THE BALANCED SCORECARD AS A STRATEGIC IMPLEMENTATION TOOL IN NATIONAL SOCIAL SECURITY FUND

BY

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DECLARATION

This management research project is my original work and has not been presented for a degree in any university.

Signed

D61/71498/2008

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This management project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This research project is dedicated to my dear wife, Mary and daughter Joylyn who constantly encouraged me to move on the demanding course of this project. It is through your support, prayers and feel of togetherness even when I seemed not to be there for you that this achievement was possible. No words can express my feelings for your goodness and love. I will forever remain indebted to you.

To my father and brother, the late Jacob and John, who taught me the skills to forge on despite the challenges and who would have been proud of this noble achievement today.
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Last but not least, big thanks to my fellow MBA students and supervisor Awino for his guidance, support and professional advise throughout this project. May the almighty bless you abundantly.
## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>NSSF</td>
<td>National Social Security Fund</td>
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<tr>
<td>BSC</td>
<td>Balanced Scorecard</td>
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<tr>
<td>ILO</td>
<td>International labour organization</td>
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<tr>
<td>ISO</td>
<td>International Organization for Standards</td>
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<tr>
<td>HIV</td>
<td>Human Immuno Virus</td>
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<tr>
<td>PESTEL</td>
<td>Political Economical Social Technological Environmental and Legal</td>
</tr>
<tr>
<td>PSC</td>
<td>Performance Steering Committee</td>
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<tr>
<td>PSRPC</td>
<td>Public Service Reforms and Performance Contracting</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength Weakness Opportunities and Threats</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>KSF</td>
<td>Key Success Factors</td>
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<td>PIP</td>
<td>Performance Improvement Plan.</td>
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ABSTRACT

A strategy is a plan of action that shows how any organization will develop a sustainable competitive advantage with an intention of taking the organization to the next level of success. The organizational strategy is by all means affected by the environment in which the organization operates in since the environment is usually turbulent with different levels and types of turbulence requiring different strategic plan of action. According to Ansoff (1990) organizations must adapt new strategies to address new environmental conditions. Crafting a strategy is only the beginning with the most critical part being the implementation. A well formulated strategy poorly implemented will most certainly not bear fruits for the organization. For a successful strategy implementation, there is need to build the right capabilities and organizational culture. This study sought to gather information on how balanced scorecard has been used as a strategic implementation tool in NSSF. Different organizations across the globe have used different strategic implementation tools such as key performance indicators, gap analysis, core competence analysis and BSC. This research work concentrated on the balanced scorecard, a strategic planning, implementation and management tool that not only helps in aligning the organizations to their strategy but also helps in performance evaluation. The research used NSSF as a case to help dig information that revealed that there is a three year strategic plan that is reviewed as need arises. Data was collected mainly through an interview guide and later analyzed by use of content analysis which helped extract the key themes, concepts and arguments from the respondents. By using content analysis, inferences were made by systematically and objectively identifying specified characteristics. This research revealed that the organization in question have not greatly
benefited from the implementation of balanced scorecard due to a number of hurdles. One of such bottlenecks that hindered the organization from reaping the expected benefits of using the BSC was the influence from the external environment and more so the government. It was noted that if the political environment did not negatively affect decision making in NSSF, benefits such as a holistic view of the organization, improved customer service and a better tool for controlling strategic planning and implementation would have been accrued by using BSC. After data collection and analysis, a summary, conclusion and recommendations were made. The research was therefore a success.
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Major environmental shifts are now demanding a more strategic perspective from those who manage and lead organization. Organizations are globalizing in their quest for markets that will bring new opportunities for growth and prosperity. Developments in technology, especially in computing and communications, are leading to greater efficiencies, reduced costs and opportunities to launch new products and services. The nature of organizations is now more complex and sophisticated than ever before (Beardwell & Holden, 1997). Change is becoming a dominant feature of organizational life. Adaptability and flexibility are the essential characteristics for survival and success. As a result, organizations are now espousing values that will help it become competitive in the environment they operate in. In this respect, performance development is attaining strategic significance because it not only ensures the right mix of management competence to secure current competitive position but is also a means to develop management competence to enable the organization to maintain or shift its competitive position in future (Buckley & Kemp 1989).

Today's business world is characterized by stiff competition and the inevitable dynamic changes in technology, organizations and institutions are continuously striving to sustain themselves in the market. In these circumstances, there arises a need to craft better methods of sustenance, including creating a sustainable competitive advantage.
Sustainable competitive advantage consists of the moves and approaches taken by firms to attract buyers who are under pressure from other competitors, thereby improving the firm's market position. Porter (1996) competitive analysis model illustrates that the intensity of competition varies across industries and that the intensity of competition is found to be fiercest in low return industries. To survive in this market, an organization must craft strategies responsive for the driving force of competition. The solution for each firm wishing to remain in operation is to have strategies which are not only well formulated but also well implemented.

Karter (1989) argues that today's corporate giants need to learn to dance nimbly and speedily as mice if they are to survive in our increasingly competitive and rapidly changing world. Companies must be constantly alert and on their guard and keep themselves in the know about their competition intentions. Johnson, Scholes and Whittington (2006) observe that organizations exist in the context of complex political, economical, social, technological, environmental and legal environments generally referred to as PESTEL. These environments change are more complex for some organizations than others. How this affects the organization could include an understanding of historical and environmental effects as well as expected or potential changes in the environmental variables. Many of these variables will give rise to opportunities and others will exert threats to the organization or both.
Ansoff and McDonnell (1990) observe that successful environmental serving organizations are open systems and use strategies that ensure continued organizational survival in the environment. They further state that a major escalation of environmental turbulence means a change from a familiar world of marketing and production to unfamiliar world of new technologies, new customer's attitudes, new dimensions of social, control and above all unprecedented questioning of the firm's role in the society. Kay (1993) also observes that successful corporations base their strategy on an effective match between the external relationships of the organization and its own distinctive capabilities. According to Kay, the success of any organization is often based on the exploitation of the capabilities which it already enjoys and as such strategy should begin with an understanding of what distinctive capabilities are in a particular organization.

For organizations to be effective and hence successful, they should respond appropriately to changes that occur in their respective environments. Consequently they need strategies that focus on their customers and deal with the emerging environmental challenges strategically. This calls for the organization to constantly scan the environment so as to identify the trends and conditions that may eventually affect the industry and adopt them (Thompson & Strickland, 1993).
1.1.1 Strategic Management Concept

Managing activities internal to the firm is only part of the modern executive's responsibilities. The modern executives also must respond to challenges posed by the firm's immediate and remote external environments. The immediate external environments includes, competitors, suppliers, increasingly scarce resources, government resources, government agencies and their ever increasing numerous regulations and customers whose preferences often shift inexplicably. The remote external environment include economic and social conditions, political priorities and technological developments all of which must be anticipated, monitored, assessed and incorporated in decision making (Pearce & Robinson, 1997).

Strategy isn't beating the competition, it is serving customers real needs (Ohmae, 1988). Ohmae points out that the smartest strategy in war is to avoid the battle. There's no better proof of the validity of this statement than the price wars that ensue when strategy deteriorates into cost competition alone. The current battle in the telecommunication industry also illustrates that price wars simply erode the profits of all the industry players and rarely lead to sustainable competitive advantage for any one.

In a proactive article entitled Roaches outlive elephants Drucker (1991) suggests that some of the largest corporations are in trouble and may not survive the current business environments. It is therefore evident that flexibility and time to deliver may yield greater competitiveness than what used to be considered economies of scale, because economies alone no longer suffice (Rowe, Mason, Dickel, Mann & Mocker, 1994).
According to Focker (1991) meeting customers' needs is only a starting point. She insists that surpassing expectations should be the goal of every organization. She argues that for one to remain competitive there is need to anticipate customers' needs and then supply them in a value added mode. Strategy and strategic management have been looked at in different perspectives. According to Hax and Majluf (1996) strategy can be seen as a multi-dimensional concept that embraces all the critical activities of the firm, providing it with a sense of unity, direction and purpose, as well as facilitating the necessary changes induced by its environment.

