

**FACTORS INFLUENCING IMPLEMENTATION OF
BALANCED SCORECARD FOR MEASURING EMPLOYEE
PERFORMANCE IN KENYA COMMERCIAL BANK
NYANZA PROVINCE, KENYA.**

BY

NYAKUNDI WYCLIFFE MONYENYI

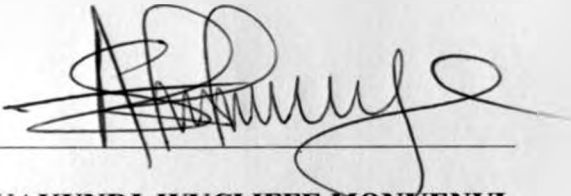
UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION

**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF
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DECLARATION

This research project report is my original work and has not been presented for the award of any degree in any other university.



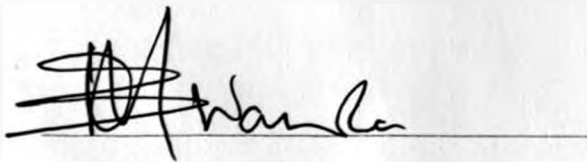
NYAKUNDI WYCLIFFE MONYENYI

I.50/72426/2008

17/09/2010

DATE

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



Dr. SAMUEL MWANDA.

Lecturer,

Department of Education, Communication and Technology,

University of Nairobi.

19/09/2010

DATE

DEDICATION

This research project report is dedicated to my father Jeremiah Nyakundi and my mother Callen Kwamboka for the foundation they laid on me to see me come this far. This project is dedicated to my daughter Laureate Kemuma, my son Lincoln Nyakundi who missed the parental love to its fullest for the period of the study and to my wife Phylis Nyanchwa for the moral, spiritual, encouragement and financial support she gave me throughout my study.

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LIST OF ABBREVIATIONS AND ACRONYMS

BSC	Balanced Scorecard.
KCB	Kenya Commercial Bank.
IT	Information Technology.
SMART	Specific, Measurable, Attainable, Realistic and Timeline.
PA	Performance Appraisal

ABSTRACT

This study sought to explore factors influencing implementation of balanced scorecard for measuring employee performance in Kenya Commercial Bank, Nyanza province, Kenya. The objectives of the study were: to establish the extent to which balanced scorecard target measurement methods influence measuring of employee performance, to examine the extent to which balanced scorecard skills possessed by employees influence measuring of employee performance, to assess the extent to which management involvement influence measuring of employee performance and to determine the extent to which performance appraisal influence measuring of employee performance. The study findings were hoped to be used by the employer to improve the effectiveness of Balanced Scorecard, to equip employees with skills required for effective BSC and give the overall current BSC practice in KCB branches. The study was conducted in Nyanza province. This included 18 KCB branches and a regional office in Kisumu. The target population was employees of KCB in Nyanza province. There were 269 employees: 54 managers, 46 supervisors, 159 clerks and 10 support staff. Descriptive survey design was used because it enabled the researcher get facts on the factors influencing implementation of balanced scorecard in Kenya Commercial Bank for measuring of employee performance from the employees as they existed during the study. The population was stratified into four strata comprising of managers, supervisors, clerks and support staff. Stratified sampling method was used to get a proportionate representative size from each stratum. The sample size selected was 159 respondents which comprised of the following: 32 managers, 27 supervisors, 94 clerks and 6 support staff. These sample size was selected from regional office and nine other branches using purposeful sampling. Structured questionnaires with open, closed and matrix questions were used to solicit information from the respondents. Collected data was analyzed using SPSS version 17.0 and descriptive statistics was used to convert data into frequencies, percentages and means which were presented in tables. The findings revealed that: most unionisable employees had worked for less than four years, not all targets were able to be measured, most measurement methods were not computerized and that employees used more than one target measurement methods to measure their BSC targets, all managers had attended training more than once while a few unionisable employees had attended BSC training once with the majority not attending at all, review of the subordinate BSC was not regular, final BSC ratings were not justified and the performance time frame was not followed. The study concluded that ability to measure all targets and the accuracy of the measurement methods influenced the BSC implementation. It also concluded that BSC skills influenced directly BSC implementation as the skills were useful in selecting SMART measures that were linked to the organization's strategy and vision. The study also concluded that management involvement influenced successful implementation of BSC as areas of weaknesses and strengths would be regularly identified. The study also concluded that failure to follow the appraisal time frame led to unjustified final rating thus influencing BSC implementation. The study recommended use of an IT system for easier measuring of targets, training of BSC skills to all employees and follow up on the use of skills acquired, review of BSC progress to be at least quarterly and performance appraisal objectives to be adhered to. However more research should be carried out to determine if BSC influenced the overall performance of organizations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Balanced scorecard was first developed in 1987 at Analog Devices in the United States according to Arthur (2006). It has been modified through time. It is now used in almost all organizations such as army, hospitals, libraries, manufacturing companies, governments and banks. It is a carefully selected set of measures derived from an organization's strategy and vision according to Niven (2002). The focus of the balanced scorecard (BSC) in Kenya Commercial Bank (KCB) is to provide a balanced way of measuring employee performance thus making them accountable for their achievement. Before the introduction of the BSC, the performance of businesses was measured using the financial parameter. This entailed measuring of profits or loss made. This measurement gave information about the past only. Unlike this traditional method, the BSC incorporates three other parameters that are non-financial in measuring performance of any given organization. These three parameters and the financial parameter form the four perspectives of the BSC namely: the financial, customer, internal business processes and learning and growth perspective. From each perspective, objectives are derived and aligned to the strategy and vision of an organization. Measures are then selected from the objectives which show what will be achieved. Targets are then set which represent how much is expected and finally the initiatives which will help achieve the targets that are set, Cobbold and Lawrie (2002).

Davies (2010) in his research on the balanced scorecard success in USA, pointed out that though balanced scorecard had achieved universal acceptance in various organizations such as government agencies, military units, business units, corporations, non-profit making organizations and schools, failure rates of up to 70% had been reported. He attributed this to poor design, implementation and maintenance processes.

Bruno (2005) in his research on performance measurement and management control in fifteen Brazilian hospitals found out that conflicts between management and other employees posed a great challenge in the implementation of balanced scorecard. However he failed to point out examples of such conflicts and their possible causes which made the researcher be interested to examine conflicts between management and other employees that affected implementation of balanced scorecard. This was supported by Brian (2010) in his article on overcoming challenges to implementation of BSC in USA who also pointed that the top management was required to be fully involved in the implementation of the BSC. He however does not explain how managers should be involved in the implementation of balanced scorecard.

Bruno further argued that most organizations lacked the correct target measurement methods to use. This necessitated the researcher to find out if target measurement methods used in KCB were accurate and efficient. Inefficient information or scattered, with no single system displaying all BSC information made information become ambiguous, tedious and may lack evidence at the end of the year when employees' performance was measured. Venkatraman and Gering (2000) in India further argued that most organizations failed to implement BSC due to selection of inappropriate or excessive measures by individuals in the four perspectives of the balanced scorecard.

Chirchir (2007), in her study on assessment of performance appraisal tool as an effective basis for determining employee mobility in organizations found out that the appraisal system was not effective. She found that final ratings of employees did not depend on their actual performance but on the way the panel for giving final ratings felt about an individual. Problems of appraisal as pointed in her study included: halo effect, stereotyping, central tendency, constant error, incompetence, spill over, negative approach and rewarding cronies.

In KCB, balanced scorecard was introduced in 2002 to managers only and later to all other staff in 2005. Preparation of BSC in KCB started at the end of each year by the board which determined what to be achieved in the following year. Objectives are then derived specific to the strategy and vision of KCB, measures selected and targets set in the four perspectives of BSC. Targets are set for each branch and cascaded to branch managers. At the branch level, branch manager cascades objectives and targets of the branch to the departments which then set measures and targets for individuals of the department.

Monitoring and evaluation of balanced scorecards in KCB is outlined in the performance appraisal (PA). Performance appraisal is the process of assessing the performance and progress of an employee or group of employees on a given job and their potential future development according to KCB Human Resources (2008). At the end of the year each employee completed his or her balanced scorecard with the achieved targets measured against set targets to determine final ratings. The final ratings were used to reward employees with a bonus which was a given percent of the employees' annual salary as determined by the board.

1.2 Statement of the Problem

The frequency of employees dissatisfied with implementation of balanced scorecard for measuring of employee performance in KCB Nyanza province, Kenya created anxiety and loss of confidence by employees. This has led to loss of morale and lack of sufficient ownership of personal achievements. Niven (2010) in USA pointed out that employees required intensive training in order to be able to understand BSC in relation to measuring of employee performance. Training would enable selection of appropriate measures in balanced scorecard. He further argued that managers should be involved in all ways to ensure success of BSC. They should communicate the targets down to departments and individuals, allocate resources and time, coach and review balance scorecards quite often so as to monitor performance progress.

Would failure to measure targets in balanced scorecard lead to the dissatisfaction of employee performance final ratings? Irv (2007) in his article on using balanced scorecard for strategy execution in China indicated that BSC target measurement methods should measure every target and be linked to an information technology system for easier recording, tracking and data analysis for measuring of employees performance. Berkeley (2008) in his article on failure to fully explain the balanced scorecard rationale in USA argued that there were challenges that befall the appraisal process. The challenges include: following performance appraisal (PA) calendar, constituting the PA panel, discussions and justified ratings. This was supported by Chirchir (2007) in Kenya who pointed out that appraisal process in organizations was not effective. This made the researcher to establish if the same challenges were experienced in Kenya Commercial Bank.

1.3 Purpose of the Study

The purpose of the study was to examine factors influencing implementation of balanced scorecard for measuring employee performance in Kenya Commercial Bank Nyanza province, Kenya.

1.4 Objectives of the Study

The study was guided by the following objectives, to:

1. Establish the extent to which balanced scorecard target measurement methods influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya.
2. Examine the extent to which balanced scorecard skills possessed by employees influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya.

3. Assess the extent to which management involvement influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya.
4. Determine the extent to which performance appraisal influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya.

1.5 Research Questions

The study was guided by the following research questions:

1. To what extent does balanced scorecard target measurement methods influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya?
2. To what extent do balanced scorecard skills possessed by employees influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya?
3. To what extent does management involvement influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya?
4. To what extent does performance appraisal influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya?

1.6 Significance of the Study

It is hoped that the findings of the study may be useful to managers and supervisors of KCB on their central and integral role of leading their employees towards better performance management thus attain organization's goals. The study findings are hoped to be useful in equipping employees and the employer with skills on the ways to monitor and evaluate performance in order to achieve the organizations' goals. It is also hoped that the study may help employers come up with better ways of appraising their employees.

The study may contribute to the understanding of the current situation and practice of employees at different units of KCB in the realization of KCB strategy through the execution of balanced scorecard. The study may also be important to other organizations that have introduced the balanced scorecard to evaluate their execution progress.

1.7 Basic Assumptions of the Study

In carrying out this study, the following assumptions were made: That all KCB staff prepare balanced scorecards, employee performance measurement was continuous and that balanced scorecards provided all information for employee performance measurement.

1.8 Limitations of the Study

The study area was wide for the researcher to cover. The researcher used purposeful sampling to select ten branches from which the sample population was drawn. The branches selected despite having variations that were considered, at least two of them would be found along the same route which saved time and reduced the transport cost for the researcher.

It was hard to get information on the total number of KCB employees in Nyanza province. The researcher sought for the transmittal letter from Kisii extra mural centre and a research permit. With these, the researcher approached the regional office for permission to get required information, and then talked to branch managers of the selected branches on the research information required.

1.9 Delimitation of the Study

This study examined factors influencing implementation of balanced scorecard for measuring employee performance in KCB Nyanza province, Kenya. There were 18 branches and a regional office in Nyanza province with 269 employees consisting of 54 managers, 46 supervisors, 159 clerks and 10 support staff.

1.10 Definition of Significant Terms Used in the Study

Implementation refers to use of balanced scorecard to measure employee performance in Kenya Commercial Bank.

Balanced scorecard is a tool used to measure performance of an employee in Kenya Commercial Bank.

Performance refers to final ratings or results that an employee achieves at the end of the year.

Measure is a particular parameter in the balanced scorecard from where targets are derived.

Target is what an employee is expected to achieve in each measure.

Training is a process of learning how to use the balanced scorecard.

