

Examining the Outcomes of the Balanced Scorecard (BSC) as an Integral Tool of Public Sector: Reform in Selected Sectors of the Oromia Regional Government

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Abstract

Over the last two decades Ethiopia has been actively engaged in reforming its public sector in an attempt to make it more responsive, transparent, flexible, and compatible with the demand of its public and its constituencies to ensure good governance. Nevertheless, despite repeated comprehensive reform programs applied and acclaimed success stories by public authorities, the public outcry for responsive public service remains an outstanding challenge. Accordingly, this study aimed to examine the application of the Balanced Score Card (BSC) using a blend of survey and case study methods in 12 organizations selected from three major sectors in four major cities. The study intends to draw lessons for policy implications and consultants who aspire to support the public sector reform efforts in least developed countries. The preliminary output that applied descriptive and inferential statistics and qualitative analysis obtained from focus group discussions suggest that there is a strong desire from the public authorities to align public sector service delivery outcomes with strategic goals and public interest so as to make each job holder accountable for the intended result(s). Nevertheless, there were limitations in maintaining the momentum of the reform: both political and management support were erratic. Although the reform has resulted in a positive mental revolution with respect to the use of BSC among the constituencies involved in the process, the realization of their intentions has remained more form than substance. Interestingly, the study has generated multiple cases that can provoke thinking and empirical lessons for policy makers, consultants and others.

Keywords: *BSC, performance measures, good governance, public sector reform*

Abbreviations

BPR- Business Process Reengineering

BSC- Balanced Scorecard

CCSRP -comprehensive civil service reform program

Introduction

Performance measures are an important aid to improve performance in all aspects of a given organization. In this sense, unless a given organization measures and manages its performance, it is difficult to control its performance. BSC is one of the performance measures which enables an organization to translate its vision and strategy into a tangible set of performance measures that provides an enterprise view of an organization's overall performance by integrating financial measures with other key performance indicators around customer perspectives, internal

business processes and organizational growth and learning (Becker, Huselid, & Ulrich, 2001; Kaplan and Norton, 1992). Initially BSC's application was introduced in private sectors, and gradually its applicability was expanded to public organizations. Now the concept embedded in BSC is increasingly becoming applicable in both public and private organizations at large. In Ethiopia the public sector has undergone several reform initiatives at both federal and regional government levels. As a result the BSC management tool has been introduced over the last five years. One of the rationales for undertaking this particular study was the curiosity to check the effectiveness of the BSC at selected sectors of Oromia regional bureaus and local city administrative sectors.

Rationale of the Study

Ethiopia has been actively engaged in reforming its public sector in an attempt to make it more responsive, transparent, flexible, and compatible with the demand of the public and its constituencies. Nevertheless, despite repeated comprehensive reform programs and the acclaimed success stories by public authorities, the public outcry for efficient and effective public sector service is still widespread. To a certain extent the country is falling behind the standards of some African countries to measure the effectiveness of the public sector. The country is also deteriorating in terms of its global competitiveness ranking including institutional quality. Above all, the anticipated reform outcomes by and large are also claimed by public elites to be incompatible with the pace of development of the nation.

In this regard, it is imperative to examine how the approaches used in introducing new performance measures through the use of BSC have resulted with respect to their intended outcomes. It is also important to consider the organizations that have implemented BSC with comparatively more professional service coaching and follow up during its implementation in order to identify the potential benefit and drawbacks of applying BSC as a reform tool. Accordingly, among the organizations which implemented BSC in Oromia Regional States, selective cases were considered for the purpose of this particular study. In sum, the study intends to address the following core questions:

1. To what extent has the application of BSC in the design and implementation of reforms favorably won the participation and commitment of employees at different levels in selected organizations?
2. To what extent has the application of BSC improved performance measures and management?
3. What are the major challenges and best practices in applying BSC in the context of the selected organizations?

Method of the Study

The study used a combination of survey and case studies in its design. The study considered three major sectors and five major cities/towns as the target of the study. The intention was to obtain a comprehensive picture of how BSC has been introduced, designed, and executed. Such considerations allows the disclosure of the disparity of the way reform is introduced and

implemented from sector to sector and also provides an opportunity to consider the extent of variation from head offices to branch towns among the sectors.

Target of the Study

The three sectors considered in the study were the Oromia Revenue Authority, the Oromia Urban Development Bureau, and the Oromia Trade and Market Development Bureau. The identifications of these organizations were carefully conducted after consultations with authorized experts from the civil service reform at the regional head office. The major locations in the study included Addis Ababa, Sebeta, Shashamene, Bishoftu and Adama. Thus, a total of 15 organizations that had implemented BSC were the target of the study.

Method and Techniques of Data Collection

As the study has sought to obtain the full picture of the how BSC had been designed and implemented, it has carefully considered all the processes and views of the employees to be represented as a source of data. Therefore, in order to get the perspectives of the employees, employees from the representative process at different levels were given semi structured questionnaires. In addition, in order to get better insight, a BSC team from each organization was interviewed for better crosschecking. Accordingly, stratified sampling techniques for questionnaires and in depth interviews with the BSC teams were the major techniques of data collection. Since the size of the targeted organization considered in the study varied, average sample sizes of 15-20% were considered for the questionnaires. Also, at least three members of the BSC team were interviewed from each targeted organization.