There are pros and cons associated with use of participative strategic management. Some of the pros includes the enhancement of firms to prevent problems i.e. forward planning, consultative, produce best available alternatives, employee involvement in decision making leading to staff motivation, encourages cohesion hence reduce resistance to changes. On the contrary, strategic formulation is time consuming and at times disappointing especially when things do not go according to plan.

In relating a firm to its environment, Ansoff (1990) portrays strategic management as an organized and crucial approach vested on management to reposition the firm in a turbulent environment in a manner that will ensure success. He brings out the measure of an organization's capabilities against a turbulent environment. It further defines how a firm strikes a balance so as to continue operating. Strategic management involves strategic planning which can be defined as the process of developing and maintaining consistency between the organization's objectives and resources and its changing
opportunities (Robson, 1997). It therefore aims at defining and documenting an approach to dig business that leads to satisfactory profits and growth. Strategic planning turns an organization's mission into set of achievable objectives which are contained in a strategic plan. Mintzberg and Waters (1985) views strategic planning as a pattern in a stream of decisions. Strategic planning is a highly systematic step by step chronological procedure involving many different parts of the organization (Johns & Scholes 2002). Strategic planning requires involvement of all staff; sometimes some of the staff may not have the necessary experience which necessitates a learning stage which should be a continuous process. Strategic planning is analogous to top level long range planning. It covers a relatively long period and affects many parts of the organization and is applied at the highest levels. Short range planning that concentrate on formulation of functional plan is referred to as operational or tactic planning.

1.1.2 The Balanced Scorecard (BSC)

The Balanced Scorecard (BSC) is a strategic performance management framework that allows organizations to manage and measure the delivery of their strategy. The concept was initially introduced by Art Schneiderman in 1987 while working in an Analog device company but later advanced by Kaplan and Norton and has since then been voted one of the most influential business ideas of the past 75 years (Hansson, 2003). The balanced scorecard is a 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.
The BSC added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more balanced view of organizational performance. 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.

The balanced scorecard has evolved from its early use as a simple performance measurement framework to a full strategic planning and management system (Wessel, 1993). 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. The BSC was born after 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.

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. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise.
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, 2001). Like most good ideas, the concept of the Balanced scorecard is very simple. Kaplan and Norton (2001) identified four generic perspectives that cover the main strategic focus areas of a company. The idea was to use this model as a template for designing objectives and measures in each of the following perspectives.

The Financial Perspective covers the financial objectives of an organization and allows managers to track financial success and shareholder value. The Customer Perspective covers the customer objectives such as customer satisfaction, market share goals as well as product and service attributes. The Internal Process Perspective covers internal operational goals and outlines the key processes necessary to deliver the customer objectives. The Learning and Growth Perspective covers the intangible drivers of future success such as human capital, organizational capital and information capital.

1.1.3 Strategy Implementation

Strategy execution is one of the most critical components of strategic management. A strategy that is not implemented is not a strategy at all. In fact, as Bonoma (1984) observed, good execution may save poor strategy, whereas poor implementation ensures trouble or failure regardless of how appropriate the strategy has been formulated. An
astute manager will begin with the end in mind that is, he should think about implementing the strategy at the very outset of strategy development. Implementing and executing strategy entails figuring out the entire how’s i.e. the specific techniques, actions and behaviors that are needed for a smooth strategy supportive operation and then following through to get things done and deliver results. This means that at the strategic implementation phase, the core task of the manager is to help in the translation of planning work to working the plan (Thompson, Strickland & Gamble, 2007).

Prior to implementing the strategy, managers should effectively communicate to all staff about the desired change so that all staff are committed to ensuring a smooth transition; make the strategy work and meet performance targets. Management’s handling of the strategy implementation process can be considered successful if and when the company achieves the targeted strategic and financial performance and shows good progress in making its strategic vision a reality. The idea in strategic implementation is to reach a state in which everyone in the organization understands what he/she is to do and why. This is the state of mutual understanding. Although it is the only state in which implementation can be secured for an extended period of time, few organizations fully achieve it (Bourgeois & Brodwin 1984).
According to Judson (1966) the implementation phase takes about five steps which start with analyzing and planning the change. Secondly the change should be effectively communicated to staff in all ranks. Thirdly, there is need to gain acceptance of the required change in behavior. This is then followed by making the initial transition from the status quo to the new situation. Last is the consolidating the new conditions and continuing to follow up.

1.1.4 Social Security Industry in Kenya

All individuals irrespective of their origin, age, sex, social status, race etc are prone to various risks and uncertainties. In order to manage such eventualities, it is important to create an umbrella which can cushion individuals affected by such unexpected misfortunes. In Kenya such uncertainties are covered by insurance companies and investment schemes. Such an umbrella in most countries and societies is called social security scheme. Social security can be defined as the measures which a society takes to protect its members against economic and social distress occasioned by loss of income and reduction of earnings (United Nations charter report, 2000).

To contain these risks, everyone needs some form of social security guaranteed by the family, community or the society as a whole since no individual can fully guarantee his or her safety (kaushik, 1999). In Kenya the achievement of universal and affordable access to social security, reduction of income insecurity, reduction of the unequal access to opportunities, and removal of discrimination has been slow due to a number of factors such as changes in the country’s demography represented by an increase in the population of older people, spread of diseases such as HIV/AIDS and the resultant burden
on existing social security arrangements, global migration patterns resulting in a high non-national labour force, refugee crisis, changing family structures and values etc. In the words of the ILO, it requires the adoption of a comprehensive policy response (Haki Jamii Trust, 2007)

1.1.5 National Social Security Fund (NSSF)

The NSSF is a social security organization entrusted with a mandatory and voluntary contribution from workers. It was established in 1965 by an act of parliament (cap 258 of Kenyan laws) with an aim of providing financial security to Kenyan workers in their old age. Until 1998, NSSF was under the ministry of labour after which it was converted to a state corporation. The NSSF mission is to provide social security and welfare support to workers with a vision of becoming an effective and dependable social security provider to all workers.

For a long time the services and benefits of NSSF have been concentrated to those working in the formal sector. However, there is a change in focus with the body moving to offer services to those in the informal sector. Retired members who have attained the age of 55 years and above are paid lump sums by the provident scheme. It also offers withdrawal benefits to those who have attained the age of 50 years and are no longer in gainful employment. NSSF is funded by members’ contributions who currently contribute Kenya shillings 400 monthly. In addition to paying retirees and withdrawal benefits, the body also pays survivor benefits to survivors of deceased members, invalidity benefits to incapacitated members, emigrant grants to those leaving Kenya
permanently and funeral grants for a deceased member to assist in funeral arrangements (NSSF Act Cap 258).

ILO views social security provision in Kenya as highly inadequate. This is because of the low membership, with slightly over 3.2 million active members in a working population of over eight million Kenyans. National social security fund only covers 40% of the entire workforce. Its range of benefits is limited while administrative cost at 26% of total contribution which is above the recommended average of 10% (ISSA 2002). However, proposals are underway to amend the act to facilitate its conversion from a provident firm into a social insurance pension scheme so as to provide a more comprehensive social security benefits to its members. The main functional activities of NSSF includes collection of contributions, investments, payments of benefits, administration, finance and accounts (NSSF Act, Cap 258)

1.2 Research Problem

The work of management centers on what is to be managed-the organization itself. Essentially, the manager carries out different organizational functions such as planning controlling, organizing/directing and decision making. These functions are carried out on more or less simultaneously and often under considerable stress, urgency and pressure. This paper sought to address how a well implemented strategy can be evaluated using this critical tool. Rarely (if ever) will managers stop to examine which functions they are engaged in at a particular moment. Perhaps they couldn't tell even if they tried, since a specific action might touch on all four perspectives. When making decisions, managers make rational choices among alternatives (Garrison, 1991).
The researcher sought to carry out a study to establish how effectively the balanced scorecard has been used to implement strategies in NSSF. The choice of this company was triggered by the gap in knowledge in the social security industry. According to Odadi (2002) the traditional performance measures can no longer provide adequate barometer for gauging business performance not only because of the increased environment turbulence but also due to the demand of more detailed and comprehensive information on the business performance. Some of the organizations that have been out-competed and faced out of the market are as a result concentrating on the financial aspects of the business hence downplaying other critical factors such as customer satisfaction, innovation and internal processes which are crucial for business success.

