

**PRACTICES AND CHALLENGES OF BALANCED SCORE CARD  
IMPLEMENTATION: THE CASE OF MIRAB AZERNET BARBARE WOREDA  
IN SILTE ZONE, SNNPR, ETHIOPIA**



**COLLEGE OF LAW AND GOVERNANCE  
SCHOOL OF GOVERNANCE AND DEVELOPMENT STUDIES**

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**JULY, 2020**

**HAWASSA, ETHIOPIA**

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**A THESIS SUMMITTED TO THE SCHOOL OF GOVERNANCE AND DEVELOPMENT  
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***ADVISORS' APPROVAL SHEET***

This is to certify that the thesis entitled “Practices and Challenges of Balanced Scorecard Implementation: The Case of Mirab Azernet Barbare Woreda in Silte Zone, Ethiopia. Submitted for the requirements for the degree of master’s with specialization in Governance and Development studies, the graduate program of the department of Governance and Development studies and has been carried out by Akmel Ahmed Muktar Id. No GPDMSR /0005/11, under our supervision. Therefore, we recommend that the student has fulfilled the requirements and hence here by can submit the thesis to the department.

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## **DECLARATION**

I hereby declare that this MA thesis entitled “Practices and Challenges of Balanced Scorecard Implementation: The Case of Mirab Azernet Barbare Woreda in Silte Zone, Ethiopia,” is my original work and has not been presented for a degree in any other university, and all sources of materials used for the thesis have been duly acknowledged.

**Name:** Akmel Ahmed Muktar

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_





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## **List Abbreviations**

BPR: Business Process Reengineering

BSC: Balanced Scorecard

CSRP: Civil Service Reform Program

ECA : Economic Commission for Africa

GTP: Growth and Transformational Plan

MABW: Mirab Azernet Barbare Woreda

MABWF: Mirab Azernet Barbare Woreda Finance

MABWPS: Mirab Azernet Barbare Woreda Public Service

MoCS: Ministry of Civil Service

SNNPR: Southern Nation Nationalities and People's Region.

SPSS: Statistical Package for Social Science

## **ABSTRACT**

*The purpose of this study was to assess the practices and challenges on the implementation of Balanced Scorecard (BSC) in Mirab Azernet Barber woreda. This study adopted a descriptive design and employed both quantitative and qualitative approaches to achieve the research objectives. Data was collected from both primary and secondary source by using questionnaires, interviews, and FGD. Out of the 458 target population 214 were selected through stratified random sampling techniques, from this 198 (92.5) questionnaires were collected back. In addition to this, 13 leader and 10 senior employees were selected by purposive sampling method, and 10 customers selected by Convenience (accidental) sampling. Overall, 247 sample was included for this study. Statistical package for social sciences version 20(SPSS) was used for data analysis and interpretation .The findings from the study is revealed that the majority of the respondents were not participate in the formation of strategic plan and they were not clear in the vision, mission and values of the offices. The leaders were not sufficiently communicated to staff members and they were not creating a favorable working condition for employees, and BSC implementation was not equipped with employees with accountabilities and responsibilities. The BSC implementation was not supported by IT system, and the office did not provide appropriate training. The performance evaluation measurement systems were not measured by standards and not scientific. The results show that the woreda government offices were not successful in terms of BSC implementation practices. Also respondents raised major challenges for the implementation of BSC such as lack of adequate clarification , lack of leaders commitment and support, Lack of adequate knowledge lacks of skill, lack of accountability, lack of responsibility, lack of empowerment, lack of motivation, inadequate information technology systems, poor office infrastructure , shortage of resources and inadequate training. The study recommended that Mirab Azernet Barbare Woreda government offices should make special attention for customer satisfaction, adequate training, constructive monitoring, continuous performance evaluation, fair incentive and equitable promotion. These, help to improve the implementation of balanced scorecard.*

**KEY WORDS:** *Balanced Scorecard (BSC), implementation, Communication, and achievement, challenges.*

# CHAPTER ONE

## INTRODUCTION

### **1.1. Background of the Study**

Public sector reforms are procedures, actions or practices that emphasize on boosting the capacity of public institutions in executing accountable, effective and efficient public policies founded on legal frameworks of public policies (Schacter, 2000). This public sector reform has however not been limited to the first world nations in which they germinated. Backed by a growing body of evidence linking governance to institutional performance, these changes have also been suggested, and implemented, in many developing countries throughout Africa, Asia and Latin America. However, developing country reforms have required a significant shift in institutional capacity in already under-strength governments (Jooste, 2008).

The Balanced Scorecard was first introduced to the academic world through the Harvard Business Review in 1992, by Robert Kaplan and David Norton. The idea of the BSC was born due to the perceived lack of performance measurements that managed to include the whole picture of the company, from operational performance to financial performance. Up to then performance measurements had either been operational or financial and never the two combined. The BSC was introduced as a way to present a set of measures that gives top managers a fast but comprehensive view of the business (Niven, 2005).

BSC is a widely applied performance measurement and management system across the globe and it is still under continuous study to add other features or improve its limitations such as to incorporate corporate social responsibility and suppliers 'relation in the performance measurement. This may provide more refinement in providing adequate measures and making the BSC all rounded and holistic strategy and performance management system. Furthermore, the implementation of the BSC in an organization has a number of merits. These include clarifying and gaining consensus about strategy, aligning departmental and personal goals to strategy, linking strategic objectives to long-term targets and annual budgets, identifying and aligning strategic initiatives, and obtaining feedback to learn about and improving strategy (Kaplan and Norton, 1996, Niven, 2002).

Balnced Scorecard has been used successfully by Public, private and not for- profit organizations to realize and integrate the strategic contribution of all relevant organ value drives for two key reasons. First, it helps to ensure consistency and alignment between the non financial and the financial measures; second, it helps to identify and measure the specific value drivers that underpin performance. This allows managers to test their hypothesis on what is driving organ outcomes. The scorecard translates vision and strategy in to four national quadrants. Financial Customer, Internal business process, and Organizational Learning and growth (Kaplan & Norton ,1996).

The Balanced Scorecard has been largely used as strategy and performance framework in private sector organizations throughout the world. After the introduction of New Public Management, it started to be used in public and non-profit organizations in order to facilitate the performance management process (ECA, 2004). With growing interest in improving performance management in organizations, the balanced score card can be a valuable tool that meets the need for improvement and change especially for companies venturing into very competitive or monopolistic market. It is a customer based planning and process improvement system with its primary focus on driving an organization`s change process by identifying and evaluating pertinent performance measures. It is an integral part of the mission identification, strategy formulation and process execution, with an emphasis on translating strategy into a linked set of financial and non-financial measures (Chan, 2004).

Ethiopian Government has launched a massive civil service reform program throughout the country by 2010. All public institutions are compelled to re-engineer their services to become responsive, efficient and effective of their performance. The Ethiopian Government has given high emphasis and dedication towards institutional excellence. Among the effects for public sector reform is the efforts to improve public sector services. The reforming aimed at promotion of efficiency and provision of effective services to the public. Therefore, Ethiopian Government subscribed to the implementation of BPR in public sector and also application of the BSC to sustain the spirit of BPR. Quite a number of years have elapsed since the introduction of BPR and in a later the BSC (CSR, 2012).

According to Ministry of Civil Service on the strategic manual (2010) for the implementation of balanced scorecard justification for launching balanced scorecard is to develop strategy that focus on public organization, to build up results based measurement system and develop new attitude of employees who choose to be measured only through their results. In addition, it was adopted to sustain the results those have been achieved by implementing BPR, the increasing desires of improved accountability both politically and administratively that is meant to improve performance ranging from "good to great" (Abayneh,2016).

However, the implementation of balanced scorecard in Mirab Azernet Barbare Woreda Government office has taken eight years. Therefore, balanced scorecard (BSC) has not yet known either in the right track or not, so the researcher assessed the practices and challenges of balanced scorecard implementation in the Mirab Azernet Barbare Woreda Government offices.

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

Public sector need to develop strategic management tools if they are to turn strategy in to action. The balanced scorecard is quite a significant tool which can provide the basic for developing a self-sustainable system if imposed towards addressing this issue. This can be achieved by adopting the key performance indicators of BSC which would allow the public sector to develop and allocate resources in a strategically coherent manner. In turn, this can be translated into effective reorganization of such operational matters as daily staff tasks (Farid Hasnu, 2013).

Balanced scorecard as a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communication, and monitor organization performance against strategic goals (Kaplan and Norton, 2006).

BSC is one of the performance measures which enable 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, 2001). According to Kaplan & Norton (1996) Employees could hear the

words of the new mission, vision, and strategic statements, but they did not understand what the words meant to them. Balanced scorecard has a capability for organizations to keep the balanced in terms of objectives; financial and non-financial measures, lagging and leading indicators; and external and internal performance. Balanced scorecard is used to accomplish the following management process: clarifying and translating vision and strategies; communicating and linking strategies objective and measure; planning, targets and aligning strategic initiatives and enhancing strategic feedback and learning (Niven, 2005).

Balanced scorecard is established by a process that builds consensus and clarity about how to translate strategy in to operational objectives and measures. This means that the scorecard represents the collective knowledge of managers of the organizations. The need to clearly communicate the strategy to all employees, to meet citizen's needs, improve organization alignment and link strategy and operations, produce a balance strategic plan and evaluate strategy performance were all additional intents of balanced scorecard (Niven, 2002). The Balanced Scorecard is not a one-time project. It is a continual process. It translates strategy to operational terms, aligns the organization to strategy, and makes strategy everyone's everyday job. All of these elements must be fully supported by senior management and the executive leadership is clearly required (Kaplan and Norton, 2001).

In Ethiopia, balanced scorecard was first introduced in 2010. Balanced scorecard (BSC) is a milestone in an effort to create developed and democratic country. Accordingly, implementing the national policies in line with missions, visions, the country is only possible by measuring all the activities of the organization. As well, when the strategic balanced scorecard prepared in 2002, the directives was provided in which the strategies balanced scorecard should be based on the growth and transformational plan of Ethiopia (GTP). Additionally, Ministry of Civil Service on the manual of "change masses building of federal civil service" state balanced scorecard is the only management tool that used for performance result based measurement (MoCS, 2005).

Some institution conducted research related to practices and challenges of BSC implementation in Ethiopia like, Development Bank of Ethiopia (DBE), Higher Education Institution (HEI), and Selected Offices of Addis Ababa City. These studies was found that lack of communication and misalignment between organizational functions, selection of an appropriate measures inefficient implementation by the management, delay in feedback were tremendous problem in

implementing Balanced Scorecard (Tsion Getachew,2014, Mamushet, 2015). These studies did not show the practices and challenges of BSC implementation at grass root level. Although, there is no research conducted in the Mirab Azernet Barbare Woreda that the researcher intended to study. In Mirab Azernet Barbare Woreda almost all government offices are undertaking Balanced Scorecard as a strategic planning and management tools to measure work performance. But, the achievement of such required efficiency in performance at the government offices have encountered different problems, like planning problems, monitoring and evaluation problems, lack of ownership and commitment, lack of awareness ,lack of accountability and lack of responsibilities . This shows most of government office implemented the BSC without achieving any significant result. This problem have become the major cause for customer's dissatisfaction and lacks of good governance in the Woreda (MABWPS, 2011).Therefore, in this study, an attempt was made to investigate whether BSC implementation in Mirab Azernet Barbare Woreda is successful or not, and find out the challenges of BSC implementation.

### **1.3. Objectives of the Study**

#### **1.3.1. General Objectives**

The general objective of this study was to assess the practices and challenges of balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda government offices.

#### **1.3.2. Specific Objectives**

The following are specific objectives of the study: -

1. To assess the practice of balanced scorecard implementation in government offices of Mirab Azernet Barbare Woreda
2. To identify the achievements of balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda
3. To analyze the challenges of balanced scorecard (BSC) implementation in the study area.

### **1.4. Research Questions**

**The Study was addressed the following questions:**

1. How is the practice of balanced scorecard implementation in government offices of Mirab Azernet Barbare Woreda?

2. What are the achievements of balanced scorecard (BSC) implementation in Woreda?
3. What are the challenges of balanced scorecard (BSC) implementation in the study area?

### **1.5. Significance of the Study**

This study has contributed to the concerned bodies by creating awareness about the practices and challenges that might hinder the BSC implementation or achievement, help to trigger other study in the area and can be used as an input for further research. It can also contribute much to initiating the concerned bodies to put an integrated effort in improving BSC implementation in the government offices by taking appropriate measures based on the findings of this study. It may be seen as a starting point for further study on practices and challenges of BSC implementation in government offices thereby stimulating further researchers to provide valuable insight for other researchers and academicians. Moreover, depending on the findings of this study, other researchers may have a clear picture of the challenges of BSC implementation in Mirab Azernet Barbere Woreda government offices.

### **1.6. Delimitation of the Study**

The scope of the study was limited to Mirab Azernet Barbare Woreda Silte Zone, SNNPR. Since it was difficult to conduct and manage the research at the whole woreda organizations, the data for this study was delimited to woreda center permanent employees of MABW while the contract hired employees and catchment level workers were not included in this study. The temporal scope of this study is from 2004/5 onwards since this is the time when the BSC implementation launched in the Woreda. Therefore, the scope of the study was limited to Mirab Azernet Barbare Woreda in the 24 government offices in Silte Zone of SNNPR.

### **1.7. Limitation of the study**

This part of the study can describe the potential challenges the researcher faced in this research. Some of the challenges: first, in Mirab Azernet Barbare Woreda there is shortage of written materials for the study, second, the world current issues of COVID-19 pandemic is critically challenging the researcher. Third limitation of the research occurred on collecting distributed questionnaires, some respondents failed to return questionnaires; and because of this, data analysis was made only on the collected questionnaires.

## **1.8. Organization of the Study**

This study is organized in to five chapters. First chapter deals background of the study, statement of the problem, general and specific objectives of the study, research questions, and significance of the study, scope / delimitation of the study, limitation of the study and organization of the study. Second chapter about literature review, which deals with definition of the balanced scorecard origins of the balanced scorecard, BSC as a tool for performance measurement in public sector, balanced scorecard as strategic management and perspectives of the balanced scorecard. The last part of the literature review shows empirical literature and conceptual framework of the study. The third chapter contains description of the study area, research design, sampling technique and sample size, type and source of data, instruments of data collection and method of data analysis. Chapter four focus data presentation, analysis and interpretation finally, chapter five deals with summary of findings, conclusions and recommendations.

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

This chapter deals Meaning and definition of Balanced Scorecard, Origins of the Balanced Scorecard, BSC as a Tool for Performance Measurement in Public Sector , Balanced Scorecard as Strategic Management , Perspectives of the Balanced Scorecard , The benefits of Balanced Scorecard Implementation , Characteristics of a Good Balanced Scorecard , Step of Balanced Scorecard Implementation , Challenges of Balanced Scorecard Implementation and Conceptual frame work.

#### **2.1. The Meaning and Concepts of Balanced Scorecard**

The balanced scorecard (BSC) is a strategic planning and management system that organizations use to: Communicate what they are trying to accomplish, Align the day-today work that everyone is doing with strategy, Prioritize projects, products, and services and Measure and monitor progress towards strategic targets. It is a practical tool to help organizations implement their business strategy. Strategic objectives, criteria and action plans are formulated for each perspective. The continuous process of development of the balanced scorecard is focused on the reconciliation of those perspectives. The card directs the organization's efforts on the critical analysis of the future and its association with the content of the idea (Kaplan & Norton, 1996).

