

## SHORT COMMUNICATION

### **Performance Management in the Ethiopian Public Sector: An Inquiry into the structural and Behavioral aspects, By Mulu Teka Gidey (April, 2008)<sup>1,2</sup>**

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#### **Abstract**

The Federal Government of Ethiopia has launched a comprehensive Reform Program aimed at modernizing the public sector, improving service delivery, and enhancing accountability. Results-Oriented Performance Management (PM) is identified as one of the key modalities for the success of the reform. Since its formal launching in July 2013, numerous public sector organizations have continued to adopt the PM initiative. However, systematic inquiry about the effectiveness of the practice is either scant or utterly missing. The purpose of the study is, therefore, to examine the status of PM implementation in federal public sector institutions with particular emphasis on measurement frameworks and PM structures, behavioral aspects (human side of organizational performance), and wider contextual (institutional-political) environment in which it is placed.

By adopting methodological pluralism, the study has considerably benefited from triangulation of methods and sources which generated a wealth of quantitative and qualitative data using survey questionnaire, focus group discussion, semi-structured interview and review of secondary materials from 11 Federal institutions involving a total of 236 participants.

The research findings point out that the structural and behavioral aspects of PM did not have significant effect on performance and performance-driven behaviors. Whilst the PM structure turned out to be largely output oriented, loosely coupled, unable to provide 'balanced measures', and advancing a single stakeholder's interest, much of the desired behaviors were not displayed due to the moderation effect of the underlying institutional-contextual environment. In short, the PM initiative, now on its 3<sup>rd</sup> phase, was mostly suitable for the measurable and quantifiable dimensions of performance-not the outcomes and societal impacts.

The research, therefore, concludes that even if it inadequate to capture all facets of public sector performance, the initiative can improve public service delivery and accountability for output goals if it is adjusted to the political-administrative context in which it is located.

**Key words:** public sector performance, service delivery, accountability,

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### **1. The Context and Significance of the Research**

The Federal Government of Ethiopia has launched a comprehensive Reform Program aimed at modernizing the public sector, improving service delivery, and enhancing accountability. Results-Oriented Performance Management (PM) is identified as one of the key modalities for the success of the reform. In July 2003, the Federal Government formally launched the PM initiative in order to enhance accountability and “achieve economy, efficiency, and effectiveness of performance and public service delivery” (CSC, 2003, p.4). Since then, a number of public sector institutions (Ministries, Commissions, and Authorities) continued to implement the initiative, which is largely grounded in measurement frameworks and models practiced by public sector organizations in developed countries.

The transferability of Western style PM concepts and theories to developing countries has been a topical issue, see for example (Mondonca and Lanungo,1996); Bergre and Offodil, 2001, and Waal, 2007). In relation to the context of this research, similar debates have also been noted at home, mostly revolving around institutional capacity, national cultures, and accountability for performance (Paul, 2000; Adebaby, 2002, and ECSC, 2002).

Nevertheless, there has not been any systematic inquiry about the Results Oriented PM in Ethiopian public sector, particularly since its formal launching in 2003. Indeed, empirical evidence about the effectiveness of the reform in terms of enhancing accountability, improving public service delivery, and transforming public sector institutions into performance-driven entities is either scant or utterly missing. The fewer studies conducted locally prior to or after the initiative either sought to approach public sector accountability from limited behavioral aspects in one-shot case studies (Adebaby, 2002; and ECSC, 2002); or mostly tended to grossly theorize about its applicability (Paulos, 1999) rather than specifically examining how the actual implementation of the PM initiatives unfolded in the public sector.

The present research is, therefore, an attempt to examine implementation of the PM initiative in federal public sector organizations in terms of measurement frameworks and PM structure, behavioral aspects (human side of organizational performance), and wider contextual (institutional-political) environment in which it is placed.

### **2. Objectives & Research Questions.**

Broadly, the research aims to evaluate the status of PM implementation in federal public institutions. In specific terms, the research objectives are to examine the effectiveness of measurement frameworks and PM structures in driving public sector performance, to evaluate whether the introduction of PM initiative as part of the Government’s reform agenda has resulted in performance-driven behaviors, and to investigate the extent to which measurement frameworks and PM structures can be aligned to existing civil service systems without dysfunctional consequences. To achieve the objectives, three research questions were formulated. First, how effective are measurement frameworks and PM structures in enhancing accountability and improving public service delivery? Second, has the introduction of PM initiative resulted in performance-driven behaviors in the public sector institutions? Third, is alignment of the initiative to existing civil service systems possible without any dysfunctional consequences?

### **3. Research Methods**

In order to answer the “how” and the “what” questions, a survey research was conducted in 11 federal public institutions that implemented the Results Oriented PM under the auspice of the Office of the National Civil Service Reform Program (CSRFP). The participants of the survey research were randomly selected from the total number of workforce using two-stage stratified sampling (n=449). A total of self-administered questionnaire were distributed to participants.

On the other hand, the subjects of the research are people and their institutions operating in a complex social world. Public sector is particularly considerably influenced by much broader institutional factors and political contexts in which decisions are made. These deeper, more subjective and less observable aspects of public sector performance would be lost if the study is entirely limited to survey research only. In order to “follow up and put flesh on the bones of the survey” (Bell, 1999), case study research was also undertaken in 5 public sector organizations. Semi-structured interviews were administered to members of the National CSR to generate information on the institutional-contextual factors and to answer the “why” questions. In addition, Focus Group Discussion (FGD) made with PM professionals and employees affected by the reform. In that way, data related the fillings and opinions of group of people who involved in common situation was gathered (Hussey and Hussey, 1997) as a means to validate findings from the use of questionnaires”(Wass and Well, 1994).

#### 4. Results.

Given the gist of the research questions, and considering the numerous theoretical propositions advanced by the normative literature, much of the analytical discussion is mainly built around exploring the direction and strength of the relationships and presumed causality of paths.

##### 4.1. Relationship of PM aspects and Organizational Performance

In order to investigate if the use of PM aspects and improved organizational performance are associated, correlation analysis was conducted using Pearson’s product-moment correlation coefficient  $r$ . Preliminary analyses were also performed to ensure that the underlying assumptions were not violated .Table 4.1a shows the results.

