INFLUENCE OF IMPLEMENTATION OF BALANCED SCORECARD ON PERFORMANCE OF PUBLIC SECTOR ORGANIZATIONS IN KENYA: A CASE OF WATER RESOURCES MANAGEMENT AUTHORITY, NAIROBI COUNTY

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DECLARATION

I declare that this research project report is my original work and has not been presented in any other university or any institution of higher learning for examination.

Signed: …………………………….. Date: ……………………………

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This research project report has been submitted for examination with my approval as University Supervisor.

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DEDICATION

I dedicate this research study to my loving father Mr.Laban Oyuke mother and Mrs.Phelesia Oyuke, and my siblings James, Marvin and Joy (Late) for their patience and unlimited support throughout my academic journey. All that I am, I owe to my family. Thank You.

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LIST OF ABBREVIATIONS AND ACRONYMS

BSC:	Balance Score Card
WRMA:	Water Resources Management Authority
KPI:	Key Performance Indicators
RBV:	Resource-Based View
SPSS:	Statistical Package for Social Sciences
SMART:	Simple Measurable Achievable Realistic & Time Bound
US:	United States
NWRMS:	National Water Resource Management Strategy
KPI:	Key Performance Indicator
RBV:	Resource Based View

ABSTRACT

The BSC is a strategic planning and management system used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals. The aim of the study was to explore the role of the Balanced Scorecard in managing performance of Public Sector Organizations in Kenya, the case of Water Resources Management Authority. Specific objectives were to determine the effectiveness of balanced score card on improving performance of public sector organizations in Kenya: a case of water resources management authority, to determine the influence of balanced score card on market share, customer satisfaction, and customer retention of public sector organizations in Kenya: a case of water resources management authority, and to establish the influence of balance score card on financial performance of public sector organizations in Kenya: a case of water resources management authority. This study utilized descriptive research design. The population for this study wa 300 respondents who included the top managers, middle level managers, and lower level managers who are involved in the implementation of balance scorecard and performance of Water Resources Management Authority, Kenya. The study utilized both a questionnaire and an interview schedule. Information obtained from the questionnaires was processed through editing and coding and then entered into a computer for analysis using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 20.The study established that when BSC is co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance of an organization's strategy. The study further found that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The study further concluded that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The study finally concluded that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization. The study recommends that the water resources management authority continuously improves on the balanced scorecard technique in order to remain relevant not only to its own operations but also to the changing macro-environmental dynamics. Some of the inadequacies of the technique have been attributed to lack of sufficient training of staff involved, in order for them to derive from the vision of the bank measures that not only reflect what their day to day work entails, but also ensure that these are SMART. To this end, it is suggested that more training of staff is required.

CHAPTER ONE:

INTRODUCTION

1.1. Background of the Study

Strategic management involves the formulation and implementation of the major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes (Nag et al. 2007). Enhancing the strategic work is a key component for driving the firms to succeed in accomplishing the expected opportunities or keeping away from the potential threats which accordingly lead to clarify and breakdown the goals and the requirements of each in the internal environment. The elite companies employ different performance measurements for analyzing, and judging the procedures, workforce, and programs. There is one drawback and that is these programs are fiasco in measuring and monitoring the multiple performance dimensions and only concentrate on the financials measurements.

This research study seeks to establish the role of the balanced score card in managing performance of public sector organizations in Kenya with reference to the Water Resources Management Authority. There are many researchers who developed the balance score card but DR. Robert S. Kaplan and Dr. David P. Norton are the famous researchers who developed module of balanced score card and for using that module they wrote books also. The basic objective was that, the firms can achieve their objectives successfully. According to studies by Dixon, Nanni, &Vollman (1990), Ernst & Young (1998), Neely (1998), and Daly (1996), evaluation system which is based on performance has more validity than the evaluation system which is utterly based on the financials. The main advantage of using balance score card is that the managers can be motivated to take balance view across a range of performance measures

The Balanced Scorecard is an incorporated set of financial and non-financial measures employed in a firm's strategy executing procedure which underlines the strategy of communication with the members and for providing feedback for attaining goals of the organization (Mendoza & Zrihen, 2001). According to the Balanced Scorecard Institute, the balanced scorecard is 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 communications on what they are trying to accomplish, prioritize projects, products and services. The scorecard can be used at different levels for the total organization or a sub-unit, or as a “personal scorecard.” The BSC can provide managers with the tools they need to compete in the future and executives the ability to monitor the effectiveness of an organization’s strategy. The BSC allows an organization to take their mission and strategy; then translate them into a set of performance measures that provide the foundation for a strategic management system. It includes the traditional financial objectives, but also includes the objectives that drive financial results.

It was originated in 1992 as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance (Kaplan & Norton, 1992). While the phrase balanced scorecard was coined in the early 1990s, the roots of this type of approach are deep, and include the pioneering work of General Electric on performance measurement reporting in the 1950’s and the work of French process engineers (who created the Tableau de Bord – literally, a "dashboard" of performance measures) in the early part of the 20th century. Gartner Group suggests that over 50% of large US firms have adopted the BSC. More than half of major companies in the US, Europe and Asia are using balanced scorecard approaches, with use growing in those areas as well as in the Middle East and Africa.

A recent global study by Bain and Co listed balanced scorecard fifth on its top ten most widely used management tools around the world, a list that includes closely-related strategic planning at number one **(**Miles, & Snow, 1978). Balanced scorecard has also been selected by the editors of Harvard Business Review as one of the most influential business ideas of the past 75 years **(**McGahan, & Porter, 1997). The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system. The "new" balanced scorecard transforms an organization's strategic plan from an attractive but passive document into the "marching orders" for the organization on a daily basis. It provides a framework that not only provides performance measurements, but helps planners identify what should be done and measured. It enables executives to truly execute their strategies **(**Neely *et al.*, 1995**)**.

Recognizing some of the weaknesses and vagueness of previous management approaches, the balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective within their organizations. The balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action **(**Porter, 1996). It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results **(**Rao, & Krishna, 2003**)**.

When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise (Zollo, & Winter, 2002). Kaplan and Norton (1992) 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 & Norton 1992).

Managing the performance is a continuous process. It involves making sure that employee performances contributes to both team goals and those of the business as a whole. The aim is to continuously improve the performance of individuals and that of the organization. Managing performance is central to the relationship between managers and employees. It can be a key element of good communication and foster the growth of trust and personal development (Nag et al. 2007). Managing performance is an important element on how well the employees will be engaged in their work and how well they will perform. Managing employee or system performance and aligning their objectives facilitates the effective delivery of strategic and operational goals. Some proponents argue that there is a clear and immediate correlation between using performance management programs or software and improved business and organizational results (Niven, 2003).

Many people equate performance management with performance appraisal. This is a common misconception. Performance management is the term used to refer to activities, tools, processes, and programs that companies create or apply to manage the performance of individual employees, teams, departments, and other organizational units within their organizational influence (Niven, 2003). In contrast, performance appraisal refers to the act of appraising or evaluating performance during a given performance period to determine how well an employee, a vendor or an organizational unit has performed relative to agreed objectives or goals, and this is only one of many important activities within the overall concept of performance management. At the workplace, performance management is implemented by employees with supervisory roles (Drury, 2008).

Normally, the goal of managing performance is to allow individual employees to find out how well they had performed relative to performance targets or key performance indicators during a specific performance period from their supervisors and managers. Organizations and companies typically manage employee performance over a formal 12-month period (Nanni, and Vollman, 1990). In the public sector, the effects of performance management systems have differed from positive to negative, suggesting that differences in the characteristics of performance management systems and the contexts into which they are implemented play an important role to the success or failure of performance management

The Public sector is a portion of the economy composed of all levels of government and government-controlled enterprises. It does not include private companies, voluntary organizations, and households (Wegrich, 2014). The public sector is the part of the economy concerned with providing various governmental services. The composition of the public sector varies by country, but in most countries the public sector includes such services as the military, police, infrastructure (public roads, bridges, tunnels, water supply, sewers, electrical grids, telecommunications, etc.), public transit, public education, along with health care and those working for the government itself, such as elected officials (Malina, & Selto, 2004).

