

**BALANCED SCORECARD AND STRATEGY
IMPLEMENTATION AT KENYATTA UNIVERSITY, KENYA**

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**A Research Project Submitted in Partial Fulfillment of the
requirements for the Award of the Degree of Master of Business
Administration, School of Business, University of Nairobi**

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Declaration

I hereby declare that this is my original work and has not been submitted for any award at any other institution.

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Dedication

I dedicate this research project to my loving mother Margaret Adura who has been a great source of inspiration and joy throughout my daily endeavors to attain my full potential to my father Samuel Ndungu for always giving me encouragement to continue and prayers.

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Abstract

The main aim of the paper was to investigate on Balanced score card and strategy implementation at Kenyatta University. Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing many firms have changed rapidly. Today's global competitive environment is complex, dynamic, and largely unpredictable. The study reviewed on balanced scorecard and strategy implementation, and challenges faced in using the balanced scorecard for strategic implementation. The study focused on examining how Kenyatta University implements their strategies and how the Balanced Scorecard is adopted as a tool for measuring effectiveness of strategy implementation in institutions. This study was conducted through a case study and it was considered suitable as it allows an in-depth study of the subject on investigating the application of balance score card as a tool for strategy implementation. The study used primary data collected from the management and staff members of Kenyatta University. Using an interview guide, the researcher interviewed fifteen top and middle level managers from campus including the DVC', registrar head of departments and five members from the support service departments. Content analysis was used to analyze the data. The study draws a conclusion that in general the BSC application aims to address a major concern of managers to monitor and ensure that the objectives of the organization's strategy will be implemented and achieved. It also allows to monitoring the evolution of organizational decisions taking into account a set of key indicators. The study was faced with some limitation key of which was availability of resources being a self- sponsored student, another limitation was the unwillingness of the responds to give information, and time was also a major constraint being a full time employee. The study recommends that Kenyatta University needs to put in place a broad research and development department to assist it in studying the local environment and internal environment specific tools which influence their strategy implementation.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The Balanced Score Card (BSC) is undoubtedly the most popular management system in organizations today (Wiersman, 2009), its popularity comes from the principle that it brings all of the strategic objectives of a business into a single and balanced framework (Kaplan and Norton, 2003). The BSC concept was introduced following a lot of critic from using only financial measures to evaluate the performance of a company. Kaplan and Norton (1992), proposed that financial measure of a company's performance be supplemented with other measures that will capture the intangibles assets of the growth, were to complement financial ones to give a clear picture of the company's performance.

The environment that businesses operate is very competitive and therefore necessary for it to have a competitive advantage over its competitors. Resource based-view (RBV) is an approach to achieving competitive advantage that emerged in the 1980 and 1990 (Barney J.B, 1991).It mainly argues that firms should look inside the company to find sources of competitive advantage instead of looking at the competitive environment. According to RBV it is more feasible to exploit external opportunities using existing resources in a new way rather than acquire new skill for each different opportunity.RBV as a basis for competitive advantage of a firm lies primarily in the application of a bundle of tangible and intangible resources at the firms disposal (Mwailu& Marcer,1983).The dynamic capability theory grew out of the RBV of the firm ,The basic assumption of dynamic capability framework is that

the core competencies should be used to modify short term competitive positions that can be used to build longer-term competitive advantage (Nelson & Winter, 1982)

Kenyatta University has grown tremendously over the years making it necessary to change the strategy they had back in the 90's to be able to cope with the changing external environment and competition. Traditional financial reporting systems provide an indication of how a firm has performed in the past, but offer little information about how it might perform in the future. For example, a firm might reduce its level of customer service in order to boost current earnings, but then future earnings might be negatively impacted due to reduced customer satisfaction. To deal with this problem, Robert Kaplan and David Norton developed the Balanced Scorecard, a performance measurement system that considers not only financial measures, but also customer, business process, and learning measures. Kenyatta University has over the years had many strategies but some just did not work out properly due to poor strategy implementation plan, the use of the score card will be of great impact to the university it will provide it with a system that will make the vision of the university into reality. The balance score card helps in the strategy implementation process, it provides a road map which the organization will or should follow in order to implement strategy based on customer satisfaction, financial measures and internal growth.

1.1.1 The Concept of Balanced Scorecard

The way of converting strategy into practical actions throughout the firm, detailing guidelines and goals, creating tools for monitoring and for measurement of strategies' results and creating a favorable environment for strategic alignment and learning has been one of the greatest challenges for the strategic management field. Seeking this

goal, several methods have been developed, such as Tableaux of Board, Administration by Goals (Drucker, 1954.)