**Table 4.1a: Correlation Matrix**

PM Aspects	1	2	3	4	5	6	7	8	9
<i>Structural Aspects</i>									
1. Responsibility Structure	1	.599*	.494*	.469*	.225*	.359*	.128*	.327*	.306*
2. Strategic Structure	.599*	1	.486*	.425*	.186*	.314*	.129*	.320*	.309*
3. Information Infrastructure	.494*	.486*	1	.523*	.273*	.387*	.124*	.301*	.403*
<i>Behavioral Aspects</i>									
4. Accountability	.469*	.425*	.523*	1	.278*	.412*	.191*	.307*	.458*
5. Management Style	.225*	.186*	.273*	.278*	1	.340*	.320*	.154*	.294*
6. Action Orientation	.359*	.314*	.387*	.412*	.340*	1	.332*	.324*	.399*
7. Communication	.128*	.129*	.124*	.191*	.320*	.332*	1	.007	.339*
8. Alignment	.327*	.320*	.301*	.307*	.154*	.324*	.007	1	.278*
9. Organizational Performance	.306*	.309*	.403*	.458*	.294*	.399*	.339*	.278*	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).\* . Correlation is significant at the 0.05 level (2-tailed).

A positive direct relationship was noted in the research sample, with the results achieving statistical significance at  $p < 0.05$ <sup>3</sup>. The strength of the association, however, varies to a certain extent (shaded parts, table 5.1a). Taking Cohen's (1988) guideline, while most of the PM aspects exhibited a moderate relationship to performance ( $r = .30$  to  $.499$ ), management style and alignment were relatively weaker ( $r = .10$  and  $.299$ ). Except for the variation in the intensity of the relationship, the results more or less correspond to Waal's (2004) comparative study of PM in Dutch and English private and public organizations.

On the other hand, given the positive linkage among the PM aspects themselves, one may rightly suspect that the correlation exhibited may not be real; rather an artifact of the underlying interrelationship. Evidently, there is a confounding situation, which needs to be examined to get a more accurate indication of the relationship. When "there are multiple relationship rather than one", Cooper and Emory (1995, p.131) point out that "controlling for moderation effect is essential". Hence, the first question is in order: how strongly are the structural aspects related to performance, when the interactions of alignment and behavioral counterparts are held, and vice versa? The results exhibited in table 4.1b are quite revealing. There is a marked difference in scores when compared to the preceding matrix.

**Table 4.1b: Partial Correlation Matrix**

Control Variables	Structural Aspects of PM	Behavioral Aspects & Alignment	Organizational Performance ( <i>r</i> )
<i>1. Behavioral Aspects</i>			
Accountability	Responsibility Structure		<b>0.042</b>
Management Style	Strategic Structure		<b>0.077*</b>
Action Orientation	Information Infrastructure		<b>0.158*</b>
Communication			
<i>Alignment</i>			
<i>2. Structural Aspects</i>		Accountability	<b>.286**</b>
Responsibility Structure		Management Style	<b>.197**</b>
Strategic Structure		Action Orientation	<b>.265**</b>
Information Infrastructure		Communication	<b>.309**</b>
		Alignment	<b>.146**</b>

\*\* . Correlation is significant at the 0.01 level (2-tailed). \* . Correlation is significant at the 0.05 level (2-tailed).

Accordingly, the strength of the relationship for all but communication gets weaker ( $r < .299$ ), when the possible effects of the other interacting dimensions is controlled for. Besides, this time, one can not be 95% confident about the relationship of responsibility structure and performance as the former failed to achieve statistically significant score. In the 'typical' PM model idealized by the normative scholarship, higher positive relationship is often assumed, irrespective of the context.

This finding, however, contradicts one of such theses which advocates that "all PM aspects have a strong relation with performance" (Waal, 2007, p. 245). On the other hand, no matter how the strength varies, there is still a positive relationship, suggesting that PM aspects appear to work in concert with performance in the research sample. Yet, it is precisely *relationship* that the result uncovers, not the causal path.

<sup>3</sup> This does not indicate the practical significance of the relationship. It simply tells that the probability of the results occurring by chance is less than 5%, i.e., the probability of concluding that there is a relationship, when in reality there is none, is quite less.

#### 4.2. Causality of Relationships

Indeed, the presence of positive relationship can not be, in its own right, sufficient to explain the complex nature of public performance. Particularly, correlations are less evident to explicate how the structural and behavioral dimensions affect performance or are “responsible for” causing “performance-driven organizations” in the public sector. In order to assess whether these presumed causality can be inferred, multiple regression analysis was performed, after checking for the underlying assumptions. Indeed, “multiple regression is ideal for investigation of more complex real-life research questions” (Pallant, 2007, p.146).

However, as Copper and Emory (1995, p. 127) succinctly note, “cause-effect-relationship is less explicit in business and management research”. More emphasis is, thus, placed on understanding, explaining, predicting, and controlling relationships than discerning causes. Recognizing this caveat, three models of regression are constructed to validate the rational/technical and behavioral perspectives of PM in the particular context.

Because PM process involves activities and interactions that span both the technicalities and ‘softer’ aspects of implementation, multivariate modeling is used in the empirical analysis. Multivariate analysis allows one to check theoretical propositions about how dimensions measured at one level interact with others (Pallant, 2007). In this way, the extent of influences of structural and behavioral aspects will be separately tested in the first two models, before the true nature of such an influence is clarified in the final model.

#### Model I: Structural Aspects and Organizational Performance

A regression model I (Table 4.1c) was constructed in order to understand the extent to which structural aspects of PM drive public sector performance, without *controlling* the possible effects of behavioral and alignment dimensions.