The public sector might provide services that a non-payer cannot be excluded from (such as street lighting), services which benefit all of society rather than just the individual who uses the service.

The public sector comprises of the central government, local government and public corporations. It is the part of the economy that provides basic goods or services that either are not or cannot be provided by the private sector (Milne, 2006). It consists of state-owned institutions, including nationalized industries and services provided by local authorities. The Public Sector is usually comprised of organizations that are owned and operated by the government and exist to provide services for its citizens (Peteraf, & Barney, 2003). In general terms, the public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises, and other entities that deliver public programs, goods, or services. It is not; however, always clear whether any particular organization should be included under that umbrella. Therefore, it is necessary to identify specific criteria to help define the boundaries (Rao, & Krishna, 2003).

WRMA's functions are in accordance with the guidelines in the National Water Resources Management Strategy, 2010-2016. The functions can be grouped into 4 broad categories. First improving the water resources information knowledge base. This function involves the collection of all information on water resources, analysis, storage and dissemination, from the following sources: hydromet data, surface water information, groundwater Information and water quality information incorporating general characteristics of all water bodies (Al-Najjar, & Kalaf, 2012). Secondly regulation and control of the use of water resources. This function requires WRMA to sustainably and equitably allocate water resources among competing needs. This involves developing water allocation plans, carrying out water permitting, stakeholder consultations, enforcing conditions attached to water permits and ensuring adherence to The Constitution of Kenya 2010 requirement on maintenance of residual flow in water bodies.

Third is protecting the water resources from adverse impacts. This function requires WRMA to control pollution and improve water quality in the country's water bodies. This is done through catchment protection, Gazettement of fragile water sources and water pollution control. The fourth function is Managing Disaster Risks induced by Water resources. This function deals with the control of water resources quantities in disaster situations such as floods, which if not controlled have been known to cause huge loss of lives.This is done through Capacity building of local communities, providing necessary information and development of integrated flood and drought management systems on river basin level.

1.2. Statement of the Problem

If you cannot measure it, you cannot improve it Lord Kelvin (1909), he further says that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind. Employers are refocusing on the importance of performance management. They are looking to make the most of limited compensation (and raise) money by tying pay to performance ratings. However, this is not without challenges; knowing what to expect up front can be the difference between an effective or ineffective implementation.

The broaden demand for applying the balanced scorecard on strategic performance in Public Institutions has become high significance with the latest developments of various technologies. The technology helps in the efficient use of the balance score card sheet in that the pe4formance is updated automatically. Hence, the simulation of the impact of balanced scorecard and checking the results before and after the balanced scorecard is substantial for accomplishing the expected results pertinent to the capacity of the systems. Most organizations such as the Water Resources Management Authority have not been in a position to effectively utilize the balance score card.

This has made Institutions unable to measure their performance appropriately. This has created a knowledge gap which necessitates the current study to be carried out. This study therefore advances the need for assessing the role of the balanced scorecard in managing performance in Public Institutions with reference to the Water Resources Management Authority in Kenya.

1.3. Purpose of the Study

The pupose of this study was to investigate the influence of implementation of balanced scorecard on performance of public sector organizations in Kenya: a case of Water Resources Management Authority, Nairobi County

1.4. Objectives of the Study

The study was guided by the following objectives;

i. To determine the influence of effectiveness of balanced score card on performance of public sector organizations in Kenya: a case of water resources management authority.

ii. To determine the influence of balanced score card in market share**,** customer satisfaction, and customer retention on performance public sector organizations in Kenya: a case of water resources management authority

iii. To establish the influence of balance score card in financial aspects on performance of public sector organizations in Kenya: a case of water resources management authority

1.5. Research Questions

To achieve the research objectives the study sought answers to the following questions;

i. What is the effectiveness of balanced score card on performance of public sector organizations in Kenya?

ii. What is the influence of balanced score card on market share, customer satisfaction, and customer retention of public sector organizations in Kenya?

iii. What is the influence of balance score card on financial performance of public sector organizations in Kenya?

1.6. Significance of the study

The study may be of significance to the various stakeholders:

First, this study could be useful in practice as it creates knowledge about the balanced scorecard practices on performance of Public Sector Organizations in Kenya. The first beneficiary would be Water Resources Management Authority management as the findings of the study would enable policy makers to take the balanced scorecard seriously.

Secondly, the findings and results of the study may provide a more reliable in-depth understanding thus facilitating immensely the objectives of the WRMA.

Thirdly, the Government and other policy makers might rely on the outcome of this study to address ways upon which it can improve project success by advocating for public sector managers to use the balanced scorecard tool.

And lastly, to researchers**,** the result of the study may serve as literature to throw more light on the theoretical underpinning of the impact of the BSC in improving performance. The outcome could further serve as secondary data for future research on the topic

1.7. Delimitation of the Study

The study focused on the impact of the Balanced Scorecard in managing performance of Public Sector Organizations. The study was undertaken in with specific reference to Water Resources Management Authority, Kenya hence the findings of this study could not be generalized to other organizations, and with staff from different fields with varied backgrounds.

1.8. Limitations of the Study

This study may encounter some challenges.

One of the limitations of this study is that it may not be possible to control the attitude of respondents as they give their responses which may affect the validity of the study. The researcher, therefore, assured the respondents that their responses were used only for the purposes of the study, and that their identities would be treated with utmost confidentiality. Time may a limitation in that the researcher may not be in a position to adequately address all issue in relation to the study and will thus work within the allocated time.

Relevant resources to use during the study may be a limitation since not much has been researched on use of BSC in many organizations in Kenya and other countries.

1.9. Basic Assumptions of the Study

The researcher assumed that the respondents would be cooperative enough to give the required information of the study. The researcher also assumed that all information collected from respondents would be true in relation to BSC in the organization and will give a clear and true picture.

The researcher further assumed that external factors like conflict would not arise as this would affect the process of data collection and hence the completion of the project.

Finally, the researcher assumed that the respondents would have adequate knowledge on the problem under investigation, and the variables of the study.

1.10. Definition of Significant Terms

Effectiveness of balanced scorecard: this refers to the ability of a public organization to use the blanced scorecard to achieve its stated goals and objectives

Performance of public sector organization: refers to organization's aptitude to obtain and exploit resources to meet its set firm objectives. Organization performance is a display which measures how well an initiative attains their goals. To measure firm performance, the firms' competencies and accomplishment of the set goals is assessed

Balanced score card: refers to a performance metric used in strategic management to identify and improve various internal functions of a business and their resulting external outcomes

Market Share: is the percentage of an industry or market's total sales that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period.

Customer Satisfaction: refers to a metric used to quantify the degree to which a customer is happy with a product, service, or experience.

Customer Retention: refers to the ability of a company or product to retain its customers over some specified period. High customer retention means customers of the product or business tend to return to, continue to buy or in some other way not defect to another product or business, or to non-use entirely

1.11. Organization of the Study

This study is organized into five chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand, chapter two reviews the literature based on the objectives of the study. It further looks at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally the operational definition of variables. Chapter four presents analysis and findings of the study as set out in the research methodology. The study closes with chapter five which presents the discussions, conclusion, and recommendations for action and further research.

CHAPTER TWO:

LITERATURE REVIEW

2.1 Introduction

This chapter examinedvarious literature and theory about the balanced scorecard. More specifically it reviews the theoretical foundations of the balanced scorecard, the effectiveness, challenges and if it a worthwhile tool for performance management. Additionally, the study reviews past studies, theses, journal articles and books.

2.2. Performance of Public Sector Organizations In Kenya

According to Griffins (2014) organizational performance refers to organization's aptitude to obtain and exploit resources to meet its set firm objectives. Organization performance is a display which measures how well an initiative attains their goals. On the other hand, Ricardo and Wade (2014) indicate that firm performance is the meeting of the set organizational goals and objectives for a given period of time which is equivalent to efficiency, effectiveness and economy, quality, consistent behavior and normative measures. Measuring firm performance can also be achieved using the balanced scorecard which measures firm's learning and growth, internal business processes, financial performance and customer performance (Kaplan and Norton, 2013).