According to Niven (2008) “Balanced Scorecard is a carefully selected set of quantifiable measures derived from an organization’s strategy. The measures selected for the scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives in the eyes of financial, customer, internal process and internal growth and development perspective”.

Balanced Scorecard is a performance management tool that enables an organization to translate its vision and strategy into a tangible set of performance measures. However, it is more than a measuring device (Kaplan and Norton1996). It is also defined by Balanced Scorecard Institution as a strategic planning and management system that is used extensively in business and industry, government, and nonprofits organizations worldwide to align business activities to the vision and

strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals (Kaplan, 2001).

The Balanced Scorecard has been largely used as strategy and performance framework in private sector organizations throughout the world. After the introduction of New Public Management, it started to be used in public and non-profit organizations in order to facilitate the performance management process (ECA, 2004). With growing interest in improving performance management in organizations, the balanced score card can be a valuable tool that meets the need for improvement and change especially for companies venturing into very competitive or monopolistic market. It is a customer based planning and process improvement system with its primary focus on driving an organization's change process by identifying and evaluating pertinent performance measures. It is an integral part of the mission identification, strategy formulation and process execution, with an emphasis on translating strategy into a linked set of financial and non-financial measures (Chan, 2004).

The scorecard provides an activity view of an organization's overall performance by integrating four perspectives, financial measures with other key performance indicators around customer perspectives, internal business processes, and organizational growth, learning, and innovation. Kaplan and Norton describe the innovation of the balanced scorecard as follows: "The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation (Kaplan and Norton 1996b as cited in Hailemariam Abayneh, 2016).

BSC is a contemporary measurement tool most of the people do not understand and not willing to understand, this leads them as a change resistant and usually common to developing countries than developed countries. It is also important to remember that vision and strategy come from good leadership. Leaders are at their best when they harness the wisdom of the organization to formulate a compelling vision and winning strategy. It doesn't work the other way round the balanced scorecard works best when it is championed by leaders (Mamushet, 2015).

## **2.2. Origins of the Balanced Scorecard**

The Balanced Scorecard was developed by two men, Robert Kaplan, an accounting professor at Harvard University, and David Norton, a consultant also from the Boston area. In 1990 Kaplan and Norton led a research study of a dozen companies exploring new methods of performance measurement. The impetus for the study was a growing belief that financial measures of performance were ineffective for the modern business enterprise. The study companies, along with Kaplan and Norton, were convinced that a reliance on financial measures of performance was affecting their ability to create value. The group discussed a number of possible alternatives but settled on the idea of a Scorecard featuring performance measures capturing activities from throughout the organization customer issues, internal business processes, employee activities, and, of course, shareholder concerns. Kaplan and Norton labeled the new tool the Balanced Scorecard and later summarized the concept in the first of several Harvard Business Review articles, “The Balanced Scorecard Measures that Drive Performance” (Niven, 2002).

The changes at the end of the 20th and at the beginning of the 21st century have become faster and more radical than ever before. Global technological, economic, political, legal and socio cultural factors influence the speed of changes, as well as shaping of management methodology and practice. Today’s modern environment is becoming increasingly dynamic and uncertain. The only certainty is the certainty of change, and the only stability is the stability of changes .The primary focus of Balanced Scorecard is to be a control tool for managers (Kaplan and Norton, 1992). But there are different types of control exercised by managers: Kaplan and Norton appear from the outset to associate the Balanced Scorecard with what calls strategic control ‘rather than management control. But in practice, considerable academic and practical attention has focused on the application of Balanced Scorecard for management control purposes (Lingle and Schliemann, 199). This in part may be linked to the prevalence of simple 1st Generation Balanced Scorecard models being used as the basis for academic contributions (Frigo, 2000).

A number of organizations adopted the Balanced Scorecard and achieved immediate results. Kaplan and Norton discovered these organizations were not only using the Scorecard to complement financial measures with the drivers of future performance but were also communicating their strategies through the measures they selected for their Balanced Scorecard (Kaplan and Norton, 1996).

Since then a number of organizations adopted the Balanced Scorecard and achieved immediate results. Kaplan and Norton discovered these organizations were not only using the Scorecard to complement financial measures with the drivers of future performance but were also communicating their strategies through the measures they selected for their Balanced Scorecard. As the Scorecard gained prominence with organizations around the globe as a key tool in strategy implementation, Kaplan and Norton summarized the concept and the learning to that point in their 1996 book, *The Balanced Scorecard* (Niven, 2002).

Since that time the Balanced Scorecard has been adopted by over half of all Fortune 1000 organizations. The momentum continues unabated, with companies large, medium, and small taking full advantage of the tool's profound simplicity and unmistakable effectiveness. Once considered the exclusive domain of the for-profit world, the Balanced Scorecard has been translated and effectively implemented in both the nonprofit and public sectors (Niven, 2006).

### **2.3. BSC as a Tool for Performance Measurement in Public Sector**

The BSC is considered by internal (politicians, managers, councils) users as a good and useful tool for performance measurement in Local Governments LGOs (Lilian Chan, 2004). Kaplan and Norton (1992) argue that the BSC is used to measure the financial and non-financial goals in public organizations as well as to clarify organizations' strategies. Kaplan and Norton (2001) also claim that the original intention of the BSC was to be used for profit making firms. However, the BSC can be applied in the Public Sector as well by putting customers at the top of the hierarchy. In public organizations, the focus is mostly on the citizens. Customers in the public services sector are clients, students, patients and citizens, and the owners are the parliament and the government. Public organizations do not exist to make profit because they provide public services to citizens (Kelly & Lewis, 2009).

Public organizations are characterized by customer focus and quality of services, which means that non-financial factors are equally important (Aidemark, 2001). Kelly and Lewis (2009) mean that the Public Sector organizations are providing public services to citizens, which means that public organizations are considered as non-financial performers. According to Aidemark (2001), the BSC measures more than just financial dimensions and that are why the BSC fits into the Public Sector (Reshitaj, Tikhonova, 2013).

## **2.4. Balanced Scorecard as Strategic Management**

**Clarifying the vision:** helps managers build a consensus around the organization's vision and strategy. Despite the best intentions of those at the top, lofty statements about becoming best in class, the number one supplier, or an empowered organization don't translate easily into operational terms that provide useful guides to action at the local level. For people to act on the words in vision and strategy statements, those statements must be expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success (Kaplan and Norton, 2007).

**Communicating and linking:** lets managers communicate their strategy up and down the organization and link it to departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short-term financial goals. The scorecard gives managers a way of ensuring that all levels of the organization understand the long-term strategy and that both departmental and individual objectives are aligned with it (Kaplan and Norton, 2007).

**Planning and Target Setting:** enables companies to integrate their business and financial plans. Almost all organizations today are implementing a variety of change programs, each with its own champions, gurus, and consultants, and each competing for senior executives' time, energy, and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals a situation that leads to frequent disappointments with the programs' results. But when managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long-term strategic objectives (Kaplan and Norton, 2007).

**Feedback and Learning:** gives companies the capacity for what we call strategic learning. Existing feedback and review processes focus on whether the company, its departments, or its individual employees have met their budgeted financial goals. With the balanced scorecard at the center of its management systems, a company can monitor short-term results from the three additional perspectives customers, internal business processes, and learning and growth and evaluate strategy in the light of recent performance. The scorecard thus enables companies to modify strategies to reflect real-time learning (Kaplan and Norton, 2007).

## **2.5. Perspectives of the Balanced Scorecard**

According to Kaplan and Norton (1996), The Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. This strategic management system measures organizational performance in four balanced 'perspectives: Financial, Customer, Internal Business Process and Learning and Growth (Knapp, 2001). The balanced scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system (Kumari, 2011). The four perspectives of the scorecard permit a balance between short-term and long-term objectives, between desired outcomes and the performance drivers of those outcomes, and between the objective measures and softer, more subjective measures. While the multiplicity of measures on a balanced scorecard seems confusing to some people, properly constructed scorecards contain a unity of purpose since all the measures are directed towards achieving an integrated strategy. Currently, the Balanced Scorecard is a powerful and widely accepted framework for defining performance measures and communicating objectives and vision to the organization (Esther W. Kairu, 2013). According to Kaplan and Norton (1996). The four perspectives of balanced scorecard has the following framework.

### ***2.5.1. Financial Perspective***

In order to attain objectives in the financial perspective, all measures in other perspectives should be linked. For this set of measures, the BSC retains the traditional measures of organization performance along with measures that reflect the strategy and environment in which the particular business unit operates. For most organizations, the financial themes of an increase in revenues, improvements in productivity, and enhancing assets utilization could provide the necessary linkages to the other perspectives (Kaplan and Norton, 2001).

Although the Balanced Scorecard was developed in part as a reaction against the excessive reliance on financial measures, the financial measures are still an important component of the Balanced Scorecard (Niven, 2006). According to Kaplan and Norton (1992) measures in the Financial Perspective indicate whether the implementation of the company strategy and its execution are contributing to the improvement of bottom-line results. Focusing resources, energy, and capabilities on customer satisfaction, quality, knowledge, and other factors in the other perspectives without incorporating indicators showing the financial returns of an

organization may produce little added value. According to Niven (2006), the Financial Perspective focuses on measures which have the goal of enhancing shareholder value. The most commonly used measures are derived from the objectives of revenue growth and productivity, such as return on equity, return on investment, revenue, gross margin, and other indicators (Niven, 2006).

### ***2.5.2. Customer Perspective***

In the Customer Perspective, the aim is to identify the customer and market segments in which the organization will compete, and, accordingly, the measures to track related performances (Kaplan and Norton, 1996).

The Customer Perspective should ask how an organization appears to customers in order to achieve the organization's vision and mission. This reflects the factors that are really important to customers (Kaplan and Norton, 1992). Kaplan and Norton (1992) recognized these factors in: time, quality, performance, service and cost. Niven (2006) argues that to achieve positive financial results, organizations need to create and deliver products and services which customers perceive as adding value. Customer perspectives includes acquisition of customer satisfaction. Customer perspectives also measures as such includes price, quality, services and availability which will encourage the formation of customer's acquisition, customer's profitability, customer's satisfaction and customers retentions. The most common measures for this perspective include: customer satisfaction, customer loyalty, and market share (Niven, 2006).

Unlike the private sector, public sector customers are more likely to complain than exit. In the short run, a resident or business is not likely to move to an adjacent jurisdiction because recreational services in their city are not adequate or that the roads are not maintained properly. A jurisdiction is not likely to feel the effect of unhappy customers in the short run, but will likely suffer the loss of residents, businesses and visitors in the long run if it does not offer good customer service. Agencies cannot afford to wait until the local government tax base is diminished before they start measuring and responding to customer wants and needs. The balanced scorecard requires that agencies identify their customers and stakeholders-- there are often many and develop measures that matter to them (Epstein, 1998).

### ***2.5.3. Internal Process Perspective***

Great customer performance is the result of processes, decisions, and actions which managers need to focus on in order to satisfy customer needs (Kaplan and Norton, 1992). According to Kaplan and Norton (2000), in the Internal Process Perspective the organization determines how it will achieve the value proposition for its customers and the productivity improvements to reach its financial objectives in order to satisfy its shareholders. This perspective measures the business processes that have the greatest impact on customer satisfaction. It measures factors like quality and employee skills. Here, companies should identify and measure their core competencies and technologies critical to ensuring market leadership (Kaplan and Norton, 1992). Measures that can represent this perspective are inventory turnover, delivery, productivity, cycle time, and research and development expenses (Niven, 2006).

The internal measures for the Balanced Scorecard should stem from the business processes that have the greatest impact on customer satisfaction- factors that affect cycle time, quality, employee skills, and productivity. To achieve goals on these factors, managers must devise measures that are influenced by employees' actions. Since much of the actions takes place at the department and workstation levels, managers need to decompose overall cycle time, quality, product, and cost measures to local levels. That way, the measures link top management's judgment about key internal processes and competencies to the actions taken by individuals that affect overall corporate objectives. This object ensures that employees at lower levels in the organization have clear targets for actions, decisions, and improvement activities that will contribute to the company's overall mission (Kaplan and Norton, 1992).

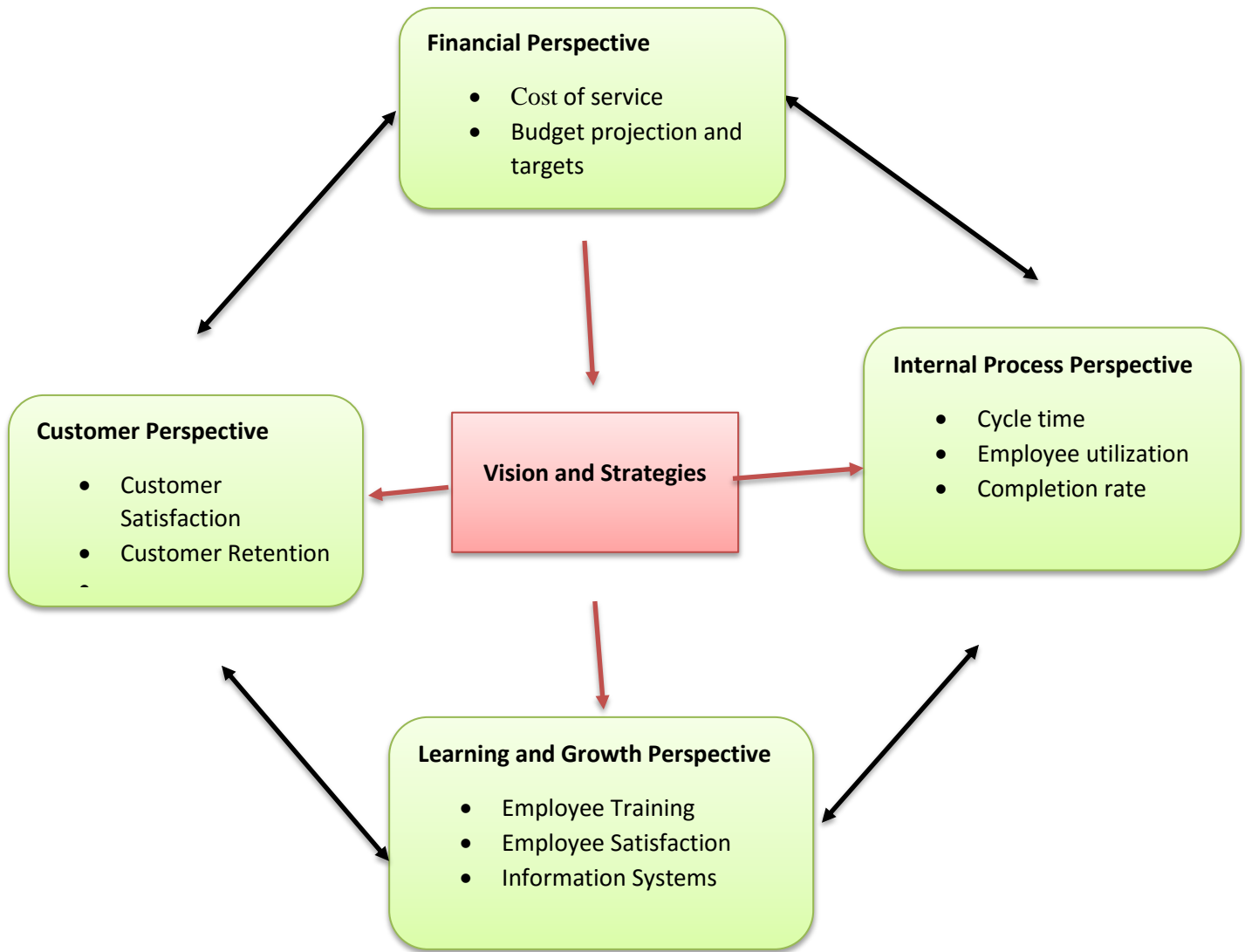
### ***2.5.4. Employee Learning and Growth Perspective***

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge worker organization, people -- the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as

well as that ease of communication among workers that allows them to readily get help on a problem when it is needed (BSC institute ,2015).