Skills are capabilities, techniques, knowledge and attitudes that employees require to effectively prepare and review their balanced scorecards.

Performance appraisal is a process of assessing the performance and progress of an employee.

Moderation panel is a team of managers and human resource representative who ensure fairness and confirmation of performance ratings of employees.

Appraisal meeting refers to a meeting where final ratings are communicated to employees after moderation panel.

Performance appraisal calendar/time frame refers to the fixed period of time in which the performance rating of employees is to follow.

Experience refers to the number of years an employee has worked in KCB.

1.11 Organization of the Study

This study was organized into five chapters. Chapter one dealt with introduction to the study. The chapter was divided into: background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, basic assumptions of the study, limitations of the study, delimitation of the study, and definition of significant terms used in the study.

Chapter two of the study dealt with the literature review. The chapter was divided into: introduction of BSC in KCB, performance management cycle in KCB, appraisal process in KCB, definition of balanced scorecard, balanced scorecard framework, origin and evolution of

balanced scorecard, advantages of balanced scorecard, factors influencing implementation of balanced scorecard, theoretical framework, conceptual framework and summary.

Chapter three dealt with the research methodology. The chapter was divided into: research design, target population, sample and sampling procedures, research instruments, piloting of instruments, reliability and validity of the instruments, data collection procedures, data analysis procedures and operationalization table.

Chapter four dealt with data analysis, presentation, interpretation and discussion of findings. The chapter was divided into: response return rate, demographic characteristics of respondents, balanced scorecard target measurement methods, balanced scorecard skills possessed by employees, management involvement in BSC implementation, performance appraisal and achievement of BSC objectives.

Chapter five dealt with the summary of the findings, conclusions and recommendations. The chapter was divided into: summary of findings, conclusions, recommendations, suggestions for further research and contribution to body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presented a review of literature that was related to the study. The literature review included the following: introduction of balanced scorecard in KCB, performance management cycle, appraisal process, definition of the balanced scorecard, balanced scorecard framework, origin and evolution of balanced scorecard, advantages of balanced scorecard, performance appraisal in Kenya Commercial Bank, factors influencing implementation of balanced scorecard, theoretical framework and conceptual framework.

2.1.1 Introduction of Balanced Scorecard in Kenya Commercial Bank

Use of balanced scorecard was relatively new in KCB having been introduced in 2002 to managers only and later in 2005 to all other staff. Preparation of BSC usually started at the end of each year by the board which came up with what was to be achieved in the following year. Objectives were derived specific to the strategy and vision, measures were selected and targets set in the four perspectives. Targets for each branch were determined and cascaded to the branch managers. At the branch level, the branch manager cascaded the objectives and targets of the branch to the departments which set measures for the individuals of the department. The measures selected should be specific, measurable, achievable, realistic and with a timeline (SMART) in relation to the strategy and vision. All employees therefore prepared their scorecards at the start of the year and work towards achieving the targets set at the end of the year.

Monitoring and evaluation of the balanced scorecards was outlined in the performance appraisal (PA) system. Performance appraisal is the process of assessing the performance and progress of an employee or group of employees on a given job and their potential future

development. It is systematic, periodic and impartial aiming to measure and constantly improve the employees' performance. In KCB the performance appraisal was divided into two distinct processes namely: performance management cycle and appraisal process.

2.1.2 Performance Management Cycle in Kenya Commercial Bank

Performance management cycle involved preparation of the bank's balanced scorecard in November and December, cascading the branch targets, preparation of individual balanced scorecard by January, mid year review in June or July, annual appraisal in January and payment of performance bonus in March. In this cycle continuous assessment, coaching and mentoring was emphasized.

2.1.3 Appraisal Process in Kenya Commercial Bank

This is the process through which employees are rated at the end of the year. It comprised four critical steps in KCB. The first step was *Self assessment* which involved each employee assessing himself/herself on the individual balanced scorecard against each target. Actual achievement was provided against each target. Based on the actual achievement, a rating was assigned and the self assessment was sent to the line manager.

The second step was *Manager assessment* where the line manager assessed the employee's performance against each target. The manager sought feedback from internal customers and supervisors to validate the employees' assessment. Assessment meeting was then held with the employee where each target is reviewed. Any difference in the manager's assessment and that of employees self assessment was discussed. The reviewed balanced scorecard was given a preliminary rating and a copy was submitted to the branch manager and another retained by the employee. Ratings were given according to the overall ratings table as shown in Table 2.1.

Table 2.1 Individual ratings

% of target achieved	Ratings against each target	Scores	Overall rating
< 90%	1	1.0 - 1.99	Unsatisfactory
90 – 95%	2	2.0 – 2.99	Partially meets
96 – 100%	3	3.0 – 3.99	Good
101 -110%	4	4.0 – 4.5	Very good
> 110%	5	4.6 – 5.0	Excellent

The third step was *Moderation panel* which consisted of the line managers, managers and a representative of human resource from the bank's head office. The panel has a task of ensuring that there was fairness in ratings, confirm that the performance ratings were based on actual achievements and ratify performance ratings. In the panel, the branch managers presented preliminary ratings which were reviewed and final ratings for each employee were assigned.

The fourth step was *Appraisal meeting* where final performance ratings were communicated to employees. Any changes were explained to employees and a development plan was drawn. In the plan, strengths and areas of improvement were discussed. It is in this development plan where action plan was drawn to enable the employee improve his/ her performance in the next year.

The overall rating was used in rewarding employees. The reward had been the performance bonus that was paid in March or April subject to the board's approval. (Adapted from KCB Human Resources, 2008.)

2.2 Definition of Balanced Scorecard

Balanced scorecard is a tool that allows an organization to translate its vision and strategy into action according to Kaplan and Norton (1996). It translates an organization's vision and strategy into a comprehensive set of performance measures that provide the framework for a strategic measurement and management system. It provides organizations with a "balanced" range of measures against which to measure performance. The balanced nature is due to inclusion of a mixture of financial and non-financial measures in the BSC. This approach drives organizational improvement towards pre-selected goals which keeps track of progress through carefully selected measures. It helps align specific business activities to the organization's strategy and vision.

For long, business has been measured by the financial parameter alone. The balanced scorecard incorporates three other indicators that are non-financial. Therefore the BSC has four perspectives namely: financial, customer, internal business processes and learning & growth perspectives.

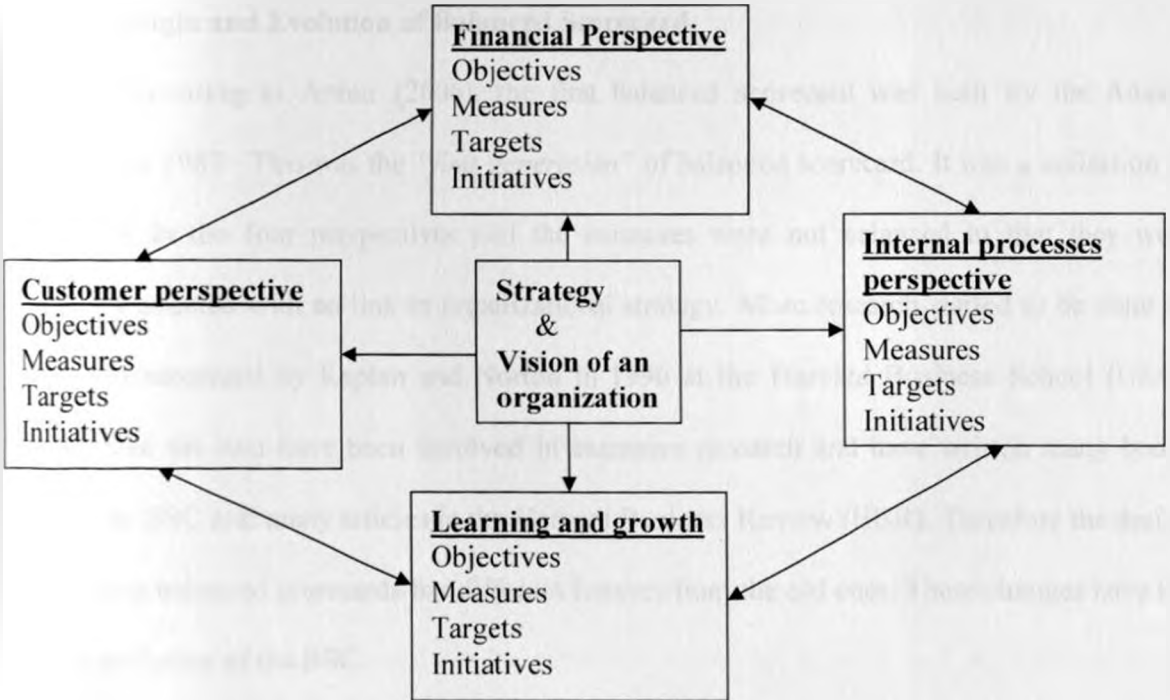
2.2.1 Balanced Scorecard Framework

The balanced scorecard framework was developed by Norton and Kaplan of Harvard Business School in United States of America. At the centre of the framework is the vision and strategy of a given organization that wants to implement BSC unlike the traditional performance measurements that had the financial perspective as the core. Vision and strategy are then translated into performance measures that can be tracked. Tracking is used to gauge the success in implementation of vision and strategy using BSC.

The financial perspective is placed at the top of the model and measures chosen here focus on profitability, revenue growth and cost reduction. *Customer perspective* is placed at the either side of the model and measures chosen here focus on an organization's performance on

the eyes of the customers. This would include measures such as: customer satisfaction, timely service, quality, accuracy etcetera. *Internal business processes* is placed opposite of the customer perspective and measures chosen here focus on business processes that customers need to excel in an organization. *Learning and growth* is placed on the lower part of the model and measures chosen here focus on human capital (employee skills, training, et cetera), information capital (access to information for example), organizational capital, the ability to change and sustain success (culture, teamwork, etcetera). This framework is represented as shown in figure 2.1.

Figure 2.1 Balanced Scorecard Framework



***Source: Kaplan and Norton (1996)**

Figure 2.1 shows how the balanced scorecard is made in an organization. An organization must come up with its strategy and vision. In each of the four perspectives, objectives are derived which are specific and linked to the vision and strategy, this is followed by selection of measures that are aimed to attain objectives. From the objectives, targets are set

which are going to be achieved and finally initiatives on how to achieve the targets are spelt out.

Cobbold and Lawrie (2002) point out that balanced scorecard has the following characteristics: a mixture of financial and non-financial measures, a limited number of measures (15-20), measures clustered into four groups called perspectives (the financial, the customer, the internal business processes and the learning and growth), measures chosen are related to specific strategic goal and measures should be chosen in a way that gains acceptance of senior managers.

2.3 Origin and Evolution of Balanced Scorecard

According to Arthur (2006), the first balanced scorecard was built by the Analog Devices in 1987. This was the "*first generation*" of balanced scorecard. It was a collection of measures in the four perspectives and the measures were not balanced in that they were arbitrary selected with no link to organizational strategy. More research started to be done on balanced scorecard by Kaplan and Norton in 1990 at the Harvard Business School (USA). Since then the two have been involved in extensive research and have written many books about the BSC and many articles in the Harvard Business Review (HBR). Therefore the design of modern balanced scorecards has different features from the old ones. These changes have led to the evolution of the BSC.

Kaplan and Norton developed the "*second generation*" balanced scorecard in 1996 after noting the shortcomings of the first generation. The second generation incorporated the cause and effect model across the perspectives. Objectives were determined before the measures were developed and the measures were from the organization's strategy. The choice of measures was more selective than in the first generation BSC because measures were linked to the strategic objectives and not arbitrary selected.

Cobbold and Lawrie (2002) present the “*third generation*” balanced scorecard. They argue that there was desire to increase confidence that the BSC accurately reflects the strategic objectives of the organization and that the linkages shown are meaningful. They further point out that the second generation assumes that the interpretation and individual understanding of the vision or mission or strategic plan was shared among all the employees of an organization. The third generation is perceived to address the purpose of balanced scorecard which is to link the strategy and alignment of the organization in order to achieve its objectives. There is more emphasis on communication of the strategy. In this generation, there is objectives development, selection of measures, targets are set and in addition destination statements are added. The destination statements explain the consequences at a particular future time of implementing the strategic objectives.