The BSC provides a solution to this problem, since it is a multiple performance measure for implemented strategies. According to Armstrong and Baron (1998) it is only the large organization in the developed countries that were found to use BSC as a strategy implementation tool and hence even the few organizations which are aware of it are skeptical about implementing it hence have developed a wait and see attitude. Some of the research work done touching on this key issue include The Process And Experiences Of Implementing The BSC Technique In Stanbic Bank (Odadi 2002), Application Of BSC In Strategy Implementation At Barclays Bank Kenya (Renato 2007), A Survey of The Adoption of BSC by Selected Companies In Kenya (Kiragu 2005), Application Of BSC In The Implementation Of Strategy At Kenya Railways (Kamau 2006) and Application Of BSC In Performance Management Among Commercial Banks In Kenya (Mucheru 2008).
The researcher is not aware of any study published that has been conducted and that focus on the Effectiveness of BSC as a Strategic Management Tool in NSSF. The researcher therefore sought to collect data that helped answer the question, how effectively is the balanced scorecard used to implement strategies in National Social Security Fund? Therefore this study attempts to bridge this gap of knowledge.

1.3 Objective of Study

The objective of this study was to determine the effectiveness of the balanced scorecard in the implementation of strategies in NSSF.

1.4 Value of Study

The concept of balanced scorecard approaches an organization with a holistic view and looks at it in four or more perspectives. To embark on BSC, an organization must understand the strategic plan/vision. By analyzing the different perspectives, the balanced scorecard model helps the selected company to monitor its performance. The study of this topic adds to existing knowledge since there is not a lot of literature available relating to BSC. The study of theories also helps liberate organizations still entrenched to traditional management system to see the need of using BSC. Moreover, the findings of this research serve as an eye opener for future academicians to study aspects and other branches related to BSC.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discusses the issues that link the strategic concept and implementation of strategy. The literature review is presented in sections which begins with discussions of the strategic concept and how it is important in the implementation of strategy. This discussion builds to the idea of strategy formulation and implementation which highlights the importance of proper formulation of strategies in order to make the implementation phase a success. The balanced scorecard which is a strategic management and implementation tool is then discussed which then leads to the discussion of the link between the balanced scorecard and strategy implementation.

2.2 The Concept of Strategy

Since 1950, different scholars have approached strategy in different perspectives all of which revolve around proper decision making and implementation. Pierce and Robinson (1997) have defined strategic planning as the set of decisions and actions that result in the formulation and implementation of plans and designed to achieve a company's objective involving the long term, that are future oriented and complex. Complexity of the business environment is as a result of the ever dynamic market, taste of consumers, the market regulation by the government and trade bodies. Johnson and Scholes (2002) defines strategy as the direction and scope of an organization over a long term which achieves advantages for the organization through the configuration of its resources within a changing environment also known as strategic fit to meet the needs of the market and
fulfill stakeholders expectations. They also argue that strategy can be seen as building on or stretching an organization resource and competences to create opportunities or capitalize on them.

In order a firm to achieve its desired long and short term goals, a comprehensive assessment of both internal and external environment must be conducted. Evaluation of the opportunities leads to choice of long term objectives and operating strategies, which must be implemented, monitored, and controlled (Thompson & Strickland, 1993). Strategy can therefore be perceived as a way of finding the right position in the market and streamlining competences and resources to get the desired position (Hayes & Upton, 1998). Hayes continues to argue that sound strategy formulation and implementation will not only help a company to meet the challenges of competition but it can also enable a company to defend or attack competitors successfully. By so doing the company will survive and prosper in the current dynamic and turbulent environment.

Organizations must embark on making their strategies competitive (Porter, 1996). He asserts that competitive strategy is about being different which means deliberately choosing a different set of activities to deliver a unique mix of value. Porter argues that strategy is about competitive positions, about an organization differentiating itself in the eyes of the customer, adding value through a mix of activities different from those used by competitors. There are basically three levels of strategy; corporate level which is the highest followed by functional level or strategic business unit which emphasizes on medium and short term plans and is limited to the domain of each departments functional
responsibility. The third and lowest level is the operational strategy which deals with the day to day operational activities. The strategy that an organization implements is an attempt to match the skills and competences of the organization to the opportunities found in the external environment. Strategists should always adjust to meet environmental challenges.

For any firm to be competitive, the managers should be both efficient and effective in their operations. This would mean knowing the competitors, their products or services, their plans (strategy), when and where to compete. Firms should always aim at producing the best quality products or services at the lowest costs of operations. The key to achieving excellence in strategy is to be clear about what your strategy is and consistently communicating it at all levels. This begins with a simple, focused value proposition that is rooted deep knowledge about target markets and a realistic appraisal of your own capacities. (Nohria, Joyce & Roberson, 2003).

All organizations depend on the environment for their survival and hence have to scan the environment constantly and correctly in an effort to identify trends and conditions that could eventually affect the industry and adopt them. (Thompson & Stickland, 1993). Failure to this will lead to a strategic problem characterized by failure of the organization to achieve set targets hence affecting the customer loyalty. Response to the environment may either be operational or strategic. Generally, strategic decisions affect operational decisions. The link between overall strategic and operational aspects of the organization is important because if the operational aspects of the organization are not in line with the
strategy, then no matter how well considered the strategy is it will not succeed. It is at the operational level that real advantage can be realized (Johnson & Scholes, 2002). There is no guarantee that the successful managers of yesterday will be successful in today's liberalization, privatization and globalization filled environments. A shift in the environment can lead to inconsistency between organizations strategy, its internal capability and the environment (Gitari, 2010).

According to Ansoff and McDonnell (1990) the strategy to be implemented has to match the changes in the environment. The environment constrains the managers with the strategies to use due to turbulence within it. They continue to argue that change has been the central occupation of most managers. The turbulence comes from the unaccustomed and unfamiliar source, foreign technologies, competitors, government and the ecological changes.

2.3 Strategy Formulation and Implementation

Strategy formulation refers to the process of planning the direction for which the managers or organizational leaders would want the firm to move. Formulation of a strategy is critical since it determines whether the strategy will be properly implemented or not. Strategy implementation on the other hand refers to process of moving the plans to action. This section discusses the two in more detail.
2.3.1 Strategy Formulation

Business environment is usually highly volatile. In most cases volatility is a result of competition and changes in tastes and preferences from consumers. Firms are in most cases able to control or manage the internal environment. However, the external environment leaves the business with no option but to adapt since lack of it would compromise its survival. According to Drucker (2002) the period we are living in is one of profound transition and changes are more radical than those in earlier business times. For survival, organizations have to adapt its internal operations to reflect the external realities (Ansoff, 1988).

Strategy formulation is the development of long range plans for the effective management of environmental opportunities and threats in light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. It begins with situational analysis. The simplest way is to analyze through is SWOT analysis. This is the method to analyze the strengths and weakness in order to utilize the opportunity and to overcome the threat. SWOT is the acronym for Strength, Weakness, Opportunities and Threats. SWOT analysis illustrates how the external opportunities and threats facing a particular corporation can be matched with that company's internal strengths and weaknesses to result in four sets of possible strategic alternatives.
Mbaabu (2007) argues that external factors influence a firm’s choice of direction and action and therefore its organizational structure and internal process. These factors which constitute the environment can be divided into three interrelated subcategories; namely factors in the remote environment, industry environment and operating environment. The remote environment comprises of factors that originate beyond and usually irrespective of any single firms operating situation and include economic, political, social and technological changes. The remote environment presents firms with opportunities, threats and constraints but rarely does a single firm exert any meaningful reciprocal influence (Pearce & Robinson, 2002). He further adds that the industry environment is shaped by five forces which include; threats of entrants change in bargaining power of consumers and suppliers, threats of substitutes and jockeying among current contestants. The operating environment comprises of factors in the competitive situations that affect a firm’s success in acquiring needed resources or in profitability-marketing its goods and services.