The triple bottom line performance measurement also focuses on the corporate economic, environmental and social performance (Norman and MacDonald, 2014). Performance is a function of several factors key among them competitive strategies, but this can also be influenced by information system and supply chain management practices. The financial measure is used by organizations to determine whether strategy implementation and execution are contributing to the improvement of the bottom-line. An organization can enhance its management system using a well designed financial control system. The financial perspective emphasizes cost efficiency, that is, the ability to deliver maximum value to the customer at minimum cost and sustained stakeholder value (Gekonge, 2005). According to Al-Najjar & Kalaf (2012), financial measures convey the economic consequences for actions already taken by the organization, and focus on the profitability related measures on which the shareholders verify the profitability of their investment. Kaplan and Norton acknowledge the need for traditional data. The provision of right and timely financial data to the right person in the organization.

The learning and growth perspective puts emphasis on the organization self-improvement in the current environment of rapid technological change. The knowledge worker needs to be in continuous learning mode. The learning and growth perspective of the BSC enables the workforce in the organizations to acquire the necessary skills that will drive them to achieve their objectives (Chaudron, 2003). The internal business processes perspective of the BSC seeks to answer the question "to satisfy my customers, which processes must I excel in?" the metrics of this perspective to know how well their business is running. The customer perspective is about the customer value proposition. Kaplan and Norton note that the core of any business strategy is the value proposition which describes the unique mix of product, price, service, relationship, and image the company offers (Lipe & Salterio, 2002). An organization also must identify the customers and the market segment it wishes to compete in.

2.3. Effectiveness of BSC and performance of Public Sector Organizations

The Balanced Scorecard is a management tool that has become synonymous with the evolution of performance management and has the most identifiable literature of performance measurement. The Balanced Scorecard started as an operational tool designed to measure and help improve operational performance in a manufacturing organization. Since its inception by

Kaplan and Norton (1992), its scope broadened to the measurement of organizational performance. It has now developed from a measurement tool into a strategic performance management approach of which measurement is but a small part. Balanced Scorecard is a widely used term in the field but it is the most identifiable concept (Chan, 2014). However in order to study performance management the comprehensiveness of the subject must be reflected, recognizing its vertical and horizontal spread throughout organizations.

Many studies have been conducted to examine performance effects of using the BSC. These have mainly concentrated on the two basic dimensions which are: the level of use and the manner of use. Findings from studies on the levels of use (Davis & Albright, 2004) show positive and negative relationships between BSC use and performance. A possible explanation of these inconsistent findings may be the lack of control in the studies for differences in the implementation and the actual way in which the BSC is used. The findings on studies conducted on the manner of BSC use (Lipe & Salterio, 2002) confirms that there are serious differences in the way the BSC is implemented and used. As a comprehensive measurement system, the BSC affects the quality of information for decision making. When co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance. The findings suggest that the intensity or level of use affects the company performance but the quality or manner of BSC use ids key (Braam & Nijssen, 2004).

In Kenya, studies have been done on the effects of the BSC use on performance. Okaka (2012) in their study on impact of the balanced scorecard usage on performance of commercial banks found a positive impact of BSC usage on performance of commercial banks. Majority of the respondents noted that they had achieved considerably through the use of the BSC. Nyaega (2012) in his study: application of balanced scorecard in performance measurement at Essar telecom Kenya Limited, found out that Essar telecom used the BSC primarily for strategy implementation and performance measurement but due to challenges have been unable to harness the full benefits of the tool. His study further showed the benefits of the BSC outweigh the costs if implemented fully, efficiently and effectively and that it complements the financial measures of past performance with operational measures that drive future performance and growth (Kiragu, 2015).

2.4 Balanced Score Card in Market Share, Customer Satisfaction, Customer Retention and performance of Public Sector Organizations

According to Kaplan and Norton (1992), the balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization. Atarere and Oroka (2000) were of the view that the balance score card provides a representation of the organization's shared vision. The use of measurements as a language helps translate complex and frequently nebulous concepts into a more "precise" form that promotes consensus among senior executives. The balance score card communicates a holistic model that links individual efforts and accomplishments to business unit objectives while Drury (2008) is of the view that the balance scorecard philosophy creates a strategic focus by translating an organization's visions and strategies into operational objectives and performance measures for the discernable perspectives.BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement.

It translates the organization's mission and strategy into a comprehensive set of performance measures to provide the necessary framework for a strategic measurement and management system that enables companies to track short term financial results while simultaneously monitoring their progress in developing the capabilities and acquiring the intangible assets that generate growth for future financial performance (Mucheru, 2013). From the above, it can be deduced that balanced scorecard is one of the important measurement techniques because of its ability to incorporate both financial and non financial variables in measuring organizational performance. The balanced scorecard has a focus on the customer perspective and how an organization can retain the customers by achieving their maximum satisfaction.

According to Kairu et.al (2013) the customer perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction. This will result from price, quality, availability, selection, functionality, service, partnerships and brand value propositions, which will lead to increased customer acquisition and retention (Gekonge, 2005). The BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers (Kaplan & Norton, 1992). Customers‟ concerns tend to fall into four categories: time, quality, performance and service, and cost. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company (Kotler & Armstrong, 2004). Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business.

According to Horngren et.al (2012), this perspective helps managers evaluate the question, how do customers see organizations? Customer satisfaction is a top priority for long-term company success. If customers are not happy, they will not come back. Therefore, customer satisfaction is critical to achieving the company's financial goals outlined in the financial perspective of the balanced scorecard (Othman, 2014). Customers are typically concerned with four specific product or service attributes: the product's price, the product's quality, the service quality at the time of sale, and the product's delivery time (Needleman, 2003). Since each of these attributes is critical to making the customer happy, most companies have specific objectives for each of these attributes. Businesses commonly use customer perspective key performance indicators (KPIs), such as customer satisfaction ratings, to assess how they are performing on these attributes. No doubt you have filled out a customer satisfaction survey.

Because customer satisfaction is crucial, customer satisfaction ratings often determine the extent to which bonuses are granted to restaurant managers (Sim, & Hian, 2011). For example, if customer satisfaction ratings are greater than average, the KPI will be positive. If customer satisfaction ratings are lower than average, management will want to devise measures to improve customer satisfaction. Other typical customer perspective KPIs includes percentage of market share, increase in the number of customers, number of repeat customers, and rate of on-time deliveries (Kaplan and Norton, 1996). According to the balanced scorecard institute, recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs (Ittner et al. 2013). Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups (Needleman, 2003).

2.5. Balanced score card on the financial perspective and Performance of Public Sector Organizations

According to Pearce and Robinson (2000) the balanced scorecard is a set of measures directly linked to the company’s strategy. It is a management system used to align business activities to the vision statement of an organization. More realistically, a Balanced Scorecard attempts to translate the company’s vision and mission statements into action at every level of the organization. Smith (2007) defines the Balanced Scorecard as a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The Balanced Scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action. When fully deployed, the Balanced Scorecard transforms strategic planning from academic exercise into the nerve center of an enterprise. A prerequisite for implementing the Balanced Scorecard is a clear understanding of the organization’s vision and strategy (Kabiru, 2011).

Kaplan (1996) argues that the Balanced Scorecard should be used to express and communicate the strategy of a business to help align the initiatives at an individual, organizational and cross departmental levels towards achieving common long term goals. The collision between the pressure to establish long range competitive capabilities and the historical financial model led to the creation of the Balanced Scorecard (Kaplan and Norton, 1996). The Balanced Scorecard retains the traditional financial measures that tell the story of past events. Kaplan and Norton further suggest that the Balanced Scorecard maintains the financial perspective since financial measure is useful in summarizing the easily quantifiable economic consequences of actions already taken.

Financial measures indicate whether a company’s strategy implementation is contributing towards the improvement of the bottom line. Typical financial measures include profitability measures such as return on investment, return on Assets, return on capital employed and economic value added (Malina, & Selto, 2011). Today it is considered that the Balanced Scorecard is one of the most important business methodologies for measuring organizational performance and for strategic measurement. The Balanced Scorecard has enabled managers to pay attention to other important business perspectives. Kaplan and Norton (2007) noted that exclusive reliance on financial measures is inadequate in the current era of intense competition.