**Table 4.1c: Modeling the Influence of PM Structure & Organizational Performance**

Model	Structural Aspects of PM	Coefficients: Organizational Performance (dependent variable)				
		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.548	0.089		6.147	0.000
	Responsibility structure	0.090	0.060	0.091	1.486	0.138
	Strategic structure	0.103	0.060	0.104	1.714	0.087
	Information Infrastructure	0.314	0.058	0.306	5.449	0.000
<b>Model Summary</b>						
<ul style="list-style-type: none"> <li>• R Square (<math>R^2</math>) = Coefficient of determination= 0.184; Adjusted <math>R^2</math> = .177</li> <li>• F Value = 27.783, Significant at .001</li> <li>• Sample Size, N= 376</li> </ul>						

**R Square ( $R^2$ )/Adjusted Square** in the Model Summary measures the relative explanatory power of PM structures taken *as whole*. The value of  $R^2$  is 0.184, statistically significant at a ( $p < 0.05$ ), suggesting that structural aspects of PM in their *totality* explain only 18.3% of the variation in performance. However, the **Beta** values under standardized coefficients<sup>4</sup> are the most important indicators of the relative contribution of each dimension to the prediction of organizational performance.

<sup>4</sup> The standardized coefficients were used instead of the un-standardized ones, since, firstly, the variables were measured on the same scale (0 to 4), it means their values are standardized for comparison. Secondly, un-

There appears to be a positive effect of information infrastructure (Beta= 0.306,  $p < .05$ ), meaning 30.6% of the variation in performance is explained by integrity and manageability of the performance information. The other two subscale measures for responsibility and strategic structures are, nevertheless, much weaker, exhibiting *Beta* values of 0.091 and 0.104 respectively. The former still fails to achieve statistical significance even at a more tolerant threshold ( $p < 0.1$ ).

Whilst the finding may refer to the predictive ability of structural dimensions, such a conclusion is not yet warranted. However, given the direction of the effect, all dimensions, including responsibility structure, are retained for the final regression; because, the central gist of this study is to understand the particular PM phenomena, not to merely report dimensions that failed to reach statistical significance.

### Model II: Behavioral Aspects, Alignment and Organizational Performance

This model sought to assess whether behavioral aspects and alignment of PM indeed have overarching influences on performance of the organizations surveyed, *without holding* the possible effect of the structural counterparts. Table 4.1d presents the Model.

**Table 4.1d: Modeling Influence of Behavioral and Alignment dimension on Performance**

Model	Behavioral Aspects	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	Accountability	0.302	0.050	<b>0.300</b>	6.018	0.000
	Management Style	0.100	0.063	<b>0.077</b>	1.586	0.114
	Action Orientation	0.145	0.055	<b>0.138</b>	2.621	0.009
	Communication about performance	0.512	0.117	<b>0.210</b>	4.357	0.000
	Alignment of PM	0.120	0.045	<b>0.128</b>	2.669	0.008
<b>Model Summary</b>						
<ul style="list-style-type: none"> <li>• R Square (<math>R^2</math>)= coefficient of determination= .322; Adjusted <math>R^2</math>=0.312</li> <li>• F Value = 33.439, significant at 0.001</li> <li>• Sample Size= 376</li> </ul>						

The results suggest that, in their *totality*, behavioral and alignment dimensions accounted for 32.2% of the variation in organizational performance ( $R^2 = 0.322$ , see Model Summary). Achieving statistical significance, these dimensions tend to have impacted performance more strongly than structural dimensions. It is, however, considerably low when compared to a much higher “score of 0.74 for behavioral factors in Sotriakou and Zeppou’s (2006, p. 1296) study of Greek public sector. Looking at the relative contributions of each dimensions, a moderately higher score were observed for accountability (Beta=0.300), followed by communication (0.210). Similar positive effects were also noted with the other dimensions, all of which were, thus, preserved for the final performance model.

### The Final Model: All PM Aspects and Organizational Performance

To complete the on-going empirical analysis, one more overriding question needs to be addressed: do the positive influence of structural aspects (model 1) still remain same when controlling for behavioral and alignment dimensions (model 2), and vice versa? Hierarchical regression, which allows the suggested control, was performed, after having checked for the assumptions. Table 4.1e presents the findings.

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standardized coefficients are used to construct mathematical modeling - an approach not amenable to address the research objectives and question.

**Table 4.1e: Modeling PM Aspects and Organizational Performance**

<i>Model 3a: Structural Aspects Versus Organizational Performance</i>						
Controlling for	Behavioral Aspects	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Behavioral & Alignment	Responsibility Structure	-0.017	0.058	<b>-0.018</b>	-0.301	0.763
	Strategic Structure	0.037	0.056	<b>0.037</b>	0.651	0.515
	Information Infrastructure	0.156	0.058	<b>0.152</b>	2.697	0.007
<i>Model 3b: Behavioral and Alignment Versus Organizational Performance</i>						
Controlling for	Behavioral Aspects	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Structural	Accountability	0.235	0.056	<b>0.233</b>	4.213	0.000
	Management Style	0.080	0.063	<b>0.062</b>	1.270	0.205
	Action Orientation	0.117	0.056	<b>0.112</b>	2.097	0.037
	Communication	0.525	0.117	<b>0.216</b>	4.497	0.000
	Alignment of PM	0.100	0.046	<b>0.107</b>	2.205	0.028
<b>Model Summary</b>						
<ul style="list-style-type: none"> <li>• <b>R Square (R<sup>2</sup>)</b>= coefficient of determination= <b>0.340</b></li> <li>• <b>R Square Change</b> for <i>Model 3a</i>= <b>0.018</b> <i>Model 3b</i>= <b>0.322</b></li> <li>• F Value = 22.454 significant at 0.001; Sample Size= 376</li> </ul>						

The final Model Summary suggests that PM aspects account for only 34% of the variation in performance of the public sector organizations surveyed ( $R^2 = 0.340$ ). Using Cohen's (1988) guideline, the impact of rational/behavioral approach to PM is moderately weak (only slightly higher than the lower threshold of 0.299). Most importantly, the finding point out that a considerable portion of the variation in performance, as high as 66%, was outside the scope of the PM dimensions, and could be reasonably attributed to other factors. This is consistent with prior public sector researches. For example, a congruent finding in the literature, confirmed in this research, is that that PM aspects grounded in rational-behavioral perspectives are insufficient to provide a complete picture of public sector performance.