Method of Analysis

The nature of the study involved both quantitative and qualitative data. The analysis largely remained more descriptive while including a correlation analysis. The study also involves some degree of comparison among sectors and also a comparison of responses from head office sector organizations with responses from regional town sector organizations. The Cronbach's Alpha test result for responses from head offices (three sector organizations) for 30 standardized items were found to be 0.955 and, similarly, the Cronbach's Alpha test results for the responses obtained from three sector organizations from four major cities for 42 standardized items each were found to be 0.961. These results suggest the data obtained through questionnaires from all sector organizations were highly reliable. Regarding the method of analysis, the study largely used mean, mode and standard deviation values. In addition, it also used correlation tests in relation to the perceptual outcomes as a result of the BSC implementation. The qualitative data obtained through in-depth interviews were considered as an integral part of the analysis, conducted in a thematic manner, which allowed for a triangulation of responses. The unit of analysis remained regional bureaus as well as city administration sectors.

Analysis and Results: An Assessment of the Preparation of Designing, Introducing and Implementing the BCS

According to the interview responses obtained from the three bureaus, it was unanimously suggested that there was a legitimate rationale for reforming the older performance measurement system in general; in particular, the older performance management system was not aligned with the strategic performance management system of the organizations. Accordingly individual performance was not issued from the strategic performance plan, and the overall performance systems were not customer/ citizen-focused. Above all, the performance systems were not sufficiently, objectively, and scientifically measured. Additionally, the older performance management system was blamed for lacking effective measures to make each jobholder accountable. Thus, the overall impressions shared among the respondents suggest that they have a shared understanding of the older performance system's deficiency and the need for reforming the existing performance management system. With regard to training, awareness raising training was given for all employees in a mass lecture mode whereas the training given for BSC team members was somehow blamed for lacking the capacity to create a sufficient shared understanding among the team.

Nevertheless, the training given at head office level was perceived better as compared to the training given at sector offices at the town level. What is more, there were some instances in which the wrong person was assigned to attend training. With regard to management's support in undertaking the reforms, the general sentiment reflected was that it is difficult to claim the top managers of the respective sector organizations were meaningfully involved in guiding, leading and coaching the reform process from its inception to implementation. The support from top management could be claimed to be sporadic in nature and not consistent throughout the process. The commonly cited reason was the leaders' over engagement in other agendas of the organization. In addition, there were tendencies of leaving the task of introducing, developing and implementing new systems related to BSC to the BSC team. Moreover, there were strong claims that the reform effort lacked a strong inbuilt system of monitoring and evaluation mechanisms, while the reform efforts failed to maintain the momentum in introducing the reform.

The issuing of BSC was top down as a result: Most of the coordination and overall guidance had been communicated down from Bureau levels to their respective local city administration sectors. Despite slight variations in the magnitude and tone of perceptual responses, the in-depth interview response results obtained from the three sector organizations from the towns of Sebeta, Shashamane, Bishoftu and Adama taken all together share the following general sentiment in common regarding how to make the reform more effective in its implementation with respect to the overall level of preparation, the training given to employees and BSC teams, the overall support and the follow-up system from the top management:

- All sector organizations from all targeted towns recognized the inherent deficiencies of the performance management system before introducing BSC. Accordingly, they share in the strong necessity of improving the existing performance system (its measurement and

alignment with strategic performance goals including performance linkages with reward system) and making each employee accountable for results so as to improve the quality of public sector service.

- In general, the way reform had been introduced had limited the employees' genuine involvement and wholehearted acceptance of the performance reform initiatives. The major reasons for this were due to several factors including: salary and benefit package increases, promised immediately after reengineering through BPR, were delayed; the reform duration took longer than expected while failing to maintain the necessary pace of momentum; and the kind of training given failed to bridge the perceptual disparity with respect to a sense of ownership of the reforms. As a result, employees sometimes were confused, and they sometimes doubted whether reform was really a serious matter with there being waves of reform, one after the other.
- Similarly the BSC team members from all the towns and across the three sectors considered the process of introducing BSC to be seemingly dominated by tedious paper work involving a lot of cosmetic and superficial activities: that is, more form than substance. Consequently the sense of ownership among the employees and even BSC teams were challenged.
- There were also instances of adopting BSC and strategic performance management documents from respective sectorial head bureaus without fully comprehending the complexities involved in their existing performance management system. Some also even considered the way that reform was introduced to seem more of an imposition from top.
- Sometimes there were instances in which the very experts who were trained to lead the process of change seemed to lack a sufficient understanding of the technical details of BSC. There were also instances of unrelated individuals attending training which was meant for the BSC team. Moreover, in most towns, the BSC staff turnover remained an outstanding challenge that contributed to erratic progress in introducing the reform.
- The support and follow up from the top management during the reform process was found to be erratic. Most top management members were not sufficiently involved during the training process. Some even considered the tasks of BSC to be seemingly left for BSC teams, where the top management just relays reports they receive from the BSC teams. In addition, the top management, on top of their regular duties with tight schedules and traditional routines, was overly stretched in discharging political commitments and being involved in several committees and was overly engaged in attending frequent meetings due to the so called "yezemecha sira."

Examination of the Business Process Perspectives and Its Link with Performance

Most of the employee responses from the level of the three bureaus indicated the organizations' vision and strategic direction is very clear to everyone. The mode responses regarding whether the organizational procedures, policies, and processes allow for efficiency suggest most employees perceive this to be the case; the standard deviation values may be explained by variations among sectors.