Organizations have to struggle to create and sustain a competitive edge to survive in the turbulent business environment. Competitive advantage emanates from investment in customers, business processes and learning and growth. The Balanced Scorecard approach therefore includes other perspectives but still considers the financial perspective important in turn bringing long term success to an organization. Niven (20103) contends that the Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system. He emphasizes that as a communication tool, the Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization. The Balanced Scorecard is a monitoring and controlling system that is used to understand and evaluate the organizational objectives.

2.6. Theoretical Framework

Several attempts can be found in literature that emphasizes the importance of successfully implementing strategy in order to improve performance of the organizations. Some of the appropriate frameworks in the literature include the BSC, Performance Prism and the Performance Pyramid. Among these, the BSC has become the widely used and researched method. This section presents the theories that form the foundations of this study. The theories include: resource-based view (RBV) theory, agency theory, and dynamic capabilities theory.

2.6.1. Resource-Based Theory

The resource based theory emphasizes the importance of firm’s resources as fundamental determinants of competitive advantage and performance **(**Milne, 2006). It takes into consideration two assumptions: one, firms within an industry may be heterogeneous with respect to the bundle of resources they control and, two; resource heterogeneity may persist over time because the resources used to implement the firm's strategies are not perfectly mobile across firms. Resource heterogeneity/ uniqueness is therefore a necessary condition for a resource bundle to contribute to a competitive advantage. The RBV theory is an efficiency-based explanation of performance differences. According to Petraf and Barney (2003), performance differentials are viewed to be derived from rent differentials attributed to resources having different levels of efficiency which enables firms to deliver greater benefits to their customers for a given cost or same benefit levels for a lower cost. In addition, the firm resources must be valuable, rare, and imperfectly imitable and substitutable.

2.6.2. The Agency Theory

Agency theory is a management approach where one individual (the agent) acts on behalf of another (the principal) and is supposed to advance the principal‘s goals (Jean et al 2002). The agent therefore advances both the principals interests and his own interests in the organization. A balance of these interests should be merged in order to arrive at the corporate objectives of the organization through the agent because he/she is in charge of the vast resources of the organization. Laffort & Martimost (2002) contends that the agency theory of strategic management is so crucial since the action chosen by a particular individual (the agent) affects not only one, but several other parties (the principals). Hence, the agents 'role in strategic formulation and the overall strategic management implementation process cannot be underestimated.

The firm is often characterized as a nexus of both explicit and implicit contracts linking the management and its different stakeholders, including workers, unions, customers, suppliers and the state among others. The Agency Theory holds the view that there should be proper synergy between the management, stakeholders and its customers in order to work towards a common goal. The Agency Theory has also been described as the central approach to managerial behavior. Ross (1987) says that the Agency Theory is used in the managerial literature as a theoretical framework for structure and managing contract, which is among the emerging issues in strategic management.

It therefore explains the behavior of principals and agents relationships in performance contracting in management. It is on this premise that the agency theory should be embraced in balanced scorecard strategy implementation where the principals should always co-operate with the agents in formulating the organization‘s mission, vision and the objectives. All that is done at the strategy formulation to strategy evaluation and control should carry the hopes, aspirations and the values of the principals, the agents and all other stakeholders of the firm.

There is general agreement that a typical Balanced Scorecard would include the following four components in some form (as shown in Fig. 1): learning and growth perspective, internal business process perspective, customer perspective, and financial perspective (Homgren, Foster, & Datar, 2000). Inherent in this model is the idea that “gains in the learning and growth perspective lead to improvements in internal business processes, which in turn lead to higher customer satisfaction and market share, and finally to superior financial performance” (Horn grenet al., 2000). Thus, the Balanced Scorecard scheme is organized and rational and identifies for employees and management the importance of each perspective as a feeder of success into the next perspective.

Figure 1: (Adapted from Robert S. Kaplan and David P. Norton, "Using the Balanced Scorecard as a Strategic Management System," Harvard Business Review (January-February 1996): 76.)

In a knowledge-worker organization, people the only repository of knowledge are the main resource and should be in a continuous learning mode. Frequently cited Balanced Scorecard measures for the learning and growth perspective emphasize employee capabilities (Kaplan and Norton.2007), information systems availability, and motivation and empowerment. Kaplan and Norton (2007) emphasize that learning includes not only training, but also mentoring, ease of communication among workers, and technological tools.

The Internal Business Process Perspective allow managers to evaluate how well their business is running, and whether products and services conform to customer requirements (the mission).These metrics must be carefully designed by those who know these processes most intimately; with firms' unique missions these cannot be developed exclusively by outside consultants. Frequently cited Balanced Scorecard measures for the internal business process perspective include the innovation process, operations process, and post sales service (Sharma, P. 2003). The Customer Perspective highlights that managers increasingly realize the importance of customer focus) and customer satisfaction in any business. Dissatisfied customers will find other suppliers who meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even if the current financial picture looks good.

In developing metrics for satisfaction, the kinds of customers and the kinds of processes needed to provide a product or service to those customers should be analyzed. Frequently cited Balanced Scorecard measures for the customer perspective include market share, customer satisfaction, and customer retention percentage (Needleman, 2003). The Financial Perspective emphasizes on timely and accurate financial data. Kaplan and Norton (2007) do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority and with the implementation of a corporate database, more of the processing can be centralized and automated. Frequently cited Balanced Scorecard measures for the financial perspective include operating income, economic value added, and return on investment.

2.7. Conceptual Framework

The Conceptual Framework gives a depiction on how the variable related to one another. The variable defined here are independent, dependent and the moderating variable. An independent variable affects and determines the effect of another variable (Mugenda and Mugenda, 2003). The independent variable includes implementation of balance score card while the dependent variable is the performance of Public Sector Organizations in Kenya.