The objectives and measures in the Employee Learning and Growth perspective of the Balanced Scorecard are really the enablers of the other three perspectives. In essence, they are the foundation upon which the Balanced Scorecard is built. As with the other three perspectives of the Scorecard, the researcher would look forward to a mix of core outcome measures and performance drivers (lead measures) to represent the Employee Learning and Growth perspective, employee skills, employee satisfaction and availability of organization's stakeholders. Kaplan and Norton (1992) argue that an organization's ability to continually improve and renew can be directly linked to its ability to create value: When the organization wants to achieve ambitious results for internal processes and customers, the Learning and Growth Perspective is the perspective in which the enablers of these gains can be found. The Learning and Growth Perspective can be said to be the foundation on which the Balanced Scorecard is built (Niven, 2002). Once measures for the Customer- and Internal Process Perspectives have been identified, the core, strategic competencies for supporting these need to be identified. Knowledge, motivation and availability of adequate tools are frequently the source of growth and therefore common measures of this perspective are employee skills, employee satisfaction, availability of information, alignment and capital investments (Paul R.Naven, 2006).

**Figure 1: Perspectives of the Balanced Scorecard**



**Source:** adopted from (Kaplan and Norton, 2006)

## **2.6. Practice of BSC Implementation**

The balanced scorecard (BSC), together with corporate strategy, is a performance measurement and management system for enabling organizations achieve their strategy. In the last two decades, the BSC evolved from a simple performance measurement index to a tool that can effectively guide and implement strategic objectives and fulfill it in overall organizational activities. Bible, Kerr and Zanini, (2006) also stressed that the BSC eventually became a strategic performance management system centered on strategies for organizational performance measurement. It began as a measurement system, translating an organization's strategy into an

interconnected set of financial and nonfinancial measures used to communicate strategy, build alignment, inform decision making, power performance management, and prioritize resource allocation (Niven, 2005).

Molleman (2007) finds the inflexibility of the BSC a significant limitation towards its implementation. This finding contradicts the observation by Madsen and Stenheim (2014) about the flexibility of the BSC, who argue that the lack of conceptual stability of the BSC presents interpretive space to organizations to implement the BSC according to their business purposes and needs. However, Molleman (2007) finds the BSC is not sufficiently flexible for application in firms in a highly dynamic business environment. While Kaplan and Norton argue that the BSC assists managers to modify strategies, in a highly dynamic business environment, managers will have to modify their strategies frequently or changing them altogether. The result is increased uncertainty about the usefulness of defined key indicators. Thus, for firms operating in highly dynamic environments requiring frequent changes or modification to strategies, establishing performance measures to go with the modification becomes both difficult and challenging. Moreover, the BSC risks the creation of a static organization. As Allam.A (2015), in practice managers transform strategy into tangible performance measures and align organization activities towards the achievement of the BSC goals. The result is an increased focus on achieving the BSC goals to the exclusion of other goals that go beyond the BSC targets, creating unutilized potential. While an organization achieves the goals of the BSC, the overall potential of the organization is underutilized beyond the targets of the BSC.

## **2.7. The benefits of Balanced Scorecard Implementation**

BSC is a widely applied performance measurement and management system across the globe and it is still under continuous study to add other features or improve its limitations such as to incorporate corporate social responsibility and suppliers 'relation in the performance measurement. This may provide more refinement in providing adequate measures and making the BSC all rounded and holistic strategy and performance management system. Furthermore, the implementation of the BSC in an organization has a number of merits. These include clarifying and gaining consensus about strategy, aligning departmental and personal goals to strategy, linking strategic objectives to long-term targets and annual budgets, identifying and aligning strategic initiatives, and obtaining feedback to learn about and improving strategy (Kaplan and Norton, 1996, Niven, 2002).

According to Kaplan and Norton (1992), the major benefits of the balanced scorecard over the traditional performance management system can be summarized as follows:

- It helps companies to focus on what needs to be done in order to create a “breakthrough performance”.
- It acts as an integrating device for a variety of often disconnected corporate programs, such as quality, re-engineering, process redesign and customer service.
- It translates strategy into performance measures and targets.
- It helps break down corporate-wide measures so that local managers and employees can see what they need to do to improve organizational effectiveness.
- It provides a comprehensive view that overturns the traditional idea of the organization as a collection of isolated, independent functions and departments.
- It provides a framework within which performance can be managed at corporate, unit, team and individual levels.

The BSC provides a more complete and complex analysis of organizational performance, configuring a system of indicators (leading and lagging) that enables its integrated holistic vision, allowing to focus the efforts of organizations, defining and communicating priorities to managers, employees, investors and customers. Moreover, the main advantage of the BSC compared to traditional scorecards lies precisely in the internal consistency achieved between strategic objectives and indicators (Patrícia Quesado, 2017)

According to Olve, Roy and Wetter (2002), the BSC has the advantage of being a compact model, where its correct implementation allows to: Provide management with control of strategic dimensions, Communicate the individual contribution of each employee clearly, Discuss the benefits that can result from investments in the development of competences, the increase in relationships with clients and in Information Technology (IT), Enable the creation of opportunities for systematic learning (by focusing on critical success factors for the organization), Raise awareness among employees that not all decisions will have immediate results in increasing benefits or reducing costs, and Show what the company can do to complete the information disclosed in financial reports.

BSC is a management tool that enables managers to craft organizational strategies in line with their vision, define strategic objectives in line with organizational mission and vision, develop strategic plan by integrating various issues, monitor and adjust the implementation of their strategies and to make fundamental changes in them. If used correctly, BSC not only creates concrete results, but also creates a long-term balance in the organization. This balance can be described from many different angles. It provides a balance between the short-term and the long-term. This means that it offers a balance between what is important today and what is important tomorrow. It also gives a balance between external and internal measures, indicating a balance between what is important to us and to our key stakeholders. Moreover, BSC gives you a balance between financial and non-financial measures (Kaplan and Norton 1996 cited in Mamushet, 2014).

Bernard Marr (2010), Shown that using Balanced Scorecard has many benefits, some of the benefits are:

**a). Better Strategic Planning** - The Balanced Scorecard framework provides a powerful framework for building and communicating strategy. The business model is visualized in a strategy map which forces managers to think about cause-and-effect relationships. The process of creating a Strategy Map ensures that consensus is reached over a set of interrelated strategic objectives. It means that the performance outcomes as well as key enablers or drivers of future performance (such as the intangible) are identified to create a complete picture of the strategy (Marr, 2010).

**b). Improved Strategy communication** - The fact that the strategy with all its interrelated objectives is mapped on one piece of paper allows companies to easily communicate strategy internally and externally. We have known for a long time that a picture is worth a thousand words. This plan on a page 'facilitates the understanding of strategy and help to engage staff and external stakeholders in the delivery and review of strategy. In the end it is impossible to execute a strategy that is not understood by everybody (Marr, 2010).

**c). Better Management Information** – The balanced scorecard approach forces organizations to design key performance indicators for their various strategic objectives. This ensures that companies are measuring what actually matters. Research shows that companies with a BSC

approach tend to report higher quality management information and gain increasing benefits from the way this information is used to guide management and decision making (Marr, 2010).

**d). Improved Performance Reporting** – Companies using a BSC approaches tend to produce better performance reports than organizations without such a structured approach to performance management. Increasing needs and requirements for transparency can be met if companies create meaningful management reports to communicate performance both internally and externally (Marr, 2010).

**e). Better Strategic Alignment** – Organizations with a balanced scorecard are able to better align their organization with the strategic objectives. In order to execute a plan well, organizations need to ensure that all business and support units are working towards the same goals. Cascading the balanced scorecard into those units will help to achieve that and link strategy to operations (Marr, 2010).

**f). Better Organization Alignment** – Well implemented Balanced Scorecards also help to align organizational process such as budgeting, risk management and analytic with the strategic priorities. This will help to create a truly strategy focused organization (Marr, 2010).

## **2.8. Characteristics of a Good Balanced Scorecard**

According to Habte D.( 2015), a good Balanced Scorecard uses a multiplicity of management processes to assess individual and collective effectiveness including reward and compensation; alignment of different operational units to the organizational strategy; communication and learning; setting operational, team and individual level objectives; resource allocation and budgeting; setting targets; exploiting information technology; interactive participation and commitment of management in promoting the testing, learning, adaptation and implementation process; and senior leadership's use of measurement to drive organizational change.

More specifically, a good balanced scorecard is characterized by the following major principles/issues:

i) It communicates and clarifies the vision, mission and overall strategic direction of the organization to all organizational members so that all actors involved in the implementation process maintain proper knowledge, action plan and the ability to make the strategy their day-to-day task which in turn enables them contribute to the success of the strategy.

ii) Transforms organizations to use performance measurement systems from a command and control to empowerment and coaching culture.

iii) Improved processes, motivated employees, enhanced information systems, continuously monitored progress, greater customer satisfaction, and increased financial and non-financial resources utilization.

iv) A good BSC is a comprehensive tool to understand the target customers, their requirements, and the performance gaps.

v) It links the four perspectives in a set of cause and effect relationship. According to Kaplan and Norton (1996b), a good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators of the business unit's strategy) linked in a causal interrelations between the perspectives of learning and growth →Internal processes →customer →finance

vi) A good BSC channels the energies, abilities and knowledge held by people throughout the organization towards achieving the long-term strategic goals.

vii) It requires sense of ownership and active involvement of the executive management.

viii) According to Kaplan and Norton (1996a), the Balanced Scorecard should be aligned with the organizational incentive or reward management system. They note that doing this brings cultural change, improved financial performance and increased employees understanding of strategic objectives resulting in improved overall organizational performance.

ix) The communication process of a good BSC does not end after design and implementation, rather it is an on-going process and the employees should be provided with periodic feedback on their performance.

x) It is characterized by the presentation of a combination of both quantitative (tangible or lag indicator) and qualitative (intangible or lead indicator) measures for an organizational performance.

xi) It is able to articulate the strategy of growth with business excellence which requires greater focus on non-financial initiatives.

## **2.9. Step of Balanced Scorecard Implementation**

There are literally thousands of Balanced Scorecard toolkits and building methodologies. Nine step designed by Howard Rohm of the Balanced Scorecard Institute, a Strategy Management Group, (US, Washington), was found to be the most relevant, practical and implementable one (Niven, P. R., 2002) .

**1. Organizational Assessment:** Step one of the scorecards building process is about a number of things: to finalize the Balanced Scorecard plan which will detail, among others, all the teams that will be involved in the designing of the scorecard and the training they will require., Step One involves conducting the organization assessment of the strategic elements: the mission and vision, SWOT and organization values Paul R.Niven (2006). Step One is also about preparing a change management plan for the organization, which will entail conducting a change readiness review to determine how ready the organization is in embarking on such a journey and what needs to be put in place to make it ready, as well as defining communications strategy which will identify the target audience, key messages, media channels, timing, and messengers of the communication. The change management activities will take place throughout each step. (Richard H. Et.al 2000).

**2. Strategy:** Step Two (Strategy) is about determining the strategic themes, including strategic results, strategic themes, and perspectives, which are developed to focus attention on the customer needs and their value proposition. The most important element of this step is to ensure that you have unpacked what your customers are looking for from your organization in terms of function, relationship and image to determine whether you are providing value to your customers (Paul, 2006).

**3. Objectives:** Step Three (Objectives) is about determining your organization's objectives – that is your organization's continuous improvement activities, which should link to your strategic themes, perspectives and strategic results (Paul, 2006).

**4. Strategy Maps:** The objectives designed in Step three are linked in cause-effect relationships to produce a strategy map for each strategic theme. The theme strategy maps are then merged into an overall corporate strategy map that shows how the organization creates value for its customers and stakeholders (Paul, 2006).

**5. Performance Measures:** In Step Five, the performance measures are developed for strategic objectives. Performance measures should be defined clearly, differentiating the outcome and output measures, as well as the leading measures (future expected performance) and lagging measures (past performance history). In this step, you will also design your performance targets. This might be perceived as the most difficult and confusing step, so it is important that a bit of time is apportioned so that the performance measures will be meaningful (Paul R.Niven, 2006).

**6. Strategic Initiatives:** In Step Six, the strategic initiatives are developed that support the strategic objectives. This is where the projects that have to be undertaken to ensure the success of the organization (the extent to which the organization fulfills its mandate or vision) are drafted and assigned. To build accountability throughout the organization, performance measures and strategic initiatives are assigned to owners and documented in data definition tables (Paul R.Niven, 2006)

**7. Software and Automation:** Step Seven (Software and Automation) involves automating the Balanced Scorecard system, and consists of analyzing software options and user requirements to make the most cost-effective software choice for today and to meet enterprise performance information requirements in the future. Automation is purposely put as Step 7 on the 9step framework, to make sure that the proper emphasis is placed on strategic thinking and strategy development before "software seduction" sets in. Purchasing software too early limits creative strategic thinking, and purchasing software late makes it difficult to sustain momentum of the new system, as performance information reporting utilization is clearly an early benefit to be captured from the process of building the scorecard system (Paul, 2006)

**8. Cascading:** Step Eight (Cascading) involves cascading the corporate scorecard throughout the organization to business and support units. Then team and individual scorecards are developed to link day-to-day work with departmental goals and corporate vision. Cascading is the key to organization alignment around strategy. Optionally, objectives for customer-facing processes can be integrated into the alignment process to produce linked outcomes and responsibilities throughout the organization. Performance measures are developed for all objectives at all organization levels (Paul, 2006).

**9. Evaluation:** the Evaluation step involves evaluating the success of chosen business strategies. The key question asked is: The evaluation step includes: Ensuring that organizational

learning and knowledge building are incorporated into planning, Making adjustments to existing service programmers, Adding new programmers if they are more cost effective and Eliminating programmers that are not delivering cost effective services or meeting customer needs.

### **2.10. Challenges of Balanced Scorecard Implementation**

A number of challenges have surfaced in recent years, however, that have complicated the strategic management process. Some of those challenges include the impact of globalization, electronic commerce, diversification of the workforce, the learning organization rapid technological advances, governmental regulations, and increasing competitive forces in the environment. All organizations at all levels, there exists a natural resistance to change. Social relationships are more strongly weighted than economic factors. The employees feel threatened by changes and the unknown and they may be concerned with losing their jobs or status. This is also valid for the top management. Few management groups can handle both to establish strategies for the current situation, and at the same time, create acceptance or culture for change in the organization. The Balanced Scorecard is not a tool for imposing a strategy created at the top of the organization or a stick to beat people. It is actually a tool to allow people to both participate in the strategy process and create objectives and measures that reflect their business area's efforts to support the broader corporate strategy. Some of the major challenges using the balance score card in strategy implementation are Management style are mostly concerned with the managers' role in Strategy implementation process. They state that organizational change and culture change must be the leader's top priority. The authors argue that if the companies' managers see the need for change, and give this change top priority and use the necessary time, the organization will change (Thomson, 2013).

