

Change Management and Organization Performance: Pre- Post Case Study at Federal Ministry of Health, Ethiopia

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Abstract

The purpose of this study is to investigate the pre and post implementation of change management (BSC and strategic planning) on performance of Ethiopian Federal Ministry of Health. Both qualitative and quantitative approaches are employed. The data are gathered from employees of the Ministry through survey questionnaires, and from directorate heads through interviews and focus group discussions. The researcher identified that the major bottleneck for implementation of strategic planning and BSC are lack of adequate resources for training and software, extent of staff participation and lack of adequate resources. The research established that the balanced scorecard is a useful tool. It helps organizations to turn visions into reality with accuracy and efficiency. Strategy and BSC implementation therefore require that all business units, support units and employees be aligned and linked to the strategy and scorecard. The study concludes that the main objective of the Balanced ScoreCard is to bring the different perspectives (finance, internal business processes, learning, growth and clients) together in a uniform system. The study recommends organizations to adopt balanced scorecard and strategic planning for measuring performance and for better progress. But it should make deep investigation in implementing any management tools. Taking one or more countries as reference is not enough rather it is better to see or analyse the environment in which the organization is working. Finally the paper provides information and suggestions that are helpful for companies that are interested in developing strategic planning and balanced scorecard.

Keywords Balanced Scorecard, Strategic planning and organizational performance

1. INTRODUCTION

In the early 1990s, Kaplan and Norton proposed a new dashboard due to the belief that existing approaches to performance evaluation, primarily based on financial accounting, had become obsolete (Kaplan and Norton, 1996, Bible et al., 2006). They named it “Balanced Scorecard” (BSC) because such approach reflects the balance between the objectives of short and long term, between financial and nonfinancial indicators, lagging indicators and performance drivers (leading indicators) and between internal and external perspective of performance (Kaplan and Norton, 1996).

In recent years, the balanced scorecard has been a comprehensive model when looking at management issues for financial and non-financial purposes and has been very popular as it has attracted a lot of attention (Nørreklit, 2000). The balanced scorecard (BSC) is a multi-criteria evaluation concept that highlights the importance of performance measurement (Tseng, 2010). Based on the balanced scorecard the cause and effect relationship between the four perspectives have been created. (Wong-On-Wing et al, 2007; Paul, 1998) In fact, the logic of cause and effect as the essence of the Balanced scorecard approach- with distinguishes it from other approaches is described (Atkinson, 1997 as cited by Sanayei, et al 2011).

The Ethiopian public sector organizations had been trying to implement various modern management systems and tools since 1995 such as, “Result-oriented Performance Evaluation Method”, Business Process Reengineering (BPR), Balanced Scorecard (BSC) and kaizen in order to improve efficiency (Adebabay, 2011).

On the other hand, Ethiopia began proactively tackling the problem which are related with health in 1991 when the transitional Government formulated a health policy that was the first of its kind in the country. This policy was one of several political and socio-economic transformation policies and the translation of this new health policy was followed by the formulation of four consecutive phases of comprehensive Health Sector Development Plans (HSDPs). To further ensure and facilitate their smooth execution, these HSDP’s were supported by the implementation of various tools such as: Results Oriented Program Appraisal (ROPA) process; Business-Process Reengineering (BPR) which resulted in a remarkable restructuring of the Ministry of Health along key work processes and in the creation of numerous Directorates; Marginal Budgeting for Bottleneck (MBB) which enables managers and analysts to systematically look into the health system bottlenecks, high impact interventions, different scenarios and associated costs of achieving results (Balanced Scorecard Institute, 2013).

In 2007, the FMOH embarked on a journey to transform its strategic planning and management processes by adopting the Balanced Scorecard (BSC) as their framework. Extensive work has been done at the leadership level to inculcate the sector with the concepts of balanced scorecard and to link day-to-day activities with the organization’s long term direction. (Zemetis, 2009).

The Ethiopia's Health Sector regulatory organizations exist at various tiers. In other words, the structure of the sector is made of the Federal Ministry of Health (FMOH), Federal Health Directorates and Agencies, Regional Health Bureaus, Woreda Zone offices, Woredas (an administrative district unit), and individual health facilities including federal and regional hospitals, health centers, and health posts. However, this study is undertaken at federal ministry of health. Currently the ministry has 795 employees with 17 directorates to handle the activities of the ministry. Thus, the study focuses on comparing the strategic planning and BSC implementation in pre and post scenarios.

2. METHODOLOGY

2.1 Study area and population

This study was conducted at the federal ministry of health. The population of this study comprised of all the members of FMOH including under those work units which are engaged in BSC and strategic planning implementation and members of top management of 17 Directorates.