Furthermore, a clearer picture emerges about the tenability of the influences exhibited in first two models. The **R Square Change** tells the truly value-adding impact of the PM dimensions when the effect of interaction is controlled for. Evidently, the *additional* contribution of structural aspects *over and above* the counterparts is only 1.8% ( $R^2$  change = 0.018); while behavioral & alignment dimensions account for only 15.6% of *additional* contribution to the prediction of performance. Consequently, the relatively higher impacts exhibited in models 1 & 2 may *not be real*, but produced as a result of the interaction inherent in the dimensions.

Indeed, the considerable reduction in importance, as exhibited by significantly small *additions*, question the relevance of PM aspects in the public organizations surveyed. Most importantly, however, the findings imply how the other, perhaps, institutional perspectives and political contexts exert more impact



on public sector performance than the rather “reductionist” rational and ‘softer’ instruments. A much more revealing evidence of this proposition is outlined in the ensuing discussion.

### 4.3. The Effectiveness of PM Structures in Driving Performance

One of the key tenets advocated by the rational-technical ‘school’ of PM is related to the significance of PM structures for improved organizational performance. The empirical findings are discussed below to validate whether PM structures have considerable impact on organizational performance in the research sample.

#### Strategic Structure

The quantitative results (table 4.1e) suggest that strategic structure made no sizeable impact on performance of the organizations surveyed. In fact, when possible effects of other dimensions are controlled, their *unique* contributions to the prediction of organizational performance considerably diminished to 0.037 (model 3a) from comparatively higher scores exhibited in table 4.1c. Yet, one can’t be certain if that much variation in performance could be still attributed to the dimension, because it failed to be statistically significant even at a tolerant threshold ( $p < 0.10$ ).

The results appear to mirror previous research findings in fairly mixed way. For example, noting low scores in their regression model, Julnes and Holzer (2001, p.702) opine, “goal orientation could be important for political rhetoric during policy formulation rather than implementation”. In Laegreid *et al’s* (2005, p.29) multivariate model of public performance, instrumental perspectives “did not explain much of the variation in the formulation of goals and performance indicators”. Conversely, Sotirakou and Zeppou’s (2006, p.1295) regression model exhibited higher scores for “goal and strategic” dimensions. However, it is less evident if their model indeed accounted for possible effects of the inherent interaction. In any case, the disparity of empirical outcomes reflects how PM implementation can be moderated by contextual variations.

Yet, there are still more compelling evidences highlighting the empirical difficulties facing the sequentially goal-directed approach to PM. In this research, only 18 % of the respondents confirmed that their organizations adhered to strictly goal-driven measures; while 34% indicated externally mandated government targets and measures were adopted, and 9.8% a combination of both. Furthermore, an examination of secondary sources suggests that some important strategic goals don’t have targets and performance measures and vice versa - for example, 3 out of 12 goals (MOTI, 2007, p.48); and 2 out of 9 (FIRA, 2006, p. 71). The in-depth semi-structured interviews conducted in the case study organizations seem to support both findings. As one of the respondents put it,

*“Our corporate statements are written in clear and appealing ways. But, the devil is in the details. We are still grappling to set quantifiable and measurable targets for impacts aspect of one of our major goals – enhancing trade and investment opportunities in the country”.*

Another question asked respondents either to select or state their opinions why this is the case. About 67% of respondents identified that outcomes and impact aspects of performance are not amenable to quantification, and they require medium and long-term period to capture the data”. 17% of the respondent, however, identified “other factors”, the most commonly cited of which include, “the Government at large is better positioned to measure outcomes and impacts, not agency strategies”; “strategizing public sector is abstraction”. Interestingly, a participant of FGD in one of the case study organizations echoes the observations in much similar vein,

*“ the order of performance measurement set by Reform Office requires one to define measures for outputs goals first, followed by outcomes; and finally the societal impact when both output and outcomes goals are met. In practice, the latter two are the most fuzziest as we can’t tell how our agency fits into the larger picture in quantifiable terms”.*

This is hardly surprising given that the emphasis of the current PM practice in the surveyed organization is more so often on output goals, particularly on the quantity, quality, time, and cost of delivering public services, as confirmed by 62% of the respondents who were asked to identify the aspect of performance attached to their teams, work units and themselves.

The most important message the findings convey is, however, whether the oft-implied universal application of goal cascading techniques is really a “public management for all seasons” (Hood, 1991, p.8). In that sense, the findings correspond to earlier studies of public sector performance by Laegreid *et al* (2005), and Pollanen (2005), and Sotriakou and Zeppou (2006).

The ability of measurement frameworks to give a “balanced” view of performance is often widely advocated in seemingly promotional tones to convince organizations buy PM structure grounded in rational strategic planning. The Federal *PM Training Manual* is perhaps a prime example of how the Ethiopian public sector has also fallen prey to such wholesale catchphrases. Published to serve as a seminal PM reference, the Manual provides formal guidance on setting quantifiable objectives, targets and balanced measures linked to vision and strategy, often supported by sets of practical-looking but elusive demonstrations. One such ‘exercise’, for instance, uses list of “Objectives numbered 1 to 16” to illustrate how easily public organizations can develop “*balanced sets of performance measures for each objective in Internal Business Process, Customer, Financial, and Learning Growth perspectives*” (CSC/MOCB, 2005, p. 56”) (emphasis added)

A plethora of similar materials, supposed to ‘tailor’ the Manual to local conditions, have continued to extol the virtues of “balancing” BSC-like perspectives with rather evangelistic zeal, as if one size fits all. One such reference is found in Article 20 of PM Guideline in a case study organization,

*“The central purpose of the PM process is to provide the information needed to align individual performance plans with organizational goals. In order to ascertain whether outcome goals outlined in the strategic plan are successfully achieved in a **balanced** way, the level of **Customer satisfaction**, the efficiency of **Finance/Budget** utilization, effectiveness of **Internal Processes**, and **Learning and Growth** programmes will be measured”* (MOTI, 2006, pp.33-34) (emphasis added).

Like many other Government publications, rhetoric is also at work here drawing on the ‘best and brightest’ ideas ‘tested’ elsewhere to ‘reinvent’ government and drive public sector performance. The lingering question of practical concern is, however, whether the idea of ‘balancing’ has truly fared beyond rhetoric?