The majority of employee responses from the revenue authority indicated the organizations' vision and strategic direction is very clear to everyone. Similarly, despite slight variations among respondents, most of the employee responses from urban development as well as trade and market development bureaus indicated their organizations' vision and future direction is clear to them. More specifically, considering the responses as a percentage, 90% of employee responses from revenue authority, 60% from urban development and 59% from trade and market development bureaus indicated they have a clear understanding of their organizations' vision and future strategic direction.

These responses suggest the creation of a shared vision particularly in urban development and trade and market development bureaus has to be further strengthened. Most of the employee responses from the revenue authority and urban development bureau responded that the organizational procedures, policies, and procedures allow for efficiency whereas employee response from trade market development suggest the existence of limitations with regard to organizational procedures, policies and procedures in allowing for efficiency of operations. More specifically, as a percentage, 90% of respondents from revenue authority and 55% of respondents from urban development indicated the organizational procedures, policies and processes allow for efficiency whereas only 37% of employees from the trade and market development bureau responded the same. Thus, the perceptual response, particularly at trade and market development and urban development bureaus, suggests the necessity of examining why the existing organizational procedures, policies, and processes may not sufficiently allow for operational efficiency.

The overall perception held among the three sector organizations from four major cities (Sebeta, Shashemene, Bishoftu and Adama) is evaluated positively with slight deviations with regard to the following areas: their understanding about their respective organization's vision and strategic direction; their respective roles and their interdependency and interrelation with other departments; and whether their duties are issued in a strategic performance direction. However, employee responses indicated greater variation regarding whether the organization procedures, policies and processes allow for efficiency. Thus, it seems the existing organization policies, operational procedures and processes have limitations in bringing about operational efficiency.

On the other hand, almost a majority of the employee responses indicated that they understand the link and alignment of their duties and responsibilities with the strategic performance of their respective organizations. Yet there are variations of responses from the general trend from town to town and also from sector to sector. A majority of employee responses from all the revenue authorities from the regional towns and most employee responses from trade and market development bureaus indicated organizational policies, procedures, and processes allow for efficiency. However, in the Oromia urban development bureau/municipality a significant number of employee responses suggest that the existing organizational procedures, policies and procedures have limitations in ensuring operational efficiency.

Performance Goals, Standards and Measurement Related

Most of the employee responses from the three sectors at regional government head offices taken together indicated that the performance goals and measures are perceived to be both aligned with the organization's strategy and realistically attainable. Similarly, most employees perceive the performance standards are aligned with stretch objectives. However, deviations from the mean values necessitate sector specific explanations for the variations. Also, most of the employee responses indicated that the performance measurement standards and systems are not free from bias. More specifically, 87% of employee responses from the revenue authority bureau, 65% from the urban development bureau, and 62.5% from the trade and market development bureau indicated the performance goals and measures are aligned with the organization's strategy. Similarly, almost 74% of employee responses from revenue authority, 52.5% from urban development, and 56% from trade and market development considered the performance and goals to be realistically attainable.

Moreover, the employee responses with regard to the alignment of performance standards with stretch objectives indicated that 77% from revenue authority, 67.5% from urban development, and 59% from trade and market development consider the performance standards to be aligned with stretch objectives. In the Oromia revenue authority the vast majority of employee response attested to the performance standards and goals being aligned with both stretch objectives and the organizational strategy. Similarly, the performance measures and goals were perceived as attainable by a vast majority of the employees; however, a good numbers of employees still perceive that the performance measurement standards and systems are not free from bias. On the other hand, most employee responses from urban development and trade and market development perceive that performance goals and standards are relatively aligned with both strategy and stretch objectives. Similarly, in both bureaus most employees perceive performance measures and goals to be attainable. Nevertheless, most of the employees did not consider the performance measurement standards and systems to be free from bias.

With regard to communication of performance standards and goals to every employee, 64% of employee response from revenue authority, 37.5% from urban development, and 47% from trade and market development responded that the performance standards and goals are sufficiently communicated throughout the organization. Accordingly, the responses indicated in both urban development and trade and market development that the performance standards and goals are not sufficiently communicated to the members of the organizations.

The mode values of the aggregate responses from the four towns across the three sectors suggested that in relative terms the performance goals and measures are perceived as aligned with the overall strategic performance goals and stretch objectives of the organizations. Similarly, most of the employees perceived the performance goals and measures to be realistically attainable. However, the existence of higher standard deviation values suggests there are significant deviations from sector to sector. Despite slight variations among the respondents, most of the employees across the three sectors by and large do not perceive the performance measurement standards and systems to be free from bias.

Considering an organization specific explanation for variation, almost 35% of employees from Shashemene, 42% from Sebeta and almost 33% from both Adama and Bishoftu perceived that the performance goals and measures are not aligned with the organization's strategy. Similarity 52% of respondents from Sebeta, 30% from Bishoftu, 48% from Shashemene, and 36% from Adama suggested that performance goals and measures are not realistically attainable. With regard to whether the performance standards are aligned with the stretch objectives, 50% from Sebeta, 45% from Sebeta, 52% from Shashemene, and 44% from Adama claimed the performance standards are not aligned with the stretch objectives in their organization. Finally, 39% of employee responses from Sebeta, 36% from Shashemene, 42% from Adama and 62% from Bishoftu agreed that the performance measurements and standards are not free from bias. In general, these specific variations strongly suggest that there is need to further examine the extent to which the performance goals and measures are aligned with strategic performance plan goals and stretch objectives. Moreover, the prevalence of the perception of bias related to performance measurements and systems warrants the attention of the concerned body to ensure the objectivity of performance measures and systems. There are mixed responses whether the performance standards and measures are free from bias.