Presently FMOH has got 17 Directorates namely; Disease Prevention and control Directorate; Health System Special Support Directorate; Health Extension and Primary Health Service Directorate; Maternal and Child Health Directorate; health information technology development ;Resource Mobilization; Finance and Procurement; Policy and Planning; General Services; Public Relation and Communication; Health Infrastructure; Human Resource Development; Medical Services; Gender and youth; Legal Affairs; Internal Audit; Ethics and Anticorruption. In all, Seventeen, Directorates comprising a total of 795 employees 407 are males and the rest 488 are females.

2.2 Data sources

Both primary and secondary sources of data were used in order to collect appropriate data. Primary data were collected from unpublished sources from top level managers, workers and Directorate of Policy and planning with specific team of BSC and strategic planning, which are the results of questionnaires, interview and focus group discussion (FGD). The secondary data were collected from different published materials like report and manuals of the ministry, journals, books, magazines, websites, research findings, policy documents and other relevant materials were reviewed.

2.3 Data collection techniques and instrument

In order to obtain relevant and adequate information the researcher used questionnaire, interview and focus group discussion (FGD) as instruments of data collection. The questionnaire consist of both open and closed ended question designed and distributed to the employee to make comparison in BSC and strategic planning implementation in pre-post cases. Both structured and un-structured interviews were conducted. Because using only one type of interview might leads to less rich data or information. Un-structured interviewing method was used in this case study because this method involves direct interaction between the researcher and a respondent and hence, it gives chance to move the conversation in any direction of interest that may come and also used to ask questions which were not included in the structured interview in case new questions raised as ideas emerge through the process. Generally interview was held with top level managers or directorate of the ministry at different level believing that they have deep and relevant information about the issues and it was conducted with face to face with the help of system in order to minimize information loss. Lastly focused group discussion (FGD) was held with Directorate of policy and Planning specifically with BSC and strategic planning teams to harness information regarding to the BSC and strategic planning implementation before and after. Accordingly, two focused group discussion, each consisted of four members were conducted.

2.4 Sample and Sampling procedures

The researcher used simple random sampling to select the respondents. This design allows the population to have an equal chance of being selected in the sample. The sample size was 266 respondents out of a target population of 795. These were selected to ensure that the sampling size had characteristic representation of the population using the formulae developed by Mugenda and Mugenda (2003). The formula to find the sample size is:

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

Where;

N= population size

e= Tolerance at desired level of confidence, take 0.05 at 95% confidence level

n= sample size.

How the formula is used is shown below

$$n = \frac{795}{(1 + (795 * 0.05 * 0.05))}$$

$$n = 266$$

The distribution of the sample across the categories was done using the formula

$$\frac{\text{Number of individuals in the category} \times \text{the sample size}}{\text{Total number of employees}}$$

Table 1 Summary of samples taken from each directorate

NO	Work process/Directorate	Total no of employee	Sample
1	Disease Prevention and control	47	15
2	Human Resource Development	67	23
3	Ethics and Anticorruption	18	6
4	Internal Audit	22	7
5	Legal Affairs	9	3
6	Health System Special Support	68	23
7	Health Extension and Primary Health Service	26	9
8	General Services	221	73
9	Finance & Procurement	44	15
10	Maternal and Child Health	65	21
11	Policy and Planning	36	12
12	Resource Mobilization	26	9
13	Public Relation & Communication	29	10
14	Health Infrastructure	48	16
15	Women's and youth	10	3
16	Medical services	41	14
17	health information technology development	18	6
Total		795	266

From 17 directorates 7 directorate manager were selected based on purposive sampling for interview. A group of participants from BSC and strategic planning team was arranged for focused group discussions. The groups were arranged to have two members each with four person.

2.5 Method of Data Analysis

Once the data is collected using qualitative and quantitative approach then analysed through descriptive method. Descriptive method used to describe BSC and strategic planning implementation on performance in pre and post cases. In this method the researcher has no control over the variables and only report what has happened or what is happening. Also the researcher attempts to discover and make comparison even when cannot control the variables. These help the researcher to make comparison between the ideas that are collected because the information need to be cross- checked. On this basis the data gathered through the focus group discussions and interviews analyzed by narrating and describing the meanings and implications. In other words, data which are qualitative in nature are described, classified and concepts connected with one another. The quantitative data analyzed through percentages and cross tabulations.