While formulating a strategy, manages are required to do a thorough scanning of the environment in order to take advantage of the opportunities in the environment and cushion the firm against any possible threats. This is critical in making decisions such as what products to produce, where to sell, marketing strategies and technology to be applied to produce or process goods. Krajewski and Ritzman (1999) argues that a company cannot be everything to customers and must therefore choose what level of quality, cost, flexibility and delivery it will build into its products to keep its chosen market. This choice must be made during strategy formulation so that it can be integrated
with the technology, process and skill. Prior to strategy formulation, managers should carry out strategic analysis which helps in developing objectives, policies and decisions consistent with the overall strategy and coherent with other functional decisions.

2.3.2 Strategy Implementation Tools

Formulating strategies is only the beginning part of strategy implementation and execution. Strategy implementation is the process by which strategies and policies are put in to action through the development of programs. This might involve changes within the overall culture, structure and/or management system of the entire organization. Strategies are implemented through a set of programs, budgets and procedures (Ansoff, 1990). There are many tools that have been used by different organizations to not only implement their strategies but also evaluate whether the organization is achieving the goals as per plan. Some of the commonly used tools include the balanced scorecard, gap analysis, key performance indicators and conducting a SWOT analysis. This research project paper discusses BSC in details.

Once an organization has analyzed its mission, identified all its stakeholders, and defined its goals, it needs a way to measure progress towards those strategic goals. Key performance indicators (KPI/KSI) are such measures. KPIs help organizations understand how well they are performing in relation to their strategic goals and objectives. In a broad sense, KPI provides the most important performance information that enables organizations or their stakeholders to understand whether the organization is on track or not. By measuring what matters the most, KPIs serves to reduce the complex nature of
organizational performance to a smaller number of key indicators in order to make it more understandable to all stakeholders (Armstrong, 1999). Armstrong continues to argue that the main reason why we measure performance in organizations is to reduce homilies such as 'you can't manage unless you measure' or 'what gets measured gets done. He stipulates that majorly, performance is measured to help the organization learn and improve its processes, to report externally and demonstrate compliance and finally to control and monitor people. Armstrong compares the KPIs to when one goes to a doctor who measures blood pressure, cholesterol level, heart rate, body mass index etc as indicators of your health. KPIs are there to give us information which helps us to make better informed decision. It is about reducing uncertainty and it is therefore okay to use proxy indicators. According to Fowler (1990) key performance indicators differ per organization since different organizations have different goals to achieve. A school business will generally have a different goal from a manufacturing firm.

Gap analysis helps companies compare actual performance with potential performance by giving a variance range. The big question that gap analysis attempts to answer is 'where are we?' and 'where do we want to be? Gap analysis reveals areas that can be improved and helps determine, document, and approve the variance between business requirements and current capabilities. Gap analysis naturally flows from benchmarking among other assessments. To a great extent, gap analysis provides a foundation for measuring investment of time, money and human resource required to achieve a particular outcome (Wessel, 1993).
A good formulated strategy but poorly implemented is of no value to a firm. Similarly, a poorly formulated strategy well implemented will only make an organization loose to its competitors. Implementing the Balanced scorecard system company-wide should be the key to the successful realization of the strategic plan/vision.

A well implemented balanced scorecard should result in improved processes, motivated/educated employees, enhanced information systems, monitored progress and greater customer satisfaction. Implementing and executing strategy entails figuring out the entire how's-the specific techniques, actions and behaviors that are needed for a smooth strategy-supportive operation and then following through to get thing done and deliver results. The idea is to make things happen and make then happen right. Managements' handling of the strategy implementation process can be considered successful if and when the company achieves the targeted strategic and financial performance and shows good progress in making its strategic vision a reality (Thompson & Strickland, 2007).

One of the convections that has led both scholars and practitioners of strategic management is the idea that there is a distinction between strategy formulation and strategy implementation. The convection holds that the formulation of strategy is based on identification of the organization goal and the rational analysis of its external environment and internal resources and capabilities (Grant, 2000). According to Andrews (1987) it is important to thoroughly and thoughtfully examine the process of strategy implementation before embarking on the actual implementation. This is so because implementation represents a disciplined process or a logical set of connected activities that enable an organization to take a strategy and make it work.
Thompson and Strickland (2007) stipulate a step by step process through which any organization wishing to successfully implement its strategy must follow. The eight step process begins with building an organization with the right resources, capabilities and skills and then communicating the strategy to all stakeholders. Policies and procedures that facilitate the execution are then laid down and then adopting best practices which help continuous improvement in how value chain activities are performed. The necessary operating systems and information systems are then installed and reward tied directly to the achievement of strategic and financial targets and to good strategy execution. Finally, a corporate culture that promotes good strategy execution is instilled followed by exercising strong leadership to drive execution forward and achieve operating excellence as rapidly as feasible.

According to Steiner (1979) strategic plans are critical in today’s turbulent and rapidly changing environment. Organizations that successfully implement strategic plans derive benefits such as provision of framework for coordination of activities towards achieving the planned goals. Implementing strategic plans also provide a channel for effective communication within the organization and with its clients and shareholders. Strategic implementation though viewed as heavily demanding cannot be overlooked by any organization seeking to achieve its plans. Upon its success, it gives the organization its lifeline. Effective implementation of strategic plans elevates an organization performance by securing a competitive advantage in the market. Successful strategy implementation
depends on commitment from all levels of the organization and how well the organization aligns itself for the same.

David (1997) asserts that implementing the strategic plan satisfactorily requires that the plan be institutionalized. This calls for change in organizational units and hinging the focus of the whole lot of employees on results. Other forces that come in play include building organizational competence and capabilities, friendly working environment and motivating the work force to meet performance targets. Success in strategy implementation is measured by the organizations ability to meet or exceed its strategic objectives, excellence in financial performance and exclude good progress in achieving the strategic vision. This is however not an easily achievable task. In describing the magnitude and intensity of what successful strategy implementation takes David (1997) asserts that work starts at implementation.

Based on their research and consultancy work, waterman et al. (1980) argued that effective strategy implementation is essentially attending to the relationship between a number of factors generally referred to as Mckinsey's 7's model that includes the strategy formulation, organization structure, culture, people and communication, control and outcome. The conceptual framework developed by Stonich (1982), Hrebinak and Joyce (1984), Galbraith and Kazanjian (1986) and Reed and Buckley (1988) consists of explicit key implementation factors. These were the first implementation frameworks to have appeared in the field of strategic management. An analysis of these frameworks reveals important similarities among them.
The overall leadership and management of the organization determine how effective an organization strategy shall be executed. The efficiency in strategy implementation is a factor of personnel skills which is basically having the right person for the job (Tampoe & Macmillan, 2000). As David (1997) puts it, strategy implementation entails mobilizing employees and managers to turn formulated strategies to action. Strategy implementation therefore involves converting broad plans into concrete, incremental actions over a period of time. These steps need to be monitored in order to assess whether the overall strategy is on course or if changes need to be made in view of developments realized during implementation (Kerubo, 2010).

Thomson and Stickland (1990) suggest that the implementation of strategic management is primarily administrative where one ensures a fit between the chosen strategy and organization culture. Culture is seen as employee shared beliefs and values which dictate the pattern for activities and actions within the organization. Culture is an organization's strength when it eases achievements of organizational strategy with minimal cost. Besides culture, other forces come in play in influencing strategy implementation.

There are bottlenecks that may arise during strategy implementation. It is apparent that making strategy work is more difficult than strategy formulation (Hrebiniax, 2005). There are many organizational characteristics that act as challenges including structure, culture, leadership, policies, rewards and ownership of the strategy (Burnes, 2000).
2.4 Performance Evaluation and Management

The Balanced scorecard begun as a performance measurement system but has since evolved into a strategy implementation system that not only measures performance but also describes, communicates, and aligns the strategy throughout the organization. Performance management is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements. It is a process of establishing shared understanding about what is to be achieved and an approach of developing the organization in a way that it increases the probability that it will be achieved in the short and long term (Armstrong, 1999).