In Sebeta, Adama and Shashemene, across the three sector organizations, almost half of the respondents claimed that the performance standards, measures and systems are not free from bias. This suggests there are elements of a spoils system strongly competing with the merit and objectivity of performance measurement and evaluation systems. Hence unless timely corrective measures related to the matter are taken, it has the potential to erode the credibility of the performance measurement and evaluation systems which might gradually erode the trust between the management and the employees at large. Most of the employee responses with regard to their understanding of the future direction of their respective organizations and their specific duties and responsibilities in connection with strategic performance direction were positive: i.e., the overall impression of employee responses across the three sectors from the four cities considered in the study indicated their understanding of the organization's future direction and their duties and responsibilities are heading in positive directions. Yet the existence of slight deviation from the general trend requires further improvement in creating a shared understanding among all the employees. Similarly, employee responses with regard to whether the performance evaluation and process is becoming clearer suggest a mix of positive gains as well as the existence of some confusion. The existence of standard deviation values suggest the need for sector specific and organization specific explanations for the variations.

Most of the employee responses strongly suggest that the performance measurement and reward systems are not highly motivating. Yet the variation shows slight deviation from the general impression. The aggregate employee responses from the three sectors across the four regional towns taken together mainly suggest there are limitations in the communication of performance standards and outcomes to each employee. Similarly, although a good number of employee responses indicated the performance evaluation and its process after BSC implementation become much clearer, the mean and standard deviation values suggest the existence of significant deviation

that requires sector wide explanations on the matter. Moreover, the responses regarding whether the performance evaluation and measurement process is free from either bias or nepotism indicated mixed responses. Although it is difficult to indicate the exact magnitude, objectivity and merit systems related to performance measurement and evaluation systems are in some way encircled with favoritism and malpractices.

The sector specific general responses suggested that almost 70% of employees from revenue authority in general believe that the performance standards and outcomes are clearly and sufficiently communicated whereas 59% and 60% of employee response from the municipality and trade and market development bureaus respectively indicated the performance standards and outcomes are not clearly and sufficiently communicated. Aggregate employee responses with regard to whether the performance evaluation and its process after implementation has become much clearer indicated mixed results. Specifically, 45% of employee responses from revenue authority, 64% from municipality and 51% from trade and market development indicated the performance evaluation and its process after the implementation of BSC is not becoming more transparent. From each sector nearly 60% of employee responses indicated that they perceive that the performance evaluation and measurement process miss the element of objectivity while they allow room for nepotism to overshadow the process.

The In-depth Interview Summary Reports Related to Performance Goals, Standards, and Measures

According to the in-depth interview summary reports from the regional head offices of the three sectors, the shared responses with regard to how carefully performance goals, measures, and standards were issued from strategic performance plans and to what extent these targets, standards and measures were sufficiently aligned with strategic performance plans including stretch objectives; how measurements and evaluations had been practiced; and finally some of the challenges of performance measures and evaluations indicated the following:

- The major problem with the strategic performance planning documents was that they were not meticulously developed. In addition the process was not sufficiently participatory.
- Using uniform and more of objective indicators were also a challenge especially in the case of qualitative measures and cross-cutting issues. Some of the measurement criteria considered were not directly related to the performance.
- There were instances of performance standard and criteria misalignment with strategic performance indicators.
- There were inconsistencies in defining performance measures and indicators. In addition, the inclusion of cross-cutting issues in the criteria made it difficult to make the evaluation objective.
- The most critical challenge that has contributed to subjectivity and favoritism in the performance evaluations emanated primarily from a lack of consistent individual scorecard keeping practices in the organizations. Furthermore, applying 360 degree evaluation

practices have proved challenging to apply consistently due to disparities in the nature of tasks at the front and back offices in offering services.

- More importantly since the implemented performance measurement system is very far from sufficiently and objectively evaluating each employee, linking performance measures with rewards becomes a challenge. This in turn has resulted in fostering a sense of frustration among the majority of the employees. Thus, if this sense of frustration continues, the success of BSC implementation will be greatly challenged.
- The preparation of a strategic performance plan out of which other performance targets and standards are issued was not supported by a sufficient baseline survey. The strategic performance documents lacked the capacity to sufficiently reflect the contextual realities of the sector organizations.
- The developed criteria for performance measures contained many inconsistencies and were subjected to frequent changes of form and format, which usually came from the regional government level.
- Despite the attempt to issue the performance measures and targets, there were gaps in documenting performance records of each employee. Continually keeping individual scorecards remained a challenge. As a result, elements of subjectivity in the evaluation process were rampant.
- Performance measurements have a problem related to weight—the documentation of individual score cards. There were also challenges in applying a 360 degree evaluation.
- The criteria for evaluation of employee performance tended to be unrealistic, and some of the content of the criteria for performance measurements tended to be subjective (especially in relation to cross cutting issues)

Examining Learning and Growth Perspectives of BSC Implementation

Although the general impression held among most of the employees from the three sectors taken together suggested that performance standards and outcomes were sufficiently and clearly communicated to each employee the mean and standard deviation values shows significant variation from the general impression held by many. In revenue authority 61% of the employee responses indicated that the performance standards and outcomes were clearly and sufficiently communicated to every employees whereas in urban development and in trade and market development only 27.5% and 31% of employee responses indicated the performance standards and outcomes were clearly and sufficiently communicated to each employee. This implies nearly 70% employee responses from urban development as well as trade and market development confirmed the performance standards and outcomes were not sufficiently communicated to them. This suggested the prevalence of a huge communication gap with regard to communicating the performance standards and outcomes in the urban development and trade and market development bureaus.