The survey attempted to capture if this is the case in the particular context. Indeed, much of the inspirations about “balancing” appear to be a far cry from the reality in the research sample. Asked to identify the set of measures emphasized by their PM systems, 60.4% of the respondents identified financial perspectives, 19.5 % customer perspectives, 9.5% internal business process and quite a few and learning and growth. The annual performance reports, reviewed in most of the organizations surveyed, are not as balancing as the publications are optimistic. This is evident from the summary of performance reports, i.e, “*Results Oriented PM Annex 001- 005*” exhibited in Appendix 4, most of which emphasizing on quantifiable output measures closely linked to “Results Oriented Budgeting”. This kind of imbalances in favor of one or two perspectives is not unique to the Ethiopian public sector organizations, as prior research elsewhere suggest (Kloot and Martin, 2000; Radnor and Lovell, 2003; and Chan, 2004).

The emphasis placed on financial perspectives is understandably a response to government’s pressure particularly” in terms of achieving value for money with the public funding made available” (Wisniewski and Olafson, 2004, p. 605). However, the apparent trouble with the “balancing” rhetoric has more to do

with the idiosyncrasies of the public sector. Asked to explain why balancing performance measures pose a challenge, a participant of a FGD in one of the case study organizations argues,

*“There are implicit advantages in the balancing exercise in terms of enhancing our accountability to citizens, employees and the Government & Donors. In this case, Reform Office is absolutely right. It is, nonetheless, difficult to practically balance the lever, when much of the funding critical for implementation of performance plans entirely comes from the consortium of the Government and its development partners (Donors/Financiers)”.*

Another participant reinforces,

*“where the final verdict on accountability vitally rests on how well the Government/Donors’ targets are met, citizens’ and employees’ concerns are naturally reduced to become peripheral”.*

Clearly, the facts on the ground are telling stories contrary to the propositions desperately seeking to rationalize strategic structures across the board. What is evident from the practice here is a PM structure that is a predominately output oriented, loosely coupled, unable to provide ‘balanced’ performance dimensions, and advancing the interests of the coercive stakeholder.

Indeed, implementation of PM in the public sector is moderated by local political context where it is actually located. The evidences show how multiplicity of objectives, intangibility of services, and conflicting stakeholder interests in the public sector could also lead to “decoupling and aligning performance measures” with interest of the politically and financially powerful stakeholder (Brignal and Modell, 2000; Modell, 2003 ; Chang, 2007).

### **Information Infrastructure**

Drawing on the quantitative results exhibited in table 4.1e, the largest *Beta* coefficient for information infrastructure stands at 0.152, statistically significant at a wider threshold ( $p < 0.10$ ). This implies that information infrastructure makes the strongest *unique* contribution to explaining organizational performances, when the effects other interacting dimensions is controlled. Similar results were exhibited in Julnes and Holzer’s (2001, p.701) regression model in which “information dimension accounted for 0.1414 of the variation in public sector PM implementation”. Given the scores, information infrastructure stands as a better predictor of performance compared to both responsibility and strategic structures in the research sample.

However, this finding should not be interpreted too broadly, because only 49.2% of the respondents rated the information infrastructure as having high integrity and manageability compared to 50.2% who are either not sure or scored low (table 4.2d). Besides, 60.4% of them (table 4.2h) identified the emphasis of the performance measurement as skewed in favor of outputs. Consequently, the observed positive influence of the information infrastructure are, in effect, referring to output aspects only, not the outcomes and societal impact sides of public sector performance.

In this respect, much of the secondary sources reviewed speak for themselves in terms of mirroring the survey findings. For instance, the “*Performance Management Guidelines*” requires sector organizations to “*make use of Annex 3 to document how well the outputs of work units, teams, supervisors, and employees were achieved relative to the quantity, quality, timeliness, and cost- effectiveness measures indicated in their Performance Plans*” (Section 9.2., CSC/MOCB, 2005, p.10)).

Most of the organizations which adopted or ‘adapted’ the Guideline in developing “their own contextually relevant” PM Manuals ended up with more or less similar information infrastructure indicated in the source. In almost all organizations surveyed, the PM information system, at large, and the number of other data compiling formats germane to Annex 3 place too much emphasis on output oriented performance information. Although the Guideline and the corresponding *PM Training Manual*(CSRP/MOCB, 2005) recognize “outcomes and societal impacts” as the two cardinal elements of

“the public performance pyramid”, the related performance elements, the source of data, and finer mechanism of data compilation are either less explicated, at best, or do not exist, at all.

Furthermore, the FGD conducted with senior professionals and members of the Civil Service Reform validates the foregoing observation. As one of the respondents succinctly put it,

*“we have identified measures for outcome and societal impact goals in our strategic plans as medium and long-term effects of output goal. We are, however, facing practical difficulties because our information infrastructure is not inherently strong to compile the data requirements for both outcomes and societal impacts”.*

For its most part, the information infrastructure in the organizations surveyed seems to be good enough for the easy to measure dimensions of performance, but not “the hard –to- measure outcomes goal”(Cavalluzo & Ittner, 2004 ). Indeed, the findings exhibit how this dimension of the rational approach is incapable of capturing performance data as its strategic counterpart is inept to provide holistic measure of all aspects public sector performance. In contextual terms, this is perhaps a reflection of the institutional bases of the public sector in Sub-saharan African where information systems are too nascent to support performance measurement (UN ECA, 2003).

### **Responsibility Structure**

The quantitative data was analyzed to understand whether the presumed causal relationship between responsibility structure and organizational performance is evident in the research sample. The results suggest that the impact of responsibility structure on performance originally exhibited in table 4.1d diminishes, when the possible effect of other overlapping dimensions was controlled (see beta coefficient of -0.018 in table 4.1e). In Brewer and Seldon’s (2000, p. 705) regression model of public sector performance, responsibility structure, termed as “*structure of task/work*”, was a modestly important predictor of organizational performance, with parameter score of 0.126”.

The marked contrast in these empirical results is perhaps an indication of the moderation of effect of the contextual environment in which PM is implemented. In that sense, it may be fair to opine that that responsibility structure did not have a direct influence on performance of the organizations surveyed. However, it is also important to reflect on the results in light of the taxonomies of PM aspects used by Waal (2004), who originates the measures used in this research. In this regard, the diminishing effect of responsibility structure could also be attributed to the interaction with the behavioral subsets, particularly “accountability”, suggesting possibilities to consider refinement of the model in the future.