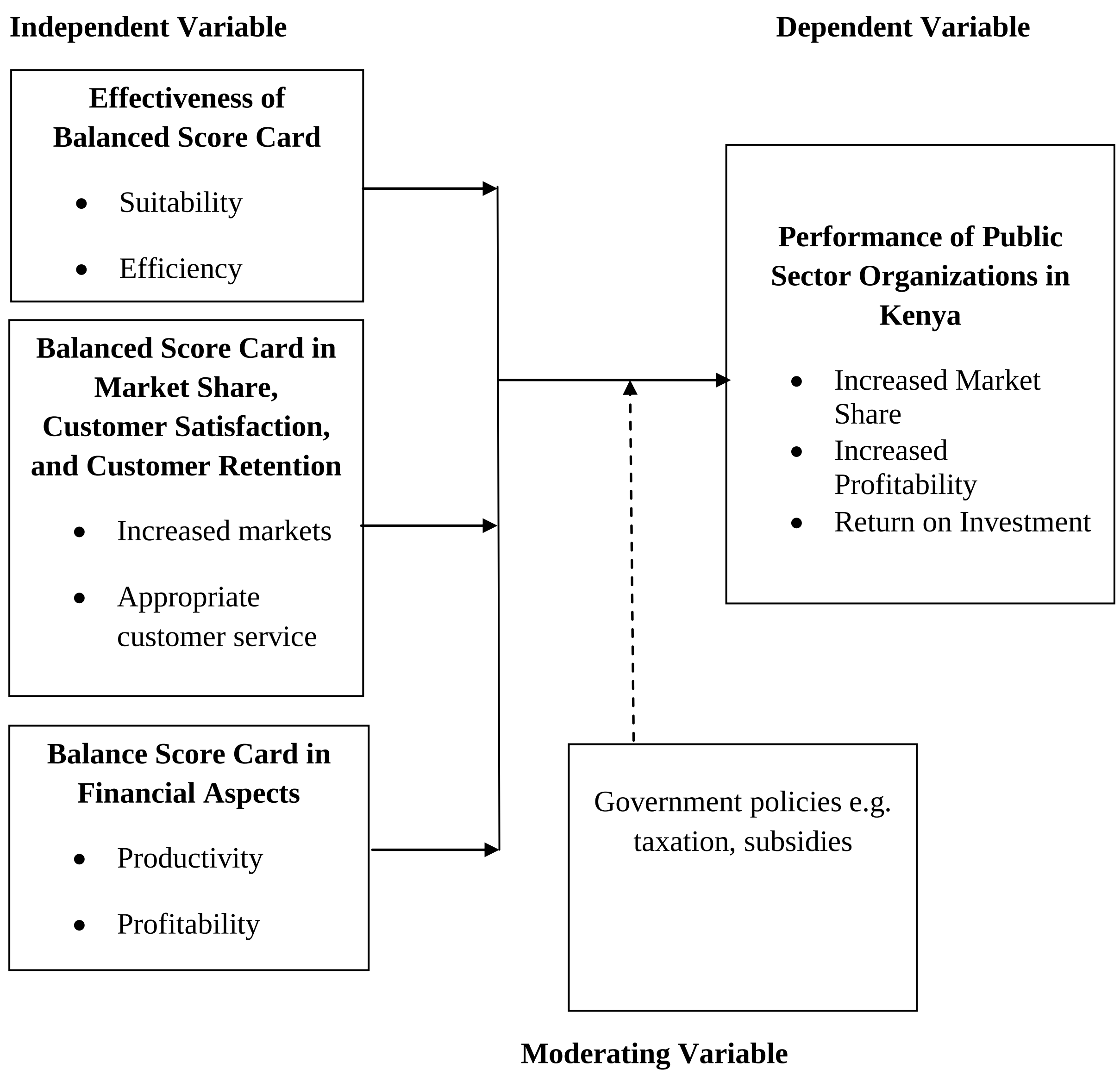

Figure 1: Conceptual Framework

2.8. Knowledge Gap

Table 2.1: Knowledge Gaps

Variable	Title and author	Methodology and Findings	Knowledge Gap
The effectiveness of balanced score card on improving performance	Okaka (2012). Impact of the balanced scorecard usage on performance of commercial banks	Found a positive impact of BSC usage on performance of commercial banks. Majority of the respondents noted that they had achieved considerably through the use of the BSC	The study focused on commercial banks and how the BSC has impacted on the performance. The study was not specific on WRMA
Influence of balanced score card on market share, customer satisfaction, and customer retention	Kairu et.al (2013). Influence of customer perspective on organization performance	The study established that the customer perspective captures the ability of the organization to provide quality goods and services, the effectiveness of their delivery, and overall customer service and satisfaction.	The study focused more on the customer perspective and not the market share bit thus creating a gap
Influence of balance score card on financial performance	Niven (20103). Role of balance score card as a communication tool on enhancing performance in organization	The study established that as a communication tool, the Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization.	The study was more on BSC being a communication toll rather than being a financial score card thus creating a gap that would be filled by the current study

2.9. Summary of Literature Review

This study leveraged on the resource-based view theory, agency theory and the dynamic capabilities theories to discuss how the company used it resources, capabilities and the balanced scorecard to influence its performance over the years. The resource based theory emphasizes the importance of firms resources as fundamental determinants of competitive advantage and performance while dynamic capabilities enable an organization to integrate, build, and reconfigure their resources and competencies therefore maintaining performance in the face of changing business environments. The Balanced Scorecard (BSC) was first introduced by Kaplan and Norton (1992) in a Harvard Business Review article. The BSC measures performance of an organization from four different perspectives: one financial and three non-financial. According to Kaplan and Norton (1996), the BSC is a strategic planning and management system used to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the research design, the target population, the sample size and sampling procedure, data collection instruments, techniques of data analysis, ethical considerations and operational definition of variables.

3.2. Research Design

This study utilized descriptive research design. The design enabled the researcher to explore the influence of the Balanced Scorecard in improving performance of Public Sector Organizations in Kenya. The reason for this choice was based on the knowledge that descriptive design are the most appropriate for examining the effects of an independent variable on a dependent variable without any manipulation. This method was appropriate for the study in that it will help in portraying the accuracy of peoples profile events and situations. A descriptive research design allowed for in-depth analysis of variables and elements of the population to be studied and as well as collection of large amounts of data in a highly economical way. It enabled generation of information about the study. This was so because the descriptive design relies much on secondary data, which helps in developing the case basing on facts, sustained by statistics and descriptive interpretations from archival materials, and data.

3.3 The Target Population

The population for this study was 300 respondents who included the top managers, middle level managers, and lower level managers who are involved in the implementation of balance scorecard and performance of Water Resources Management Authority, Kenya. The respondents included the managers at all level of the organization of the Water Resources Management Authority

Table 3.1. Target Population

Population	Frequency
Top Manager	35
Midlle level	100
Lower level	165
Total	300

Source: Water Resources Management Authority (2018)

3.4 Sample Size and sampling Procedure

This section describes the sample size, sampling technique and selection that were employed in the study.

3.4.1. Sample Size

From the possible 300-target population, stratified random sampling was employed to select a total of 90-sample population. This was 30% of the total population. Mugenda and Mugenda (2003) states that in stratified sampling where population within each strata is known, a sample of 10-30% is adequate representation for data collection.

Table 3.2. Sample Size

Population	Frequency	Sample Ratio	Sample size
Top level managers	35	0.3	11
Midlle level managers	100	0.3	30
Lower level managers	165	0.3	49
Total	**300**	**0.3**	**90**

Source: Water Resources Management Authority (2018)

3.4.2 Sampling procedure

Sampling is the process of selecting the people who will participate in a study. This process should be representative of the whole population. Sampling is hence the procedure, process or technique of choosing a sub-group from a population to participate in the study (Ogula, 2005). This study adopted the stratified sampling technique. From the possible 300 target population, stratified random sampling was employed to select a total of 90 sample population.

3.5 Research instruments

The study utilized both an a questionnaire and an interview schedule

3.5.1. Questionnaire

A questionnaire was used to collect primary data. The questionnaire comprised of questions, which sought to answer questions related to the objectives of this study. The questions entailed both closed-ended to enhance uniformity and open ended to ensure maximum data collection and generation of qualitative and quantitative data. The questionnaire was divided into two sections, the background information section and the research questions section. Furthermore, the research questions section was divided to sections according to the research objectives. The questions appeared in the order in which they were to be asked. The questions were designed so they can be administered verbatim, exactly as they are written.

3.5.2. Interview Schedule

An interview schedule is a set of questions along with their answers asked and filled in by the interviewer in a face to face meeting with interviewee (Rowley, 2012). An interview schedule is prepared with pre-coded questions to produce quick, cheap and easy qualitative data. It has two components: a set of questions designed to be asked exactly as worded, and instructions to the interviewer about how to proceed through the questions (Rowley, 2012). The questions appeared in the order in which they weree to be asked. The questions were designed so they could be administered verbatim, exactly as they are written. The researcher adopted the use of exploratory interview as a type of interview schedule. In the exploratory interview, the question areas were pre-determined but the respondents were allowed some latitude to answer in their own way and the interviewer may probe for more information in promising areas. The interview schedule assisted in making clarification where it’s possible through a questionnaire besides obtaining accurate and detailed information. Interviews provided an opportunity for a personal contact between the investigator and the respondent and it was also used for both the educated and uneducated respondents. The interview guide was for the 10 top level management.

3.6. Piloting of Instruments

Pilot testing of the tools was done immediately after training research assistants in order to make the instrument reliable. Moreover, a pilot study was done to assess the capability of the research instruments to collect required data for the research. Besides, it was essential to establish whether all the questions from the questionnaire fully understood by the targeted respondents and hence rectifications done. Piloting is important as it helps in determining the reliability of the instrument. In this research, 12 (this is 10% of the sample population which is recommended for a pilot of the instruments) respondents were chosen to contribute and were not included in the sample chosen for the study. During piloting, the researcher administered the questionnaire to a different set of respondents who were not part of the groups of sampled respondents, but similar in characteristics to those sampled for the study and who were working in various departments at the headquarter of the company. The piloting process played the important role of checking the respondents for their suitability, clarity, relevance of information and appropriateness of the language used. The piloting was done at the headquarters of the Water Resources Management Authority in Nairobi.

3.6.1. Validity of the instruments

The researcher checked the instruments for content validity. This refers to the extent to which the research instrument measures what it purports to measure (Kothari, 2004). The validity of the research questions was ascertained by consultations with the university supervisors who guided the researcher on items to be corrected. The corrections on the identified questions were incorporated in the instrument to increase validity.