As a control technique, effective performance management requires standards, information and corrective action. The standard in performance evaluation is prior specification of acceptable levels of job performance. Information must be availed to measure actual job performance in comparison to standard job performance. Moreover, managers must be able to take corrective action to restore any imbalance between actual and standard performance. The standard, information and corrective action are the three elements of the management function of control. (Donnelly Jr et al., 1992). Performance management is about managing the organization. It is a natural process of management, not a system or a technique (Towler, 1990). It is also about managing within the context of the business (its internal and external environment). The context is very important hence Jones (1995) suggests that managers should manage context, not performance. Performance management is important because it translates corporate goals into
individual, team, department and divisional goals. It also helps clarify corporate goals and encourages self-management of individual performance.

Strategic performance measures monitor the implementation and effectiveness of an organization's strategies, determine the gap between actual and targeted performance and determine organization effectiveness and operational efficiency. Performance measures are developed for each of the strategic objectives. Leading and lagging measures are identified, expected targets and thresholds are established, and baseline and benchmarking data is developed. The focus on strategic objectives, which should articulate exactly what the organization is trying to accomplish, is the key to identifying truly strategic measurements.

Good performance measures help provide a way to test if our strategy is working, focus employees' attention on what matters most i.e. success, allow measurement of accomplishments, not just of the work that is performed, provide a common language for communication are explicitly defined in terms of owner, unit of measure, collection frequency, data quality, expected value(targets), and thresholds, are valid to ensure measurement of the right things and are verifiable to ensure data collection accuracy (Tampoe & Macmillan, 2000).

An effective employee evaluation process should be done when the employee and the supervisor are clear about the employee's goals, required outcomes or outputs, and how the success of the contributions will be assessed. Moreover, the goals of the best employee performance evaluations are also employee development and organizational improvement. The employee performance evaluation helps employees accomplish both
personal development and organizational goals. The act of writing down the goals takes
the employee one step closer to accomplishing them. Since goals, deliverables and
measurements are negotiated in an effective employee performance evaluation, the
employee and the supervisor are committed to achieving them. The written personal
development goals are a commitment from the organization to assist the employee to
grow in his or her career. Employee performance evaluation provides legal, ethical, and
visible evidence that employees were actively involved in understanding the requirements
of their jobs and their performance. The accompanying goal setting, performance
feedback, and documentation ensure that employees understand their required outputs.
In the event that an employee is not succeeding or improving in his job performance, the
performance evaluation documentation can be used to develop a performance
improvement plan commonly known as PIP (Galbraith & Kazanjian, 1986).

2.5 The Balanced Scorecard

As enterprise becomes increasingly complicated, more sophisticated approaches are
needed to implement strategy and measure performance. Purely financial evaluations of
performance, for example, no longer suffice in a world where intangible assets such as an
established customer base or customer loyalty determine the prospects for success of an
organization. Kaplan and Norton (1993) make a key contribution by describing and
illustrating the balanced scorecard, a multidimensional approach to measuring corporate
performance that incorporates both financial and non-financial factors. These days, many
organizations create and use scorecards as a systematic means to implement new
organizational strategy. Kaplan and Norton created the balanced scorecard to assist
businesses in moving from ideas to action, achieving long-term goals, and obtaining feedback about strategy. BSC can be defined as a strategic planning and management system used to align business activities to the vision statement of an organization (Deloitte & Touche, 1992). A Balanced scorecard approach is to take a holistic view of an organization and co-ordinate measures so that efficiencies are experienced by all departments and in a joined-up fashion. Traditional financial performance metrics provide information about a firm's past results, but are not well-suited for predicting future performance or for implementing and controlling the firm's strategic plan. By analyzing perspectives other than the financial one, managers can better translate the organization's strategy into actionable objectives and better measure how well the strategic plan is executing (Kaplan, 1996).

The Balanced scorecard is a management system that maps an organization's strategic objectives into performance metrics in four perspectives: financial, internal processes, customers, and learning and growth. These perspectives provide relevant feedback as to how well the strategic plan is executed so that adjustments can be made as necessary. In addition to measuring current performance in financial terms, the balanced scorecard evaluates the firm's efforts for future improvement using process, customer, and learning and growth metrics. The term "scorecard" signifies quantified performance measures and "balanced" signifies that the system is impartial between short-term objectives and long-term objectives, financial measures and non-financial measures, lagging indicators and leading indicators and internal performance and external performance perspectives.

The Balanced scorecard originally was conceived as an improved performance measurement system. However, it soon became evident that it could be used as a
management system to implement strategy at all levels of the organization by facilitating many diverse function such as clarifying strategy in which case it helps in the translation of strategic objectives into quantifiable measures, clarifies the management team's understanding of the strategy and helps to develop a coherent consensus. The balanced scorecard also serve to translate high level objectives into operational objectives and communicate the strategy effectively throughout the organization. Additionally it facilitates the process of planning, setting targets, and aligning strategic initiatives. Ambitious but achievable targets are set for each perspective and initiatives are developed to align efforts to reach the targets. Moreover, the BSC serves to provide a mechanism through which Strategic feedback and learning are given i.e. executives receive feedback on whether the strategy implementation is proceeding according to plan and on whether the strategy itself is successful. These functions have made the balanced scorecard an effective management system for the implementation of strategy. The Balanced scorecard has been applied successfully to private sector companies, non-profit organizations, and government agencies (Hansson, 2003).

Managers should be vigilant when implementing strategy to avoid the whole process from becoming fruitless. If care is not upheld some potential pitfalls may make the implementation a failure and include among others lack of a well-defined strategy: The Balanced scorecard relies on a well-defined strategy and an understanding of the linkages between strategic objectives and the metrics. Without this foundation, the implementation of the balanced scorecard is unlikely to be successful. Using only lagging measures in which case some managers believe that they can reap the benefits of the balanced scorecard by using a wide range of non-financial measures only. However, care should be
taken to identify not only lagging measures that describe past performance, but also leading measures that can be used to plan for future performance. Use of generic metrics is equally hazardous because it is not sufficient to copy paste and adopt the metrics used by other successful firms. Each firm should put forth efforts to identify the measures that are appropriate for its own strategy and competitive position.

2.6 The Link between BSC and Strategy Implementation

Whereas strategy is articulated in terms meaningful to top management, to be implemented it must be translated into objectives and measures that are actionable at lower levels in the organization. The Balanced scorecard can be cascaded to make the translation of strategy possible (Eisenstat, 1993).

While top level objectives may be expressed in terms of growth and profitability, these goals get translated into more concrete terms as they progress down the organization and each manager at the next lower level develops objectives and measures that support the next higher level. For example, increased profitability might get translated into lower unit cost, which then gets translated into better calibration of the equipment by the workers on the shop floor. Ultimately, achievement of scorecard objectives would be rewarded by the employee compensation system. The Balanced scorecard can be cascaded in this manner to align the strategy throughout the organization (Higgins, 1985).

Before the Balanced scorecard, some companies already used a collection of both financial and non-financial measures of critical performance indicators. However, a well-designed Balanced scorecard is different from such a system in that the four BSC perspectives form a chain of cause-and-effect relationships. For example, learning and
growth lead to better business processes that result in higher customer loyalty and thus a higher return on capital employed (ROCE). Effectively, the cause-and-effect relationships illustrate the hypothesis behind the organization's strategy. The measures reflect a chain of performance drivers that determine the effectiveness of the strategy implementation (Hickson, 2003).

The balanced scorecard highlights the processes that are most critical for achieving breakthrough performance for customers and stakeholders. Since the scorecard is a team project, it creates a shared model of the entire business to which everyone has contributed. Once all the employees understand the high level objectives and measures, they establish local objectives that support the business unit's global strategy. It becomes easier for employees to plan, develop targets, and align strategic initiatives in support of organizational goals (Drury, 2004). The BSC is customer based planning and process improvement system with a key focus on driving an organizational change process by indentifying and evaluating pertinent performance measures. BSC is therefore an integral part of the mission identification, strategy formulation and process execution.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter reviews the method of conducting research that was employed by the researcher based on the following sub thematic areas as shown in the study; research design, data collection and data analysis.