The balance score card could fail if the management style is highly centralized with a top-down style of management. For it to succeed the management should decentralize the management style and allow participation of workers who are at the ground. (Kaplan and Norton, 2006) claim that the first barrier occurs when the organization can not translate its vision and strategy into terms that can be understood and acted upon. Where fundamental disagreement exists about how to translate the vision and mission statement into action, the consequence is suboptimal use of efforts. With lack of consensus and clarity, Lack of integration, different groups will work after different agendas according to their own interpretation of the vision and strategy. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategy.

The Balanced Scorecard isn't another stand-alone project or system. It is the performance management and monitoring system, integrating typically a range of disparate systems, measures and monitoring approaches. Therefore, for its successful implementations, all areas have to work together as part of a unified whole (Nigist Kelemu,2017).

Similarly, according to Niven (2005), no initiative in an organization, regardless of its potential, has any chance of success without a sponsor in top management. The same applies with the Balanced Scorecard. Niven (2005), stresses the importance of top management for the success of the Balanced Scorecard initiative. He argues that if top management does not support the BSC initiative, and, more importantly, does not appreciate its role in solving real life problems, the BSC will show mediocre results and will probably fail.

On the other hand, according to Niven (2006) as cited by Pujas (2010) if information is not duly entered into the system, the Balanced Scorecard initiative will probably be worthless. Even if the needed information has been recorded in the Scorecard and its databases, unless it has been retrieved and viewed by the people who are supposed to benefit from the system, it will not make any worthwhile contribution to the organization. Therefore, the other implementation challenge is lack of IT. Niven (2006) emphasizes the problem of gathering and entering data into the Balanced Scorecard. In his view, this can sometimes represent a unique challenge.

In general the common challenges of implementing the balanced scorecard, according to Pujas (2010), can be summarized as: limited understanding of BSC, lack of executive sponsorship, lack of BSC education and training, inadequate IT support, inadequate project team, organizational participation, inadequate key performance indicators (KPIs) and lack of planning and communication.

**Lack of Participation:** According to Pujas (2010), during the implementation process, if the importance of employee involvement is not understood, the organization may miss the opportunity to benefit from the employees' knowledge that is directly related to the areas in which they exert influence.

**Inadequate IT Support:** According to Niven (2006), the problem of gathering and entering data into the Balanced Scorecard is emphasized during the implementation process. To overcome

such problem and smooth the implementation process, the system should be supported by an appropriate IT system

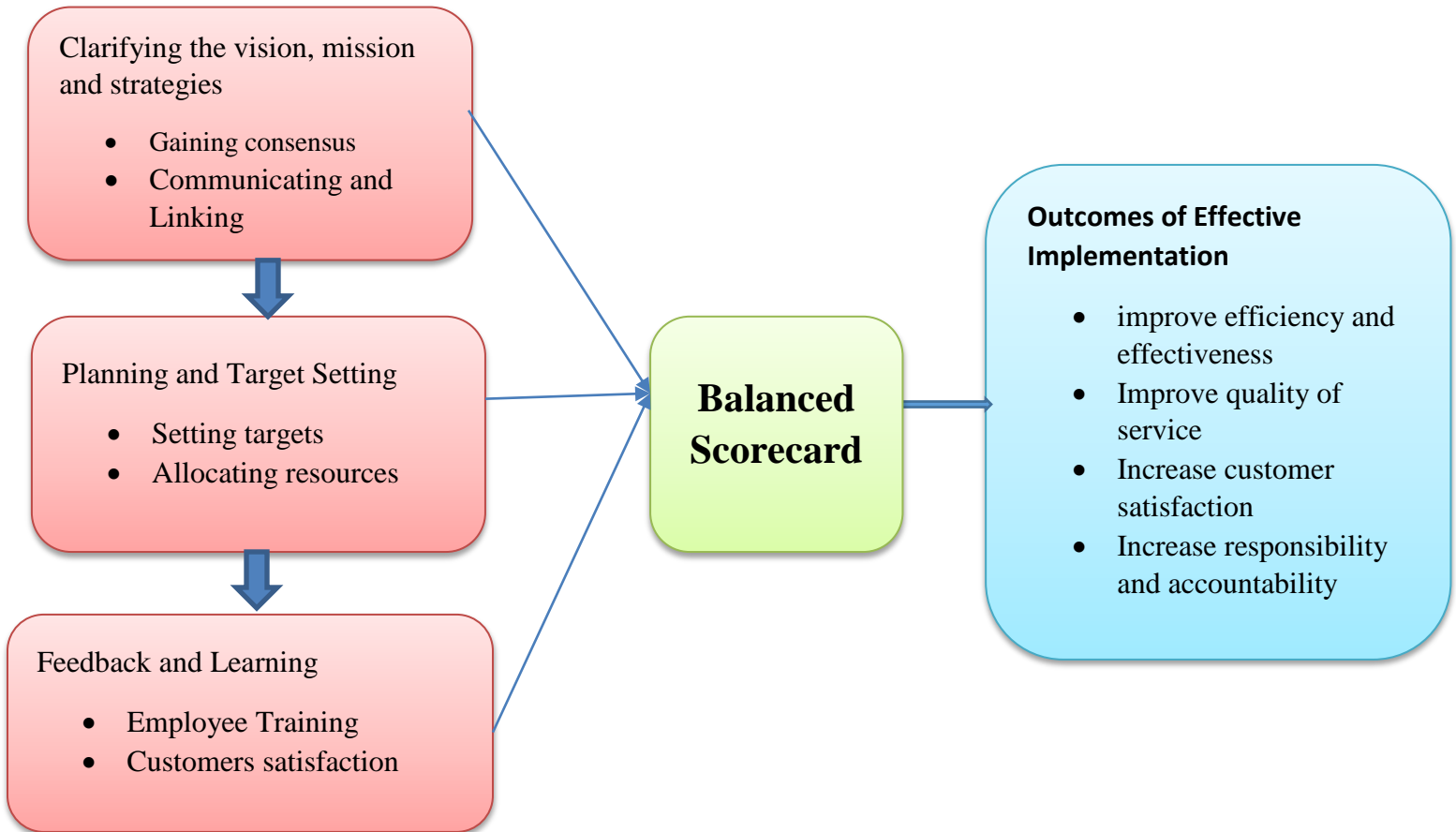
**Lack of BSC Education and Training:** like any system, the implementation of the balanced scorecard, requires the creation of sufficient awareness which obviously requires conducting continuous training and education.

**Balanced Scorecard Concept Clarity:** refers to the failure to understand what exactly the Balanced Scorecard is and what its implementation involves.

The underlying factor behind these failures is ineffective communication within an organization. This means that not everyone in the organization understands the concept and thus may even oppose it. The Balanced Scorecard is not a one-time project: It is a continual process. It translates strategy to operational terms, aligns the organization to strategy, and makes strategy everyone's everyday job. All of these elements must be fully supported by senior management and the executive leadership is clearly required (Kaplan and Norton, 2001).

## 2.11. Conceptual framework

**Figure 1: Conceptual Fretwork**



**Source:** adopted from (Kumssa , 2016)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents about description of study area, research design, Sampling Technique and Sample Size, Type and source of data, instrument of data collection, methods of data analysis and ethical consideration of the study.

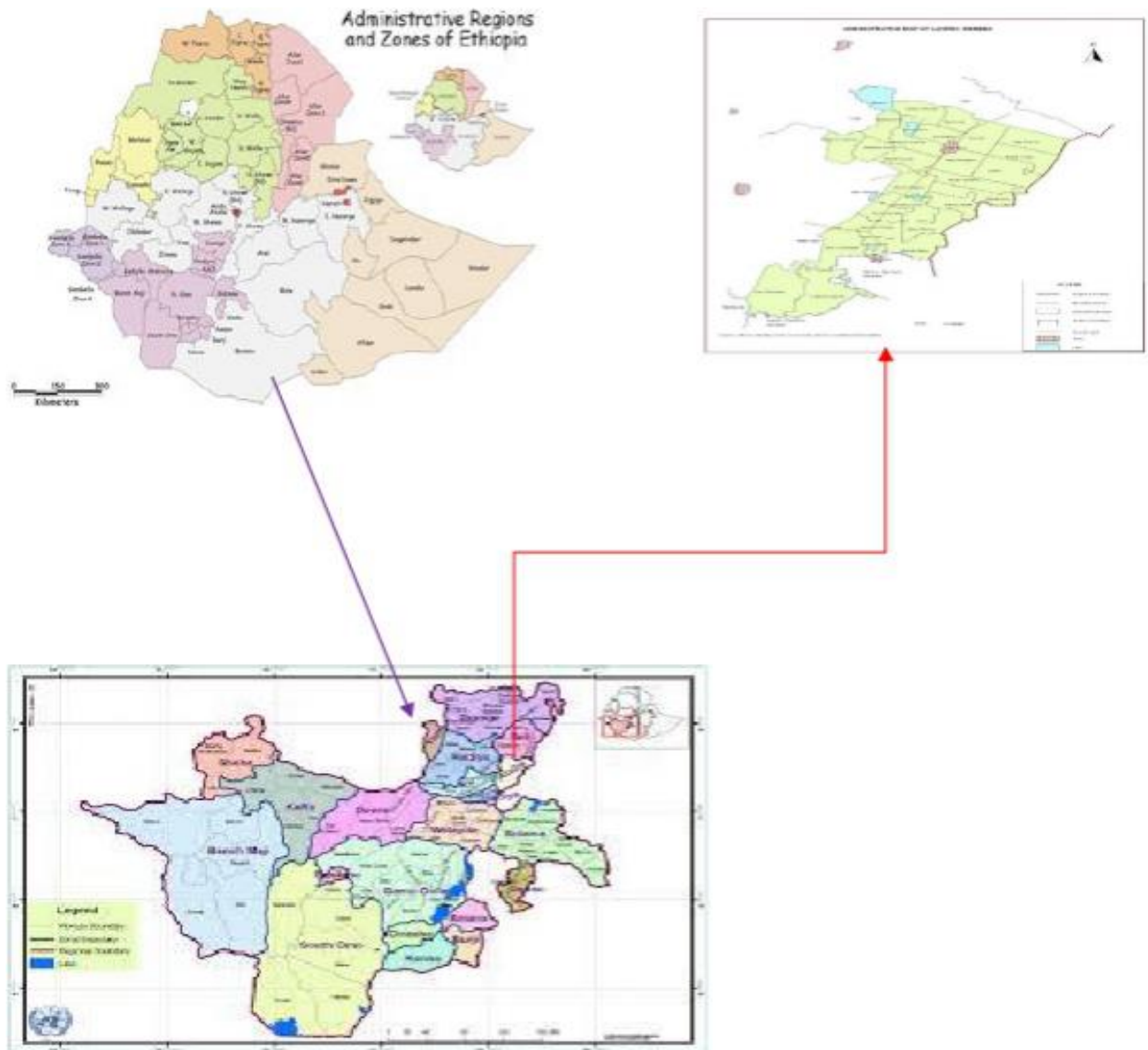
#### **3.1. Description of the Study Area**

Mirab Azernet Barbare Woreda which is one of 10 Woredas and 3 administrative town in Silte Zone. It was established in 2002. It is surrounded by Hadia Zone Misha Woreda at North, Gurage Zone Geta Woreda at south and crossed by the main road from Hossana to Addis Ababa. The Woreda has 17 kebeles and 3 sub towns'. The Woreda is founds at a distance 255 km far from Addis Ababa, 220km from Hawassa, and 80km from Worabe, . The agro-ecology of the Mirab Azernet Barbare Woreda is 'Dega' and 'Woinadega' climate. Astronomically, it is roughly lies between 8.5 - 8.8 north, latitude, 38.21 - 38.2 longitude, and topographical elevation of Woreda is 1800km above sea level, and the total Woreda area 35km square(MABWF,2019).

Mirab Azernet Barbare Woreda has topographically suitable land for farming and transportation. Due to its productivity it is found socially, politically, and economically fast growing. According to the Census of 2007, the total population of the Woreda is found to be 59,844, This population mainly comprised farmers, public servants, traders, people engaged in various forms of services and workers in the civil society. From the above population the total number of public servants is 1,665/2.8%/ and 5,034 /8.49%/ of its population are urban dwellers. And from the population, 40785 people are economically active which 68.15% of the total population (MABWF, 2019).

This study was carried out in Mirab Azernet Berbere Woreda, which have 24 government offices. The number of workers in governmental office of Mirab Azernet Barbare Woreda is male 318 women 140 total 458, from this total number there are 54 leaders and the remaining 404 are employees (MABWF, 2019).

**Figure 2:** Administrative map of Mirab Azernet Barbare Woreda



Source: Woreda Agriculture office

### 3.2. Research Design

A research design is defined as the arrangement of conditions for collection and analysis of data in a manner that aim to combine relevance to the research purpose with economy in procedure. In other words, the research design is a conceptual structure within which research is conduct; it constitutes the blueprint for the collection, measurement, and analysis of data. Accordingly, the

design incorporates a framework of what the researcher is going to do from the writing the basic questions and their operational implications to the final analysis of data (Creswell 2003). The purpose of the study was to identify the practices and challenges balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda government offices. Based on the research question and the purpose of the research study, a descriptive survey design was used for this study. Since a descriptive design establishes association between variables which is what the researcher is trying to do; creating an accurate profile of a situation about practices and challenges of BSC implementation in government offices of MABW. Another reason that, the researcher believed that descriptive methods helps to assess the nature of existing condition of the problem. Also both quantitative and qualitative approaches were employed in the study to achieve the objectives. Research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation (Creswell, 2014). Therefore for the purpose of the study, both quantitative and qualitative data collection approaches were used. Mixed methods research is an approach to inquiry that combining or associates both qualitative and quantitative forms. Combining qualitative and quantitative method seems better to reduce the limitation of a single method. Combining qualitative and quantitative method sounds like good ideas using multiple approaches can capitalize on the strengths of each approach and offset their different weakness. It could also provide more comprehensive answers to research question approach (Spratt, Walker & Robinson, 2004). Therefore, in this study a mixed approach were used for the following reasons. First, there is a need for an inquiry method in this study that is useful for creating a valid and reliable quantitative research instrument. Second, there is a need for qualitative inquiry in this study to explain the issues under investigation. The two forms of data were mixed during the analysis and interpretation of the collected data in data presentation, analysis and interpretation part of the study.

### **3.3. Sampling Technique and Sample Size**

#### **3.3.1. Population of the Study**

The population is all possible elements that can be included in the research. According to McMillan & Schumacher (2006) explain population as the subjects used in an investigation that has certain characteristics and can be described with respect to such variables as age, race, gender and ability. Population is the entire cohort of subjects that a researcher is interested in

(Borg and Gall , 1989).The population of the study were all employees and leaders in the Mirab Azernet Barbare Woreda government offices. Target population is all the members of a real and hypothetical set of people, events and objects to which we wish to generalize the results of our research, (Borg and Gall, 1989). The target populations of this study were includes employees and leaders. More specifically, the target population of this study were includes 404 employee, 54 leaders and 10 customers in the MABW government office.