On the other hand, a series of FGDs were held with members of Civil Service Reform Officers and ‘informed’ professionals to further explore the possible influence of responsibility structure relative to empirical referent mentioned above. One of the participant comments,

*“In an attempt to clarify the responsibilities relative to performance characteristics, we have identified critical, non-critical, and additional performance elements for work units and employees.. However, it is largely based on the formal functional structure, not just process based structure. That is probably the reason why the influence of responsibility structure is less evident”.*

With regards to the role of managerial discretion in improving organizational performance, another participant remarks,

*“The finance and civil service proclamations indicate that the existing administrative structures are legally institutionalized. This means the modus operandi of the sector with regards to the use of financial and human resources required to hold an executive accountable for output performance are already determined by law. I don’t, therefore, see if the sector is the right place for the ideals of devolution/delegation”.*

The impact of responsibility structure is only part of the story of the current structure of PM in Ethiopia public sector, as indicated by both the quantitative and qualitative data. In that sense, the results correspond to the divergent theses documented in the literature (Christensen *et al*, 2005; Laegreid, *et al*, 2005; and Owusu, 2005)

#### **4.4. The Impact of Behavioral Aspects on Organizational Performance**

The failure of PM techniques is often ascribed to neglect of organizations to account for the human element of organizational performance and to align the PM system with other organizational systems particularly human resource management. The attention given to behavioral aspects of PM and alignment are, thus, identified as the complementary prerequisite for the creation of performance-oriented organizations (Waal, 2004). The effect of the bundle of behavioral aspects is examined below to find out if there is empirical evidence for much the typically inspirational PM literature in the research context.

##### **Accountability and Action Orientation**

A regression model was constructed to understand whether stimulating and fostering both behaviors make a difference in organizational performance. The strengths of the impacts, implied by table 4.1d, are reduced, this time, after possible effects of other dimensions were controlled (table 4.1e). But, accountability still exhibited the highest statistically significant beta score of 0.233, suggesting that 23.3% of the variation on performance is *uniquely* explained by the extent to which the organization members feel responsible for performance indicators of their own responsibility area and the organization as whole. On the other hand, action orientation was responsible for contributing 11.2% to the prediction of organizational performance (beta 0.112, significant at  $p < 0.001$ , table 4.1e).

Similar direct effects on performance were also noted in previous studies. For example, both dimensions together, identified as “HR empowerment”, explained 14.2% of the organizational performance in Greece public sector” (Sotirakou and Zeppou, 2006, p.1296). Likewise, Brewer and Seldon (2000, p.703) reported 12.8% of the variation in performance of US Federal agencies, using a different nomenclature -“building human capital”, which more or less reflects the features attached to both accountability and action orientation.

The evidence seems to support the theoretical assumptions underlying the behavioral literature (Martin, 2000; Waal, 2004). However, it needs be interpreted carefully given the peculiar characteristics of the public sector. The in-depth semi-structured interviews and FGD conducted with ‘informed’ professional employees may help explore the seemingly “*stimulus-response relationships*” idolized by the behavioral scholarship.

The divergent literature draws on institutional theory to suggest that combining rational structures and ‘softer’ aspects don’t necessarily give rise to building novel PM practices in the public sector (Modell, 2004, p. 45). Given the review of country experiences, the possibility of different paths and outcomes emerging along the way of implementation can not be utterly ruled out. Indeed, some of the important quotes summarized below cast doubt on the practical ‘possibilities’ of “fostered accountability and proactive orientation” to impact organizational performance proper in the public sector.

##### **Participant 1**

*The connection of organization-wide targets to strategic goals set during planning stage gets lost when it comes to unit and individual targets. There is a tendency on the part of supervisors to emphasize time-bound targets that are useful for Parliament and annual meeting talks. That is the version of accountability we have here.”*

Participant 2:

*“Top management members appear to encourage supervisors committed to targets and anything around these. They never question whether supervisors are using measures of objectives or those suitable for success-stories telling. But, both parties into the performance equation seem tacitly fond of the latter. I don’t blame them, any way; it is a survival norm”.*

Participant 3:

*“Since the last three years, we are often reminded to stick to the big picture when we have to act according to performance agreement co-signed with supervisors. Believe me, I could not see where this picture is, big or otherwise. I bet same with my supervisor, too. The unit is overwhelmed with form- filling and ticking to record daily services and accomplishments- now simply renamed as Results-Oriented”.*

The evidence gives insight into the typical dysfunctional consequences of PM in the public sector where different paths and outcomes come into view as a result of the influence of other actors moderating the effects of rational-behavioral inputs. In specific terms, the finding may be considered as a clear manifestation of how the human element responds to PM process in a politically complex environment involving external interests and the hard-to-measure qualitative sides of organizational performance.

In terms of impact, the evidence probably suggests how the “behavioral clusters” themselves are practically inept and powerless to help the public sector stop the observed perverse effects, let alone drive its performance. Indeed, considering the behaviors the dimensions promote vis-à-vis the observed ones, it appears that an initiative much wider than PM or else the PM proper tailored to specific institutional and contextual environment may do well than the one-size-fits-all approach , which has crowded the normative literature.

### **Management Style and Communication**

The parameter value of management style exhibited in table 4.1e is, 0.062, suggesting the *unique* contribution of the dimension to the prediction of organizational performance was 6.2% only. This is quite low compared to a higher score in Greek public sector for “Entrepreneurship”, the alternative nomenclature for management style (Sotirakou and Zeppou, 2006, p.1296). But, the impact is still insignificant, given the emphasis placed on management styles and leadership commitments in the literature. Similar lower scores of “3.7%” were also noted for “leadership and supervision” in US Federal settings (Brewer and Seldon, 2000, p. 703).