3. RESULT AND DISCUSSION

Table 2. Management tools implemented before

Management tools implemented before	Response	
	NR	%
Results Oriented Program Appraisal(ROPA)	16	6.0
Business-Process Reengineering (BPR)	240	90.2
Marginal Budgeting for Bottleneck (MBB)	10	3.7
Total	266	100

Sources: Field survey, 2015

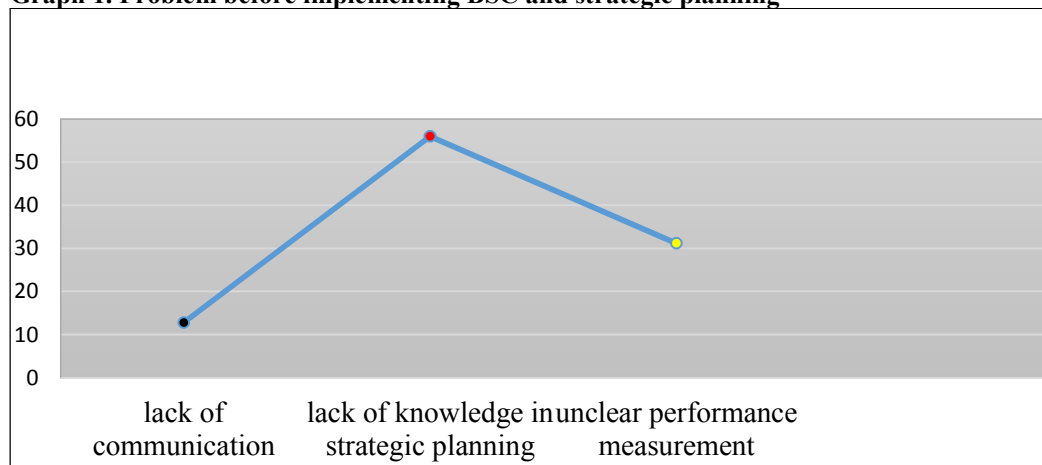
The above Table 2 illustrate majority 240(90.2%) of the respondents replied that the ministry implemented business processing reengineering, 16(6%) of respondents replied result oriented program appraisal while only 10(3.7%) forwarded marginal budgeting for bottleneck. This show that the ministry implemented BPR before strategic planning and BSC the ministry.

Generally FMOH had introduced BPR to its system in order to utilize it as an enabling management tool for transformation and in order to deal with the facing problems and to Provide integrated, quick and

satisfactory health service with efficient management, controlling mechanism and support primarily concerned with improving efficiency, quality, and cost effectiveness and consumer satisfaction. BPR has been used and implemented as a tool for a comprehensive analysis, redesign and revamping of the health sector (MOH) in Ethiopia. (Health Sector Development Program IV.2010).

In addition, the researcher has raised the question why the ministry need to change the management tool implemented before strategic planning and BSC and the results from the FGD show that the ministry faced problems related to mortality and morbidity and the overall health status remained relatively poor and the ministry began looking for a method to strategically align all of its various tools such as Results Oriented Program Appraisal (ROPA) process; Business-Process Reengineering (BPR) and Marginal Budgeting for Bottleneck (MBB).

Graph 1. Problem before implementing BSC and strategic planning



Sources: Field survey, 2015

Survey result of the graph 1 reveals that 34(12.8%) of the respondents said that there were problems before implementing strategic planning and BSC which is lack of communication while 149(56%) of the respondents Said lack of knowledge in strategic planning and BSC the rest 83(31.2%) forwarded unclear performance measurement. Generally this implies that lack of knowledge in understanding strategic planning and unclear performance measurement were the major problems before implementing strategic planning and BSC at federal ministry of health (FMoH).