### **3.3.2. Sampling Technique**

Sampling techniques provide a range of methods that enable one to reduce the amount of data need for a study by considering only data from a sub-group rather than all possible elements (Creswell, 2003). This study was used stratified random sampling, purposive sampling and convenience (accidental) sampling. The rationale for applying stratified random sampling is to get more precise estimates for each stratum (24 government offices) and aimed to provide equal chance for the entire population. In these government offices there are 458 employees and leaders, from these target population 214 participants were selected by using stratified sampling techniques. 23 respondents were selected by purposive sampling and convenience (accidental) sampling techniques. These techniques helped the researcher to contact only most relevant respondent and used to save time and resources

### **3.3.3. Sample Size**

Sampling is a procedure through which some elements are selected from the population to be representatives of the whole group (Kothari, 2004). Sample size is a subset of a population. Hence a sample is a subset of a population element, where a population is a theoretically-specifies aggregation of an element. Sample is defined as a small group obtained from the accessible population. Sampling is the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected, (Creswell, 2003).The participants for the quantitative part of the study were employees and leaders in government offices. In order to determine the sample size for this research, the following formula was used for (Yemane, 1967).

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

$$n = \frac{458}{1 + 458(0.05)^2} = 214$$

When this formula is applied to the above sample equation was got =214 Where, n= sample size of population, N=population of study area, e=sampling err (level of precision =5%) sampling. More specifically, the sample of this study was includes 214 employees and leaders by using stratified random sampling, 13 leaders and 10 employee were selected by purposively and 10 customers were selected by Convenience (accidental) sampling. Overall, 247 sample was included for this study.

Table 3.1 List of Sampling Size

No	Names of the office	Population			Sample size
		Male	Female	Total	
1	Administration office	16	8	24	11
2	Public Service and HR Office	9	3	12	6
3	Finance and Economic Development Office	22	8	30	14
4	Revenue office	15	4	19	9
5	Education office	19	10	29	13
6	Health office	17	9	26	12
7	Urban Development Housing office	17	11	28	13
8	Enterprise office	18	9	27	12
9	Trade and Industry	10	6	16	7
10	Farm and Natural Resource	17	8	25	12
11	Water, Mine and Energy office	7	5	12	6
12	Road and transport office	9	4	13	6
13	Livestock and Fishery Resource office	10	6	16	7
14	Justice office	7	5	12	6
15	Security administration office	5	3	8	4
16	Woreda Council	4	4	8	4
17	Youth and Sport office	13	5	18	8
18	Women and Children affairs office	8	5	13	6
19	Labor and Social welfare	5	3	8	4
20	Court Office	12	3	15	7
21	Culture and Tourism	10	4	14	7
22	Cooperative office	6	5	11	5
23	Police office	11	3	14	7
24	Environment and forest	3	3	6	3
25	Leaders in all offices	48	6	54	25
Total		318	140	458	214

Source: Mirab Azernet Barbare Woreda Public service office report (2020)

### **3.4. Type and Source of Data**

To get valid and reliable information, the uses of appropriate data sources were vital. In this study, data from both the primary and secondary sources were used. Primary data are new data collect specifically for that purpose; while secondary data are data that have already been collected for some other purpose (Creswell, 2009). Primary sources were used to get first-hand information concerning on the practices and challenges of BSC implementation, in the area under study. Accordingly, Primary data were obtained from employee, leader and customer. Secondary sources of data were used to compare it with the primary data and strengthen the data from primary sources. Therefore, the secondary data were collected from different written documents such as statistical data reports, annual reports from Woreda government offices, research papers, books and journal articles etc.

### **3.5. Instruments of Data Collection**

Data collection is a process that includes many activities ranging from finding people and places to collect good and credible information. It is aimed at collecting credible information to answer the research questions raised by the researcher (Creswell, 2003). According to Creswell (2009) research is fundamentally an activity geared towards problem solving and it addresses a problem. In this study instruments of data collection were included questionnaires, interview and focus group discussion. Using these instruments both quantitative and qualitative data were collected. Therefore, the researcher was choose to collect data using questionnaires, interviews and focus group discussion to captures data from respondents.

#### **3.5.1. Questionnaire**

The Questionnaire is widely used in educational research to obtain information about certain conditions and practices, and inquire into opinions and attitudes of individuals or groups, (Best & Khan, 2003). ). In this study, a questionnaire was employed as a major tool to collect information from the primary sources of the data. Both closed and open ended types of questionnaire were employed. Accordingly, two sets of questionnaire were prepared to collect data from groups of respondents both employee and leader. Questionnaires were developed for 214 respondents to assess practices and challenges of BSC implementation. The questionnaires were prepared in Amharic to generate the idea and translated in to English. The questionnaires included both open ended and close ended items. The close ended items will be formulate in five-point likert scale (strongly disagree=1, Disagree=2, Somehow=3, Agree=4, and strongly agree=5) and open-ended

items will provide for the respondents to freely express their ideas. Four data collectors who were workers at Mirab Azernet Barbare Woreda government offices were recruited for administering the questionnaire. The researcher was monitoring the process of data collection.

### **3.5.2. Interview**

In addition to the questionnaire, interviews were also considered as a mean for obtaining important data. According to (Creswell, 2003) an interview provides access to what is inside a person's head, makes it possible to measure a person's knowledge or information, and what a person thinks, that is his attitudes and beliefs. In this study, interview were employed to collect factual and detail information from the selected leaders and customers of the government offices. The interview was taken in the form of face-to-face approach. The researcher was take 5 leaders purposively to gather important information and, also 10 customers was taken by Convenience (accidental) sampling, because this method is used to save time and resources. The Interview was prepared in Amharic to facilitate common understanding between the interviewer and interviewees.

### **3.5.3. Focus Group Discussion**

Focus group discussion was employed to gather information and to check and verify the data gathered through conventional survey. FGD was prepared in Amharic to generate the idea and translated in to English. It was helped to conduct open discussion for the participants to reflect freely their views as to what was going the implementation of BSC. The focus group discussion prepared for employees and leaders that working on government offices was selected by using purposive sampling. Therefore, two FGD were conducted for 18 participants i.e. 8 selected leaders' and 10 senior employees from government offices.

### **3.6. Method of Data Analysis**

Data analysis is any process that converts data into information or knowledge. This process manipulates raw data into information and is most useful and actually informative when well presented. Analyzing and processing data making sense of it and interpreting it are important acts in the research process (Creswell, 2003). In this study, both quantitative and qualitative were used. After collecting the necessary data tabulated and processed separately for each item in a way to seek appropriate answer to the basic research questions. Data analysis refers to the method by which the data collected through one or more of data collecting instruments have been properly edited and then organized in the forms of tables or charts and analyzed by

applying various well defined statistical formula based on the computation of various percentage, derivatives, coefficients, etc (Kothari,2004). To analyze and interpret the collected data an integration of the qualitative and quantitative data analysis were employed. Statistical package for social sciences version 20(SPSS) was used for data analysis. The response that obtained from questionnaire and interview, were organized, summarized and analyzed by grouping respondent's ideas and describing them qualitatively by using a content analysis approach.

The written notes of the interview were transcribed, categorized and compiled together into themes. The quantitative data collected through close- ended questions were first presented in the tables and statistically analyzed by using frequency and percentage, on the other hand, the qualitative data gathered using open- ended questions and semi structured interview were analyzed and expressed through descriptive statements. This was made because of the researcher belief that the Information collected can be more clearly analyzed.

### **3.7 Validity and Reliability of the Tools.**

#### **3.7.1 Validity of the tools**

Validity ensures the ability of a scale to measure the intended concepts (Sekaran, 2003 and Anol. B, 2012).Testing validity reveals vague questions and unclear instructions. It also captures important comments and suggestions from the respondents that enable the researcher to improve efficiency of instruments, to adjust strategies and approaches to maximize response rate. In order to reduce the possibility of getting the wrong answer, attention was paid up on the validity of the questionnaire. There are many different type of validity and different types of reliability. Hence, there is several ways in which they can be addressed (Cohen et al., 2005). Validity is the degree to which a measure accurately represents what it is supposed to. It is concerned with how well the concept is defined by the measure(s).

#### **3.7.2 The pilot Test**

In this regard, the researcher pilot-tested all the survey questions designed for this study before administered to the respondents. The pilot test was conducted with the employees and leaders in Misrak Azernet Barbre Woreda that were excluded from the actual sample of the study. The collected data for the pilot test was checked by using Cronbach's alpha coefficient. Based on the pilot test, the reliability coefficient of the instrument was found on average 0.86 which indicates that the survey questions were reliable for the study since the reliability test result above 0.65 can be taken as reliable for testing participant's perception about a given field of study (Yalew, 2017)

### 3.7.2 Reliability Test

Reliability is a central concept in measurement and it means consistency in terms of stability and internal consistency (Deribsa, 2017). The reliability coefficient Cronbach Alpha (coefficient Alpha) was analyzed by using SPSS V 20. Therefore, the coefficients of reliability of items measuring all variables were found to be Cronbach's alpha  $\alpha= 0.914$ . Hence, the instrument can be accepted as a reliable because the reliability coefficient, alpha  $>0.7$ . This statistics used to test the internal consistency of responses for variables.

**Table 3.7.2: Reliability Test**

Item	No. of items	Cronbach's Alpha Result	Meaning
Tool Reliability	34	0.914	Reliable

Source: Own field survey (2020)

### 3.8. Ethical Consideration

In research giving attention to ethical considering helps the researcher to develop the confidentiality and privacy of the respondents (Deribsa, 2017). During data collection permission and keeping other important procedures, kindly approach to the stakeholders, confidence to the subject from the researcher and from whom the data was obtained was a must. All information's that are collected from the respondents was treated with confidentiality without disclosure of the respondents' identity. Therefore all information including the objective of the study was informed to the stakeholders that they have the right to know and cooperate

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

This chapter deals with the presentation, analysis and interpretation of data that obtained from a different set of respondents through a survey questionnaire, interview and focus group discussion. This part of the research report is categorized into two sections. The first section presents the general characteristics of the respondents and the second part deals with the analysis and interpretation of the quantitative and qualitative data.

The purpose of the study was to assess the practices and challenges balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda government offices. The analysis and interpretation from the information collected through structured questionnaires were collected and analyzed by the statically package for social science (SPSS) version 20.

Data collected from primary sources through interview and FGD were analyzed, and Questionnaires were distributed to a sample of 214 from a target population of 458. Out of the 214 respondents 198 (92.5%) respondents were collected back the Questionnaires. Some respondents failed to return questionnaires because of meeting, training and social problems. The results obtained and the analysis of the responses to questions is presented below.

#### **4.1 Demographic information of the respondents**

Demographic characteristics of the respondents' are summarized in chart and Table. Employees and leader were asked about their sex, age, education, marital status, religious, experience in current position and salary. This information was required to ensure that the sample that participated in the study have similar distribution of the respondents by characteristics to that of the population it was drawn from. This determines the accuracy and representatives of information drawn from the sample to the population. The proportion of each demographic characteristic of respondents presented one by one as below.

**Table 4.1. Back ground of the respondents**

No	Variables	Characteristics of category	Frequency			Percent		
			Leader	Employee	Total	Leader	employee	Total
1	Sex	Male	18	130	148	75	74.7	74.4
		Female	6	44	50	25	25.3	25.3
		Total	24	174	198	100	100	100
2	Age	Below 20		2	2		1.1	1
		21-30	12	91	103	50	52.3	52
		31-40	10	70	80	41.7	40.2	40.4
		41-50	2	8	10	8.3	4.6	5.1
		Above 50		3	3		1.7	1.5
		Total	24	174	198	100	100	100
3	Marital status	Single	8	59	66	33.3	33.9	33.3
		Married	16	113	130	66.7	64.9	65.7
		Divorce	-	2	2	-	1.1	1
		Total	24	174	198		100	100

Source: Own field Survey (2020)

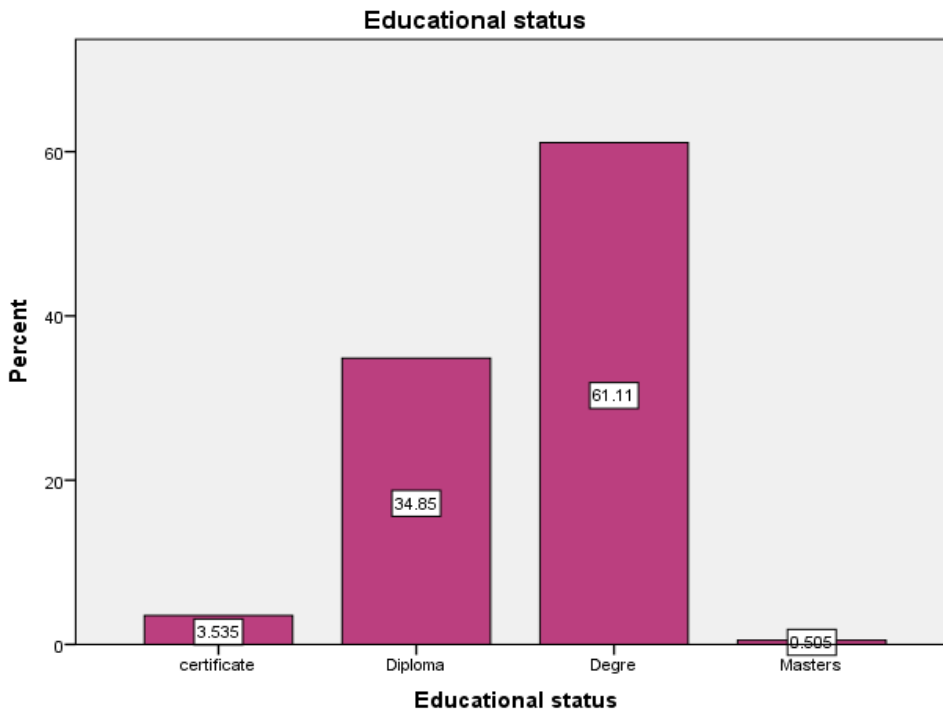
Regarding the sex composition of the sampled respondents, 148(74.7%)of them were male while the remaining 50(25.3%) of respondents were female. This implies that majority of sampled respondents were male.

In item2, 2(1.1%) age of the respondents were below 20 years, 103(52% )of the respondents were under category of 21-30 years, 80(40.4% )of the respondents are under category of 31-40 years, 10(5.1% )of the respondents were in age 41 - 50 years ,and the rest3(1.5%)respondents were above 51years . this indicate the majority of the respondents were young and matured enough to give valuable response for the study.

According to Table 4.1 item 3 shows the marital status of the respondents, majority of 130 (65.7 %) of the respondents were married, 66(33.3%) of employees and leader were single while the

remaining 2 (1%) of the respondents were divorced. This illustrates that majority of the respondents were married.