With regard to the feedback system's effectiveness, the employee responses in general indicated strong limitations with the feedback systems of the three sector organizations. Only 48%

of the respondents from revenue authority, 30% from urban development, and 47% from trade and market development responded that the feedback system in their organization had been effective. Similarly, 58% from revenue authority, 25% from urban development, and 38% from trade and market development responded that there were effective and adequate information systems to ensure quality decisions in the organization. On the other hand, the employees' perceptual response with regard to the extent which the BSC application improved effective information sharing among departments indicated the following: 68% from revenue authority, 50% from urban development, and 37.5% from trade and market development considered that the use of BSC to ensure effective information sharing among their respective departments in their organization. Thus, more than 60% and 50% of employee perceptual responses from urban development as well as trade and market development indicated the application of BSC were unable to improve information sharing among their respective departments. The aggregate employee responses from the three sectors and all regional towns strongly suggested the feedback system in the organizations is far from being effective. Moreover, the quality and adequacy of the feedback system has limitations in making progress in the organizations, and variations of responses require sector specific explanations. In conclusion, most of the employee responses suggested that the implementation of BSC has somehow improved the level of information sharing among the departments.

Nevertheless, the mean and standard deviation values indicated variation in responses among employees. Sector specific responses suggest that in revenue authority the information and feedback system were perceived relatively better, whereas almost more than 63 percent of the responses obtained from the municipality and trade and market development bureaus suggested that there were limitations in the information and feedback systems in their organizations.

Training and Capacity Building Opportunity Related

Most of the employee responses taken together from the three sector organizations indicated the application of BSC has improved opportunities for building further capacities. In addition, despite significant variation from the generally perceived response, a good number of employee responses suggested there were continuously practices of skill and efforts to upgrade expertise in the organization. The opportunities for building capacities including practices for upgrading skills were in general perceived far better at revenue authority (68%) whereas similar capacity building and skill upgrading practices at urban development (40%) and trade and market development (44 %) were perceived lower. As was observed, the majority of employee responses from the four municipality as well as the trade and market development bureaus indicated that the performance measurement and reward systems were not highly motivating. Surprisingly, although the payment and benefit package in revenue authority was higher, a significant number of employee responses indicated the performance measurement and reward system was not highly motivating. The overall responses of all employees from the three sectors and across the four towns in general indicated that skill upgrading trainings were not regularly offered. However, the application of BSC has been generally perceived as opening opportunities for employee training and skill upgrading. Further, considering sector specific responses indicated that 44% from

revenue authority responded that training for skill upgrading was regularly given in their organization. Similarly, 61% of employee responses indicated the application of BSC has increased opportunities for the employee training and development. On similar matters, 58% and 57% of employee responses from the municipalities and trade and market development bureaus respectively indicated the application of BSC had not offered them an opportunity for training and regular skill upgrading practices. Simply put, at all regional towns capacity building training and skill upgrading practices were minimal, particularly at both the urban development and trade and market development bureaus; however, at revenue authority, the scenario was perceived relatively better.

Top Management and Employee Work Attitudes Related

A significant number of employees from trade and market development sincerely doubted whether the top management's approaches and treatment can ensure mutual organizational trust. A good number of employees from the urban development bureaus seemed to share similar sentiments regarding whether the approaches of the top management really ensured mutual trust among members of the organization. On the other hand, the top management's approach from revenue authority was somehow believed to ensure mutual trust among the members of the organization. The sector wise percentage responses with regard to whether the way in which top management discharged their duties strongly ensured trust within the organization was as follows: 70% from revenue authority, 51% from municipalities, and 62% from trade and market development responded that the way the top management discharged their duties could ensure trust within the organization. However, in regional municipalities almost half of the respondents perceived the way the top management discharged their duties as less likely to ensure mutual trust among the members of the organization.

Employee Work Attitudes from Regional Town Sector Organizations

Among several factors responsible for employee attitudes towards their jobs, their working environment and the degree of significance they attach to their contribution to the overall attainment of organization's goals are worth paying attention to. Consequently this study focused on these factors.

The majority of employee responses across the three sectors and from all the towns considered indicated they like and enjoy their jobs. The majority also responded they feel they are making valuable contributions while performing their assigned duties. However, the slight deviations from the general response pattern suggested the existence of variation either among individuals or sectors. With regard to working conducive situations, despite slight variations, the majority of the employee responses suggested their working environments are not conducive.