3.6.2. Reliability of the instruments

Test-retest was employed to check on reliability. In this regard, test-retest was employed to check on reliability. This involved administering the same instruments twice to the same group of subjects, but after some time. Hence, to determine stability, a measure or test was repeated on the subject at a future date. Results were compared and correlated with the initial test to give a measure of stability. Responses obtained during the piloting were used to calculate the reliability coefficient from a correlation matrix. The reliability of the research instrument was established to be 0.813. A reliability of at least 0.70 at a=0.05 significance level of confidence is acceptable. Thus a reliability coefficient of 0.813 was appropriate and the research instruments were reliable in answering the objectives of the study.

3.7. Data Collection Procedure

The procedure for data collection started when the researcher was given a letter of approval by the university to go to the field. In addition the researcher applied for permit from NACOSTI. Using the letter of approval, a permit to conduct the study was acquired. Afterwards, the managers of the public organizations were informed of the study and hence all the relevant stakeholders were informed as well. In addition the researcher trained the research assistants on how the study was to be done. This was through provision of guidelines that elaborate more on how data collection will be done. The research assistants were also trained on the criteria of collecting data from the respondents. The training was conducted before the actual data collection and after data collection which was aimed at guiding them on how to sort out data ready for analysis. The drop and pick method was used where the research assistants delivered the questionnaire and interviews to the respondents and picked them when completed. The data collection took two weeks.

3.8 Data Analysis Technique

The study generated both qualitative and quantitative data. Descriptive statistics data analysis method was applied to analyze both quantitative and qualitative data. Information obtained from the questionnaires was processed through editing and coding and then entered into a computer for analysis using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 20. The software offered extensive data handling capabilities and numerous statistical analysis procedures that analysis small to very large data statistics (Bell, 2007). Descriptive statistics helped to compute measures of central tendencies and measures of variability (Bell, 2007). The analyzed findings were presented inform of frequency tables, pie charts and bar charts since they are user friendly and gives a graphical representation of the different responses given by the respondents.

3.9 Ethical considerations

To guarantee that the study meets ethical standards, the researcher obtained informed consent from participants and ensured that all participate voluntarily. The participants were allowed to pull out of the study at any time without prior notice to the researcher. In addition the researcher ensured that the information collected remained confidential, and that the respondents were not required to indicate their names on the questionnaire to ensure anonymity.

3.10 Operationalization of variables

Table 3.3 lists the definition of variables as used in the research.

Table 3.3: Operationalization of Variables

Objective	**Variable type**	**Indicator(s)**	**Data collection tool**	**Measurement scale**	**Method of Data Collection**	**Data Analysis**
To determine the effectiveness of balanced score card on improving performance of public sector organizations in Kenya: a case of water resources management authority	Independent	Financial Perspective	Questionnaire Interview guide	Nominal Ordinal	Questionnaire	Descriptive statistics such as mean and standard deviation
To determine the influence of balanced score card on market share, customer satisfaction, and customer retention of public sector organizations in Kenya: a case of water resources management authority	Independent	Customer Perspective Internal Process Perspective	Questionnaire Interview guide	Nominal Ordinal	Questionnaire	Descriptive statistics such as mean and standard deviation
To establish the influence of balance score card on financial performance of public sector organizations in Kenya: a case of water resources management authority	Independent	Learning and Growth or Innovation	Questionnaire Interview guide	Nominal Ordinal	Questionnaire /interview	Descriptive statistics such as mean and standard deviation

CHAPTER FOUR:

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the data that was found on the influence of implementation of balanced scorecard on performance of public sector organizations in Kenya: a case of water resources management authority. The research was conducted on a sample of 90 respondents to which questionnaires were administered. The chapter introduces with analysis of respondents' personal information, and then looks into the analysis of themes: effectiveness of BSC in improving performance of the WRMA, effect of the balanced score card on the financial performance at WRMA in Kenya, and the impact of balanced score sheet on market share, customer satisfaction, and customer retention. Findings from open-ended questions were presented in prose.

4.2 Questionnaire Return Rate

This part analyzes information on the questionnaires that were returned from the field. Findings on filled in questionnaires and unreturned questionnaires are presented in Table 4.3

Table 4.3. Questionnaire Return Rate

Response	Frequency	Percentage
Filled in questionnaires	65	72.2
Un returned questionnaires	25	27.8
Total Response Rate	**90**	**100**

Out of the sampled population, 65 questionnaires were returned duly filled in making a response rate of 72.2%. The response rate was representative and was adequately used to answer the research questions. According to Mugenda (2003) that a response rate above 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.3. Demographic characteristics of the respondents

The respondents' personal information included age category, educational background, length of working at Water Resources Management Authority, involvement in balance score card implementation, and gender.

4.3.1. Distribution of Respondents by Age

The study sought to establish the age of the respondents and the findings are as shown in Table 4.4

Table 4.4. Distribution of Respondents by Age

	Frequency	**Percentage (%)**
16 years and below	2	3.1
16-25 years	9	13.8
26-35 years	25	38.5
36-45 years	20	30.8
46-55 years	6	9.2
Over 55 years	3	4.6
Total	**65**	**100**

According to the findings, 25 of the respondents were between 26-35 years, 20 were 36-45 years, 9 were 18-25 years, 6 were 46-55 years, 3 were over 55 years, and 27 respondents were 18 years and below. This depicts that most of the respondents were aged enough and thus could offer high quality information because of their experience.

4.3.2. Distribution of participants by Level of Education

The respondents were requested to indicate their level of education. The findings on analysis of respondent's level of education has been presented on Table 4.5

Table 4.5. Distribution of participants by Level of Education

	Frequency	**Percentage (%)**
Primary level	0	0
Secondary level	2	3.1
Diploma	7	10.8
Bachelor degree	40	61.5
Master degree	10	15.4
PhD degree	6	9.2
Total	**65**	**100**

From the findings, majority (40) of the respondents had bachelor's degree level of education, 10 had master degree, 7 had diploma, 6 had PhD degree while 2 had secondary level. This implies that respondents were well knowledgeable and hence higher chances of getting reliable data.in addition the higher levels of education ensured that the employees worked to their qualification improving the performance.

4.3.3. Duration of working at Water Resources Management Authority

The study also sought to establish how long respondents had worked at Water Resources Management Authority. The findings are as shown in Table 4.6.

Table 4.6. Duration of working at Water Resources Management Authority

	Frequency	Percentage (%)
Less than a year	3	4.6
between 1-5 years	20	30.8
between 5-10 years	35	53.8
over 10 years	7	10.8
Total	**65**	**100**

Based on the findings, 35 of the respondents had worked at Water Resources Management Authority for a duration between 5-10 years, 20 of the respondents indicated between 1-5 years, 7 of the respondents indicated over 10 years, while 3 of the respondents indicated less than a year. This illustrates that the most of the respondents had worked in the organization for a sizeable duration to understand the issues to do with balance score card.

4.3.4. Involvement in Balance Score Card Implementation

The study also sought to establish whether the respondents were involved in implementation of balance score card at Water Resources Management Authority. The findings are as shown in Table 4.7.

Table 4.7. Involvement in Balance Score Card Implementation

	Frequency	Percentage (%)
Yes	15	23.1
No	50	76.9
Total	**65**	**100.0**

From the findings, majority (50) of the respondents were not involved in balance score card implementation while 15 were involved as departmental heads. This implies that the respondents were not involved in balance score card implementation but only a few who were head of the departments.

4.3.5. Distribution of Respondents by Gender

The respondents were requested to indicate their gender. Accordingly, the findings are as presented in the Table 4.8.

Table 4.8. Distribution of Respondents by Gender

	Frequency	Percentage (%)
Male	48	73.8
Female	17	26.2
Total	**65**	**100.0**

From the findings, majority (48) of the respondents were male and 17 of the respondents were female. This implies that even though most of the responses emanated from males there was gender balance.

4.4. Effectiveness of BSC in Improving Performance of the WRMA

This section presents findings on effectiveness of BSC in improving performance of the WRMA which are presented in the subsequent section.