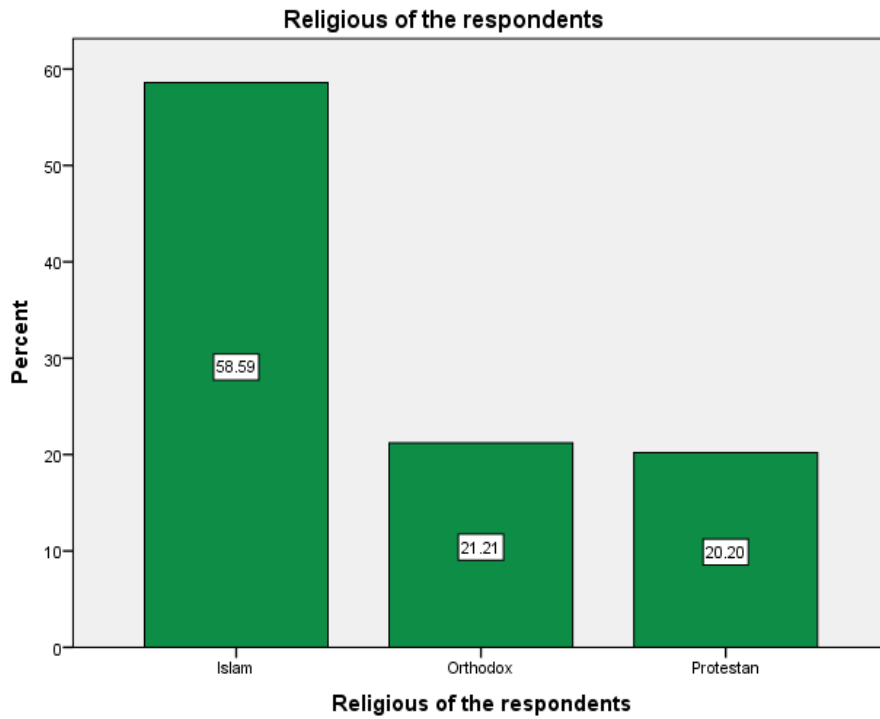
Figure 4.1 Educational statuses the respondents



Source: Own field Survey (2020)

Figure 4.1 indicates that the education status of the respondents shown that, 7 (3.5%) of the Educational status indicated holders of certificate, 69 (20.8%) diploma, 121 (61.1%) were qualified with first degree, and the rest of the respondents 1 (0.5%) was Master's degree. From this data shows that, majority of the respondent's educational qualification were first degree. This implies that the Mirab Azernet Barbere woreda were qualified with first degree.

Figure 4.2 Religions of respondents



Source: Own field Survey (2020)

Figure 4.2 indicates that religions of respondents, 116(58.6%) respondents were Islam, 42(21.2%) of respondents were Orthodox and, 40 (20.2%) of the respondents were Protestant. This shows the majority of the respondents were Islam.

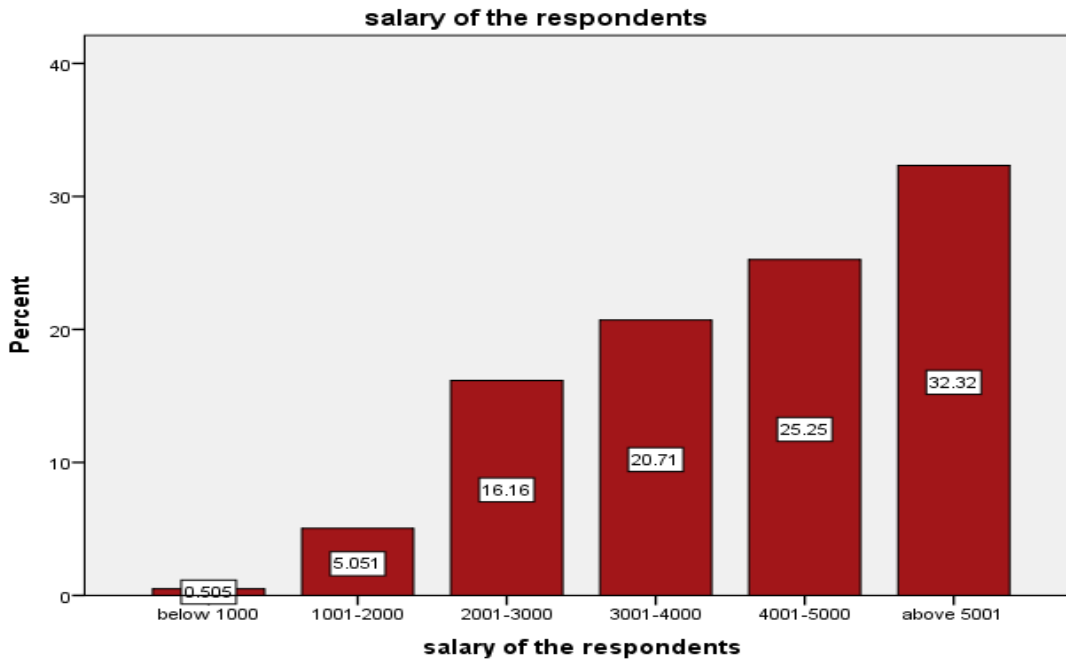
Figure 4.3 Experience in Current position of the respondents



Source: Own field Survey (2020)

Figure 4.3 indicates that experience year on current position, 13 (6.6%) were less than one year, 81(40.9%) of respondents had from 1-5 years of service, 74(37.4%) had 5-10 years, 18(9.1%) of respondents had 11-15 years of service and finally 12(6.1%) of the respondents have above years of service. This shown the majority of respondents 81(40.9%) of respondents had from 1-5 years of service from the data, we can understand that the experiences of respondents were found to be adequate in order to provide enough information regarding BSC implementation in the Woreda.

**Figure 4.4 Salary of respondent**



Source: Own field Survey (2020)

Figure 4.4 indicate that salary of respondent, 1(0.5%) of the respondents received below 1000 salary Birr per month, 10(5.1%) of the respondents received salary level of 1001 to 2000Birr, 32(16.2%) of the respondents earned birr 2001 to 3000 Birr, 41(20.72%) of the respondents earned birr 3001 to 4000 Birr, 50(25.3%) of the respondents earned birr 4001 to 5000 Birr and 56(32.3) % of the respondents received the above 5000 birr. Hence, majority of the respondents earn salary above 5000 birr.

#### **4.2. Practices of BSC implementation in the Woreda**

The primary task in the implementation process of the balanced scorecard must require employee's participation in the formation of plan, awareness on the vision, mission and values identifying strategic focus area, Leaders communication and commitment and clear understanding on implementation of BSC. The practice made at Mirab Azernet Barbare Woreda government office has revealed. Accordingly for each item, frequencies, percentages and mean values are summarized in the following tables:

Table 4.2.1. Practices of BSC implementation in the Woreda

No	Variables	Respondents	Scale									
			SDA		DA		SH		A		SA	
			F	%	F	%	F	%	F	%	F	%
1	You are participated in the formulation of Strategic plan	Leader			5	20.5	5	20.8	8	33.3	6	25
		Employee	2	1.1	66	37.9	38	21.8	46	26.4	22	12.6
		Total	2	1	71	35.9	43	21.3	54	27.3	28	14.1
2	You are aware of the vision, mission and values of the office	Leader			6	25	8	33.3	5	20.5	5	20.8
		Employee			67	38.5	47	27.6	43	24.7	17	9.8
		Total			73	36.9	55	27.8	48	24.2	22	11.2
3	The office strategic plan focus areas are well defined and understood	Leader			6	25	2	12.5	12	50	3	12.5
		Employee	2	1.1	69	39.7	42	24.1	43	24.7	19	10.9
		Total	2	1	75	37.9	44	22.1	55	27.8	22	11.1
4	you have clear understanding on implementation of BSC	Leader			3	12.5	8	33.3	10	45.8	3	12.5
		Employee	1	0.6	75	43.1	39	22.4	43	24.7	16	9.2
		Total	1	0.5	78	38.6	47	23.9	53	26.8	19	9.6
5	The employees performance evaluation criteria are clearly defined	Leader			4	16.7	4	16.7	14	58.3	3	12.5
		Employee	2	1.1	86	49.4	40	23	31	17.8	15	8.6
		Total	2	1	90	45.5	44	22.2	36	18.2	18	9.1

SDA = Strongly Disagree, DA = Disagree, SH = Somehow, A= Agree and SA =strongly agree

Source: Own field Survey (2020)

As indicated Table 4.2.1, Item 1 show that, out of 198 respondents 2(1%) and 71(35.9%) of the leaders and employees were strongly disagreed and disagreed respectively about participated in the formulation of strategic plan. But 43(21.3%) Somehow the remaining, 54 (27.3%) and 28(14.1%) respondents had agreed and strongly agreed respectively. This data show that the

majority of the respondents 71(35.9%) somehow. This implies most of the time, the strategic plan was prepared by central level leaders as result the participation of employee in preparation process was limited and not sufficiently participatory.

Item 2 in Tables 4.2.1, 73(36.9 %) Employees and leader were disagreed about awareness of the vision, mission and values of the office. 55(27.8 %) of the respondents were somehow 54(27.3%) and 28(14.1%) of the respondents were agreed and strongly agree respectively .This data show that the majority of the respondents 73(36.9 %) disagreed and the mean values is 3.10. This implies that majority of the employees were not awarded on the vision, mission and strategy of the office.

As presented in Table 4.2 item 3 shows that, 2(1%) and 54 (27.3%) of the respondents strongly disagreed and disagreed respectively about the office strategic plan focus areas are well defined and understood, and the remaining 67(33.8 %) of the respondents were somehow, 57(29.3%) and 17(8.6%) of the respondents were agreed and strongly agree respectively .This data show that the majority of the respondents 67(33.8 %) were somehow.. This implies strategic plan focus area was started without adequate preparation.

As item 4 in Table 4.2, out of 198 respondents 1 (0.5 %) and 78(38.6) of the respondents strongly disagreed and disagreed respectively on Employees and leader have clear understanding on implementation of BSC, and the remaining 47(23.9%) of the respondents were neutral, 53(26.8%) and 19(9.6%) of the respondents were agreed and strongly agree respectively This data show that the majority of the respondents 78(38.6) disagreed. This implies Leaders and employees did not have clear understanding on the implementation of BSC.

Regarding in Table 4.2.1 item 5, 2(1%) and 90(45.5%) of respondents were strongly disagreed and disagreed respectively about employees performance evaluation criteria. But 44(22.2%) remain somehow and 36(18.2%) and 18(9.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 90(45.5%) disagreed and the mean value is 2.93. This implies employee's performance evaluation criteria were insufficient and not clear.

**Table 4.2.2. Practices of BSC implementation in office**

No	Variables	Respondents	Scale										mean
			SDA		DA		SH		A		SA		
			F	%	F	%	F	%	F	%	F	%	
1	Leaders communicate with staff members regularly about BSC.	leader			3	12.5	2	8.3	18	75	1	4.2	2.80
		Employee	6	3.4	96	55.2	30	17.2	30	17.8	11	6.3	
		Total	6	3	100	50.5	32	16.2	48	24.2	12	6.1	
2	Leaders create a good work condition for employees	leader	2	8.3	2	8.3	8	33.3	11	50	1	4.2	2.77
		Employee	11	6.3	85	48.9	35	20.1	32	18.4	12	6.9	
		Total	13	6.6	87	43.9	43	21.7	43	21.7	13	6.6	
3	The office provides quality services to its customers	leader			4	16.6	10	41.7	7	29.2	3	12.5	2.73
		Employee	6	3.4	103	59.2	27	15.5	24	13.8	14	8	
		Total	6	3	107	54	37	18.7	31	15.7	17	8.6	
4	The office identifies its customers, and stake holders.	leader	1	4.2	3	12.5	9	37.5	7	29.2	3	12.5	2.65
		Employee	4	2.3	105	60.3	38	21.8	18	10.3	9	5.2	
		Total	5	2.5	109	55.1	47	23.7	25	12.6	12	6.1	
5	The balanced scorecard is supported by information Communication Technologies	leader	1	4.2	10	41.7	9	33.3	4	16.7	1	4.2	2.59
		Employee	9	5.2	94	54.	42	24.1	22	12.6	7	4	
		Total	10	5.1	104	55.2	50	25.3	26	13.1	8	4	
6	The office provide training about BSC implementation	leader	1		7	29.2	8	33.3	7	29.2	1	4.2	2.63
		Employee	1	0.6	106	60.9	37	21.8	23	13.8	5	2.9	
		Total	2	1	113	57.1	45	27.2	32	16.2	6	3	
7	The duties and responsibilities are clearly defined and understood	leader	1	4.2	7	29.2	5	20.8	10	41.7	1	4.2	2.68
		Employee	6	3.4	97	55.7	37	21.3	26	14.9	8	4.6	
		Total	7	3.5	104	52.5	42	21.2	36	18.2	9	4.5	
8	BSC implementation helps to improve the employee's attitude.	leader			3	12.5	3	12.5	15	62.5	3	12.5	
		Employee	2	1.1	52	29.9	41	23.6	63	36.2	16	9.2	
		Total	2	1	55	27.8	44	22.2	78	39.4	19	9.6	

SDA = Strongly Disagree, DA = Disagree, SH =Somehow, A= Agree and SA =strongly agree

Source: Own field Survey (2020)

As presented on Table 4.2.2., item 1, 6(3%) and 100(50.3%) of respondents were strongly disagreed and disagreed respectively about Leaders communicate with staff members regularly about BSC. But 32(16.2%) remain somehow and 48(24.2) and 12(6.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 100(50.3%) disagreed. This implies the Leaders communicate with staff members regularly about BSC not successful and below expectation.

Item 2 in Table 4.2.2 13(6.6%) and 89(43.9%) of respondents were strongly disagreed and disagreed respectively about Leaders create a good work condition for employees. But 43(21.3%) remain somehow and 43(21.3%) and 13(6.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 87(43.9%) disagreed. The result indicates that Leaders did not create a good work condition for employees.

In the same Table, Item 3 6(3%) and 107(54%) of respondents were strongly disagreed and disagreed respectively about the office provides quality services to its customers. whereas 37(18.7%) remain somehow and 31(17.7) and 17(8.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 107(54%) disagreed. This implies that the office provides quality services to its customers indicated not satisfactory.

Item 4 in Table 4.2.2 5(2.5%) and 109(55.1%) of respondents were strongly disagreed and disagreed respectively about the office identify its customers, and stake holders. But 47(23.7%) remain somehow and 25(12.6%) and 12(6.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 109(55.1%) disagreed. This implies the office did not identify properly its customers, and stake holders.

In item 5 Table 4.2.2, 10(5.1%) and 104(52.2%) of respondents were strongly disagreed and disagreed respectively about the balanced scorecard is supported by information communication technologies. But 50(25.3%) remain somehow and 26(13.1) and 8(4%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 104(52.2%) disagreed. This implies that the BSC implementation was not supported by IT system in these government offices.

As item 6 on Table 4.2.2, 2(1.1%) and 113(57.1%) of respondents were strongly disagreed and disagreed respectively about the office provide training about BSC implementation. But 45(7.2%) remain somehow and 32(16.2%) and 6(3%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 113(57.1%) disagreed.

This implies the office did not provide appropriate training on balanced scorecard BSC implementation.

In item 7, Table 4.2.2, 7(3.5%) and 104(52.5%) of respondents were strongly disagreed and disagreed respectively about the duties and responsibilities are clearly defined and understood. But 42(21.2%) remain somehow and 36(18.2%) and 9(4.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 113(57.1%) disagreed. This implies clarifying responsibility was not clearly defined. In item 8 Table 4.2.2, 2(1%) and 55(27.8%) of respondents were strongly disagreed and disagreed respectively about the employee's attitude. But 44(22.2%) remain somehow and 78(39.4) and 19(9.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 78(39.4) agreed. This implies that BSC implementation helps to improve the employee's attitude.