2.4 Advantages of Balanced Scorecard

Since the inception of BSC in 1987, most organizations have adopted it for them to monitor their performance progress. Pipeno (2009) in his study on competitiveness review of the benefits from the use of balanced scorecards across the range of business users, pointed out the following advantages of using balanced scorecard: promotes active formulation and implementation of organizational strategies by all employees, makes the organizational strategies to be updated due to constant monitoring, improves alignment of departmental goals and individual goals to organizational goals and strategies, establishes sufficient ownership and accountability by measuring things that employees do and it improves communication in an organization.

Paul (1998) in his study on top reasons why organizations need a performance measurement system argued that the scorecard enabled managers to identify the best practices in an organization and expand their usage elsewhere. Kaplan and Norton (1992) on their article

on measures that drive performance, argued that balanced scorecard brought “balance” because rather than focusing on the traditional financial perspective, other non-financial perspectives were also measured, it is employee centered from the learning and growth perspective which measures the employees satisfaction and capabilities which affect the employees retention rate and therefore the business profitability and productivity.

2.5 Factors Influencing Implementation of Balanced Scorecard

This section dealt with four variables that influence implementation of BSC. These variables examined were: target measurement methods, BSC skills possessed by employees, involvement of management and performance appraisal.

2.5.1 Balanced Scorecard Target Measurement Methods

Gulcin and Chris (2003) in their study on linking strategic planning to measurement and communication found out that there was no measurement method that was used to measure the intangible assets. The customer perspective and the learning and growth may not be easily measured. For instance it was hard to measure an employee’s skills, knowledge and competence though such traits were important in business productivity. This idea was supported by Bruno (2005) in his research on performance measurement and management control in 15 Brazilian hospitals who indicated that accurate indicators were available to measure financial and internal processes than for the customer and learning and growth perspectives of balanced scorecard.

Irv (2007) in his article on using balanced scorecard for strategy execution in China showed that most companies had adopted the BSC methodology. He pointed out that despite the adoption: measurement methods posed a problem to employees. Some data may not be easily available though those measuring it may have recorded them, because there was no

single method that was used making the information to be scattered. This posed a big problem as the information may be lost, not retrieved, or may not be accurate and therefore no evidence during appraisals. Employees may therefore spend a lot of time gathering information and making reports before being assessed which may be irrelevant thus affecting the successful implementation of the BSC. He further argued that there was lack of Information Technology system to record and sort the data collected for the balanced scorecard.

2.5.2 Balanced Scorecard Skills Possessed by Employees

The skills possessed by employees were vital for the success in implementing use of BSC for measuring employee performance. Kaplan and Norton (2000) in their study on strategy focused organization set out the use of between 20-25 measures in the balanced scorecard. This idea was supported by Liz and Gould (2001) who on their study on why balanced scorecards fail, argued that good metrics or measures should: have reliable authority for outcomes, have ideal value zero, be simple and easy to understand, be well documented, unambiguous, consistent, linked to an underlying data system and have a formal process for their continuous review and refinement. Employees therefore required extensive training in the BSC. Ho and Mckay (2002) examined implementation of balanced scorecard in two organizations and found that one organization was extremely satisfied with the BSC while the other found the BSC an ineffective management tool and discarded it. They found out that it was the delay in feedback and an unmanageable number of measures selected by the second organization that might have led to the organization discarding the BSC. Further, Davies (2010) in his article the balanced scorecard: a panacea or poisoned chalice found out that employees chose too many metrics that became a problem to measure. He also recommended 20-25 metrics which meant that each of the four perspectives should have 4-5 measures. This selection of relevant measures required BSC training.

Niven (2010) in his article driving focus and alignment with the scorecard found out that those organizations that trained only senior management who then went and cascaded the BSC downwards to other employees had problems. When employees are not trained they have a problem in linking the objectives and the measures to the organization's strategy and vision. He noted that such employees had difficulties in creating well defined metrics or measures that were relevant, SMART and linked to organizational strategy and vision.

2.5.3 Involvement of Management in Implementation of Balanced Scorecard

A study in linking strategic planning to measurement and communication in Bond university-Australia by Gulcin and Chris (2003) pointed out that managers should allocate resources that were enough to collect the information required for the scorecards to function effectively. They further argued that management style used to cascade the BSC to subordinates may determine a lot, the scorecard should not be imposed to individuals. Good and active communication is required in order cascade the scorecard down to the subordinates. They further pointed out that managers should be able to clarify performance measures to all staff since some of the staff may not be used to the quantitative methods. Managers needed to find time for review of the progress against targets on regular basis perhaps monthly. It is the managers who need to have all the information on the scorecard so that they can guide the other team members.

2.5.4 Performance Appraisal and Implementation of Balanced Scorecard

Assessing the performance progress of an employee is important. Berkeley (2008) in his article on failure to fully explain the rationale argued that there were challenges that befall the appraisal process which include: calendar set out is not followed, ratings are not justified, and employees fear the discussion and constitution of the appraisal panel.

According to Chirchir (2007) in her study on an assessment of performance appraisal tool as an effective basis for determining employee mobility in organizations, found out the following problems in performance appraisals: *Halo effect* which is the tendency to rate an employee consistently high or low on the basis of overall impression, *stereotyping* which involves forming mental picture of a person based on factors such as sex, religion, tribe etc, *central tendency* where average ratings are assigned in order to avoid commitment or involvement so one decides results to fit the normal curve especially to avoid questions on explaining the skewness, *constant error* in which some appraisers tend to be lenient and others strict which in turn leads to performance being overrated or underrated respectively (this can be avoided by holding meetings so that appraisers understand what is required), *incompetence* where appraisers may lack knowledge and experience on the BSC and what happens at different departments, *spill over* a situation where present performance linked to previous performance, *negative approach* which occurs when the focus of the appraisal is on punishment or disciplinary and *rewarding* in which some appraisals lack reward or there should be an expectation such as bonus, awards and salary progressions which would make the appraisers not to be objective but base their ratings on the reward that an employee is going to benefit from.

2.6 Theoretical Framework

The theory underpinning this study was the Deming wheel. This is a continuous quality improvement model consisting of a logical sequence of four repetitive steps. These steps are Plan-Do-Check-Act (PDCA). These stages are carried out in a cycle. The concept was developed by Walter Shewhart, in the Bell Laboratories in US during 1930s. It was taken up and promoted effectively from 1950s by the Quality Management guru W. Edwards Deming. The steps are shown in figure 2.2.

Figure 2.2 Deming wheel



Adopted from Deming (1986)

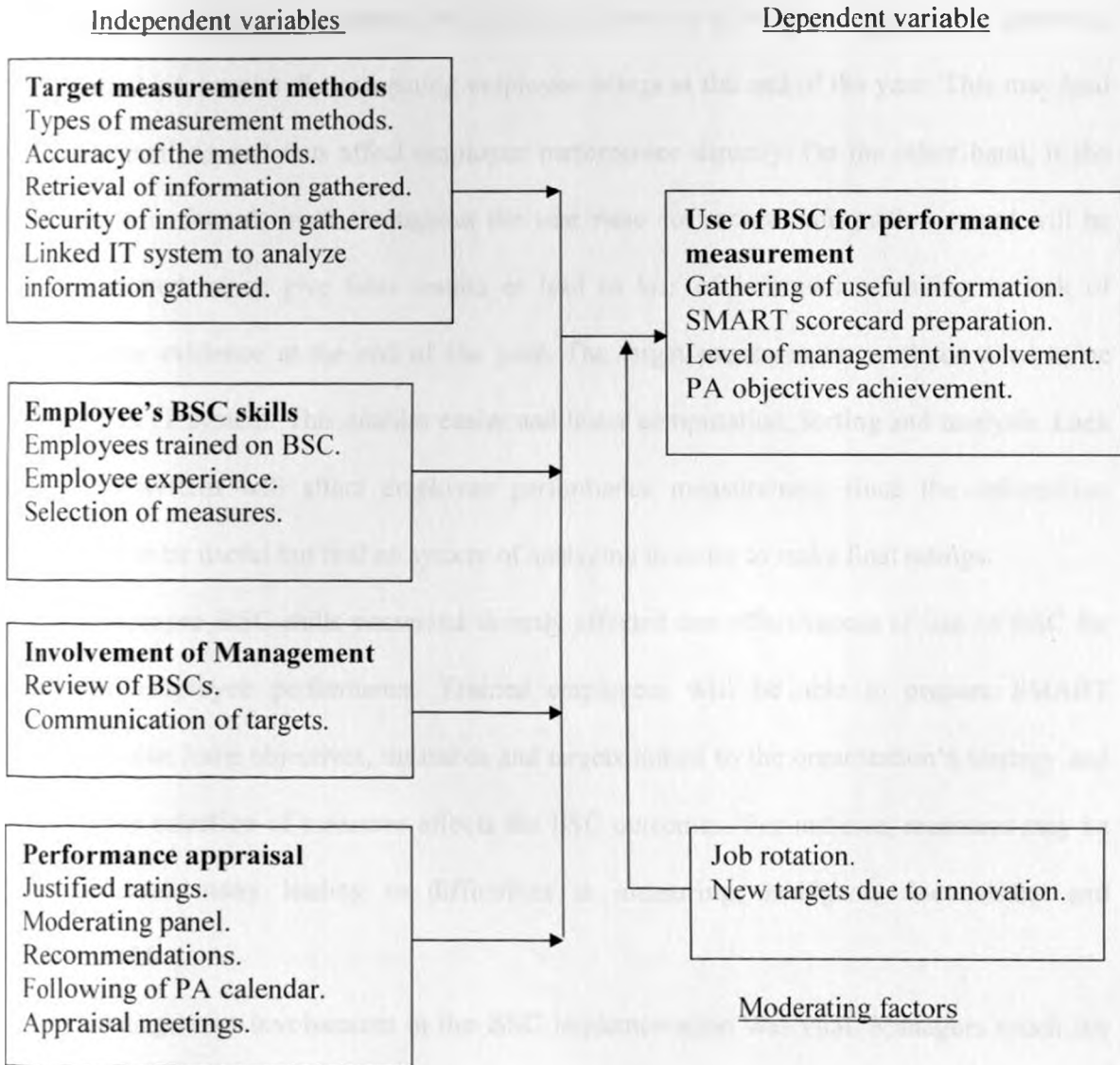
Deming emphasized the following: in the Plan stage, goals, targets and methods of attaining the goals are determined. Do stage involved training people on the new changes and implementation of the new changes. In Check stage, effects of the new changes or methodology are reviewed and progress determined. Act stage involves taking appropriate measures after review so as to progress positively.

In this study, adoption of this model was considered to lead to the effective implementation of balanced scorecard in measuring employee performance. In the Plan stage for instance, a clear strategy and vision requires to be determined, objectives, measures and targets mapped out followed by determination of methods to achieve the targets. In the Do stage, it will be required that employees are trained on the use of balanced scorecard, targets to be clearly communicated followed by implementation of the BSC. The Check stage will entail review of the performance progress regularly to check for the effects of the BSC use. The Act stage will entail the continuous improvement on the strengths and weaknesses that are established from the progress review.

2.7 Conceptual framework

The conceptual framework model on factors influencing implementation of BSC for measuring performance of employees adopted for this study is shown in figure 2.3.

Figure 2.3 Conceptual framework



The conceptual framework shows the independent factors that influence the dependent factor in this study. The target measurement methods variable was divided into five indicators. Types of measurement methods played a role in influencing the effective use of BSC for measuring employee performance. If there were many methods used in measuring targets, then

information may be scattered making it difficult in compiling which may lead to loss of some information and this eventually leads to poor performance measurement. If the target methods used were not accurate, information gathered may be inaccurate and therefore not give the correct position of an employee which may affect his or her final performance ratings. When retrieval of information consumes a lot of time, this leads to a lot of time wastage in gathering the required information for computing employee ratings at the end of the year. This may lead to approximations and thus affect employee performance directly. On the other hand, if the information or records made throughout the year were not secure, information stored will be easily distorted hence give false results or lead to loss of information leading to lack of performance evidence at the end of the year. The target measurement methods need to be linked to an IT system. This enables easier and faster computation, sorting and analysis. Lack of such a system will affect employee performance measurement since the information gathered may be useful but find no system of analyzing in order to make final ratings.

Employee BSC skills possessed directly affected the effectiveness of use of BSC for measuring employee performance. Trained employees will be able to prepare SMART scorecards that have objectives, measures and targets linked to the organization's strategy and vision. Poor selection of measures affects the BSC outcomes. For instance, measures may be irrelevant, too many leading to difficulties in measuring, ambiguous inconsistent and unmanageable.