3.2 Research Design

The research design was a case study. This study utilized a descriptive case study approach to achieve the set objectives. According to Yazici (2009) a descriptive study is a process of collecting data from the members of a population in order to determine the current status of the subject under study with respect to one or more variables. This design was chosen because the objective of the study requires an in depth understanding of how BSC has been applied. Other methods of research such as survey would not have been appropriate as they tend to generalize the phenomenon being studied and therefore do not provide the required in depth investigation required in this case. Mugenda and Mugenda (1999) propose the use of a case study when an in depth investigation of an individual group, institution or phenomenon is required.

3.3 Data Collection

Data collection is the process of gathering information about a phenomenon using data collection instruments (Sekaran, 2000). Data collection was based on secondary and primary sources where primary data was obtained through the use of interview guide as
the main data collection instrument while secondary data was obtained from print media. The interview guide used was an open ended one in order to capture all the aspects of balanced scorecard in NSSF. By collecting information from line managers, departmental heads, section heads and top level managers, the effectiveness of BSC in the entire organization was to be gauged.

3.4 Data Analysis

The data collected was analyzed using content analysis of written materials drawn from personal expressions of participants. The data collected from interviews and secondary sources was then summarized according to the study theme being the effectiveness of balanced scorecard as a strategic management implementation tool in National Social Security Fund. The data was analyzed to determine its accuracy, credibility, usefulness and consistency. According to Cooper and Schindler (2011) content analysis measures the semantic content of 'what' aspect of the message. Its breadth makes it flexible and wide-ranging tool that is used as methodology or a problem specific technique.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents the analysis of the research findings guided by the objective of the study which was to determine the effectiveness of the balanced scorecard in the implementation of strategy in NSSF. The research objective was tested by use of an interview guide which was administered to the respondents as planned. The data provided was taken to be a true representation of the views of the respondents due to the independence of the study carried out from the organization.

The data which was collected was analyzed using content analysis, a technique used for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends. By use of this technique, meaning and implications were deduced from the information given by the respondents.

4.2 Strategy Implementation at NSSF

The study established that NSSF is a state corporation with a rigid structure with the board of trustees sitting at the epitome of the organization with the managing trustee acting as the chief executive officer. The parties involved in NSSF change and strategy formulation were given the title the steering committee which was found to be headed by the board of trustee and whose decisions are cascaded down to the management team then to the departmental heads who then ensures that all the staff and employee get the strategies in a realistic workable and implementable way. It was found that the responsibility of developing and improving the strategies in NSSF was the duty of the top
management of NSSF. The vision of the institution which is to be an effective and dependable social security provider to all workers is communicated through corporate strategic plan, performance contracts, seminars and trainings, publications, brochures and company web sites. The organization has a three year strategic plan 2010-2012 which is used as the policy document for strategy formulation and implementation. The operations are guided by the NSSF act which is the core guiding document.

In an elaborate manner, the different departments and indeed all staff have their goals articulated and aligned to the companywide objective. This is formalized by a detailed appraisal system which is supposed to be done quarterly and feedback given by the appraiser to the appraisee on how to help them own and achieve the objectives of the company. The appraisal system is well organized and in a bid to help realize the companywide objectives, the departmental heads are evaluated based on the results of their department's scorecards. By so doing, each of the employee irrespective of their position work towards implementing and steering the organization in the direction the board of trustee had planned.

Depending on the strategy to be implemented, NSSF sometimes engages the services of external consultants who help in trainings of the new strategy and what is expected from each employee. The consultants also have the prerogative of ensuring that communications pertaining the new strategy reaches all staffs in the intended form and time. The consultants are also tasked to make a follow up by carrying out an independent assessment in a bid to test and evaluate the success or failure of the strategy. A report is
then written and availed to the senior management who then discuss and make recommendations on how to better the implementation of the strategy. These recommendations are then published and communication sent from the top management through the different managers to ensure that the results are implemented. As a result, the overall firm's strategy is implemented by linking overall firm's objectives with individual's objectives through performance reports which are tied to the balanced scorecard. The performance development plans are inbuilt on the employee scorecard. To enhance research and strategy formulation, NSSF has a versed research planning and strategy development centre with a manager overseeing its operations.

4.3 Implementation of BSC at NSSF

From the respondents interviewed, the primary reason that led to the implementation of BSC in NSSF was the need to align the individual goals to the vision and mission of the organization. The BSC would not only help the board to implement the strategies but also help in the monitoring and evaluation of results. As a result, it was general information that the scorecard would help integrate and provide a link between long and short term strategic plans of NSSF by ensuring that the long term plans were dissolved to objectives which the short term plan would achieve thereby leading to the achievement of the long term plans.

In addition, the scorecard was introduced with the intent of ensuring that other perspectives other than the traditional financial perspectives were also considered. The result of this was the introduction of a BSC with a six fold perspective. Before the
Balanced scorecard, the company already used a collection of both financial and non-financial measures of critical performance indicators. However, a well-designed balanced scorecard is different from such a system in that the six BSC perspectives form a chain of cause-and-effect relationships. For example, learning and growth lead to better business processes that result in higher customer loyalty and thus a higher return on capital employed (ROCE). Effectively, the cause-and-effect relationships illustrate the hypothesis behind the organization’s strategy. The measures reflect a chain of performance drivers that determine the effectiveness of the strategy implementation.

These multiple perspectives would ensure that the NSSF board would have a holistic view of the organization and coordinate measures so that efficiency and effectiveness in all departments and therefore the entire organization would be achieved. Moreover, the BSC would ensure impartiality between internal and external performances. This would mean that the organization would compare its services, cost of operation, and financial results among others with those of other competing players in the industry. In this way, the organization would learn the strategies adopted by competitors and hence develop their strategies in order to ensure that they were ahead of competition.

Through trend analysis and comparisons, inferences would be made to ensure that the organization reaped the best from the market. The board had also intended that the scorecard would help highlight the lagging and leading indicators. This would mean that each of the six perspectives would be compared against a weighted average of total and hence the poorly achieved perspective would be highlighted and strategies to improve performance developed. This would ensure that the board, management and departmental
heads would continuously get feedback and hence be put to task to always ensure that for purposes of successfully achieving the objectives of each perspective, issues that needed the support and facilitation from the general managers were highlighted.

The need for a control system that would ensure that the organization operations did not move out of the track was yet another reason why the board implemented the BSC. With this in mind, elaborate performance measures would be developed through timely appraisals which would ensure that each individual goals were aligned to that of the company's objectives. Such an appraisal system would lead to employee satisfaction and basis for reward and compensation hence motivation. This idea concurs with that of Drury (2004) who argues that the BSC approach provides a solution to the need for a comprehensive framework for translating a company's strategic goal into a coherent set of performance measures by developing major goals which are then translated to a specific goal.

Each of the six perspectives were found to have a goal, measure and target that linked the objectives of each individual department to that of the overall organization. The six perspectives that were found in the balanced scorecard of NSSF are as follows. First is the finance and stewardship (financial perspectives). The use of BSC has enabled the organization to develop strategies that are geared towards achieving its financial targets. Under this perspective, each department measures its success or failure by use of a four-fold measure each with a given target as a percentage of the total. The first measure is compliance with the set budget levels. The second is cost reduction (savings), miscellaneous income (A-in A) and lastly utilization of internally allocated funds. Each
of these and in fact all other measures in the other five perspectives are assessed in a five (5) likert scale of excel, very good, good, fair and poor; numerical values were assigned as (1-1.49), (1.5-2.49), (2.5-3.49), (3.5-3.59) and (3.6-5) respectively to reflect how well each of the measures is achieved.

The second perspective is the service delivery (customer) perspective. In this perspective, the departmental heads gauge their success by looking at consumer satisfaction level, service delivery innovation, how well the service charter has been implemented, and resolution of public and complain from customers. The next perspective focuses on dynamic/qualitative indicators in which case it is the responsibility of the departmental heads to ensure there is employee satisfaction, security and safety measures, research and development, prevention of alcohol and drug abuse, gender and disability mainstreaming. This perspective generally focuses on the well being of not only the company’s employees but also those contracted and third party agents working within the NSSF premises.