In addition to this, the focus group discussion and interview data obtained from leaders, employees and customers agreed that there was a problem of clear orientation to implement the BSC, the overall performance evaluation systems were not customer based and communication systems were not sufficient. The result shows that customers did not satisfy from services delivery and they do not understand benefit of BSC. This gap affects the implementation of BSC. Specially, the employee responses strongly suggest that the performance measurement and reward systems were not measured scientifically. Therefore the results show that the woreda government offices were not successful in terms of BSC implementation practices.

#### **4.3 Achievement of BSC implementation in Mirab Azernet Babre Woreda**

Balanced scorecard helps the institute in planning its day to day activities which hold culminate to the achievement of the overall institute objectives and living of their mission and vision. Therefore institute obtained many benefits from the implementation of this strategy. It help to achieve objectives of the organization, improving the quality of services delivered, increase employee's creativity of new things performance and aligned day to day activities to the efficiency and effectiveness of organizations performance. Therefore, the assessment result of respondents on the Achievement of BSC implementation in Mirab Azernet Babre Woreda is described as follows

**Table 4.3 Achievement of BSC implementation in Mirab Azernet Babre Woreda**

No	Variables	Respondents	Scale									
			SDA		DA		SH		A		SA	
			F	%	F	%	F	%	F	%	F	%
1	Balanced scorecard implementation helps to ensure the success of the office.	Leader			9	37.5	8	33.3	6	25	1	4.2
		Employee	10	5.7	86	49.4	35	20.1	31	17.8	12	6.9
		Total	10	5.1	95	48	43	21.7	37	18.7	13	6.6
2	You satisfied with balanced scorecard as performance evaluation system	Leader			9	37.5	9	37.5	5	20.8	1	4.2
		Employee			100	57.5	40	23	28	16.1	6	3.4
		Total			109	55.1	49	24.7	33	16.7	7	3.5
3	The BSC achieved the goal of improving the quality of services delivered to customers	Leader			11	45.8	6	25	5	20.8	2	8.3
		Employee			98	56.6	30	17.3	37	21.4	8	4.6
		Total			109	55.3	36	18.3	42	21.3	10	5.1
4	BSC equipped with employees with greater accountabilities	Leader			12	50	6	25	4	16.7	2	8.3
		Employee	2	1.1	102	58.6	27	15.5	34	19.5	9	5.2
		Total	2	1	114	57.6	33	16.7	38	19.2	11	5.6
5	BSC can increase employee's creativity of new things	Leader			7	29.2	4	16.7	13	54.2		
		Employee	4	2.3	96	55.2	43	24.7	23	13.2	8	4.6
		Total	4	2	103	52	47	23.7	36	18.2	8	4
6	Employers have strong commitment and willingness to implement the BSC	Leader			16	66.7	7	29.2	1	4.2		
		Employee	8	4.6	93	53.4	40	23	24	13.8	9	5.2
		Total	8	4	109	55.1	47	23.7	25	12.6	9	4.5
7	BSC initiatives are lead to the efficiency and effectiveness of organizations performance	Leader			15	62.5	7	29.2	2	8.3		
		Employee	5	2.9	92	52.9	37	21.3	31	17.8	9	5.2
		Total	5	2.5	107	54	44	22.2	33	16.7	9	4.5
8	The Implementation of BSC helped to reduce unnecessary resource wastage	Leader			17	70.8	6	25	1	4.2		
		Employee	9	5.2	92	52.9	44	25.3	24	13.8	5	2.9
		Total	9	4.5	109	55.1	50	25.3	25	12.6	5	2.5
9	BSC implementation in the office is a success & met its targets	Leader			18	75	4	16.7	2	8.3		
		Employee	12	6.9	82	47.1	48	27.6	24	13.8	8	4.6
		Total	12	6.1	100	50.5	52	26.3	26	13.1	8	4
10	Individual and team scorecards aligned with recognition and incentive	Leader			14	58.3	8	33.3	1	4.2	1	4.2
		Employee	19	10.9	86	49.4	36	20.7	25	14.4	8	4.6
		Total	19	9.6	100	50.5	44	22.2	26	13.1	9	4.5

SDA = Strongly Disagree, DA = Disagree, SH =Some How, A= Agree, SA = Strongly Agree

Source: Own field Survey (2020)

As indicated Table 4.4, Item 1, 10(5.1%) and 95(48%) of respondents were strongly disagreed and disagreed respectively about Balanced scorecard implementation helps to ensure the success of the office. But 43(21.7%) remain somehow and 37(18.7%) and 12(6.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 95(48%) disagreed. This implies the BSC implementation was not helped to achieve objectives of the offices.

Item 2 in Table 4.4 show that, 109(55.1%) of respondents were disagreed about leader and employee satisfied with balanced scorecard as performance evaluation system. But 49(24.7%) remain somehow and 33(16.7%) and 7(3.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 109(55.1%) disagreed. This implies the most of respondents were not satisfied with balanced scorecard as performance evaluation system.

As item 4 in Table 4.4, 2(1%) and 114(57.6%) of respondents were strongly disagreed and disagreed respectively about BSC equipped with employees with greater accountabilities. But 33(16.7%) remain somehow and 38(19.2%) and 11(5.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 114(57.6%) disagreed. The result indicates that the BSC implementation was not equipped with employees with greater accountabilities.

Regarding on Table 4.4, item 5, 4(2%) and 103(52%) of respondents were strongly disagreed and disagreed respectively about BSC can increase employee's creativity of new things. But 47(23.7%) remain somehow and 38(18.2) and 8(4%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 103(52%) disagreed. This implies the BSC implementation can increase employee's creativity of new things was not successful and below expectation.

As can be seen in Table 4.4, item 6, it talks about 1, 8(4%) and 109(55.1%) of respondents were strongly disagreed and disagreed respectively employers had strong commitment and willingness to implement the BSC. But 47(23.7%) remain somehow and 25(12.9) and 9(4.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 109(55.1%) disagreed. This implies there was no strong commitment and willingness to implement the BSC.

As indicated Table 4.4, Item 7, which deals 5(2.5%) and 107(54%) of respondents were strongly disagreed and disagreed respectively about BSC initiatives are lead to the efficiency and effectiveness of organizations performance. But 4(22.2%) remain somehow and 33(16.7%) and 9(4.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 107(54%) disagreed. This implies the BSC initiatives were not lead to the efficiency and effectiveness of organizations.

As item 8 in Table 4.4, 9(4.5%) and 109(55.1%) of respondents were strongly disagreed and disagreed respectively about the Implementation of BSC helped to reduce unnecessary resource wastage. But 50(25.6%) remain somehow and 252(12.6%) and 5(2.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 109(55.1%) disagreed. This implies the Implementation of BSC helped to reduce unnecessary resource wastage indicated not positively agreed on this issue.

As item 9 in Table 4.4, 12(6.1%) and 100(50.5%) of respondents were strongly disagreed and disagreed respectively about BSC implementation in the office is a success & met its targets. But 52(26.3%) remain somehow and 26(13.1%) and 8(4%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 100(50.5%) disagreed. This implies the BSC implementation in the office was not a successful and not met its targets.

As item 10 in Table 4.4, 19(9.6%) and 100(50.5%) of respondents were strongly disagreed and disagreed respectively about individual and team scorecards aligned with recognition and incentive. But 44(22.2%) remain somehow and 26(13.1%) and 9(4.5%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 100(50.5%) disagreed and the mean score indicates 2.53. This implies the rewarding system after the implementation of BSC was not attractive as expected and recognitions and incentives not aligned with individual and team. In addition to this, the interview and FGD responses obtained from leaders, employees and customers response shows that the achievement BSC implementation were below their expectation and not successful.

#### **4.5. The Major challenges of BSC implementation**

This section describes the major challenges of BSC implementation based on data collected from various respondents. The major challenges are presented in Table 4.5 below.

**Table 4.5.** The Major challenges of BSC implementation in Woreda

No.	Variables	Responde nts	Scale									
			SDA		DA		SH		A		SA	
			F	%	F	%	F	%	F	%	F	%
1	Lack of adequate clarification and orientation before implementation of BSC	Leader			3	12.5	4	16.7	13	54.2	4	16.7
		Employee	2	1.2	13	7.5	40	23.1	91	52.6	27	15.6
		Total	2	1	16	8.1	44	22.3	104	52.8	31	15.7
2	Lack of leadership, commitment.	Leader			2	8.3	2	8.3	17	70.8	3	12.5
		Employee	1	0.6	19	10.9	27	15.5	99	56.9	28	16.212
		Total	1	0.5	21	10.6	29	14.6	116	58.6	31	15.7
3	Lack of adequate knowledge and skill on BSC	Leader	1	4.2	2	8.3	7	29.2	12	50	2	8.3
		Employee	3	1.3	14	8.1	38	22	94	54.3	24	13.9
		Total	4	2	16	8.1	45	22.8	106	53.8	26	13.2
4	Inability to reach consensus on objectives and Measures	Leader	1	4.2	2	8.3	6	25	14	58.3	1	4.2
		Employee	2	1.1	16	9.2	40	23	99	56.9	17	9.8
		Total	3	1.5	18	9.1	46	23.2	113	57.1	18	9.1
5	Performance evaluation results do not clearly reflects the employee's performances	Leader	2	8.3	2	8.3	6	25	13	54.2	1	4.2
		Employee	4	2.3	17	9.8	35	20.1	92	52.9	26	14.9
		Total	6	3	19	9.6	41	20.7	105	53	27	13.6
6	Lack of public service mentality, accountability, and responsibility by staff members	Leader	2	8.3	2	8.3	4	16.7	15	62.5	1	4.2
		Employee	4	2.3	16	9.2	32	20.7	1-01	58	17	9.8
		Total	6	3	18	9.1	40	20.2	116	58.6	18	9.1
7	Lack of empowerment, motivation, synergy, dedication etc.	leader	2	8.7	4	8.3	6	25	12	50		
		Employee	4	2.3	20	11.5	42	24.1	87	50	21	12.1
		Total	6	3	24	12.1	48	24.2	99	50	21	10.6
8	Standards measurement criteria do not clear used during performance evaluation	leader	2	8.3	1	4.2	2	8.3	12	50	7	29.2
		Employee	1	0.6	17	9.8	47	27	86	49.4	23	13.2
		Total	3	1.5	18	9.1	49	24.7	98	49.5	30	15.2
9	Lack of highly developed information technology systems	leader	1	4.2	2	8.3	5	20.8	15	62.5	1	4.2
		Employee	1	0.6	18	10.3	31	17.8	97	55.7	27	15.5
		Total	2	1	20	10.1	36	18.2	112	56.6	28	14.1
10	Poor office infrastructure and shortage of resources	leader	1	4.2	1	4.2	11	45.8	97	37.5	2	8.3
		Employee	1	0.6	12	6.9	39	22.4	88	50.6	34	19.5
		Total	2	1	13	6.6	50	25.3	97	49	36	18.2
11	The training given on BSC implementation was inadequate	leader	1	4.2	2	8.3	4	16.7	12	50	5	20.8
		Employee			13	7.5	28	16.1	98	56.3	35	20.1
		Total	1	0.5	15	7.6	32	16.2	110	55.6	40	20.2

SDA = Strongly Disagree, DA = Disagree, SH =Some How, A= Agree, SA = Strongly Agree

Source: Own field Survey (2020)

Item 1, out of 198 respondent 2(1%) and 16(8.1%) of respondents were strongly disagreed and disagreed respectively Lack of adequate clarification and orientation before implementation of BSC. But 44(22.2%) remain somehow and 104(52.8%) and 31(15.7%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 104(52.8%) agreed. This implies Lack of adequate clarification and orientation before implementation of BSC critical challenges encountered during the implementation process of BSC in the office.

Regarding item 2 of Table 4.5, 1 (0.5) and 21(10.6 %) of respondents were strongly disagreed and disagreed respectively Lack of leadership commitment. But 21(10.6%) respondents replied as the problem was somehow serious and 116(58.6%) and 31(15.7%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 116(58.6%) agreed. This implies the Lack of leadership, commitment were critical challenges encountered during the implementation process of BSC in the office. Item 3 in Table 4.5, show that 4(2%) and 16(8.1%) of respondents were strongly disagreed and disagreed respectively Lack of adequate knowledge and skill on BSC. Also 45(22.8 %) remain somehow and 106(53.8%) and 26(13.2%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 106(53.8%) agreed. This implies that Lack of adequate knowledge and skill was challenge for implementation of BSC.

As presented on Table 4.5 item 4, 3(1.5%) and 18(9.1%) of respondents were strongly disagreed and disagreed respectively Inability to reach consensus on objectives and Measures but 46(23.2%) remain somehow and 113(57.1%) and 18(9.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 113(57.1%) agreed. This implies Inability to reach consensus on objectives and Measures indicated critical challenges encountered during the implementation process of BSC in the office.

As item 5 in Table 4.2, 6(3%) and 19(9.6%) of respondents were strongly disagreed and disagreed respectively Performance evaluation results do not clearly reflects the employee's performances. Also 41(20.7%) remain somehow and 105(53%) and 27(13.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 105(53%) agreed. This implies Performance evaluation results do not clearly reflects the employee's performances. Item 6, 6(3%) and 18(9.1%) of respondents were strongly disagreed

and disagreed respectively Lack of public service mentality, accountability, and responsibility by staff members. But 40(20.2%) remain somehow and 116(58.6%) and 18(9.1 %) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 116(58.6%) agreed. This implies that Lack of public service mentality, accountability, and responsibility by staff members.

Item 7, about 6(3%) and 24(12.1%) of respondents were strongly disagreed and disagreed respectively Lack of empowerment, motivation, synergy, dedication etc. But 48(24.2%) remain somehow and 99(50%) and 21(10.6%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 99(50%) agreed. This implies Lack of empowerment, motivation, synergy, and dedication was the challenges for implementation process of BSC in the office.

In the table 4.5, item 8 indicate that Standards measurement criteria do not clear used during performance evaluation. In this regard 3(1.5%) of respondents replied as strongly disagree, 18(9.1%) of respondents replied as disagree, 49(27.4%) of respondents replied somehow, 98(49.5%) of respondents replied as agreed and 30(15.2%) of respondents strongly agree. This data show that the majority of the respondents 98(49.5%) agreed .Based on the information majority of the respondents, Standards measurement criteria do not clear used during performance evaluation were the major problem.

Item 9 in Table 4.5, 2(1%) and 20(10.1%) of respondents were strongly disagreed and disagreed respectively Lack of highly developed information technology systems. Also 36(18.3%) remain somehow and 112(56.6%) and 28(14.1%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 112(56.6%) agreed. This implies Lack of highly developed information technology.

In the table 4.5, item 10 indicate that Poor office infrastructure and shortage of resources. In this regard 2(1%) of respondents replied as strongly disagree, 13(6.6%) of respondents replied as disagree, 50(25.3%) of respondents replied somehow, 97(49%) of respondents replied as agreed and 36(18.2%) of respondents strongly agree. This data show that the majority of the respondents 97(49 %) agreed. Based on the information majority of the respondents, Poor office infrastructure and shortage of resources were the major problem.