Management involvement in the BSC implementation was vital. Managers coach the employees leading to better understanding of what is supposed to be accomplished. If managers do not coach other employees, there will be no realization of effective use BSC for measuring employee performance. Managers need to communicate actively and clearly to the subordinates so that each employee gets to know his or her targets and what is expected of him or her. If

employees do not understand their targets, they can not achieve them. Managers also need to be reviewing the progress of performance of the employees continuously so as to improve.

Assessing performance of employees is crucial. The final ratings need to be justified so that employees will be motivated and be accountable for their achievements. Use of BSC for measuring employee performance will not be effective if the ratings of individuals can not be justified. The performance appraisal has a calendar which is supposed to be followed for effective BSC implementation. Recommendations given out during appraisal to employees require to be executed so that employees will be able to improve. In the event that they are not executed, the appraisal will lose its meaning.

Job rotation requires an employee to develop new individual scorecard with new targets related to the new department. This may consume a lot of time. Such employee's final ratings are determined by the average of the scorecards achievement from the departments worked during the year. New targets due to innovation affect measuring of employee performance. Targets are usually set at the start of the year and reviewed during mid year. Targets therefore introduced at any other time will not be easily included in the balanced scorecard and will affect measuring employee performance.

2.8 Summary

Literature review has dealt with the introduction of the balanced scorecard in Kenya Commercial Bank, performance management cycle in KCB, appraisal process in KCB, definition of balanced scorecard, advantages of balanced scorecard, its framework and factors influencing implementation of balanced scorecard. Factors influencing implementation of BSC was divided into four: target measurement methods, balanced scorecard skills possessed by employees, management involvement and performance appraisal. Each factor was reviewed in relation to performance measurement as described in the conceptual framework.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with the research design, target population, sample and sampling procedure, instruments of data collection, piloting of instruments, reliability of instruments, validity of instruments, data collection procedures, data analysis procedures and the operationalization table.

3.2 Research Design

According to Kerlinger (2000), a research design is the plan, structure and strategy of investigation conceived to obtain answers to research questions and to control variables. In this study, descriptive survey design was adopted. A survey design is used to explain and describe observed phenomenon as it exists at the time of study. Surveys are efficient ways of obtaining information about people's thoughts, opinions and feelings Kothari (2004). Survey design in this study enabled the researcher collect large amount of data from KCB Nyanza province employees. The design also enabled the researcher to gather data as at the time of research and the respondents were able to give out their individual thoughts, opinions and feelings about the balanced scorecard and its implementation for measuring employee performance. This design emphasized the frequency of answers to the same question by different respondents thus enabled the researcher to identify the standards against which BSC implementation would be compared.

3.3 Target Population

The population of the study was KCB employees in Nyanza province. This comprised of employees of 18 KCB branches and a regional office found in Nyanza province. There were 269 employees consisting of 54 managers, 46 supervisors, 159 clerks and 10 support staff.

3.4 Sample Size and Sampling Procedure

Using Krejcie and Morgan (1970) Table, (appendix 4) for determining sample size from a given population, the appropriate sample size from a population of 269 was 159 and this was the sample size used by the researcher. However, the target population was not homogenous. According to Kothari (2004), stratified sampling technique is suitable in such scenario in order to obtain a representative sample from heterogeneous population. Using this technique, the population was sub divided into sub populations called strata based on categories of one or a combination of relevant variables within each sub population.

The population in this study was divided into four sub populations which were more homogenous. The sub populations consisted managers, supervisors, clerks and support staff. There were 54 managers, 46 supervisors, 159 clerks and 10 support staff. Proportional allocation method was used to determine the number of the sample from each stratum. In this method each stratum contributed to the sample a number that was proportional to the number of employees in each stratum Orodho (2009). Using this method, 32 managers, 27 supervisors, 94 clerks and 6 support staff constituted the sample size.

The researcher selected nine branches out of eighteen and the regional office making the number of branches from which the sample was selected to be ten in the province. This was through purposeful sampling which Orodho (2009) defines as a method where a researcher selects the sample according to the variations within the population. The variations between the branches considered were the size where the branches are classified as big, medium and small

depending on the number of customers they serve which determined the number of employees in such branches. Regional office was selected because of its administrative role, Kisumu and Kisii were selected as big branches. Migori, Nyamira and Siaya were selected as medium branches. Oyugis, Rongo, Homabay and Keroka were selected as small branches. From each of the ten branches the sample population was drawn as in Table 3.1.

Table 3.1 Sample size from ten KCB branches in Nyanza province

Branch	Managers	Supervisors	Clerks	Support	Total
Regional office	6	2	5	1	14
Kisumu	6	6	21	2	35
Kisii	6	5	19	1	31
Migori	2	4	10	1	17
Nyamira	2	2	7	1	12
Siaya	2	1	6		9
Oyugis	2	1	6		9
Rongo	2	2	7		11
Homabay	2	2	6		10
Keroka	2	1	7		10
Total	32	27	94	6	159

Table 3.1 shows the ten KCB branches purposefully selected from Nyanza province and the respective sample of employees in the four strata that were selected to form the sample size of 159 employees.

3.5 Research Instruments

Research instruments are the means by which primary and secondary data can be collected during a research exercise. In this study primary and secondary data was collected using questionnaires. This was suitable because a large amount of data would be easily collected since all the respondents were literate.

Two types of questionnaires were used: one for the supervisors, clerks and support staff (Unionisable employees) and the other for managers. This was because the views, opinions and feelings of the implementation of balanced scorecard for measuring employee performance varied in these two groups. The questionnaires used in this study were developed by the researcher. The questionnaires contained part one which solicited personal information on the age, gender, education level, professional qualification, job group and number of years the respondents had worked with KCB. Part two consisted of general questions that were to enable the researcher seek more information on the feelings, opinions and views of the respondents on the same issues of balanced scorecard implementation for measuring employee performance. The questions were closed, matrix and open ended. A five point scale was used with the lowest point strongly disagree, disagree, uncertain, agree and strongly agree in a range of 1, 2, 3, 4 and 5.

3.5.1 Piloting of Instruments

The researcher contacted the branch manager of Sotik branch and explained his intended research and use of the branch for piloting instruments. The researcher administered questionnaires to five respondents in the branch which were filled by a manager, supervisor, two clerks and support staff. The questionnaires were collected the same day by the researcher for analysis. After two weeks the same questionnaires were mailed to the same respondents for completion after which they were mailed back to the researcher for analysis.

3.5.2 Validity of Instruments

Validity of instruments is concerned with the degree to which measures of a concept accurately represent that concept i.e whether the items in the measuring instrument represent what they are supposed to measure, Orodho (2009). In this study, validity was measured by analyzing the responses provided by the five respondents in relation to the information they solicited and its appropriateness. The responses given were used to check if all respondents understood and interpreted the questions as intended. After this analysis, it was noted that some questions were not correctly answered. Therefore corrections were done with the input of the supervisor and a final copy was developed.

3.5.3 Reliability of Instruments

Reliability is concerned with the degree to which a particular measuring procedure gives equivalent results over a number of repeated trials according to Orodho (2009). Using the test-retest method, questionnaires were administered by the researcher to five respondents in Sotik branch and collected. After two weeks the same questionnaires were administered by the researcher to the same respondents and collected. The questionnaires were analyzed and reliability coefficient as calculated was 0.87 which is sufficient showing that the respondents gave equivalent responses to the questionnaires.

3.6 Data Collection Procedure

The researcher got the transmittal letter from Kisii extra mural centre which was used to attain a research permit. The researcher then contacted KCB regional office at Kisumu which foresees the running of KCB branches in Nyanza province for permission to get respondents from the selected branches. This was followed by contacting of the branch managers in the other nine selected branches who were informed of the intended research and the exact dates

when the researcher would visit their branches to administer questionnaires. The researcher visited two branches in each day. The first branches to be visited were the regional office and Kisumu branch. This was followed by visiting of Rongo and Migori branches, then Homabay and Siaya were visited, after this Nyamira and Keroka were visited and finally Oyugis and Kisii were visited. At each branch questionnaires were given randomly to employees in the four groups who completed and returned to the researcher.

3.7 Data Analysis Procedure

Data collected was checked for completeness and edited to correct errors and omissions where possible. The data was then coded and analyzed by use of statistical package for social sciences (SPSS) version 17.0. Descriptive statistics was used to convert data into meaningful frequencies, percentages and means which were presented in tables. These techniques were used because they give a quick understanding and overall picture to the readers on the findings.

Data on personal information which was in part one of the questionnaires included: gender, education level, professional qualification, job group and numbers of years the respondents had worked with KCB. This was analyzed using frequencies and percentages and presented in tables.

Data in part two of the questionnaire included questions that sought information on: range of balanced scorecard target measurement methods used, ability of employees to measure BSC targets, ease retrieval of BSC information, Safety of BSC information from distortion, number of computerized target measuring methods, number of employees who had attended BSC training, number of times employees had attended BSC training, range of performance measures in employees' scorecards, selection of SMART measures in BSC, review of subordinates' scorecards, how often subordinates preferred to review their scorecards, how many times managers reviewed their own scorecards, how managers communicated BSC

targets to subordinates, managers' recommendation to subordinates who did not meet targets, justified BSC final ratings, role of moderating panel, following of performance appraisal timeframe, appraisal meetings, explanation of changes in final ratings to employees and recording of career aspirations and action plans by subordinates. All these data was analyzed by use of frequencies and percentages and presented in tables.

Matrix questions on a Likert scale of a five point were used with the points strongly disagree, disagree, uncertain, agree and strongly agree in a range of 1, 2, 3, 4 and 5 respectively. These questions solicited responses on the extent to which respondents agreed to the following statements: accuracy of measurement methods, usefulness of information gathered, ability to measure financial targets, ability to measure customer targets, ability to measure internal business processes, ability to measure learning and growth targets, ability to prepare SMART scorecards, usefulness of skills acquired in BSC, communication of KCB strategy and vision to subordinates and level of management involvement at branches. The questions also sought responses if final ratings depended on set targets, overall impression to managers, previous ratings, moderating panel and average ratings of other employees in the branch. Further, these questions sought if performance appraisal was used to decide who gets the bonus, identify those potential for promotions, provide feedback for decision making, diagnose weaknesses and strengths of employees and assess training, coaching and counseling needs. Collected data on these responses were analyzed into frequencies which were converted into means and presented in tables.

TABLE 3.2 OPERATIONALIZATION TABLE

Research objectives	Type of variables	Indicators	Measure	Level of scale	Data collection method	Approach of analysis
To establish the extent to which balanced scorecard target measurement methods influence measuring of employee performance in Kenya Commercial Bank in Nyanza province, Kenya.	Independent variable Target measurement methods Dependent variable Employee performance measurement	Types of measurement methods Accuracy of the methods Retrieval rate Security of the methods Methods linked to IT system Usefulness of information gathered	No. of measurement methods No. of accurate methods No. of employees able to retrieve information No. whose information is secure No. of IT linked methods Number of employees who gather useful information	Ordinal	Questionnaire	Descriptive statistics
To examine the extent to which balanced scorecard skills possessed by employees influence measuring of employee performance in Kenya Commercial Bank in Nyanza province, Kenya.	Independent variable Employee BSC skills Dependent Variable Employee performance measurement	Trained employees Employee experience Selection of measures Preparation of SMART scorecards	No. of trained employees No. of years worked No. of employees able to select SMART measures Number of employees able to prepare SMART scorecards.	Ordinal	Questionnaire	Descriptive statistics
To assess the extent to which management involvement influence measuring of employee performance in Kenya Commercial Bank in Nyanza province, Kenya.	Independent variable Management involvement Dependent variable Employee performance measurement	Review of scorecards Communication of targets Level of management involvement	No. of reviews Type of target communication No. satisfied with management involvement.	Ordinal	Questionnaire	Descriptive statistics
To determine the extent to which performance appraisal influence measuring of employee performance in Kenya Commercial Bank in Nyanza province, Kenya.	Independent variable Performance appraisal Dependent variable Employee performance measurement	Justified ratings Moderating panel Appraisal meetings Recommendations Performance appraisal calendar Achievement of performance appraisal objectives	No. of justified final ratings No. satisfied by moderating panel No. attending appraisal meetings No. of recommendations Following of the calendar % of achievement	Ordinal Ratio	Questionnaire	Descriptive statistics

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presented data obtained from questionnaires and the analysis of the data in the following format: response return rate, demographic characteristics of respondents, balanced scorecard target measurement methods, balanced scorecard skills possessed by employees, management involvement in balanced scorecard implementation, performance appraisal in balanced scorecard implementation and achievement of balanced scorecard objectives.