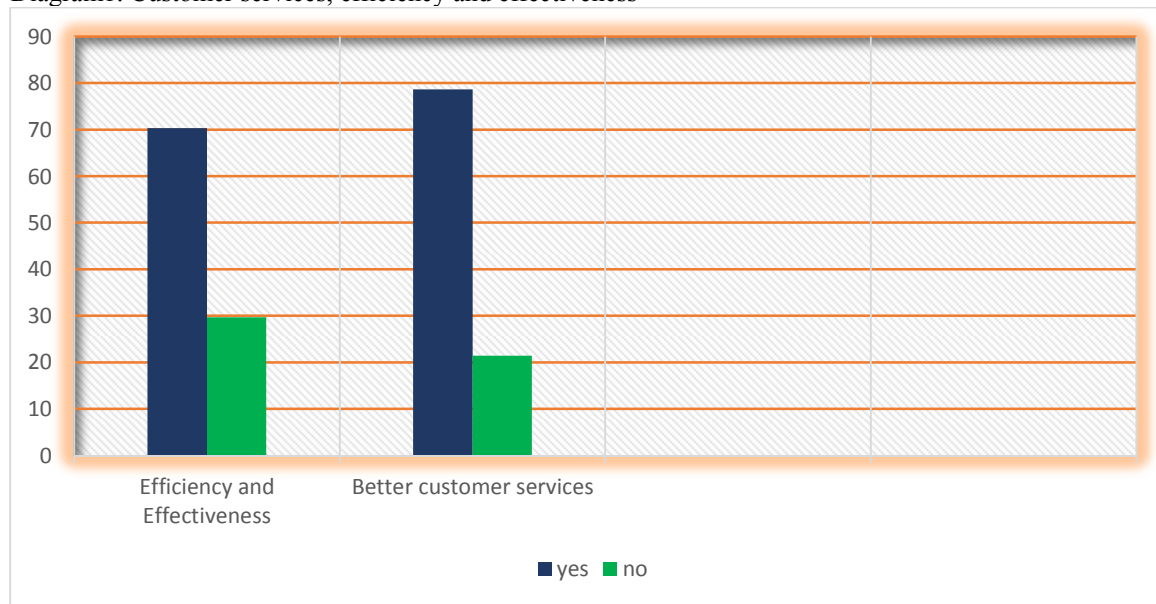
Table 3. Reasons for implementing strategic planning and BSC

Factors	NR	%	Rank
Internal factors			
The need to improve performance measurement	107	40.2	I
The need to increase efficiency	46	17.3	III
The need to reduce cost	17	6.4	IV
The need to define and redefine strategic focus	96	36.1	II
Total	266	100	
External factors			
Government exposure to implement	189	71	I
Competition Advantage of new opportunities	42	15.9	II
Shifting government policy	35	13.1	III
Total	266	100	

Sources: Field survey, 2015

As it is seen in Table 3 above 107 (40.2%) of the respondents replied the main internal factor for implementing strategic planning and BSC is the need to improve performance measurement, 96(36.1%) of respondents said the need to define and redefine strategic focus, for 46(17.3%) the need to increase efficiency while the rest 17(6.4%) replied the need to reduce cost. Kaplan and Norton (1996) stated that 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. The external factors which put pressure in the ministry according to the respondent's response are government exposure to implement accounts 189(71%) of respondents while, 42(15.9%) Said competitive advantages of new opportunities and the rest 35(13.1) are responded shifting government policy. Most of the time in Ethiopia different management tools implemented with government exposure to implement it by taking other countries as a frame of references for

implementation. This seems true for the Federal Ministry of Health.
 Diagram1. Customer services, efficiency and effectiveness

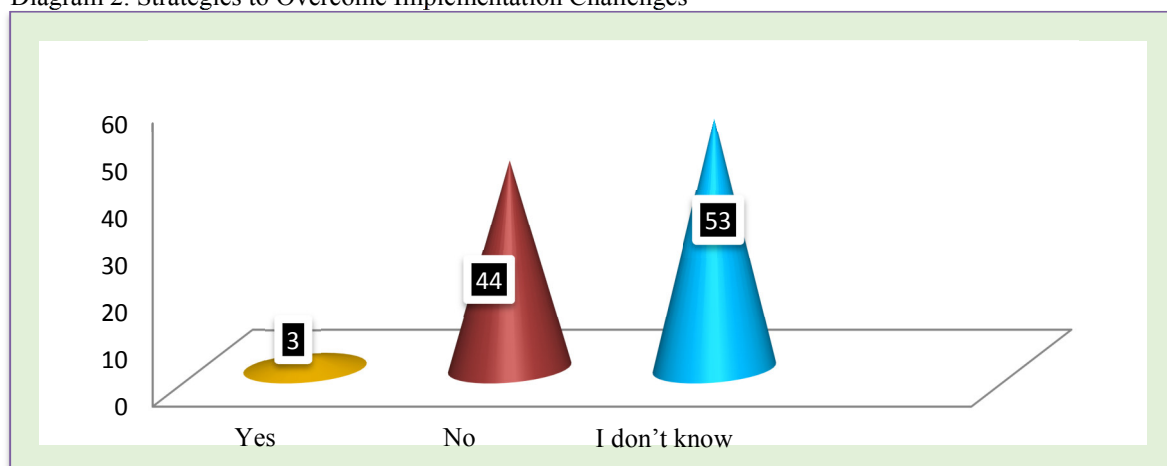


Sources: Own survey, 2015

Diagram 1 above reveals that 187(70.3%) of respondents feel that implementing strategic planning and BSC helps essentially in efficient and effective utilization of resources within the ministry, while the rest 79(29.7%) of respondents replied that it does not lead to efficiency and effectiveness. This show that implementing strategic planning and BSC helped the ministry to for effective and efficient utilization of resources. In line with this diagram 4.2 shows that 209 (78.6%) of the respondents reveal that implementing strategic planning and BSC leads to better customer services; the rest of the respondents have opposite responses for better customer services. Most of the respondents stated that the management established the context for strategic planning and balanced scorecard as a means to communicate shared objectives by making the divisions to be able to develop standard templates framework that guides the cascading of the scorecard from tier one corporate strategy to tier two business strategy and finally tier three the functional strategy. The cascading framework has also been enhanced by developing strategy maps for each division.