As depicted in the Table 4.5 Item 11, (0.5%) and 15(7.6%) of respondents were strongly disagreed and disagreed respectively the training given on BSC implementation was inadequate. Also 32(16.2%) remain somehow and 110(55.6%) and 40(20.2%) of respondents had agreed and strongly agreed respectively. This data show that the majority of the respondents 110(55.6%) agreed. This implies that the level of training given on BSC implementation was inadequate and did not guide them.

Generally, the above responses indicated that majority of respondents agree with the problem is critical in the implementation of BSC. Therefore the government offices should give attention to solve those problems. In addition, Based on the focus group discussion and interviews were also asked to list the problems faced by the implementation of BSC. The results confirmed that, Lack of adequate clarification and orientation ,Lack of leaders commitment and support, Lack of adequate knowledge and skill, accountability and responsibility, weak feedback and reward systems, ,inadequate training , lack of continuous assessment, and, lack of customers satisfaction, were among the most challenging factors in the implementation process of BSC in the government offices.

Therefore, the leaders, employees and customer said that to solve the above listed problems, by providing the training to all employees, building efficient and effective performance evaluation system, establishing strong feedback and reward system, and the leaders being prepare supporting the employees and to show their commitments on BSC implementation throughout the organization. Unless, BSC implementation strategy may difficult to translate into action.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary of findings, conclusions, recommendations that the researcher found to be fundamental in relation to the assessment on practice and challenges of Balanced Scorecard implementation in Silte zone in the Mirab Azernet Barbare Woreda.

#### **5.1. Summary of Finding:**

The purpose of the study was to assess the practices and challenges balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda government offices. During the study Data was collected from both secondary and primary sources using questionnaire, interview and focus group discussion. The collected data was analyzed using both quantitative and qualitative approaches by tables and charts. The findings of the study have been listed below.

The balanced scorecard use as a strategic management and performance management system in organization has been clearly linked to the management of the organization being able to clarify the vision, mission and strategy through creating of scorecards for the several business units that have objectives aligned to the overall corporate strategy of the organization. However, the findings from the study are revealed that the majority of the respondents were not participating in the formation of strategic plan and they were not clear in the vision, mission and values of the offices. Similarly, the majority of respondents indicates that the leaders were not sufficiently communicated to staff members and they were not create a favorable working condition for employees and providing services for the customer was inefficient, and BSC implementation was not equipped with employees with accountabilities and responsibilities. The BSC implementation was not supported by IT system, and the office did not provide appropriate training. In addition to this, the focus group discussion and interview data obtained from leaders, employees and customers show that there was a problem of clear orientation to implement the BSC, the overall performance evaluation systems were not customer based and communication systems were not sufficient. Also the employee responses strongly suggest that the performance evaluation measurement systems were not measured by standards and not scientific. Therefore the results show that the woreda government offices were not successful in terms of BSC implementation practices.

Based on achievements of BSC implementation the majority of respondents agreed that the employees have no strong commitment and willingness to implement the BSC, the BSC initiatives were not lead to the efficiency and effectiveness of organizations and, Implementation of BSC did not helped to reduce unnecessary resource wastage. On the other hand, Recognition and incentive were not aligned with individual and team that means rewarding system after the implementation of BSC was not attractive as expected. In addition to this, the interview and FGD responses obtained from leaders, employees and customers response shows that the achievement BSC implementation were below their expectation and not successful.

The analysis of the study revealed that Lack of adequate clarification and orientation, Lack of leaders commitment, Lack of adequate knowledge and skill, Lack of accountability and responsibility, Lack of empowerment and motivation, Standards measurement criteria do not clear used during performance evaluation, Poor office infrastructure and shortage of resources and inadequate training were the major challenges to the achieve of the objectives of BSC implementation in the government offices of the woreda. According to the interview and FGD responses obtained from leaders and employees has shown that the majority respondents have significantly agreed on challenges of BSC implementation.

## 5.2. Conclusion

The researcher finally comes with the following conclusion based on the findings regarding the practices and challenges balanced scorecard (BSC) implementation in the Mirab Azernet Barbare Woreda government offices. During the study the researcher used both quantitative and qualitative approaches and based on the findings of the research the researcher made conclusions by outlining following points:

- ❖ The findings from the study are revealed that leaders and employees were not sufficiently participating in the formation of strategic plan and they were not clear in the vision, mission and values of the offices. Similarly, the majority of respondents indicates that the leaders were not sufficiently communicated to staff members and they were not create a favorable working condition for employees and providing services for the customer was inefficient, and BSC implementation was not equipped with employees with accountabilities and responsibilities.
- ❖ The BSC implementation was not supported by IT system, and the office did not provide appropriate training. The study have also revealed that the office did not provides quality services to its customers, the office did not identify properly its customers, and stake holders, responsibilities were not clearly defined and understood. Similarly the finding revealed that performance evaluation results did not clearly reflects the employee's performances, and Standards measurement criteria did not Cleary used during performance evaluation. The result shows performance evaluation system was poor. Generally, the researcher concludes that information from employees, leaders and customers indicated that practices of BSC implementation in the woreda were not successful.
- ❖ Regarding Achievement of BSC implementation in Mirab Azernet Babre Woreda , The study found that there was no quality services delivery to its customers, BSC implementation did not increase employee's creativity of new things, the BSC initiatives were not lead to the efficiency and effectiveness of organizations, and Implementation of BSC did not helped to reduce unnecessary resource wastage. Also this study found that Employee who were not adequate commitment and willingness to implement the BSC. On the other hand, Recognition rewarding system after the implementation of BSC was not attractive as expected and recognitions and incentives not aligned with individual and

team. Therefore, rewarding system after the implementation of BSC was not attractive as expected, and recognitions and incentives not aligned with individual and team. This problem influences employees' performance and it may hamper the achievements of BSC implementation. From above interpretation, the researcher can conclude the BSC implementation was not helped to achieve objectives of the offices. This implies the woreda gives less attention for the BSC implementation.

- ❖ On the other hand, the study revealed that in Mirab Azernet Barbare Woreda involve major challenges that encountered during the implementation of BSC such as Lack of adequate clarification and orientation, Lack of leadership commitment, Lack of adequate knowledge and skill, Lack of public service mentality, accountability, and responsibility, Lack of empowerment, motivation, Lack of highly developed information technology systems, Poor office infrastructure and shortage of resources and inadequate training. To solve the above listed problems the researcher can conclude that providing the training to all employees, building efficient and effective performance evaluation system, establishing strong feedback and reward system, and the leaders being prepared supporting the employees and to show their commitments on BSC implementation throughout the government offices.

### **5.3. Recommendation**

Based on the findings and conclusions of the study, the researchers forward with regard to the BSC practices and challenges at Mirab Azernet Barbare Woreda the following recommendations: .

- The study finding revealed that the majority of the respondents were not clear in the vision, mission and values of the offices and inadequate leader's communication with staff members. Therefore, Mirab Azernet Barbare Woreda government offices should give adequate, well-structured and continuous training for improving the attitude of employees and leaders. Active communication channels help every staff member to reach common understanding of the organizational vision, mission, values and strategies.
- The study finding revealed that the practices of BSC implementation were not successful. Therefore, Mirab Azernet Barbare Woreda government offices should make special attention to proper BSC implementation. The attention area should focus on the customer satisfaction and performance evaluation system like personal development and training, fair benefits and incentive, constructive and continuous support, fair and equitable promotion...etc. This helps to increase effectiveness and efficiencies as well as to maximize their level of performance on achievement BSC implementation
- The study findings have indicated that there was no employee's commitment and willingness to implement the BSC. It is difficult to increase the achievement of BSC implementation. Therefore, Mirab Azernet Barbare Woreda government offices should give attention for Recognition and incentive by allocating sufficient budget and resources.
- The finding revealed that and Performance evaluation results did not clearly reflect the employee's performances, and Standards measurement criteria did not clearly used during performance evaluation .Therefore, Mirab Azernet Barbare Woreda government offices the employee's performance evaluation should be clear and based on Standards measurement criteria.

- The study revealed that the BSC implementation was not supported by information technology system. Undeveloped information technology slowed the initiative. Therefore, relevant information technology systems should be implemented to facilitate and exploit the full benefits of the balanced scorecard.
- The study finding revealed that the majority of the respondents agree the duties and responsibilities were not clearly defined and understood therefore the woreda should give Clear and structured responsibility and accountability.
- There need to develop BSC implementation manual to address the technical and operational system to strengthen the existing BSC implementation monitoring and evaluation with clear responsibility and accountability. Mirab Azernet Barbare Woreda government offices should give attention to use as guiding document for training and consulting the organizations.
- The study revealed that Lack of adequate clarification and orientation, Lack of leaders commitment and support, Lack of adequate knowledge and skill, Lack of accountability and responsibility, Lack of empowerment and motivation, Standards measurement criteria do not clear used during performance evaluation, Poor office infrastructure and shortage of resources and inadequate training were the major challenges This challenges can be minimized by: creating awareness and building a positive attitude through training about BSC, improving the communication systems through the use of technology, aligning the BSC with the strategy, and cascading the BSC to all levels and all employees of the offices.
- Finally, the researcher would like to forward a recommendation to further researchers. As the concept of BSC implementation is very wide phenomenon the current study only highlight. Therefore further researchers should dig deeply and study up to pick by tacking the same organizations so as to get more reliable data by increasing the population and adding success factors.

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## APPENDIX-1

### HAWASSA UNIVERSITY

#### COLLEGE OF LAW AND GOVERNANCE

#### SCHOOL OF GOVERNANCE AND DEVELOPEMENTAL STUDIES

#### Questionnaire for Respondents

#### Questionnaire to be filled by leaders and employees

#### General Instruction

The main purpose of this questionnaire is to collect necessary data for the study related with **practices and** Challenges of BSC implementation in Mirab Azernet Barbare Woreda and thereby to come up with some workable solutions to overcome the existing problems. To this end, the outcome of this study will highly depend upon your responsible, sincere and timely response. Therefore, you are kindly requested to fill the questionnaire as per the instruction.

- a. Do not to write your name,
- b. Place a tick “X” in the boxes and /or briefly write your response in the space provided and
- c. **Attempt all questions.**

#### Part one: Background information

1. Sex the respondent: 1/Male  2/Female
2. Age the respondent : 1/ below 20  2/ 21-30  3/ 31-40  4/ 41-50  5/ above 51
3. Marital status the respondent: 1/ single  2/married  3/ divorced  4/ other
4. Educational status 1/ certificate  2/ Diploma  3/ Degree  4/ Masters  5/ PhD  6 other
5. Religious 1/ Islam  2/Orthodox  3/ Protestant  4/ other

6. Occupation : 1/ government  2/NGO  3/private  4/other
7. Your current position : 1/leader  2/Employee  3/ other
8. Experience in current position: 1/ Less than 1-year  2/ 1 – 5 year  3/ 6 – 10 year  4/ 11-15 year  5above15 year
9. Salary 1/ below 1000  2/1001-2000  3/ 2001-3000  4/3001-4000  5/4001-5000  6/above 5001

**Part two:**

The following questionnaires are to be filled by leaders and employees

**Direction:** Please read each item separately and indicate your degree of agreement by putting tick mark “X” Use the rating scales:

Strongly disagree = 1 disagree =2, Somehow = 3, Disagree= 4, and strongly disagree = 5,

**2.1 Practices of BSC implementation in office**

No	Questions	Strongly disagree	Disagree	Somehow	Agree	Strongly agree
		1	2	3	4	5
1	You are participated in the formulation of strategic plan.					
2	You are aware of the vision, mission and values of the office					
3	The office strategic plan focus areas are well defined					
4	you have clear understanding on implementation of BSC					
5	The employees evaluation criteria are clearly defined					
6	Leaders communicate with staff members regularly about BSC.					
7	Leaders create a good work condition for employees					
8	The office provides quality services to its customers.					
9	The office identify its customers, and stake holders					
10	The balanced scorecard is supported by Information Communication Technologies					
11	The office provide training about BSC implementation					
12	The duties and responsibilities are clearly defined and					

understood						
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## 2. Achievement of BSC implementation

Strongly agree = 5 Agree =4, Somehow = 3, Disagree= 2, and strongly disagree = 1

No	Questions	Strongly disagree	Disagree	Somehow	Agree	Strongly agree
		1	2	3	4	5
1	Balanced scorecard implementation helps to ensure the success of the office.					
2	You satisfied with balanced scorecard as performance evaluation system					
3	The BSC achieved the goal of improving the quality of services delivered to customers					
4	BSC equipped with employees with greater accountabilities					
5	BSC can increase employee's creativity of new things.					
6	Employers have strong commitment and willingness to implement the BSC					
7	BSC initiatives are lead to the efficiency and effectiveness of organizations performance					
8	The Implementation Of BSC helped to reduce unnecessary resource wastage					
9	BSC implementation in the office is a success & met its targets					
10	Individual and team scorecards aligned with recognition and incentive					

### 3. The Major challenges of BSC implementation in Woreda

Strongly disagree = 1 disagree =2, Somehow = 3, Disagree= 4, and strongly disagree = 5,

No	Questions	Strongly disagree	Dis agree	Somehow	Agree	Strongly agree
		1	2	3	4	5
1	Lack of adequate clarification and orientation before implementation of BSC					
2	Lack of leadership, commitment and support.					
3	Lack of adequate knowledge and skill on BSC					
4	Inability to reach consensus on objectives and Measures					
5	Performance evaluation results do not clearly reflects the employee's performances					
6	Lack of public service mentality, accountability, and responsibility by staff members					
7	Lack of empowerment, motivation, synergy, dedication etc.					
8	Standards measurement criteria do not clear used during performance evaluation					
9	Lack of highly developed information technology systems					
10	Poor office infrastructure and shortage of resources					
11	The training given on BSC implementation was inadequate					

#### Part three: Open ended questions

In this section of the questionnaires, you have to the opportunity to elaborate on issues from your personal point of view.

Give own opinion as an individual

1. Please list down if any major challenges are left out?-----  
-----  
-----

2. What you suggest in order to improve implementation of BSC? -----  
-----  
-----

If anything you want to add-----  
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**Thank you for your cooperation!!!**

**APPENDIX-2**

**Focus Group Discussions for leaders and employee**

**Direction:** for each of the following question, you are kindly requested to discuss in group and provide precise and true statements. The researcher would like to promise you that all your response will be kept confidential and used only for purpose of this study.

3. What looks like the practices of BSC implementation in the government offices?
4. What are the major achievement of BSC implementation in the government offices?
5. What are the challenges faced related to Balanced Scorecard implementation?
6. What measures are taken to overcome the above challenges?
7. What you suggest in order to improve implementation of BSC

### **APPENDIX-3**

#### **Interview Questions for leaders**

The purpose of interview is to identify the practices and challenges of BSC in Mirab Azernet Barbare Government offices.

1. Do you believe that BSC is a valuable and strategic performance measurement system
2. Does implementation of BSC improve efficiency and effectiveness of service delivery of the office?
3. Does implementation of BSC improve performance of employees?
4. Does office provide training and orientation before implementation of BSC?
5. Would you explain the challenges observed during the implementation of BSC in general?
6. What you suggest in order to improve implementation of BSC?

#### **APPENDIX-4**

##### **Interview Question for customers**

1. How do you see the commitment of leaders and employees to support their customers in the offices?
2. Do you believe the office provides quality services to its customers?
3. What do you suggest in order to improve customer satisfaction?
4. What challenges encounter during service delivery?
5. What do you suggest to solve the problems of service Delivery in the government office?