4.2 Response Return Rate

Table 4.1 shows the number of respondents who returned questionnaires from the four groups of employees in the ten selected branches. From the table the overall response return rate was 72%. This was due to the fact that during the week in which questionnaires were administered, some employees had left for various training and therefore absent from their branches. Some branches had auditors and most employees would not be able to complete the questionnaires during the time when the researcher visited their branches.

Table 4.1 Returned questionnaires

Category	No. given	No. returned
Managers	32	20
Supervisors	27	22
Clerks	94	70
Support staff	6	3
Total	159	115

4.3 Demographic Characteristics of Respondents

The respondents' personal information was sought from the responses in part I of the questionnaire on gender, education level, professional qualification, duration worked with KCB and was analyzed and presented as shown.

4.3.1 Gender of Respondents

Table 4.2 presents data that solicited information on the gender of respondents. As shown, it was found out that 90% of managers who responded were male and only 10% were female. It further indicated that 77% of unionisable employees were male while 23% were female. Generally KCB Nyanza province had majority of male managers and unionisable employees.

Table 4.2 Gender of Respondents

Gender	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Male	18	90	73	77
Female	2	10	22	23
Total	20	100	95	100

4.3.2 Education Qualification of Respondents

Data in Table 4.3 solicited information on education qualifications of respondents.

Table 4.3 Education qualification of respondents

Qualification	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Certificate	6	30	17	18
Diploma	2	10	13	14
Undergraduate	11	55	45	47
Postgraduate	1	5	20	21
Total	20	100	95	100

From the findings as shown above, it was found that 55% of the managers were undergraduates, 30% of the managers were certificate holders, 10% of the managers were diploma holders, and 5% were postgraduate holders. When combined 60% of managers were degree holders and 40% had other qualifications. Of unionisable employees 47% were undergraduates, 21% were postgraduates, 18% were certificate holders and 14% were diploma holders. When combined 68% of Unionisable were degree holders and 32% had other qualifications.

As it can be seen, only 5% of managers were postgraduates compared to 21% of unionisable employees and when combined 60% of managers were degree holders compared to 68% of unionisable employees who were degree holders. This would be a possible source of conflict between managers and unionisable staff on use of BSC for performance measurement.

4.3.3 Professional Qualifications of Respondents

Table 4.4 solicited data on various professional qualifications held by respondents. From the table, it was indicated that 65% of managers had no professional qualifications whereas 35% of managers had various professional qualifications as shown in the above table while 59% of unionisable employees had no professional qualifications and 41% had various professional qualifications. Comparing the two groups, more unionisable employees had different professional qualifications than managers. This variance would be a possible source of conflict between the two groups of employees in using balanced scorecard for measuring performance.

Table 4.4 Professional qualifications of respondents

Profession	Managers		Unionisable employees		
	Frequency	Percent	Profession	Frequency	Percent
ACCA	1	5	ABE	1	1
SALES	1	5	B/MANAGEMENT	5	5
AKIB	2	10	CCNA	2	2
CPA	3	15	CFA	2	2
NONE	13	65	COMPUTER	9	10
			CPA	13	14
			DHRM	2	2
			KATC	2	2
			CPS	2	2
			NONE	56	59
TOTAL	20	100		95	100

4.3.4 Duration Which Respondents Had Worked in Kenya Commercial Bank

Table 4.5 solicited data on the duration which respondents had worked in Kenya Commercial Bank. Data collected indicated that 25% of managers had worked in KCB for 25 years and above, 25% between 15-19 years, 20% between 20-24 years, 15% had worked between 10-14 years, 10% between 0-4 years and 5% between 5-9 years. This shows that most managers had been in KCB for quite long. When combined 90% of managers had worked in KCB for more than four years. Change of culture with the introduction of BSC for performance measurement may make implementation of BSC difficult due to resistance and fear of the unknown. Of unionisable employees who responded, 63% had worked in KCB between 0-4 years, 14% between 10-14 years, 11% between 15-19 years, 7% more than 25 years and 5% between 20-24 years. This shows that most unionisable employees were new in KCB and therefore had not been exposed for long to the BSC for measuring performance. This explains why implementation would be difficult.

Table 4.5 Duration respondents had worked in KCB

Duration	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
0-4 years	2	10	60	63
5-9 years	1	5	0	0
10-14 years	3	15	13	14
15-19 years	5	25	10	11
20-24 years	4	20	5	5
> 25 years	5	25	7	7
Total	20	100	95	100

4.4 Balanced Scorecard Target Measurement Methods

Balanced scorecard requires targets for each employee to be measured and recorded in order to determine the final ratings of employees. Information on BSC target measurement methods was sought from part 2 of the questionnaire.

Table 4.6 Range of target measurement methods

Range	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
3-5	15	75	87	92
5-10	3	15	6	6
10-15	1	5	2	2
> 15	1	5	0	0
Total	20	100	95	100

Table 4.6 solicited information on balanced scorecard target measurement methods used by respondents. From the data collected it was found that 75% of managers had their type of measurement methods used ranging between 3-5, 15% between 5-10, 5% between 10-15 and 5% more than 15 methods. Of unionisable employees who responded, 92% had a range of

BSC measurement methods of between 3-5, 6% between 5-10 and 2% between 10-15. This indicated that there was no single BSC measurement method used by employees. This as pointed earlier by Irv (2007) made information to be scattered posing a big problem as the information may be lost, not retrieved or may not be accurate at the end of the year for final ratings. This may have a direct influence on the ability to measure employee performance.

Table 4.7 Ability of employees to measure all balanced scorecard targets

Ability	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	11	55	29	31
No	9	45	66	69
Total	20	100	95	100

Data on the ability to measure all balanced scorecard measures by respondents was sought and presented as in Table 4.7. Collected data indicated that 55% of managers who responded were able to measure all their targets while 45% were unable to measure all their targets compared to 69% of unionisable employees who were not able to measure all BSC targets and only 31% were able to measure all targets. This indicated that more unionisable employees were unable to measure their targets than managers. This would be contributed by the level of training variations between the two groups of employees as supported by data in Table 4.13. Further, the findings generally indicated that not all targets in BSC were able to be measured. This has direct influence on BSC use for measuring employee performance since some measures may not be able to be measured and therefore final ratings of employees may not be all inclusive.

Table 4.7 Retrieval of balanced scorecard information

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	13	65	44	46
No	7	35	51	54
Total	20	100	95	100

Table 4.8 presents data on the ease retrieval of gathered balanced scorecard information by respondents. As shown in the table, 65% of managers who responded were able to retrieve BSC information gathered for their final ratings easily while 35% were not able to retrieve the information gathered easily. Of unionisable employees, 54% were unable to retrieve BSC information gathered easily whereas 46% were able to retrieve BSC information gathered easily. This on average implied that 44.5% of all employees who responded were not able to retrieve BSC information easily. This was an indicator that a lot of time was wasted retrieving information for BSC ratings or some information may not be retrieved at all. This may affect the accuracy of the final ratings if crucial information is not retrieved thus make employees use approximations and not real figures for measuring performance.

Table 4.9 Safety of BSC information

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	16	80	28	30
No	4	20	67	70
Total	20	100	95	100

Table 4.9 sought information on the safety of balanced scorecard information. The collected data indicated that 80% of managers responded that their information gathered was safe from distortion while 20% of managers agree that information gathered may be easily distorted. From the responses, 70% of unionisable employees had their BSC information not

secure from distortion while 30% responded their BSC information was secure from distortion. This implied that most information for unionisable employees was not safe and could be easily distorted leading to inaccurate BSC final ratings thus inaccurate measurement of performance. This may be due to lack of computerized target measurement methods as revealed from data in Table 4.10.

Table 4.10 Computerized BSC measurement methods

Number	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
All	0	0	9	10
Part of them	17	85	65	68
None	3	15	21	22
Total	20	100	95	100

Table 4.10 presented data that sought the number of computerized balanced scorecard target measurement methods used by respondents. It was found out that 85% of managers had only part of their BSC measurement methods computerized while 15% had none of their measurement methods that were computerized. Of the unionisable employees who responded, 68% had part of their BSC measurement methods computerized, 22% had none of their BSC measurement methods computerized and 10% had all their BSC measurement methods computerized. This indicated that most BSC measurement methods were not computerized which posed a big problem during analysis for final ratings.

Table 4.11 Respondents' mean score on BSC measurement methods

Statement	Managers		Unionisable employees	
	Respondents	Mean	Respondents	Mean
Accuracy	20	3.10	95	2.46
Information usefulness	20	3.90	95	2.72
Financial perspective targets	20	3.85	95	3.47
Customer perspective targets	20	2.90	95	2.09
Internal business processes targets	20	3.40	95	2.61
Learning and growth perspective	20	2.95	95	2.27

In the questionnaire, a question with a Likert scale of 1-5 was used to collect data on the extent to which respondents agreed on the accuracy of BSC target measurement methods, usefulness of information gathered and ease of measuring targets in financial, customer, internal business processes, learning and growth perspectives.

From the analysis of data as shown in Table 4.11, managers response on usefulness of the BSC information gathered had the highest mean of 3.90 which meant that managers valued and found useful the BSC information gathered. The ease at which financial perspective targets were measured had a mean of 3.85 which meant that most managers were able to measure those targets. Ease at which internal business processes targets were measured had a mean of 3.40 which indicated that managers were able to measure those targets. Accuracy of measurement methods had a mean of 3.10. This implied that slightly more managers agreed that BSC measurement methods were accurate. The ease at which targets on the learning and growth perspective were easily measured had a mean of 2.95 which indicated that managers were not able to measure their targets on learning and growth perspective. Ease at which customer perspective targets were measured had a mean of 2.90 which implied that most managers were not able to measure BSC targets on customer perspective.

From unionisable employees responses as indicated in the same table above, measurement of financial perspective targets had a mean of 3.47 which implied that most unionisable employees were able to measure targets in financial perspective. Usefulness of information gathered by unionisable employees had a mean of 2.72 which indicated that most of them did not find the information they gathered to be useful in determining their final ratings. Measurement of internal business processes perspective had a mean of 2.61 indicating that unionisable employees were unable to measure targets from this perspective. Accuracy of the measurement methods had a mean of 2.46 which implied that most unionisable employees felt that the target measurement methods were not accurate. Measurement of targets in learning

and growth had a mean of 2.27 which indicated that most unionisable employees were unable to measure such targets. Measurement of targets in customer perspective had a mean of 2.09 which implied that a majority of unionisable employees were not able to measure such targets.

4.5 Balanced Scorecard Skills Possessed by Employees

For better implementation of the BSC for measuring performance, employees need to be trained on the balanced scorecard. Responses to the BSC skills by managers and unionisable employees were analyzed and presented as follows:

Table 4.12 Employees trained on BSC

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	20	100	37	39
No	0	100	58	61
Total	20	100	95	100

Table 4.11 presented data collected on the number of employees who had been trained on balanced scorecard skills. As shown in the table, all managers who responded had been trained on BSC and only 39% of unionisable employees had been trained on BSC. This indicated that most unionisable employees had not trained. This lack of BSC skills explained why use of BSC for measuring performance was faced with challenges.

Table 4.13 presented data that sought on the number of times employees had been trained on the use of balanced scorecard. Data collected indicated that 55% of managers had attended BSC training twice, 20% had attended five times, 15% had attended once and 10% had attended four times. This implied that 85% of managers had attended BSC training more than once. Of unionisable employees, 61% had not attended BSC training, 37% had attended once and only 2% had attended BSC training more than once. This further indicated

that in terms of skills gained for the use of BSC for performance measurement, managers were at a better position than unionisable employees since most of them had attended training more than once.

Table 4.13 Number of times employees had been trained on BSC

Number	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
None	0	0	58	61
Once	3	15	35	37
Twice	11	55	1	1
Thrice	0	0	1	1
Four times	2	10	0	0
Five times	4	20	0	0
Total	20	100	95	100

Table 4.14 shows data that solicited information on the range of performance measures on respondents' balanced scorecards. It was found out that 45% of managers had a range of 20-25 measures, 30% more than 25 measures, 15% a range of 15-20 and 10% a range of 10-15 measures in all their targets whereas 40% of unionisable respondents had a range of all their performance measures between 20-25, 23% had more than 25 measures, 20% had between 15-20 measures and 17% between 10-15 measures.