NSSF has over the years been faced with leadership wrangles, lack of team work, political interference, poor organizational culture and resistance to change (Gichumbi, 2008). This has led to corruption infiltrating into the daily operations of the company. As a result, a perspective to ensure that corruption is eradicated called corruption eradication perspective is in place. The fifth perspective called non-financial indicators perspective is also in place to ensure that factors without direct link to financial matters and those not covered by the other four perspectives are not left out which would otherwise lead to the
objectives not being realized. This perspective was found to concentrate on issues such as automation, compliance with strategic plan, ISO certification, and prevention of HIV infections, statutory obligations & competency development. Lastly, there is the operations perspective which is unique to all departments and therefore focuses on issues of every specific department,

4.4 Application and Role of BSC at NSSF

Being a state owned organization, the government has in the past had a lot of involvement in how the organization is run. As a result, a lot of strategies and policies are to an extent influenced by the government of the day. Despite having an elaborate balanced scorecard, NSSF has not exhaustively benefited from the principles and perspectives of the scorecard. The implementation of the BSC slackened off after a few months of its execution as a result of many challenges some of which were beyond the control of the organizations top leadership.

4.5 Challenges faced by NSSF while implementing BSC

The balanced scorecard is critical in the integration of the strategic plan to the operations of the organization. There were several bottlenecks that were encountered by NSSF during the implementation of BSC. Some of the challenges were weighty and the top management did not have control over it. One of such and which in fact hampered the process of implementation was the government interference and hence political influence of this company by factors in the external environment. Being a state corporation, some decisions were found to be made from high offices and hence some key issues were given
as directives and hence had to be followed somehow. One such directive was the requirement for all state corporations to use performance contracts to appraise and guide strategy implementation.

Performance contracting has become a popular paradigm in the public service in Kenya in the recent past. This follows the introduction of performance contracts in the public service in the year 2003 (Prajapat, 2007). The government of Kenya through a gazette notice Performance Steering Committee (PSC) in August 2003 developed a committee to spearhead the introduction and implementation of performance contracts in the public service. In addition, an oversight body; Public Service Reforms and Performance Contracting (PSRPC) was established. This was the institutional framework through which performance contracts in the public service were going to be implemented. The president of the republic of Kenya signed a legal notice no. 9, a subsidiary legislature to the state corporations act, CAP 446 on the 10th of August 2004. The purpose of the legal notice was to provide a legal basis for the implementation of performance contracts in the state corporations and sets out the obligation, duties and responsibilities of the parties to the performance contract. Currently the Kenya government requires that all ministries and state corporation to sign performance contracts upon which their performance will be assessed against set targets at the end of every financial year.
This phenomenal lead to the dilution of the benefits that could have been accrued if NSSF had worked on ensuring that BSC worked for its success. The result of this laxity lead to BSC not being taken seriously to a point that performance contract was highly regarded in expense of BSC. Though this document had some similarity with the BSC, it would have been more beneficial if the NSSF had opted to go to the BSC way.

Another drawback encountered was lack of understanding on this critical tool as it was evidenced that only a few and especially the consultants and some managers who knew how the BSC would be used to align the individual goal to the overall corporate strategy. As Kaplan and Norton (2001) observed, having only a few individuals who clearly understand the concept of balanced scorecard could be a challenge to effective strategy, development and implementation. It was noted that some members were not able to defend and explicitly convince staff why this change was desired. This meant that their change agents were either not thoroughly equipped with skills or the culture of the organization was not favoring dissemination of information. NSSF would have reaped more benefits if the consultants had a wide consultation with the many organizations that have successfully managed to use the scorecard to implement strategy and manage performance.

Some respondents also felt that the manner in which BSC was unfolded, made it look so complex and hence there were some resistance. Due to this, some employees right from the introduction of this strategic implementation tool looked at it with lots of fear and suspicion. To many it looked like a tool that would lead to downsizing, therefore looked
at it as a way to craft their termination from service. With this kind of mentality, it was really hard for progress to be made and yet the top management was pushing the implementers to ensure that the overall organization benefited fully from the use of BSC.

Another impediment was the resource constrain that was encountered during the implementation phase. For any organization to effectively embrace change, it is important that resources be availed to support the change. For NSSF, human capital was not an available resource. It was noted that staff were required to leave their core tasks to attend trainings on how to use BSC and yet they had to remain productive to the business by ensuring that they met their targets. Some respondents felt that they were being overworked and yet the purported success from the use of BSC was not guaranteed. In addition, the process would require additional staff to help in monitoring the process, analyze data and evaluate results. With the number of staff, it was practically impossible to avail such a resource. Moreover, the cash resource was not enough to support this project. Without enough cash, materials necessary to facilitate the trainings such as printing materials were not enough. Some staff that stayed later in the office ought to be compensated and given allowances and yet there was no finance to support this.

Another factor that derailed the implementation of BSC was lack of appropriate software to support the project. For this implementation to have been successful, some software and hardware were needed to pilot this project. For any software to work effectively it should be compliant with the current technology platform, always be accessible to everyone and everywhere within the firm and easy to understand, update and
A thorough understanding of the system software was also necessary which was unavailable. The organization should have prepared well in advance to ensure that it procured the necessary support systems, then there would be fewer hurdles than was experienced. Some respondents felt that the entire concept was imposed on them since they were not involved during the development of the six perspectives of the BSC. As a result, the implementation lacked some sense of ownership from the employees. This made some staff especially in lower cadre lack sense of belonging in the whole BSC picture and hence distanced themselves from those conducting the trainings.

In addition, it was not very clear how some perspectives especially the qualitative ones would be measured. There was a general feel that since behavioral aspects could not be quantified, then the tool would lose objectivity and hence the management would subjectively use this tool. From the outlook of the document, there was no clear link between the scorecard and reward. This meant that staff motivation was low as it was expected that those meeting all the measures of the different perspectives be remunerated more greatly than those counterparts who faired less highly. Such a link was missing and therefore the staff felt that since there was no in pocket gain then there was no need to strive towards it. Some respondents also felt that some perspectives and notably the operations perspective was over emphasized in expense of the others since it was given a score of 45% which was close to half of all the other sources combined. With such a high score concentrated on one perspective, all the other five perspectives were only left with 55% to share with some as low as 5%. There was therefore no balance in the scorecard.
since the general implication according to the respondent was that concentrating on the operations perspective was more rewarding and hence overlooking all the others. This was not correct since for a balanced scorecard to be balanced, both financial & non financial, short and long term, lagging and leading indicators and external and internal performances should all be considered with equal or close to equal magnitude.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This last chapter draws conclusions and makes recommendations based on the findings of the study as was gotten from the respondents. This chapter summarizes the findings of the study in relation to the study objective which was to determine how effective the balanced scorecard has been in the implementation of strategies in NSSF. The conclusion will form the basis on which recommendations can be made. The recommendations will suggest ways NSSF can use the balanced scorecard in order to improve the strategy implementation process. This chapter also highlights the limitations of the study and makes suggestions for further research based on the gap of knowledge identified.

5.2 Summary of Findings

Data collection and the interview guide used were guided by the quest to know whether NSSF has been effective in using the BSC as a strategic implementation tool. From the analysis of the data that was collected, it was evident that right from the introductory phase of the balanced scorecard, a lot of challenges were encountered which lead to the slow implementation of the balanced scorecard as a strategy implantation tool. Some of these challenges had a lot of weight to the extent that the scorecard is not as highly regarded as should be. Major among the challenges was found to be the influence of the external environment and more so the government interference with the running of the organization. It was evidenced that some directives from the government were to be
followed which to a great extent influenced the way the decisions are made and which tool to use to implement the decision.

As a result of not effectively using the balanced scorecard the organization has not maximally been able to keep to speed with improving the internal processes among others. Other benefits that the organization would optimally get by use of this strategic implementation tool include linking strategic objectives to long term targets and better strategic planning. The Balanced scorecard provides a powerful framework for building and communicating strategy. The business model is visualized in a strategy map which forces managers to think about cause-and-effect relationships. The process of creating a strategy map ensures that consensus is reached over a set of interrelated strategic objectives. It means that performance outcomes as well as key enablers or drivers of future performance (such as the intangibles) are identified to create a complete picture of the strategy.