The parallel presence of top-down and bottom-up communication, openness of the communication structure, knowledge sharing and employees’ involvement are the empirical referents identified by (Waal, 2004) to measure both constructs. The final performance model identified communication as having a relatively stronger unique explanatory power, accounting for 21.6% of the total variation in performance of the organizations surveyed (table 5.1e). This dimension, identified as “Knowledge Management” in Sotirakou and Zeppou’s (2006) model, was highly responsible for the variation in the Greek public organizations studies

In the research sample, the impact of management style was not even statistically significant at higher thresholds. One possible explanation is that the measure might have obscured its importance due to simultaneity of other dimensions in the behavioral cluster. A closer look into Waal’s (2004) taxonomies of behavioral aspects suggest that much of the measures of accountability, action orientation, and communication presuppose one or the other attributes attached to management style. As identified in the review, a composite organizational culture, with few measures, could do well rather than proliferating dimensions.

Be that as it may, the most important explanation is perhaps found in institutional- contextual environment. The key question, here, is whether managerial style is or its major attributes, viz., commitment, consensus building and communication, are strong enough to create “performance driven behaviors” in public settings. The relevant qualitative evidence, summarized below, probably yields some important insights into role of management style and communication:

Participant 1

*“ We have brought to the attention of management about the potential danger of over quantification, particularly on achieving impacts/outcomes envisaged five years from now. No disposition to turn around this skewed trend so far. I suspect the % of targets dominate the state of affairs at the moment”.*

Participant 2

*“Management seems good at playing cards, particularly since the advent of Result Oriented. When mid-term review of Reform Progress, occurring every two years, gets closer, meetings are called upon, memories refreshed, and reports are engulfed with the mission-vision things, presumably to impress development partners. Soon after this is over, the gear is then shifted to the degree-of- completion things of interest at the Council of Ministers”.*

These observations explain why most respondents, 75.5% (table 4.13d) have rated the dominant management style as distant rather than committed; 94.4% identified communication as limited and closed rather than consensus building and inspirational. Given the tendency of the leadership to give a mere symbolic support to mission-vision oriented instruments, it is hardly surprising to witness a weaker impact of the dimensions on performance in the research sample.

This kind of behavioral displacement is common phenomenon of public management, because “senior managers in the public sector have the propensity to ally with the politically elected bodies- a tendency being reinforced by dependence on public pursue (Bringall and Modell, 2000, p. 449). In light of this, the findings are congruent with earlier studies that injected institutional-contextual perspectives to question the validity

## **5. Conclusions and Recommendations**

Before winding up, it is important to revisit the research objectives and questions set for the present study. The objectives of the study are to examine the impact/influence of structural and behavioral aspects of PM on organizational performance; the extent to which PM can be aligned with out dysfunctional consequences in the Ethiopian public sector; and to draw on conclusions and outline sets of recommendations.

In order to achieve the objectives, three research questions were formulated. First, how effective are measurement frameworks and PM structures in driving performance of the public organizations? Second, has the introduction of PM resulted in performance-driven behaviors in the public organizations? Third, can the PM of the organizations be aligned without dysfunctional consequences?

### **6.1. Conclusions**

The review of literature and the findings combined with the analysis and discussion point out to a number of key conclusions bearing on the status of PM in the Ethiopian public sector.

Contrary to the rational/technical perspectives, the effectiveness of PM structures in driving the performance of the institutions surveyed has been less evident. In fact, PM structures had minimal influence on performance when modeled to understand and explain their potential explanatory power.

Besides, follow-up inquiries made it all the more clear that substantial part of the variation in performance was not only outside the scope of PM structures but also located in the wider institutional-contextual environment. As Christensen *et al* (2005) note, implementation of PM is actually embedded in political-administrative contexts.

Despite the attempts to inject deliberate planning into the result-oriented process, the strategic structures of PM were fundamentally flawed on a number of counts. Firstly, apart from lack of strategic focus, top-down deployment of strategic objectives using CSF and KPI has not been possible due to “the broad and ambiguous nature of the public goals and mission statements” (Boyne, 2003, p.213). Consequently, tight coupling of objectives, performance targets and measures was not supported in the research sample. Instead, decoupling was demonstrably evident, which may be conducive for effective implementation of PM in political contexts where multiple stakeholders cause ambiguities and uncertainties (Brignal and Modell, 2000; and Johnsen, 2004).

Moreover, performance measurement was dominated by output goals; while outcomes and societal impacts appeared to be especially difficult, due to the multiplicity and complexity of public sector performance. The difficulty has particularly to do with the qualitative and long-term nature of public outcomes; and the ownership of societal impacts, which transcends related organizations through common agency ( Johnsen, 1999; and Noordegraaf and Amba, 2003).

Likewise, the balance of measurement was biased towards financial perspectives, favoring accountability for the fund provided by the major stakeholder. Beyond rhetoric, accommodating citizen’s and employee’s views appears to be difficult in the research sample –an observation consistent with previous studies in which asymmetric power relationship ultimately led to narrowing down of measurement supporting the powerful stakeholder (Kloot, 2002, and Model, 2001).

Still, the PI was not invariably used for refining strategic and performance plan, in a reciprocal bottom-up feedback process as proposed by the rational approach to PM. It was rather predominantly used for external reporting to gain legitimacy and support from the government- a matter of fact observed in other public sector studies (Lawton, et al, 2000; and Chang, 2007).

On the other hand, the influence of the responsibility structure on organizational performance was quite small in the research sample. Equally, notwithstanding the considerable amount of effort, the series of BPR initiatives did not have substantial lever in clarifying responsibility structure proper for the public organizations. In fact, much of the exercises were confined to internal organizational relationships, considerably isolated from the wider aspects of accountability for performance of the politicians and top executives. The political commitment to clarify the responsibility structure using performance agreements is still minimal despite the government’s declared intentions to do so (Merit, 2005). The gap apparently suggests how the direction and focus of PM is determined by the interests of the coalition of dominant actors in the public sector (Model, 2000).

Further more, though positively related, the influence of information infrastructure was considerably confined to outputs only - not outcomes and societal impact identified by the Government as the other two dimensions of performance (CSA, 2003). Evidently, contrary to much of the wholesale prescriptions, the appropriateness of yet another rational instrument is still disputed on account of generating holistic and reliable PI. The Ethiopian public sector is not an exception, in this regard. Indeed, governments elsewhere, including the West, have barely come to grips with quality PI because the data required to measure the important and qualitative aspects of public performance are simply outside the scope of information infrastructure (Perrin, 2002; and Crusstine, 2005).