Table 4.14 Range of performance measures in employees' BSC

Range	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
10-15	2	10	16	17
15-20	3	15	19	20
20-25	9	45	38	40
>25	6	30	22	23
Total	20	100	95	100

When comparing the two groups of employees from Table 4.14, 30% of managers selected more than 25 measures whereas 23% of unionisable employees selected more than 25 measures. Kaplan and Norton (2000) and Davies (2010) argued that all measures in the BSC should range between 20-25. Therefore the data collected indicated that some employees selected excessive measures which take more time to gather information and measure targets which directly influence measurement of performance targets. Employees need to be trained so that they may be able to select appropriate number of measures in their balanced scorecards.

Table 4.15 Selection of SMART measures

Ability	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	14	70	32	33
No	0	0	33	35
Uncertain	6	30	30	32
Total	20	100	95	100

Table 4.15 presented data solicited on the ability of respondents to select SMART measures in their balanced scorecards. It was found out that, 70% of managers were able to select SMART measures while 30% of managers were uncertain on their ability to select SMART. This implied that despite 85% of managers having attended BSC training more than once as shown in Table 4.13, a number of them were still unable to select SMART measures therefore relevance of the training would be wanting. Of unionisable employees, 35% were unable to select SMART measures, only 32% were able to select SMART measures while 30% were uncertain if they selected SMART measures. This would be attributed to inadequate BSC training received by unionisable employees. Selection of SMART measures is however important since measures should be specific to the strategy and vision of the organisation, should be able to be measured, should be attainable, should be realistic and have a timeline in which they should be achieved. Therefore failure to select SMART measures had an influence in measuring performance of employees.

Table 4.16 Respondents' mean score on BSC skills

Statement	Managers		Unionisable employees	
	Respondents	Mean	Respondents	Mean
Usefulness of skills acquired	20	3.70	95	2.66
My BSC is SMART	20	3.40	95	2.66

In the questionnaire, a question with a Likert scale of 1-5 was used to collect data on the extent to which respondents agreed on the usefulness of skills acquired and if respondents' balanced scorecards were SMART. Data obtained as shown in the above table indicated that usefulness of skills acquired during BSC training by managers had a mean of 3.70 which meant that managers found skills they gained useful. The mean for SMART scorecard of managers was 3.40 which also confirmed that most managers were able to prepare SMART scorecards.

For unionisable employees, both usefulness of skills acquired during training and the ability to prepare SMART balanced scorecard had a mean of 2.66. This was due to the fact that most of unionisable employees had not attended training and therefore lacked experience which inturn made them unable to prepare SMART balanced scorecards.

4.6 Management Involvement in Balanced Scorecard Implementation

The responses to the management involvement in BSC implementation were analyzed and presented as shown below:

Table 4.17 Review of subordinate BSC by managers

No. of Reviews	Frequency	Percent
Twice	17	85
Quarterly	1	5
Monthly	2	10
Total	20	100

Table 4.17 represents data that sought on the number of times which managers reviewed subordinate balanced scorecards during the year. Collected data showed that 85% of managers reviewed subordinate BSC twice in a year, 5% reviewed quarterly and 10% reviewed monthly. This implied that managers did not regularly review subordinate balanced scorecards and therefore continuous feedback was a problem. Gulcin and Chris (2003) argued that review should be regular perhaps monthly. This would enable constant feedback that will enable managers and subordinates to identify weaknesses and strengths for improvement.

Table 4.18 Regular review of subordinate BSC progress

Response	Frequency	Percent
Yes	31	33
No	64	67
Total	95	100

Table 4.18 solicited information on whether review of subordinates balanced scorecards progress by managers was regular. As shown in the table, 67% of unionisable employees did not review their balanced scorecard regularly with their managers and 33% reviewed their balanced scorecards regularly. This indicated that most unionisable employees did not review their balanced scorecards during the year regularly. This directly influenced the progress of balanced scorecards since feedback was not regularly collected for improvement.

Table 4.19 Preference review of subordinate BSC

Response	Frequency	Percent
Twice	16	17
Quarterly	70	73
Monthly	9	10
Total	95	100

Table 4.19 sought information on how often subordinate employees preferred to review their balanced scorecards with managers. Data collected as shown in Table 4.19 indicated that 74% of unionisable employees preferred to review their balanced scorecards quarterly, 17% preferred to review twice and 9% preferred to review monthly. This indicated that majority of unionisable employees required the review of their scorecards to be quarterly. This would enable them have feedback and improve regularly.

Table 4.20 Review of managers' own scorecards during the year

No. of Reviews	Frequency	Percent
Twice	5	25
Quarterly	10	50
Monthly	5	25
Total	20	100

Table 4.20 represents information that sought to find out how often managers reviewed their balanced scorecards. Collected data showed that 50% of managers reviewed their own scorecards quarterly, 25% reviewed monthly and twice respectively. This indicated that 75% of managers reviewed their scorecards quarterly or monthly. As shown earlier in Table 4.17, only 15% of managers reviewed subordinate balanced scorecards quarterly or monthly. This implied that managers bothered much on their own scorecards than to their subordinates. This made most unionisable employees not to have enough coaching to enable them follow up their performance progress.

Table 4.21 Communication of BSC targets by managers to subordinates

Method	Frequency	Percent
Departmental supervisors	12	60
To subordinate individually	5	25
To all employees in a meeting	3	15
Total	20	100

Table 4.21 represents data that solicited information on how managers communicated balanced scorecard targets to subordinates. It was revealed that 60% of managers communicated BSC targets to subordinates through the departmental supervisors, 25% communicated to subordinates directly and 15% communicated to all employees through meetings. This meant that fewer managers were communicating actively and directly to subordinates. Gulcin and Chris (2003) as indicated earlier argued that managers' active and direct communication enabled clarification of performance measures. If this is not done, subordinates may feel that the targets are imposed on them and this may make them become resistant.

Table 4.22 Managers' recommendation to subordinates who do not meet targets

Response	Frequency	Percent
Training	9	45
Coaching and counselling	11	55
Total	20	100

Table 4.22 represents data which sought on what managers recommended to subordinates who did not meet their balanced scorecard targets. It was found that 45% of managers recommended subordinates for training when they did not meet targets whereas 55% recommend them for coaching and counselling. However, most unionisable employees as discussed earlier had not attended training which meant that the recommendations were not effected or no follow up was done by managers.

Table 4.23 Employees' mean score on management involvement in BSC implementation

Statement	Managers		Unionisable employees	
	Respondents	Mean	Respondents	Mean
Communication of strategy and vision to subordinates	20	3.70	95	2.98
Sufficient involment in BSC implementation	20	3.45	95	2.54

The questionnaire had a question with a Likert scale of 1-5 that was used to collect data on the extent to which respondents agreed the communication of strategy and vision to subordinates by managers and sufficient involvement of managers in BSC implementation. Data collected from managers as in Table 4.23 showed that the mean for managers who communicated strategy and vision to subordinates was 3.7 which indicated that managers were able to communicate strategy and vision to subordinates. The mean for managers who were involved sufficiently in BSC implementation at the branch was 3.45 which meant that most managers felt the involvement of management in BSC implementation at their branches was sufficient.

From unionisable employees who responded, the mean for managers who had communicated KCB strategy and vision to unionisable employees was 2.98, this meant that managers did not communicate the vision and strategy to most unionisable employees. The mean for the satisfactory level of management involvement was 2.54, which meant that most unionisable employees felt that the level of management involvement was unsatisfactory.

4.7 Performance Appraisal and Balanced Scorecard Implementation

The responses about the feelings of employees towards performance appraisal were analyzed and presented as follows:

Table 4.24 Justified BSC final ratings

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	11	55	24	25
No	9	45	71	75
Total	20	100	95	100

Table 4.24 represents data that solicited information on whether respondents felt their final balanced scorecard ratings were justified. It was found that, 55% of managers had their final ratings justified while 45% had their final ratings not justified. This indicated that some managers felt their final ratings were not justified. It was further found that 75% of unionisable employees had their BSC final ratings not justified and 25% had their final ratings justified. When comparing the two groups, more unionisable employees felt that their final ratings were not justified than managers. This may be so because no unionisable employees were in the moderating panel. This had an influence in measuring employee performance and may reduce the morale of employees.

Table 4.25 Moderating panel for managers' BSC

Response	Frequency	Percent
Yes	9	45
No	11	55
Total	20	100

Table 4.25 represents data that solicited information on whether managers required moderating panel for their balanced scorecards. Data collected indicated that 55% of managers did not require moderating panel for their scorecards while 45% required the moderating panel for their scorecards. This meant that the role of the moderating panel was minimal in measuring performance of managers.

Table 4.26 Moderating panel for subordinates BSC

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	2	10	34	36
No	18	90	61	64
Total	20	100	95	100

Table 4.26 represents data gathered on whether moderating panel was required for subordinate balanced scorecards. Data collected as shown in Table 4.26 indicated that 90% of managers did not require moderating panel for subordinates while 10% still wanted moderating panel for their subordinates. Of unionisable employees, 64% did not require moderating panel for their scorecards and 36% required the moderating panel for their scorecards. This implied that most unionisable employees did not have confidence in the moderating panel. Some members of the panel do not know the actual achievement of the employee and therefore had no basis to determine their final ratings. Managers do not require moderating panel for subordinates because it was duplication of work since at the branch level the managers and line managers discuss subordinate final ratings.

Table 4.27 Performance appraisal time frame

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	9	45	37	39
No	11	55	58	61
Total	20	100	95	100

Table 4.27 represents data that solicited information on whether the performance appraisal time frame or calendar was followed. Data indicated that 55% of managers had the time frame for performance appraisal not followed and 45% of managers had the time frame for performance appraisal followed. From the unionisable employees who responded, 61% had the time frame for performance appraisal not followed while 31% had the time frame for performance appraisal followed. This indicated that in most cases the performance appraisal time frame was not followed which had a direct impact on measuring employee performance as it affects review, feedback and timely action on the progress of employees' performance.

Table 4.28 Appraisal meetings

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	20	100	11	12
No	0	0	84	88
Total	20	100	95	100

Table 4.28 represents data that sought information from respondents on whether appraisal meetings were organised. As shown in Table 4.28, it was found out that all managers who responded organised appraisal meetings for their subordinates. However, data collected from unionisable employees as shown in the same table above indicated that 88% of them did not attend appraisal meetings while 12% attended. This contradicted information given by managers and confirmed that appraisal meetings were hardly organised and therefore no discussion of performance ratings was done after moderation panel. This had a direct influence on measuring employee performance since discussion was vital to highlight areas of strength and weakness for improvement.

Table 4.29 Explanation of changes in subordinates BSC final ratings

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	19	95	13	14
No	1	5	82	86
Total	20	100	95	100

Table 4.29 represents information on whether managers explained changes in final ratings to subordinates. Data collected indicated that 95% of managers did explain changes in final ratings to subordinates while 5% did not explain the changes. However, 86% of subordinates had changes in their final ratings not explained and only 14% of subordinates had changes in final ratings explained. This indicated that majority of subordinates did not get explanation when their final ratings were changed from the preliminary ratings. This explained why most of them felt that their final ratings were not justified.

Table 4.30 Recommendations to subordinates during performance appraisal

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	15	75	6	6
No	5	25	89	94
Total	20	100	95	100

Table 4.30 solicited information on whether recommendations were made to subordinates during performance appraisal meetings. Data collected as shown in table 4.30, indicated that 75% of managers made recommendations to subordinates during appraisal whereas 25% did not make recommendations to subordinates. Of the unionisable employees who responded, 94% had no recommendations made to them during appraisal meetings and only 6% had recommendations made to them. This indicated that needs of unionisable employees were not analysed or assessed to determine desired measures for performance improvement.

Table 4.31 Career aspiration and action plan by subordinates

Response	Managers		Unionisable employees	
	Frequency	Percent	Frequency	Percent
Yes	12	60	33	35
No	8	40	62	65
Total	20	100	95	100

Table 4.31 represents data that sought information on whether subordinates recorded their career aspirations and action plans. Data gathered indicated that, 60% of managers had subordinates record their career aspirations and 40% had subordinates not recording their career aspirations. Of the subordinates, 65% did not record their career aspirations and action plan while 35% of them did record their career aspirations and action plan. This indicated that recording of career aspirations and action plan by subordinates was not keenly followed by managers.