With regard to their attitude towards their job and their working environment situation, most of the employees suggested that they are making valuable contributions to their organization in discharging their duties. Also, most employees, particularly from revenue authority as well as trade and market development, considered their working environment to be somehow conducive with respect to discharging their duties. However, almost half of the employee responses from

municipalities across the four regional towns taken together did not perceive their working environment to be conducive. In particular, employees from Bishoftu and Adama suggested their working environment is not conducive. The summary of the responses obtained from the head offices at the three sectors among the BSC teams unanimously shared the following dominant perceptions:

- It was difficult to tell that top management had been meaningfully involved in guiding, leading and coaching the reform process from its inception to its implementation. The support from top management could be claimed to be sporadic in its nature and not consistent throughout the process
- The ability of top management to follow up, monitor, and evaluate were perceived as weak due to their commitment with other engaging tasks and having to discharge other politically assigned obligations. Also, in general, it still seems to be a spoil system and not a merit based system.
- There was no well-organized and well-structured ongoing capacity building program due to financial constraints.

Similarly most of the BSC team members across the three sectors and all the regional towns indicated:

- The support and follow up from the top management during the reform process was erratic. Additionally, there were high turnovers of leaders.
- The so called ‘yezemech sira’ and over commitments of the top management in various committees including meetings had significantly limited the managers’ commitment in the process of implementing BSC.

In sum, the top management’s support, involvement and leadership role at the head office level was perceived to be much higher as compared to the top management in regional towns across the sectors.

Examining the Allocation of Organizational Resource Perspectives

Most of the employee responses from the three sector organizations taken together indicated there are shortages of organizational tools and facilities and limitations of supporting operations with IT facilities. Moreover, organizational systems and processes were not considered to be supported by modern technology. However, the existences of slight variations from the mean value suggested sector specific variations. Revenue authority’s organizational tools and facilities were better perceived as adequately available than in urban development as well as trade and market development, where limitations of organizational tools and facility shortages and/or inadequacy was suggested. In addition, employee responses from urban development as well as trade and market development indicated the organizational operations and systems are not sufficiently support by IT and modern technology. At the head office level, with respect to the facilities, tools, and the extent of the support of the operation with modern technology including

IT, revenue authority was perceived in a relatively better position than both the municipality and trade and market development bureaus, where a significant number of employees considered the facilities inadequate and the processes of the organizations not supported by modern technology including IT.

The aggregate responses from most of the employees across the three sectors from the regional towns suggested the following: there are shortages of the necessary tools and facilities; the organizational operations are not sufficiently supported by information technology and the automation system. The standard deviation values indicate slight deviation from the general trend that need organization-wide or sector-wide explanations.

Although the aggregate responses from most of the employees across the three sectors from the regional towns suggested that there are shortages of the necessary tools and facilities, greater shortages of office facilities and tools are observed in the municipalities and trade and market development bureaus. Support of organizational systems and processes with modern technology and IT was perceived as far better at revenue authority, whereas at both the municipalities and trade and market development bureaus, it was considered minimal.

Budget Availability and Utilization Related

The overall insights from the employee responses from the three sectors taken together suggest the budget's allocation, adequacy, and utilization have limitations in the form of miss allocations and inadequacies. Considering more sector specific responses, 52%, 35% and 41% of employee perceptual responses from the revenue authority, urban development, and trade and market development bureaus respectively indicated that the budget allocated to their organization is inadequate. Thus, the general perception across the three sector organizations seems to be that the budget allocated to their organization is not sufficient. Particularly at the urban development bureaus, budget shortages were highly noted. Similarly, 74% of employees from revenue authority thought that budget utilization in their organization was efficient whereas only 27.5% from urban development and 34% from trade and market development thought the same. In terms of budget utilization, the employee perceptual response from urban development and trade and market development strongly suggested that there are mis-utilizations of scarce organizational resources, whereas at revenue authority the majority the employee responses suggested that budget utilization is relatively better.

Interestingly, employee responses regarding whether the application of BSC has improved budget utilization in their respective organizations indicated that 61% of employee responses from revenue authority, 47% from trade and market development and 32.5% from urban development considered the application of BSC to contribute towards better utilization of the organizational budget. In sum, at revenue authority both budget allocation and utilization were perceived as better. It was also perceived that the application of BSC had relatively improved budget utilization in this organization. At both urban development as well as trade and market development, budget allocation was perceived as insufficient and its allocation was also perceived to involve

deficiencies. Sadly, in these organizations the application of BSC has not sufficiently improved the problems of budget allocation.

The majority of employee responses with regard to the adequacy of the budget in the regional towns suggested it was not adequate whereas the allocation of the budget was perceived relatively better. However, the mean response and standard deviation values seem to suggest the existence of significant variations among sectors and towns. Considering town specific responses, 64% from Sebeta, 55% from Bishoftu, 67% from Shashemene, and 44% from Adama claimed that the budget's allocation was inadequate. With regard to efficient budget utilization, 61% of the responses in Sebeta and 54% in Shashemene suggested the budget utilization in their respective organization was not efficient. Nevertheless, only 28% and 32% from Bishoftu and Adama, respectively, suggested there was an inefficient utilization of the budget in their respective organization.

The Link between the Reward System and Performance Management

As clearly depicted in the bar chart below, the greater majority of employees from the three sectors responded that the performance measurement and reward systems in their organizations were not highly motivating. Similarly the perceptual responses from the regional towns clearly attested that the performance based reward system was perceived to be disappointing. On the other hand, the in-depth interview response from the head office suggested that although the budget is small, if utilized properly it is adequate enough for accomplishing organizational tasks. However, other than revenue authority, the use of office technologies and IT at the urban development as well as trade and market development bureaus were only at the planning stage.