In a net shell, the key message the concluding notes convey is whether the oft-implied universal application of goal cascading and rational techniques are really “public management for all seasons” (Hood, 1991, p.8). Indeed, one size does not fit all in managing performance of the public sector where multiplicity of the objectives and the stakeholders as well as complexity the tasks often cause ambiguities and uncertainties about the end-means (Brignall and Model, 2001).

On account of the ‘softer’ aspects, only a portion of the variation in organizational performance is explained by behavioral and alignment dimensions. In spite of this, the PM initiative has not yet resulted in performance-driven behaviors in the research sample. None of them has exhibited greater alignment of performance, either. Indeed, the implementation of PM, now on its 3<sup>rd</sup> phase, continues to be insulated from ‘softer’ dimensions due to the considerable effect of institutional-contextual environment in which the public institutions operate.

Consequently, the desired behavioral attributes of accountability were not displayed in the research sample mainly because the government (the principal) has not yet clarified or put into force the possible the implication in terms of enforceable rewards and sanctions. This is consistent with institutional theory which holds that public managers can promote certain instruments or behaviors primarily to avoid agency problems in external principal-agency relationships (Laegreid et al, 2005). This coupled with the markedly inconsistent responses of the principal to poor/under performance; many of the action-oriented attributes were not manifested. The apparent difference between advocacy and practice has more to do with institutional- political context rather than the fairly straightforward behavioral propositions. As Modell (2003, p.50) aptly puts it, “what is judged to be applicable or legitimate for PM largely depends on the meanings conferred by the dominant coalition of actors” Modell (2003, p.50).

Similarly, management styles, and the attendant attributes of communication and consensus building were considerably hampered. The hurdles were not exclusively related to absence of ‘behavioral competencies’, as the normative approach to PM would have it. Rather, lack of practical commitment and sustained support from the apex. Considering the theory of path-dependency, when the principal’s inputs are less evident or ambiguous, public managers are not likely to exert extra effort to promote and advance PM (Modell, 2004). Last but by no means least, since the result-oriented PM process has not yet been aligned with PRP, it has not been possible to examine aspects of dysfunctionalities in the research sample.

In conclusion, the PM structures are evidently mostly suitable to outputs goals – the measurable and quantifiable dimensions of public sector performance; not the qualitative and long-term aspects – the outcomes and societal impacts. In view of that, the rational/technical-behavioral approaches to PM should not be rejected as utterly romantic. But, it is equally difficult to understand their relevance to public sector PM without taking the political-institutional contingencies into account. Combining both scholarly insights it is fair to conclude that even if not panacea for all “economy, efficiency, and effectiveness of problems of the Ethiopian public sector” (CSA, 2003, p.4), PM initiatives informed by rational/behavioral perspectives can reasonably serve as instruments for improving service delivery and accountability for outputs if tailored to the political-administrative context in which the public sector organizations are located.

## **6.2. Recommendations**

Apart from attempting to understand, explain and control relationships, it is difficult to discern causality of paths in cross-sectional studies, such as the present one. As a result, future PM researches in the public sector need to adopt longitudinal research strategies to track the structural and behavioral measures as well as institutional-contextual perspectives overtime.

No matter how the literature abundantly concurs that perceived measures of performance are synonymous with the objective ones, future research needs to combine both to balance biases inherent in respondent

perceptions, irrespective of whether expressed qualitatively or quantitatively. In view of overlaps among the behavioral clusters, which mostly reside in organizational and/or national cultures, future research needs to adopt fewer empirical referents rather than proliferating measures.

Public sector PM research, particularly the quantitative approach, should move from emphasis on structural and behavioral aspects to include measures of institutional-contextual factors for controlling the predictive abilities of the rational/technical-behavioral approaches. Last but by no means least, future research look into dysfunctional consequences given mixed debate concerning appropriateness of PRP in the public sector.

### **Recommended Actions**

Referring to the conclusions, PM initiatives have the potential for increasing public service delivery and accountability for the outputs goals, albeit limited to capture the other two dimensions of public sector performance. Drawing on this caveat and the broad lessons learned, some actions grounded in institutional-administrative contexts are proposed as a way forward to moving the Ethiopian PM initiative, hitherto, confined to the structural-behavioral aspects emphasizing the internal and functional spheres only.

### **Enhanced political commitment**

The Federal Government has expressed its political will by embracing the CSR at large, and the result-oriented initiative, in particular. However, as substantially alluded to above, the political commitment instrumental in providing the main impetus for the structural and behavioral aspects of PM are less evident or are to greater extent intermittent. Worse still, although the MOCB oversees the overall reform process, the PM initiative is particularly made a responsibility of an Agency, which has little lever to exert meaningful influence on other lateral agencies and higher level- ministries.

It is, therefore, imperative for the Government to consider attention at the political apex, preferably at the level of the Office of the Prime Minister to provide the PM initiative with enhanced political clout. One way of achieving this may be to boldly use performance contract agreements between the agencies and ministries and the OPM, which may, in turn, serve as a practical forum for eliciting the support, commitment and consensus of top executives.

### **Legal Enforcement.**

Beyond rhetoric, it is vital to translate the political will and commitment into practical support. Strictly speaking, thus far, there is no any legal instrument enforcing public performance and accountability for results on the ground. Much of the talks about reward and sanctions are merely confined to directives, which do not have legal consequences. It is, therefore, imperative for the Federal Government to translate its political will by issuing clear and binding law such as Public Performance Act.

### **Broadening Accountability**

As it exists now, the form of accountability prevailing in public institutions is understandably dominated by a single stakeholder-the Government. This has been the overriding perspective in the history of the country's civil service, which continued undisputed. Transforming this into a wider representative democracy involving citizens is another practical way of translating the political will into action- indeed an idea whose time has arrived for Ethiopia's politicians to act on. Thus, the government needs to take actions aimed at empowering citizens, and creating conducive ground for civil societies to potentially take firm ground. In its institutional form, this entails the establishment of civil society chapters at grassroots so that citizen's concerns are debated and their voices are accounted for by public institutions.

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