4.4.1. BSC effectiveness and Performance of the WRMA

The respondents were requested to indicate whether BSC effectiveness influence the performance of the WRMA. The findings are show in table 4.9

Table 4.9 BSC effectiveness and Performance of the WRMA

	Frequency	**Percentage (%)**
Yes	48	73.8
No	17	26.2
Total	**65**	100%

From the majority (48) of the respondents indicated that BSC effectiveness influence the performance of the WRMA while 17 were of contrary opinion. This depicts that BSC effectiveness influence the performance of the WRMA.

4.4.2. Extent of agreement on Effectiveness of BSC in Improving Performance

The respondents were requested to indicate the extent to which they agree with statements on effectiveness of BSC in improving performance of the WRMA. The responses were placed on a five likert scale where 1=No Extent, 2=Low Extent, 3=Moderate Extent, 4=Great Extent, and 5=Very Great Extent. The findings are shown in the table 4.10

Table 4.10. Extent of agreement on Effectiveness of BSC in Improving Performance

Statements	**N**	**Mean**	**Std Dev.**
BSC affects the quality of information for decision making.	65	3.61	0.1569
When BSC is co-aligned carefully to corporate strategy, it helps a company’s strategic focus and increases performance of an organization’s strategy.	65	3.99	0.2378
BSC can provide managers with the tools they need to compete in the future and executives the ability to monitor the effectiveness.	65	3.78	0.1872
BSC allows an organization to take their mission and strategy; then translate them into a set of performance measures that provide the foundation for a strategic management system.	65	3.57	0.1920
Balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective.	65	3.70	0.1389
BSC provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.	65	3.89	0.2129
Composite Results	**65**	**3.73**	**0.1826**

From the results in table 4.10 the composite mean and standard deviation is 3.73 and 0.1826 respectively which shows that overall the respondents agreed that BSC was effective in improving perfroamnce of public sector organizations. In addition from the findings the respondents indicated to a great extent that when BSC is co-aligned carefully to corporate strategy, it helps a company’s strategic focus and increases performance of an organization’s strategy (mean=3.99), followed by BSC provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results (mean=3.89), BSC can provide managers with the tools they need to compete in the future and executives the ability to monitor the effectiveness (mean=3.78), Balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the financial perspective (mean=3.7), BSC affects the quality of information for decision making (mean=3.61), BSC allows an organization to take their mission and strategy; then translate them into a set of performance measures that provide the foundation for a strategic management system (mean=3.57). this depicts that when BSC is co-aligned carefully to corporate strategy, it helps a company’s strategic focus and increases performance of an organization’s strategy.

According to the key informants the BSC affects the quality of information for decision making. When co-aligned carefully to corporate strategy, it helps a company’s strategic focus and increases performance. The key informants further stated that the Balanced Scorecard provides a powerful framework for building and communicating strategy. The business model is visualised in a strategy map which helps managers to think about cause-and-effect relationships between the different strategic objectives. The process of creating a strategy map ensures that consensus is reached over a set of interrelated strategic objectives. it means that performance outcomes as well as key enablers or drivers of future performance are identified to create a complete picture of the strategy.

4.5. The Impact of Balanced Score Sheet on Market Share, Customer Satisfaction, and Customer Retention

This section presents findings on the impact of balanced score sheet on market share, customer satisfaction, and customer retention which are presented in the subsequent section.

4.5.1. Extent of Impact of Balanced Score Sheet on Market Share, Customer Satisfaction, and Customer Retention

The respondents were requested to indicate the extent to which balanced score sheet impacts on market share, customer satisfaction, and customer retention as depicted by the following statements. The responses were placed on a five likert scale where 1=No Extent, 2=Low Extent, 3=Moderate Extent, 4=Great Extent, and 5=Very Great Extent. The findings are shown in the table 4.11

Table 4.11. Extent of Impact of Balanced Score Sheet on Market Share, Customer Satisfaction, and Customer Retention

Statements	N	Mean	Std Dev.
Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization.	65	3.82	0.8901
The balance score card communicates a holistic model that links individual efforts and accomplishments to business unit objectives.	65	3.68	0.7723
Balance scorecard philosophy creates a strategic focus by translating an organization's visions and strategies into operational objectives and performance measures.	65	3.58	0.9240
BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to	65	3.52	0.8245

customers.			
BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement.	65	3.79	0.8112
The balanced scorecard has a focus on the customer perspective and how an organization can retain the customers by achieving their maximum satisfaction.	65	3.72	0.7901
Composite Results	**65**	**3.685**	**0.8354**

From the results in table 4.11 the composite mean and standard deviation is 3.685 and 0.8354 respectively which shows that overall the respondents agreed that BSC had an influence on the market share, customer satisfaction, and customer retention of public sector organizations. In addition from the findings the respondents indicated to agreat extent that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization (mean=3.82), BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement (mean=3.79), the balanced scorecard has a focus on the customer perspective and how an organization can retain the customers by achieving their maximum satisfaction (mean=3.72), the balance score card communicates a holistic model that links individual efforts and accomplishments to business unit objectives (mean=3.68), Balance scorecard philosophy creates a strategic focus by translating an organization’s visions and strategies into operational objectives and performance measures (mean=3.58), and that BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers (mean=3.52). This depicts that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization.

According to the key informants balanced scorecard institute, recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. The KIIs further indicated that poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups

4.6. Effect of the Balanced Score Card on the Financial Performance at WRMA in Kenya

This section presents findings on effect of the balanced score card on the financial performance at WRMA in Kenya which are presented in the subsequent section.

4.6.1. Extent of Effect of Balanced Scorecard on the Financial Scorecard at WRMA

The respondents were requested to indicate the extent to which balanced scorecard influenced financial scorecard at WRMA as depicted by the following statements. The responses were placed on a five likert scale where 1=No Extent, 2=Low Extent, 3=Moderate Extent, 4=Great Extent, and 5=Very Great Extent. The findings are shown in the table 4.12

Table 4.12. Extent of Effect of Balanced Scorecard on the Financial Scorecard at WRMA

Statements	N	Mean	Std Dev.

BSC is a management system used to align business activities to the vision statement of an organization.	65	3.65	0.1834
Balanced Scorecard attempts to translate the company's vision and mission statements into action at every level of the organization.	65	4.04	0.1324
Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals.	65	4.12	0.2081
Balanced Scorecard transforms strategic planning from academic exercise into the nerve center of an enterprise.	65	3.80	0.2189
Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system.	65	3.57	0.1894
Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization.	65	3.73	0.2003
Composite Results	**65**	**3.818**	**0.1888**

From the results in table 4.12 the composite mean and standard deviation is 3.818 and 0.1888 respectively which shows that overall the respondents agreed that BSC had an influence on the financial score card of public sector organizations. In addition from the findings that respondents indicated to a great extent that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals (mean=4.12), Balanced Scorecard attempts to translate the company's vision and mission statements into action at every level of the organization (mean=4.04), Balanced Scorecard transforms strategic planning from academic exercise into the nerve center of an enterprise (mean=3.8), Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization (mean=3.73), BSC is a management system used to align business activities to the vision statement of an organization (mean=3.65), and that Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system (mean=3.57). This depicts that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals.

According to the key informants a well implemented Balanced Scorecards also help to align organisational processes such as budgeting, risk management and analytics with the strategic priorities. This will help to create a truly strategy focused organization. The key informants further stated that the Balanced Scorecard enables companies to better align their organisational structure with the strategic objectives. In order to execute a plan well, organisations need to ensure that all business units and support functions are working towards the same goals. Cascading the Balanced Scorecard into those units will help to achieve that and link strategy to operations.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents summary, discussion, conclusion and recommendations on the influence of implementation of balanced scorecard on performance of public sector organizations in Kenya: a case of water resources management authority.

5.2. Summary of findings

This section presents the summary of the findings and they are discussed in subsequent headings:

5.2.1. Effectiveness of BSC in Improving Performance of the WRMA

The study found that BSC effectiveness influence the performance of the WRMA. The study also established that when BSC is co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance of an organization's strategy. The Balanced Scorecard is a management tool that has become synonymous with the evolution of performance management and has the most identifiable literature of performance measurement.

5.2.2. Effect of the Balanced Score Card on the Financial Performance at WRMA in Kenya

The study further found that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The Balanced Scorecard as a management tool provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The Balanced Scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action.