Unlike the head office facilities of most regional towns, tools and budget shortages were perceived to be higher. The in-depth interview also attested that at the municipalities and trade and market development bureaus the plan to support organizational operations with modern technology and IT remained sluggish. And finally, the in-depth interview responses at both the head office and regional towns across the sector organizations unanimously seems to suggest the application of BSC is far from bringing a performance based reward system.

Examining the Stakeholders and/ or Customer Perspectives of BSC

The overall impression of the employees from all the sectors taken together with regard to customer service and its quality, the organizational motto and the level of customer satisfaction was perceived to have shown positive improvements overtime despite slight variations among the sectors. Considering sector specific responses, revenue authority implied the overall impression and practices to serve the customer were improving in comparison to urban development and trade and market development.

Despite slight variation among employee responses, the majority of the responses indicated that giving quality service for their customers and at the same time continuously improving the quality of their organization's services were becoming the organization's primary concern and motto. Nevertheless, a strong deviation suggests organization specific variations in the orientation of customer service. Thus, there were mixed responses with regard to whether the customers are

satisfied with the quality of service offered. Similarly, the mode response of all employees taken together suggests that the implementation of BSC helped the organizations to give attention to customer complaints. Nonetheless, slight variations from the mean values indicate the existence of variation among the sectors and/or towns.

Although more than 80% percent of employee responses from all the sectors across the four towns considered their primary motto to be serving the customer, only 57.5% from revenue authority, 41% from municipalities and 47% from trade and market development claimed customers were satisfied with their service provisions. Thus, this seems to suggest that although the overall orientation to serve the customer was perceived to be significantly improved, the actual delivery of service to customers has not yet been able to meet their expectations nor approach the desired standard of quality.

In general the in-depth interview responses from both the head office and regional towns has confirmed that, as a result of the cumulative efforts of ongoing reform, there are significant improvements in terms of customer service: There are attempts to decentralize the service and make the service more accessible to the public. The attempt to reduce the work cycle time is somehow improving as well. Particularly in revenue authority, it has started to become a routine to educate the customers on a regular basis. Moreover, they are beginning to give more attention to customer complaints. Nevertheless, they also admit that, despite some gains as compared to the past, meeting the increasing public requests for quality service will remain one of the outstanding challenges in their respective organizations. They also hope that, since customer service orientation is improving, overtime those among the public servants will offer a good platform for introducing sector specific, carefully designed interventions to improve customer service offerings in their respective sector organizations.

Assessment of the Overall Improvement and Gains as a Result of BSC Implementation

Most of the employee responses from revenue authority as well as urban development indicated that the application of BSC has significantly improved the overall performance of their organization, whereas there are mixed feelings whether the application of BSC has significantly improved the overall performance in the trade and market development bureaus.

Despite sector specific variations among the respondents, the overall impression of most of the employees from the three sectors taken together suggest that after the application of BSC the cycle time for service offerings is shortened. Improvements were also observed in the learning and growth capacity of the organization and the realization of performance targets.

The summarized responses obtained from employees at head offices from revenue authority as well as from urban development claimed that the application of BSC has significantly reduced the length of time to offer a service and has improved the learning and growth capacity of the organization; however, responses from trade and market development seem to suggest the cycle time to offer a service has not been significantly reduced and the learning and growth capacity of the organization has not significantly improved.

The mode value of all employees from the three sectors across the four regional towns indicated there are perceptions of postive gains after the implmentation of BSC with regard to the

following: better budget utilization; reductions in work cycle time; meeting the performance goals/targets; the quality of customer service; and revisions of performance goals, targets, and measures. However, the mean and standard deviation values indicated the need for further explanation for the variations in response from sector to sector.

Considering sector specific responses, most of the responses suggested that after implementing BSC, budget utilization showed relative improvements in revenue authority as compared to trade and market development. The perceptual responses held by most the employees at municipalities suggested that budget utilization has not shown improvement even after BSC implementation. Similarly, the perceptual responses suggested that, although the work cycle time was perceived to be shortened by a good number of employees in the three sectors at revenue authority, better improvements were observed by the trade and market development bureaus as well as municipalities. Nearly 42% of employee responses from municipalities indicated the work cycle time was not practically shortened. Finally performance targets were perceived to be better met in revenue authority as compared to trade and market development and municipalities.

After the implementation of BSC, most employees across the three sectors from all the regional towns perceived work cycle time to be shortened. On the other hand, budget utilization improved, work cycle time was shortened, and performance goals and targets were perceived to be better met at revenue authority after the implementation of BSC as compared to both the municipalities as well as trade and market development bureaus.

Perceptual Responses Obtained Through In-depth Interviews after Implementing BSC

Despite the challenges which encircle undertaking the reforms, the ongoing waves of reforms seem to suggest a strong desire from the government to make its public sector more transparent, responsive and more satisfying in meeting the expectations of its public. Moreover, there are strong attempts to decentralize the service, improve the office layout, and open two or three office branches for selected sectors in order to make service more accessible to the public. Furthermore, after the reform, offering information to the customers through information desks and attempting to respond to customer complaints are getting attention; in some instances regularly educating the customer—for instance, at revenue authority—are among the positive gains of the reform. Nevertheless, the reform could fail to result in making each individual accountable for the duties which they are given, and, most importantly, successfully implementing an effective performance based reward system is still remote for all public sectors.