Overall, implementing strategic planning and BSC has its own contribution in providing services to the customers effectively and efficiently.

Diagram 2. Strategies to Overcome Implementation Challenges



Sources: Own survey, 2015

According to Diagram 2 majority of the respondents 141(53%) responded that they don't know whether the ministry implement strategy to overcome Strategic Planning and BSC, while 117(44%) of the respondents Said there is no strategy implemented the rest 8(3%) them Said there is a strategy that the management used to overcome BSC implementation challenges. These included: awarding bonuses, close monitoring through reviews, job rotation and training, bottom upward development of BSC, provision of proper information, provision of guides to solve these challenges, guidance by human resource managers and team building. The Table shows

that majority of the respondents don't know the strategies which is implemented for resolving the problems which are faced in the implementation. Generally majority of the respondents give some possible solution for the challenges faced with in the ministry. The first thing is that different level managers need to play their role in facilitating communication, diminished feelings of ownership and commitment, provide opportunity for the employee to take part in different activities and they need to be aware of the strategies clearly.

4. CONCLUSION AND RECOMMENDATION

4.1 Conclusions

BPR has been used and implemented before strategic planning and BSC as a tool for a comprehensive analysis, redesign and revamping of the health sector. Implementing BPR helped the ministry to improve its work environment but not outstanding.

The researcher further conclude that before implementing strategic planning and BSC the ministry was not monitoring and assessing the evaluation of its strategic performance and there were no clear performance measurement. Moreover, the main internal factors for implementing strategic planning and BSC in the ministry are the need to improve performance measurements while the other factors are the needs to define and redefine strategic focus, the need to increase efficiency and the need to reduce cost. The external factors which put pressure in the ministry are mostly government exposure to implement while the other factors are competitive advantages of new opportunities and shifting government policy. Generally, lack of adequate resources for training and software becomes a major challenge in the ministry

The management established the context for strategic planning and balanced scorecard as a means to communicate shared objectives by making the divisions to be able to develop standard templates framework that guides the cascading of the scorecard from tier one corporate strategy to tier two business strategies and finally tier three the functional strategy. The cascading framework has also been enhanced by developing strategy maps for each division. In general implementing strategic planning and BSC have its own contribution for providing services to the customers effectively and efficiently.

It was found that the day-to-day activities of the firm are linked to the four performance metrics through the key performance contribution framework that are developed at the beginning of the year. The study established that each individual is assigned key performance targets which form part of his/her performance contract with his/her department.

Balanced Scorecard as part of Performance Management programme has brought improvements and benefits at Federal Ministry of Health as it serves as a gold standard against which to benchmark long-term goals for diversification, customer satisfaction, employee engagement and corporate social responsibility and it was established that Balanced Scorecard has not only enabled the ministry to align its strategic objectives but also to undertake measurable performance management initiatives that align people, processes and resources for their most efficient deployment and operational excellence.

4.2 Recommendation

Based on the findings listed, the researcher forwards the following recommendations:

The researcher recommends that employees are the centre of the ministry so that any management tools and performances measurements implemented within the ministry employees should be aware of it. Members of staff should be involved more in the change process particularly in areas that touch their day to day operations like in the case of adopting the balanced scorecard in implementing the corporate strategy if management wishes to achieve maximum response and output.

The ministry should use BSC and Strategic Planning as a vehicle for communication by cascading it down through the organisation and by defining measures that relate to more detailed activities. So this would make it possible to use the balanced scorecard and strategic planning as a basis for setting personal goals and linking these goals to employees' personal rewards

In order to address the challenges on implementation of strategic planning and balanced scorecard management strategies which should be used these management strategies include; awarding bonuses, offering performance pegged rewards, close monitoring through reviews, staff involvement in crafting some of the targets, job rotation and training, bottom upward development of BSC, provision of proper information, provision of guides to solve these challenges, guidance by human resource managers and team building.

Generally the ministry should make deep investigation in implementing any management tools. Taking one or more countries as a references is not enough rather it is better to see or analyse the environment in which the ministry is working.

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