5.2.3. The Impact of Balanced Score Sheet on Market Share, Customer Satisfaction, and Customer Retention

The study found that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization. The balance scorecard philosophy creates a strategic focus by translating an organization's visions and strategies into operational objectives and performance measures for the discernable perspectives.BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement.

5.3. Discussion

The study found that BSC effectiveness influence the performance of the WRMA. The study also established that when BSC is co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance of an organization's strategy. The findings are ins consistent with a study by Lipe & Salterio, (2002) who stated that as a comprehensive measurement system, the BSC affects the quality of information for decision making. When co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance. The findings suggest that the intensity or level of use affects the company performance but the quality or manner of BSC use ids key (Braam & Nijssen, 2004).

The study further found that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The findings are in agreement with a study by Niven (20103) who contends that the Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system that helps in alignment of the organization strategic management goals. He emphasizes that as a communication tool, the Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization. The Balanced Scorecard is a monitoring and controlling system that is used to understand and evaluate the organizational objectives.

Finally the study found that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization. The findings agrees with a study by Drury (2008) who states that the balance scorecard philosophy creates a strategic focus by translating an organization's visions and strategies into operational objectives and performance measures for the discernable perspectives.BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement. It translates the organization's mission and strategy into a comprehensive set of performance measures to provide the necessary framework for a strategic measurement and management system that enables companies to track short term financial results while simultaneously monitoring their progress in developing the capabilities and acquiring the intangible assets that generate growth for future financial performance.

5.4. Conclusion

The study concluded that BSC effectiveness influence the performance of the WRMA. The study also concluded that when BSC is co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance of an organization's strategy. The study further concluded that Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals. The study finally concluded that Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization.

5.5. Recommendations

Based on the study findings the following recommendations were made:

The study recommends all organizations should adopt balanced scorecard approach in measuring performance. This owes to the fact that while balance scorecard is an important tool of performance measurement in both financial and non-financial perspectives, a greater number of organizations public and private do not use the same.

The study recommends that the water resources management authority continuously improves on the balanced scorecard technique in order to remain relevant not only to its own operations but also to the changing macro-environmental dynamics. Some of the inadequacies of the technique have been attributed to lack of sufficient training of staff involved, in order for them to derive from the vision of the bank measures that not only reflect what their day to day work entails, but also ensure that these are SMART. To this end, it is suggested that more training of staff is required.

The study recommends that when an organization applies Balanced Scorecard, it need to take a very close look at the organization structure and evaluate if it supports the strategies. This will help individuals to do better and raise their self-esteem and motivation, resulting in job satisfaction. Other not for profit organizations will be able to understand the effects of balanced scorecard on their respective organizations and the industry as a whole and therefore will be prompted to seek appropriate ways and proactive policies and procedures to enhance the adoption and implementation of the balanced scorecard methodology in their organizations and in the industry.

5.6. Recommendation for Further Studies

The study recommends that further research should be done on the ministries and State Corporation other than private organizations. This would augment this study for whereas organization performance is similar in these organizations; little studies have been done on the same. The population of the study would be much bigger; a second study is suggested to come up with a standard acceptable utilization levels. This will provide a standard upon which such studies can be replicated.

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Appendices

Appendix I: Research Questionnaire

Dear respondent. The researcher is a student of Project Planning and Management at University of Nairobi and the research is for academic purpose only and will be treated with outmost confidentiality. The research seeks to explore the impact of the Balanced Scorecard in improving performance of Public Sector Organizations in Kenya, the case of Water Resources Management Authority. Kindly provide correct and useful data and fill appropriately as logically guided. *(This questionnaire has been provided as a word document that can be filled out in soft copy and returned via e-mail; or printed, filled out and mailed).*

Part A: General Information

1. What is your Age Category?

Below 16	[ ]	16-25	[ ]
26-35	[ ]	36-45	[ ]
46-55	[ ]	55and above	[ ]

2. What is your Educational background?

Primary school	[ ]	Secondary School	[ ]
Diploma or less	[ ]	Bachelor Degree	[ ]
Master Degree	[ ]	(PhD) Degree	[ ]

3. How long have you been working at Water Resources Management Authority?

Less than 1year [ ] Between 1 and 5years [ ]

Between 5 and 10 years [ ] Above 10 years [ ]

4. Are you involved in balance score card implementation at Water Resources Management Authority?

Yes No

If yes, please specify how____

5. What is you Gender male female

Section B: Influence of Effectiveness of Balanced Score Card on Performance of Public Sector Organizations In Kenya : a case of water resources management authority

5. Does BSC effectiveness influence the performance of the WRMA?

Yes ( ) No ( )

6. To what extent do you agree with the following statements on effectiveness of BSC in improving performance of the WRMA? Please tick your corresponding responses that are in a scale of 1 No Extent, 2 Low Extent, 3 Moderate Extent, 4 Great Extent, and 5 Very Great Extent

	Statements	**1**	**2**	**3**	**4**	**5**
1.	BSC affects the quality of information for decision making					
2.	When BSC is co-aligned carefully to corporate strategy, it helps a company's strategic focus and increases performance					
3.	BSC can provide managers with the tools they need to compete in the future and executives the ability to monitor					

4.	BSC allows an organization to take their mission and strategy; then translate them into a set of performance					
5.	Balanced scorecard approach provides a clear prescription as to what companies should measure in order to 'balance' the					
6.	BSC provides feedback around both the internal business processes and external outcomes in order to continuously					

Section C: The Impact of Balanced Score Sheet on Market Share, Customer Satisfaction, and Customer Retention

1. To what extent do the following statements depicts the impact of balanced score sheet on market share, customer satisfaction, and customer retention? Please tick your corresponding responses that are in a scale of: 1 No Extent, 2 Low Extent, 3 Moderate Extent, 4 Great Extent, and 5 Very Great Extent

	Statements	**1**	**2**	**3**	**4**	**5**
1.	Balanced scorecard is a strategic management technique for communicating and evaluating the achievement of the mission and strategy of the organization					
2.	The balance score card communicates a holistic model that links individual efforts and accomplishments to business unit objectives					
3.	Balance scorecard philosophy creates a strategic focus by translating an organization's visions					

	Statements	1	2	3	4	5
	and strategies into operational objectives and performance measures					
4.	BSC demands that managers translate their general mission statement on customer service into specific measures that reflect the factors that really matter to customers					
5.	BSC tends to reflect the necessity of a balance between the traditional financial perspective and other non-financial elements such as customers, internal business processes and innovations/improvement.					
6.	The balanced scorecard has a focus on the customer perspective and how an organization can retain the customers by achieving their maximum satisfaction					

Section D: Effect of the Balanced Score Card on the Financial Performance at WRMA in Kenya

7. To what extent do the following statements depict Effect of the balanced scorecard on the financial scorecard at WRMA? Please tick your corresponding responses that are

in a scale of: 1 No Extent, 2 Low Extent, 3 Moderate Extent, 4 Great Extent, and 5 Very Great Extent

	Statements	**1**	**2**	**3**	**4**	**5**
2.	BSC is a management system used to align business activities to the vision statement of an organization					
3.	Balanced Scorecard attempts to translate the company's vision and mission statements into action at every level of the organization					
4.	Balanced Scorecard is a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals					
5.	Balanced Scorecard transforms strategic planning from academic exercise into the nerve center of an enterprise					
6.	Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system					
7.	Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of					

	Statements	1	2	3	4	5
	the organization					

Appendix II: Interview Schedule

1. How long have you been at Water Resources Management Authority Kenya?
2. What is your role in the organisation?
3. Have you heard of Balance score sheet?
4. Has it being introduced for use in your organisation?
5. Is your Department using it?
6. How effective is it in managing performance?
7. What is its impact on financial scorecard at Water Resource Management Authority, Kenya?
8. What is its impact on market share, customer satisfaction and customer retention at the water resources management?
9. Is your organisation facing challenges in implementing utilization of balance score sheet?

10. If you agree, what are some of the challenges and strategies to ensure effective utilization of balance score sheet at Water Resource Management Authority ,Kenya?

THE END

THANK YOU