Table 4.32 Managers mean score on use of performance appraisal in BSC

Statement	Respondents	Mean
Used to decide who gets bonus	20	3.55
Used to identify those potential for promotion	20	3.05
Used to assess training, coaching and counselling needs	20	3.60
Used to provide feedback for decision making	20	3.30
Used to diagnose weaknesses and strengths of employees	20	3.15

The questionnaire had a question with a Likert scale of 1-5 that was used to collect data on the extent to which respondents agreed on the use of performance appraisal to decide who gets bonus, identify employees potential for promotion, provide feedback for decision making, diagnose weaknesses and strengths of employees, assess training, coaching, and counselling needs.

Data collected as shown in table 4.32 indicated that performance appraisal use to assess training, coaching and counselling had highest mean of 3.60. This indicated that managers agree that training, coaching and counselling needs assessment were key objectives of the performance appraisal. The use of performance appraisal to determine those who got bonus had a mean of 3.55 which implied that most managers felt that performance appraisal is used to reward employees and not for performance measurement. Use of performance appraisal to provide feedback for decision making had a mean of 3.30. This indicates that most managers agreed on the use of performance appraisal to provide feedback for decision making. Use of performance appraisal to diagnose weaknesses and strengths of employees had a mean of 3.15 which meant that the performance appraisal did not seek to identify weaknesses and strengths of employees. Performance appraisal use to identify employees potential for promotion had a mean of 3.05 indicating that promotions did not depend on performance appraisal.

Table 4.33 Unionisable employees mean score on the use of performance appraisal

Statement	Respondents	Mean
Final ratings determined by set targets	95	2.98
Final ratings determined by overall impression to managers	95	3.31
Final ratings determined by previous ratings	95	3.02
Final ratings determined by moderating panel	95	3.53
Final ratings determined by average ratings of other employees	95	3.74

The questionnaire contained a question with a Likert scale of 1-5 that was used to collect data on the extent to which respondents agreed that BSC final ratings were determined by set targets, overall impression to managers, previous ratings, moderating panel and average ratings of other employees.

Data collected as shown in table 4.33 indicated that the mean for final ratings being determined by average ratings of other employees in the branch was 3.74 which indicated that most employees had their final ratings being arbitrary taken to be close to what others have scored. Final ratings being determined by the moderating panel had a mean of 3.53 which showed that most employees felt rated by the moderating panel and not on what they performed. Final ratings being determined by overall impression of employees to managers had a mean of 3.31 which indicated that most employees felt their ratings were determined by their relationship with managers. Final ratings being determined by previous ratings had a mean of 3.02 which implied that most employees felt previous ratings had little effect on their final ratings. Final ratings being determined by the set targets had a mean of 2.98 which indicated that majority of employees felt that the targets they set do not determine their final ratings.

Referring to the fourth basic assumption of the study, findings indicated that there was a performance appraisal system in KCB. However, its objectives were not followed in implementing use of balanced scorecard to measure employee performance.

4.8 Achievement of Balanced Scorecard Objectives

Responses from managers and unionisable employees were analyzed and discussed as follows:

Table 4.34 Mean score on the achievement of the BSC objectives

Statement	Managers		Unionisable employees	
	No.	Mean	No.	Mean
BSC communicates areas of weakness and strenghts	20	2.95	95	2.63
BSC allows managers identify best practices	20	3.55	95	2.55
BSC is objective and measures performance	20	2.90	95	2.90
BSC has establishes ownership and accountability	20	3.50	95	2.54
BSC has improved overall performance of KCB	20	3.30	95	2.77
BSC measures chosen are relevant to the strategy and vision	20	3.10	95	2.87

The questionnaire contained a question with a Likert scale of 1-5 that was used to collect data on the extent to which managers and unionisable employees felt that BSC communicated areas of weakness & strengths, allowed managers identify best practices to be used elsewhere, was objective to measure performance, established ownership & accountability, has improved overall performance in KCB and whether measures chosen were relevant to the strategy and vision.

From the managers who responded as indicated in table 4.34 on the extent to which the BSC objectives were achieved. it was found out that BSC achievement for managers to identify best practices had a mean of 3.55 which indicated that BSC had made managers to be able to identify best practices to be used in KCB. Balanced scorecard achievement in establishing sufficient ownership and accountability had a mean of 3.50 which showed that managers believed the BSC made individual employees have ownership of what they do. BSC achievement on improvement of overall performance of KCB had a mean of 3.30 which implied that most managers attributed overall improvement in KCB to the use of balanced

scorecard. The relevance of BSC measures chosen to KCB strategy and vision had a mean of 3.10 which implied that slightly most managers felt target measures were relevant to the KCB strategy and vision. BSC achievement on communicating areas of weakness and strengths had a mean of 2.95 which meant that most managers felt that BSC had not been able to identify areas of weakness and strengths in employees. BSC achievement on its objectivity, clarity of measures and its consistent basis for rewarding employees had a mean of 2.90 which indicated that BSC was not perceived to be objective with clear target measures and consistent in rewarding employees.

From the unionisable employees who responded, the mean for BSC measures relevancy to KCB strategy and vision was 2.87, that of BSC leading to overall improvement of KCB performance was 2.77, that of BSC communicating areas of weaknesses and strengths was 2.63, that of BSC allowing managers identify best practices in KCB was 2.55 and that of BSC establishing sufficient ownership and accountability was 2.54. These means generally indicated that most unionisable employees felt that BSC has not achieved any of its objectives since all the statements had a mean of less than three.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter dealt with the summary of the findings, conclusions from the findings, recommendations, suggestions for further studies and contribution of the study to the body of knowledge.

5.2 Summary of Findings

The respondents were grouped into managers and unionisable employees. 90% of managers were male and 10% female whereas 77% of unionisable employees were male and 33% were female. On education qualifications, 60% of managers were degree holders, 30% certificate holders and 10% diploma holders while 68% of unionisable employees were degree holders, 18% certificate holders and 14% diploma holders. On the professional qualifications, 65% of managers had no professional qualifications compared to 59% of unionisable employees. On the duration which employees had worked in KCB, 90% of managers had worked for more than four years while 63% of unionisable employees had worked for less than four years.

The first objective of the study was to establish the extent to which balanced scorecard target measurement methods influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya. It was found out that most managers and unionisable employees used a range of between 3-5 target measurement methods for their balanced scorecards. Most employees were unable to measure all targets in their balanced scorecards. Half of employees were able to retrieve their BSC information easily. Most managers felt their BSC information was safe compared to unionisable employees who felt that their BSC information was not safe from distortion. Majority of target measurement methods

were not computerized. Respondents were able to measure targets in the financial perspective while targets in customer, learning and growth perspectives were not easily measured.

The second objective of the study was to examine the extent to which balanced scorecard skills possessed by employees influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya. Data collected indicated that all managers had trained on BSC and 85% of them had attended the training more than once. Only 39% of unionisable employees had trained on BSC with 2% of them having been trained more than once. Despite all managers having been trained more than once, still a number of them were not able to select appropriate number of targets in their BSC as 30% of them selected more than 25 measures in their scorecards compared to 23% of unionisable employees who selected more than 25 measures in their scorecards. It was found out that 70% of managers who were able to select SMART measures while only 33% of unionisable employees were able to select SMART measures.

The third objective of the study was to assess the extent to which management involvement influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya. It was found out that generally the level of management involvement in BSC implementation as felt by subordinates was low. It was indicated that 85% of managers reviewed subordinate scorecards twice only in a year while 75% of the same managers reviewed their own scorecards quarterly or monthly. Of the subordinates who responded, 67% of them did not review their balanced scorecards regularly with their managers. Most unionisable employees therefore were not directed thus too much had been left for themselves. It was found out that 83% of unionisable employees preferred to review their scorecards either quarterly or monthly with their managers. Only 25% of managers communicated directly to their subordinates. All managers recommended subordinates who did not meet their targets for training, counselling and coaching though most of the unionisable employees had not been

trained. KCB strategy and vision was not actively communicated to most employees. This made them not to be able to select measures linked to the strategy and vision of their organisation.

The fourth objective of the study was to determine the extent to which performance appraisal influence measuring of employee performance in Kenya Commercial Bank Nyanza province, Kenya. Data gathered indicated that 55% of managers felt that their final ratings were justified while only 25% of unionisable employees felt that their final ratings were justified. It was found out that 55% of managers did not require moderating panel for their balanced scorecards while 90% of managers did not require moderating panel for subordinates. Further, 64% of unionisable employees did not require the moderating panel for their balanced scorecards. Most respondents indicated that the performance timeframe was not followed. All managers organised for appraisal meetings but it was found out that 88% of unionisable employees did not attend appraisal meetings. Most unionisable employees did not get explanation on the changes in their final ratings and 94% of unionisable staff had not been recommended for any action during appraisal meetings. It was revealed out that most unionisable employees did not record their career aspirations and action plan. Most managers felt that balanced scorecard was used to assess training needs, counselling and coaching. Managers also felt that was used to determine the bonus for employees. Most unionisable employees felt that final BSC ratings did not depend on set targets but depended on employee previous ratings, overall average ratings of other employees and the moderating panel.

On the achievement of balanced scorecard objectives, it was found out that both managers and unionisable employees felt that BSC was not objective, did not communicate areas of weakness and strength to employees and that measures chosen were not relevant to KCB strategy and vision. Balanced scorecard however, had enabled managers to identify best practices and established ownership and accountability of employee performance.

5.3 Conclusions

From the study findings, balanced scorecard target measurement methods influenced measuring of employee performance in KCB Nyanza province, Kenya. The use of more than one target measurement method wasted time as BSC information was scattered and compiling for report generation was difficult. Employees were unable to measure all targets in their balanced scorecards. It was revealed that it was in the customer, learning and growth perspectives that employees were unable to measure most targets. Most target measurement methods were not computerized which made recording, sorting and analysing information a challenge.

The findings revealed that balanced scorecard skills possessed by employees influenced measuring of employee performance in KCB Nyanza province, Kenya. Most unionisable employees had not been trained on balanced scorecard skills whereas most managers had attended balanced scorecard training more than once. It was established that skills gained enabled employees to develop SMART scorecards with relevant measures to the organisations' strategy and vision. Skills gained also enabled employees to be able to select appropriate number of measures in scorecards thus avoiding excessive measures.

The study found out that management involvement in balanced scorecard implementation for measuring employee performance was not sufficient. Most managers reviewed subordinate scorecards twice in a year while they reviewed their own scorecards quarterly or monthly. Unionisable employees preferred to review their balanced scorecards with their managers quarterly or monthly which will ensure faster tracking of employee performance progress. It was found that only a few managers communicated targets to subordinates directly. Most managers did not explain changes in the final ratings of subordinates, they did not make any recommendations to subordinates or allow them to have their career aspirations and action plans.

From the study it was evident that most employees final ratings were not justified and the performance appraisal time frame was not followed. Most employees did not require the moderating panel in their performance appraisal. Most managers felt that the final ratings were used to determine the bonus. They also felt that performance appraisal enabled them assess training, coaching and counselling needs. Most Unionisable employees felt that final ratings were not based on set targets but on the average ratings of other employees and by the moderating panel. Though it was found that managers organised for performance appraisal meetings, study findings established that unionisable employees did not attend such meetings.

5.4 Recommendations

Based on the findings of the study, the following were the recommendations of the researcher:

Only measurable targets should be included in the balanced scorecards. Measures in customer, learning and growth perspectives should be reviewed to ensure they are easily measured. Balanced scorecard should have an IT system for information recording, sorting analysis, tracking and faster measuring of targets. Target measurement methods should be prescribed by the employer and be standardized throughout KCB to avoid employees using different number and types of measurements.

All employees should be trained on balanced scorecard skills regularly. Needs for training should be assessed regularly. Training of new employees should be included in the induction curriculum to familiarize new employees on performance measurement. Managers should work closely with subordinates to ensure relevant measures related to the strategy and vision are selected and in appropriate numbers that will be able to be measured.

The role of managers in balanced scorecard should be reviewed and have them empowered to understand their vital role in implementing balanced scorecard for performance measuring. This should be in line of regular review of scorecards with subordinates.

communication of targets, strategy and vision. Review of scorecards should be atleast quarterly.

