remember the preparation of organizational strategic plan? Had it been cascaded to units, core processes, case teams and individuals?
4. How do you evaluate the employees commitment in realizing the objectives cascaded?
5. How do you explain understanding and internalization of employees have on the vision, mission and values of the ORHB?
6. How is the performance evaluation of employees administered?
7. Tell me about the coaching, technical support, staff development and guidance being provided to improve the performance of employees?
8. How far outshining/lagging performances are linked to recognition, reward and penalties?
9. What has been achieved since the introduction of BSC as performance management tool?
10. In your opinion, what constraints have been bubbled out in due course of the implementation of BSC and what should be done to overcome them?
11. Finally, what measures, you believe, generally need to be taken to better implement BSC in the Bureau?

**Thank You For Your Time**

# DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

Amare Lemma                  ………………………..

Name                        Signature

St Mary's University, Addis Ababa          May, 20l8

# ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

<u>Shoa Jemal</u>            _____

Advisor                Signature

St. Mary's University, Addis Ababa        May, 2018

# Annex B

## Organogram of the Oromia Regional Health Bureau

**Bureau Head**

- Admin and Participation Affairs and Resource Mobilization Directorate
- Health Promotion and Disease Prevention Directorate
- HIV/AIDs Prevention and Control Directorate
- Government Communications Affairs Directorate
- Provision of Medical Services and Supplies Directorate
- Research and Public Health Emergency Management Directorate
- Health and Health Related Establishments Quality Control and Professionals Licensing Directorate

- Plan, Budget Preparation and M&E Directorate
- ICT Development and Maintenance of Electronic Equipment Directorate
- Development and Administration of Human Resources Directorate
- Finance Administration and Procurement Directorate
- Property and Logistics Administration Directorate
- Construction and Maintenance of Projects Directorate

- Internal Audit Directorate
- Reform and Public Complaint Affairs Team
- Gender Mainstreaming Team
- Legal Services