In addition, NSSF would have benefited more by having a better strategy communication and execution mechanism i.e. the fact that the strategy with all its interrelated objectives is mapped on one piece of paper allows companies to easily communicate strategy internally and externally. We have known for a long time that a picture is worth a thousand words. This plan on a page facilities the understanding of the strategy and helps to engage staff and external stakeholders in the delivery and review of strategy. In the end it is impossible to execute a strategy that is not understood by everybody.
Additionally NSSF would gain by having a healthier management information system since the Balanced scorecard approach forces organizations to design key performance indicators for their various strategic objectives. This ensures that companies are measuring what actually matters. Research shows that companies with a BSC approach tend to report higher quality management information and gain increasing benefits from the way this information is used to guide management and decision making. Furthermore an improved performance reporting system would benefit NSSF since companies using a Balanced scorecard approach tend to produce better performance reports than organizations without such a structured approach to performance management. Increasing needs and requirements for transparency can be met if companies create meaningful management reports and dashboards to communicate performance both internally and externally. Organizations with a balanced scorecard are able to better align their organization with the strategic objectives.

In order to execute a plan well, organizations need to ensure that all business and support units are working towards the same goals. Cascading the Balanced scorecard into those units will help to achieve that and link strategy to operations. Lastly, a well implemented balanced scorecards help to align organizational processes such as budgeting, risk management and analytics with the strategic priorities. This will help to create a truly strategy focused NSSF.

By helping the management team identify a concise set of operationally focused measures across the balanced scorecard perspective, the framework would make it easier to highlight the key information needed typically reflecting customer satisfaction and the
impact of innovation and improvement activities in addition to more typical and operational measures.

5.3 Conclusion

To some extent organizational failure or poor corporate performance is sometimes linked to poor strategic planning. However, in most cases it is not the strategy or plan that should be blamed but rather the direction chosen in the implementation of the plan and the organization's inability to keep its promise in transforming plans to action. It is therefore important for organizations to choose wisely which way to follow in the implementation of its strategies. In current times the preferred way to go for organizations is the balanced scorecard way since it looks at the entire organization in a holistic and a balanced way.

This study showed that though about six perspectives are given priority, there is still some work that needs to be done in order to realize the corporate vision. Top management support is very crucial for the implementation of the balanced scorecard. The use of this tool enables the identification of all activities that acts a s a trigger to reach established goals and to which it is therefore convenient to allocate the company's resources.
5.4 Recommendations

This study recommends that NSSF among other companies should make data available for academic researchers in order to benefit from the following factors. As discussed in the preceding chapters, all organizations are environment dependent and serving. As such, organizations should allow procedures and processes to be criticized so that better procedures can be developed. Organizations all over the world have greatly benefited by availing information to researchers. Such benefits includes cost reduction in which case researchers from external sources analyze data and give recommendations for free as compared to when the organization tasks an employee to carry out investigations and come up with a report. An internal researcher is more often than not influenced by the leadership of the organization as compared to external uninterested party. By engaging researchers, the business is able to concentrate on the core business and commit staff to more productive activities and hence company's core competencies.

By freely allowing information, the researcher becomes a change catalyst. An organization can use an outsourcing agreement as a catalyst for major step change that can not be achieved alone. This means that the researcher after coming up recommendations may help put them into practice. Moreover, NSSF among other companies may benefit by use of external knowledge service providers to supplement limited in-house capacity for product innovation which goes along way in improving the turn around time for different chores.

Based on the analyses of data and conclusion, it is recommended that to overcome the many hurdles that NSSF encountered in the implementation of balanced scorecard, the
top management ought to come up with a team who will drive to success the implementation of balanced scorecard. It is important for the management to understand that even those organizations that have successfully and effectively benefited from the use of BSC also had challenges at the introductory phase but forged on to craft ways to overcome them. For this reason, there is need to develop an elaborate system that will monitor the progress and evaluate balanced scorecard as a strategic implementation tool at all levels and thereby come up with ways to make it more beneficial to the organization.

Consultants who are well versed with this tool and who have helped other organizations succeed in using this tool should also be hired. The consultants would be preferred because they are more conversant with the challenges to expect and have ways to overcome them even before they occur. As result they will train staff in all cadres without being biased thereby making the staff more receptive as compared to if it was the managers who conducted the training. Some staff may feel as though the managers are forcing the scorecard to them if they are the ones conducting such trainings.

5.5 Limitations of the study

This research work was conducted at a time when the company was undergoing some reforms which really delayed the process of data collection. With such reforms, top management did not want a lot of information divulged and hence the researcher kept making more than the anticipated visits which took time and money. The culture of the organization was found to be very restrictive more so for non-employees to access
information. This meant that the respondents wanted data privacy and anonymity withheld which was guarantee. As a result, data collection was not as easy as expected. However, data collected from the respondents and print media was enough to justify the findings of this research work, make conclusions and recommendations.

Due to time and resource constrains, the study only concentrated views gotten from Nairobi branch and ignored contribution from respondents in other upcountry branches who probably could have a different view. In addition, this study concentrated on management views and ignored the views of the other staff in the lower cadres. Since this was only a case, the inferences made can not be generalized to fit the entire industry or generalize for all other organizations.

5.6 Suggestions for Further Studies

The researcher suggests that more studies be done to establish the applicability of multiple performance measurement tools like BSC and performance contract. The findings from such research work will serve as an eye opener for top managers in NSSF who will then evaluate which of the many options is best to help achieve corporate goals. More studies should be carried out to establish how effective the balanced scorecard has been in achieving the overall corporate goals and the challenges faced during the transition from any other strategy implementation tool to BSC.
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APPENDICES

Appendix 1: Interview Guide

1 What is your current position?

2 Which department do you work for?

3 How many employees are in your department?

Strategy and Performance Evaluation

1 Who formulates strategies in your organization?

2 Who and how is strategy communicated in your organization?

3 How do you go about implementing the strategic plans of the company in your business area?

4 What performance measure does your organization use?

5 When reporting overall organization performance does the organization report financial performance only or does it link both financial performance & non financial performance?
C Extent of Use of Balanced Scorecard in NSSF

1 How widely is the balanced scorecard used in your company?

2 For how long has your organization used the balanced scorecard? (Years)

3 Who develops the balanced scorecard in your organization?

4 In your opinion, do you think the balanced scorecard is any important in your organization?

5 How do you use the balanced scorecard to implement strategy in your organization?

6 How has the understanding of Balanced scorecard impacted your understanding of your organizations overall strategy?

7 How has the understanding of balanced scorecard helped you contribute in achieving the overall organization objective?

8 Gauging from the experiences of use of balanced scorecard in your organization, would you recommend the adoption of balanced scorecard by other organizations?
**D Challenges of Using Balanced Scorecard**

1 Has the use of balanced scorecard been effective in implementing strategic plans in your organization?

2 What factors may have hampered the process of implementing the balanced scorecard in your organization?

3 What would you recommend to be done to overcome challenges that have in the past or are currently slowing down the process of implementing balanced scorecard in your organization?
Appendex 2

The bearer of this letter is a Master of Business Administration (MBA) student of the University of Nairobi.

He/She is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you

DR. IV.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

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MBA OFFICE
P. O. Box 30197
NAIROBI
Appendix 3

LETTER OF INTRODUCTION

The respondent
NSSF LIMITED
PO BOX 30599
NAIROBI

Dear respondent,

Ref: REQUEST FOR YOUR PARTICIPATION IN DATA COLLECTION.

I am a postgraduate student at the University of Nairobi, school of business pursuing a master degree in Business Administration. In order to fulfill the degree requirement, I am undertaking a management research project on the effectiveness of balanced scorecard as a strategic implementation tool. The Balanced Scorecard is a management system that maps an organization's strategic objectives into performance measures in four perspectives: financial, internal processes, customers, and learning and growth perspectives. Your organization has been selected as a case in this study. I will be very grateful and appreciate if you found time to respond to the questions listed on the attached questionnaire as truthfully as possible. The questions are specific and wouldn't take you more than thirty minutes. Please be assured that the information that you provide will be used exclusively for academic purpose of this research project. A copy of the findings will be availed to you on request once the study is complete.

Yours faithfully
Miano Moses
MBA student
University of Nairobi

Dr. Zack Awino
Project supervisor
University of Nairobi.