The role of the moderation panel should be reviewed since most employees do not embrace the need for the involvement of moderation panel in performance appraisal. The constitution of the panel should be reviewed to accomodate unionisable employees so that they can be contended of their final ratings since the panel consisted of managers and representative from human resources. Moderation panel duplicated the work of line managers and it was difficult for the panel to confirm performance ratings since they do not know the actual achievement of employees at branch level. Confirmation of performance achievements should be left to line managers and branch manager where employees work. Performance appraisal time frame should be adhered to. Managers need to organise appraisal meetings for their subordinates to discuss performance ratings, explain changes in final ratings and make recommendations in areas of weakness and strength. There is need for a BSC champion in each branch who is trained and can assist other employees on BSC issues.

5.5 Suggestions for Further Research

This study focused on factors infuencing implementation of balanced scorecard in measuring employee performance in Kenya Commercial Bank Nyanza province, Kenya. Future studies should focus on determining if use balanced scorecard influenced overall performance of Kenya Commercial Bank and other organisations. Another study area may be to find out if the study can be replicated to other provinces and other banks for generalization of findings. Other study areas in the field include determination of the effectiveness of performance appraisal systems in organisations that have adopted use of balanced scorecard and whether only the four perspecttives of balanced scorecard were sufficient for measuring performance of individuals and organisations.

5.6 Contribution to the Body of Knowledge

The contribution of this study to body of knowledge from each objective is shown below.

Study objective	Contribution to body of knowledge
Establish the extent to which balanced scorecard target measurement methods influence measuring of employee performance.	measurement methods influence measuring of employee performance through retrieval safety, time taken and ability to measure all targets.
Examine the extent to which balanced scorecard skills possessed by employees influence measuring of employee performance.	Balanced scorecard skills influence measuring employee performance through ability to select SMART and relevant measures.
To assess the extent to which management involvement influence measuring of employee performance.	Management involvement influence measuring of employee performance through regular review of scorecards, communication, coaching and organising appraisal meetings.
To determine the extent to which performance appraisal influence measuring of employee performance.	Performance appraisal influenced measuring of employee performance through following of its calender, justified ratings, role of moderating panel and recommendations.

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APPENDICES

APPENDIX 1

LETTER OF TRANSMITTAL

Dear respondent,

I am a student undertaking a Master of Arts in Project Planning and Management, University of Nairobi. I am doing a research on the factors influencing the implementation of a balanced scorecard for measuring employee performance in Kenya Commercial Bank, Nyanza province. This questionnaire will be used to get information that will be useful in the aforementioned research.

I have chosen you to furnish me with information, which I promise to strictly use for academic purposes only, and will treat it with utmost confidentiality.

Please I ask for your cooperation.

Yours faithfully,

Nyakundi Wycliffe Monyenyi

University of Nairobi,

Kisii Extra- Mural center.

P.O BOX 2461

Kisii

APPENDIX 2

QUESTIONNAIRE FOR SUPERVISORS, CLERKS AND SUPPORT STAFF.

Please tick or fill in the blanks as appropriate.

PART 1: PERSONAL DETAILS

1. GENDER Male Female

2. EDUCATION QUALIFICATION

Certificate Diploma

Undergraduate Postgraduate

3. What is your professional qualification? E.g. AKIB, CPA, e.t.c

4. For how long have you worked in Kenya Commercial Bank?

0 - 4 Years 5 - 9 Years

10-14 Years 15-19 Years

20-24 Years 25 Years and over

5. What is your grade?

Supervisor Clerk Support

PART 2: BALANCED SCORECARD IMPLEMENTATION

Tick or answer the questions below on the use of balanced scorecard.

1. a) What is the range of the types of measurement methods used in measuring your targets in your BSC? 3-5 5-10 10-15 More than 15

b) Are the methods used to measure your targets in BSC prescribed by KCB?

Yes No

c) Are you able to measure all your targets in BSC? Yes No

d) Is the information gathered in your BSC easily retrieved? Yes No

e) Is the information gathered in your BSC secure from distortion? Yes No

f) How many measurement methods used to measure your BSC targets are computerized?

All Part of them None

2. a) Have you attended BSC training. Yes No If yes, how many times have you been trained on BSC?

b) What is the range of ALL the performance measures in the four perspectives in your BSC?

10-15 15-20 20-25 More than 25.

c) Are you able to select SMART measures for your BSC? Yes No Uncertain

3. a) Do you review your BSC progress with your manager regularly? Yes No

b) How often would you prefer to review your BSC progress with your manager during the

year? Twice Quarterly Monthly

Once Uncertain

c) Are the targets in your BSC communicated to you directly by your manager?

Yes No

4 a) Are your BSC final ratings always justified? Yes No

b) Do you require the moderating panel in your BSC final ratings? Yes No

c) In your last BSC ratings, were you recommended for training, promotion, coaching, counseling or transfer? Yes No

If yes, have the recommendations been executed? Yes No

d) Is the time frame for BSC performance appraisal followed? Yes No

e) Do you attend BSC appraisal meetings after the moderation panel?

Yes No If yes, do you get explanation if your BSC final rating change from the preliminary rating?

Yes No

f) Do you always record your career aspirations and action plan with your manager during the BSC appraisal meeting? Yes No

Please indicate the extent to which you agree with the following statements on the balanced scorecard implementation. Using a five point Likert scale of 1-5 where;

Strongly Disagree=1, Disagree=2, Uncertain=3, Agree=4, Strongly Agree=5

		1	2	3	4	5
1	BSC measurement methods					
a	Measurement methods are accurate					
b	All information gathered is useful at the end of the year					
c	Targets in financial perspective are easily measured					
d	Targets in customer perspective are easily measured					
e	Targets in internal business processes perspective are easily measured					
f	Targets in learning and growth are easily measured					
2	BSC skills					
a	The skills acquired during training are useful in my BSC					
b	My BSC is SMART					
3	Involvement of managers in BSC implementation					
a	My manager communicates KCB strategy and vision to me					
b	Level of management involvement in BSC implementation in my branch is satisfactory					
4	Performance appraisal and BSC; final ratings determinants					
a	Your set targets					
b	Your overall impression to managers					
c	Your previous ratings					
d	The moderating panel					
e	Average ratings of other employees in the branch					
5	Achievement of the BSC	1	2	3	4	5
a	BSC communicates areas of weakness and strengths					
b	BSC allows managers identify best practices in an organization					
c	BSC is objective, clearly measures your performance and is a consistent basis for reward					
d	BSC establishes sufficient ownership and accountability					
e	BSC has led to your improved performance and overall improved performance of your organization					
f	BSC measures chosen are relevant to the organization's strategy and vision					

APPENDIX 3

QUESTIONNAIRE FOR MANAGERS

PART 1: PERSONAL DETAILS

Please tick or fill in the blanks as appropriate.

1. GENDER Male [] Female []

2. EDUCATION QUALIFICATION

Certificate [] Diploma []

Undergraduate [] Postgraduate []

3. What is your professional qualification? E.g. AKIB, CPA e.t.c

4. For how long have you worked in KCB?

0 - 4 Years [] 5 - 9 Years []

10-14 Years [] 15-19 Years []

20-24 Years [] 25 Years and over []

5. For how long have you been a manager?

PART 2: BALANCED SCORECARD IMPLEMENTATION

Tick or answer the questions below on the use of balanced scorecard appropriately.

1 a) What is the range of the types of measurement methods used in measuring your targets in your BSC? 3-5 [] 5-10 [] 10-15 [] More than 15 []

b) Are the methods used to measure your targets in BSC prescribed by KCB?

Yes [] No []

c) Are you able to measure all your targets in BSC? Yes [] No []

d) Is the information gathered in your BSC easily retrieved? Yes [] No []

e) Is the information gathered in your BSC secure from distortion? Yes [] No []

f) How many measurement methods used to measure your BSC targets are computerized?

All Part of them None

2a) Have all your subordinates been trained on the BSC? Yes No

b) How many times have you attended the BSC training?

c) What is the range of ALL the performance measures in the four perspectives in your BSC?

10-15 15-20 20-25 More than 25

d) Are you able to select SMART measures for your BSC?

Yes No Uncertain

e) Do you always recommend the subordinates for BSC training? Yes No

3a) How often do you review subordinate BSC during the year?

Twice Quarterly Monthly Once Uncertain

b) How do you communicate the BSC targets to the subordinate? Tick correct answer(s).

Through departmental supervisor To subordinate individually

To all employees in a meeting Through the notice board

c) If one does not meet the BSC targets what do you do? Tick correct answer(s).

Dismiss Demote Recommend training

Redeploy Transfer Coach & Counsel

e) How many times do you review your BSC during the year?

Twice Quarterly Monthly Always

4 a) Are your BSC final ratings always justified? Yes No

b) Do you require the moderating panel in your BSC final ratings? Yes No

c) Do you require the moderating panel for the BSC final ratings of your subordinates?

Yes No

d) Do you organize for subordinate BSC appraisal meetings? Yes [] No []

If yes, do you explain changes in subordinate BSC final ratings from the preliminary rating?

Yes [] No []

e) Do you make recommendations to subordinates during the BSC appraisal meeting?

Yes [] No []

f) In the appraisal meeting do subordinates always record their career aspirations and action plan? Yes [] No []

g) Is the time frame for BSC performance appraisal followed? Yes [] No []

Please indicate the extent to which you agree with the following statements on the balanced scorecard implementation. Using a five point Likert scale of 1-5 where;

Strongly Disagree=1, Disagree=2, Uncertain=3, Agree=4, Strongly Agree=5

		1	2	3	4	5
1	BSC measurement methods					
a	Measurement methods are accurate					
b	All information gathered is useful at the end of the year					
c	Targets in financial perspective are easily measured					
d	Targets in customer perspective are easily measured					
e	Targets in internal business processes perspective are easily measured					
f	Targets in learning and growth are easily measured					
2	BSC skills					
a	The skills acquired during training are useful in my BSC					
b	My BSC is SMART					
3	Involvement of managers in BSC implementation	1	2	3	4	5
a	I communicate KCB strategy and vision to my subordinates					
b	Managers are efficiently involved in BSC implementation in my branch					
4	Performance appraisal in BSC is used to;					
a	Decide who gets bonus					
b	Identify those potential for promotion					
c	Assess training, coaching and counseling needs					
d	Provide feedback for decision making					
e	Diagnose weaknesses and strengths of employees					

5	Achievement of the BSC					
a	BSC communicates areas of weakness and strengths					
b	BSC allows managers identify best practices in an organization					
c	BSC is objective, clearly measures your performance and is a consistent basis for reward					
d	BSC establishes sufficient ownership and accountability					
e	BSC has led to your improved performance and overall improved performance of your organization					
f	BSC measures chosen are relevant to the organization's strategy and vision					

5. What are the challenges of implementing BSC in KCB?

THANK YOU FOR YOUR PARTICIPATION.

APPENDIX 4

TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	373
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	225	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size "S" is sample size.

Krejcie, Robert V., Morgan, Daryle W., "Determining Sample Size for Research Activities", Educational and Psychological Measurement, 1970.

CONDITIONS

1. You must report to the District Commissioner and the District Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed with-out prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries
5. You are required to submit at least two(2)/four (4) bound copies of your final report for Kenyans and non-Kenyans respectively.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.



REPUBLIC OF KENYA

RESEARCH CLEARANCE PERMIT

GPK60553m(10/2010

(CONDITIONS— see back page)

PAGE 2

PAGE 3

THIS IS TO CERTIFY THAT:

Prof./ Dr./ Mr./ Mrs./ Miss..... WYCLIFFE
 NYAKUNDI MONYENYI
 of (Address) UNIVERSITY OF NAIROBI
 P.O. BOX 2461, KISII
 has been permitted to conduct research in
 Location,
 ALL.....District,
 NYANZA..... Province,
 on the topic. Factors influencing
 implementation of balanced scorecard
 for measuring employee performance
 in Kenya Commercial Bank, Nyanza
 Province, Kenya.....
 for a period ending 31ST DECEMBER, 20..10.

Research Permit No. NCST/RBI/12/1/SS/759
 Date of Issue. 20/08/2010
 Fee received SHS 1,000



[Handwritten Signature]
 Applicant's Signature
 Secretary
 National Council for Science and Technology