In general, there are positive gains from the reform: there is a shift in mindset from a routine-tasks oriented operation towards a strategic oriented performance management system. Also, understanding the necessity of objective measurements and thinking in terms of serving the customer were among the positive mental gains from the reform. Nevertheless, designing a performance management system that issues each employee a task from the strategic performance goals and measuring each employee's task both objectively and scientifically to make them accountable for the results are outstanding challenges even years after implementing the reform tool that was intended to improve performance management and measurement.

- Reforming the organization and applying BSC seem to show relative improvements with regard to: thinking in terms of the link of each employee's work with the overall strategic objective of the organization, the sense of serving the customer and offering time bounded services. However, in some towns there are not sufficient waiting spaces for customers, information desk are not properly functioning and the tasks of educating the customers lack consistency.
- There are also decentralized service offerings and a better awareness in creating a mental revolution with respect to serving the customer. However, the so called 'yezemecha –sira' and frequent meetings sometimes poses a challenges for some managers to be available to serve the customers.
- There has been a positive mental revolution with regard to linking individual performance with strategic performance plans, and thinking in terms of serving the customer has shown some progress in comparison with past practices; however, the challenge has grown as customers have grown more demanding over time.
- After BSC implementation employees were made aware of their individually assigned tasks, and their orientation and thinking changed. Every employee thinks in terms of his/her individual task in relation to fulfilling the strategic performance goal. However, with respect to the evaluation, there are limitations in keeping objective records on individual performance. In addition, the paper work involved in the process was perceived to be tedious.

Correlation Tests on Selected Outcomes of BSC Implementation

The correlations tests helped to check the degree and nature of associations among the variables; the extent and nature of the association among the perceived outcomes of BSC at both the head office and regional towns are presented consecutively. According to the correlation test, a positive and significant degree of association can be observed as a result of the application of BSC: if the duration for offering service improves, it helps to better realize one of the performance targets as well as improve the level of customer satisfaction. Similarly, as it is indicated in table 24 below, a positive and significant correlation can be observed that, if the uses of BSC improve information sharing among departments, it may result in improving the opportunity for capacity building as well as performance in the organizations. Therefore, these strongly suggest that, if information sharing among the department becomes effective, both opportunities for further capacity building and the overall realization of organizational performance will improve. At the level of regional towns with respect to the three major sectors, a positive and significant correlation can be observed that if the implementation of BSC can shorten work cycle time, the quality of customer service, the attention given to customer complaints and meeting performance goals and targets will improve significantly.

In sum, the correlation test results strongly suggest that, if implemented correctly, the use of BSC has strong potential to deliver the following positive outcomes: shortened cycle times; improved quality of customer service; better results in customer satisfaction and achieving

performance goals and targets; and most importantly better information sharing as well as persuading the organizations to think in terms of building their capacity.

Summary of the Major Findings

Based on the analysis of the findings, the following generalizations are drawn:

- Top managers were meaningfully involved in guiding, leading and coaching the reform process from its inception to implementation.
- Overall reform monitoring and the evaluation system were not systematic and tended to be sporadic in their approach.
- Despite the government's strong intention and commitment to reform the public sector, the approach remained top down, and level of preparation and support from the consultants was found incompatible with the comprehensiveness and number of organizations looking for support
- The training given at the regional head office level was perceived better as compared to the training given for sector offices at the regional town level. Also, the training did not go deep enough to create a shared understanding and technical mastery on the use of BSC tools among the team members.
- Frequent turnovers of trained BSC employees and instances of assigning the wrong person for training suggested a critical challenge, particularly at regional towns.
- The strategic performance plans, out of which other performance related goals, targets, and measures are issued particularly at regional town levels, were not based on the baseline surveys of their respective sector organizations.
- As a result of the cumulative efforts of ongoing reform, there were significant improvements in terms of orientation towards serving the customer, although offering quality service to a demanding public remained an outstanding challenge.
- There were positive gains from the reform: there was shift in mindset from a routine-tasks oriented operation towards a strategic oriented performance management system. Understanding the necessity of objective measurement and thinking in terms of serving the customer were among the positive mental gains from the reform.
- A reward system is still in the remote distance in all public sectors due mainly to a lack of keeping consistent individual scorecard records among other factors.
- Designing a performance management system that strongly issues each employee's task from the strategic performance goals and measuring each employee's task both objectively and scientifically to make them accountable for the results are outstanding challenges even years after implementing the reform tool that was intended to improve performance management and measurement.
- Timely corrective measures have to be introduced based on the outcomes of a consultative dialogue that involves performance management experts, BSC teams, top managements, and key employees from each sector; the application of BSC will not bring about the intended gain.

- It is also imperative to draw a boundary between spoils systems and merit systems in the public sector while simultaneously working towards instilling professional values in the public sector.

Conclusion and the Way Forward

The ownership and involvement of top management is critical at all levels. The proper design of performance measures based on baseline survey data is required followed by sufficient training to be provided at all levels. A proper automation system has to be in place to properly measure individual and institutional achievements and this to be linked to a rewards system that motivates the best achievers.

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