Since 1992, when the first paper about BSC was published, this method has spread and been applied in firms quite widely. According to Collazos (1999), the BSC is incorporated into the management process in many of the organization currently due to increased competition. Fernandes (2003), states that the BSC's success was so significant that Harvard Business Review magazine affirmed that BSC was one of the most important discoveries of the last 75 years in the business world it has been clear that the primary focus of Balanced Scorecard is to be a control tool for managers (Kaplan and Norton, 1992). But there are different types of control exercised by managers: Kaplan and Norton appear from the outset to associate the Balanced Scorecard with what (Muralidharan, 1997) calls 'strategic control' rather than 'management control' (Bungay and Goold, 1991). But in practice, considerable academic and practical attention has focused on the application of Balanced Scorecard for management control purposes (Neely et al, 1994, Lingle and Schiemann, 1996, Frigo, 2000)

1.1.2 Strategy Implementation

When studying performance assessment and control systems for implementation of business strategies, Simons, (2000) conceived a model of strategic control levers that involve four dimensions, namely strategy as perspective .strategy as positioning, strategy as plan and strategy as pattern. These dimensions are partially related with the 5 Ps of strategy (Mintzberg et al., 2000): strategy as perspective, strategy as

positioning, strategy as plan and strategy as pattern. Only the fifth P of Mintzberg strategy as ploy is not considered in this model. The model of control levers developed by (Simons, 2000) took advantage of some concepts and formulations of strategy developed previously. The first one was the analysis of the Design's School (Andrews, 1996), which establishes that the strategy formulation should be done according to the analytical study of threats and opportunities of the external environment and of strengths and weaknesses of the internal environment (SWOT) analysis. In order to position the businesses in the external environment, the dynamic of market competition is used – 5 strengths model of Porter (Porter, 1998). In order to recognize and to develop resources and competences of the enterprise, the vision based on resources of Barney (1991) and on essential competences of Prahalad and Hamel (1998) have been considered as well.

Once a strategy is accepted, the focus usually moves to implementation the assumption is that if the changes outlined in the strategy are implemented, the target future will be realized and the business case achieved (Maylor, 2001, Kaplan & Norton, 2008). For some strategies, this is indeed the case; for others, it is not so easy. Implementation as it is generally practiced aims to *push* the present into the future. It is predicated on the assumption that successful implementation is achieved through the execution of a series of steps, where each step takes the organization closer to its target state. The main weakness of this approach is that it assumes organizations are deterministic and 'programmable'. (Kaplan and Norton, 1992) Yet we all know that this is not the case. Organizations are not predictable, particularly at times of significant change; they are dynamic systems that respond often in unforeseen ways when attempts are made to change them. As a consequence, an implementation plan is

always out of date. And what is more, having such a plan can lead people to believe that it is someone else's responsibility to action it: namely the people implementing the plan. (Gale, 2007).

1.1.3 Universities in Kenya

According to Wikipedia (2014), Kenya has a number of Universities and other institution of higher learning. There are 22 Public universities, 14 Chartered Private universities, 12 universities with Letter of Interim Authority (LIA) and also foreign universities are included.

The higher education fraternity has undergone tremendous transformation in the recent past. Key among them is the enactment of Universities Act No. 42 of 2012 which commenced on 12th December 2012. These brought the establishment, governance and administration of universities under same legal framework. This caused repealing of Acts of Parliament for seven (7) universities which operated under individual Acts. The new law also caused some public university, constituent colleges operating under Legal Orders to be upgraded to full-fledged public universities. This provides for the development of university education, the establishment, accreditation and governance of universities. The commission for university education in Kenya also undertakes recognition and equation of degree, post graduate diploma and post graduate certificates conferred or awarded by foreign university and institution in accordance with section (5) g of the university Act 2012.

According to a 2004 report on reforming higher education in Kenya, the rapid expansion of university education in the country was a spontaneous response to the increasing demand for higher education necessitated by the increasing flow of

students from schools. The universities in Kenya are currently having each a charter of their own making them change the strategies they have currently to be able to cope with the new charter. The Act was given as Universities Act of 2012; The Act has harmonized governance systems and quality assurance standards for all universities including both public and private.

Kenyan universities have realized a tremendous growth in the last decade; some of them have expanded to East Africa region example Kenyatta University. Universities also face challenges like shortage of teaching staff, to the point where a lecturer can have over 2000 students to lecture making them to work even over the weekend, Strikes by the staff of the university, Lack of fees by students or increase in the number of needy students. Some of the challenges can be tackled but others not easy to do so. Therefore it is necessary for them to come up with strategies that will allow them to cope with the challenges they are facing. Currently some universities are having double intakes and it's very necessary for them to know how to cope up with the increased number of students.

In 2009 the Kenya University System was about 21,000 students both by public and private universities. Since then this has tripled to 63,000 students intake by 22 public universities, taking in 53,000 students; and 22 private universities with Charters or Letter of Interim Authority expected to take in 10,000 students by 2013. For expansion of universities training to be sustainable and grow the economy of a Country's systems should be considered. As the number of universities increase, that means more people are getting access to higher education. Competition has increased tremendously over the years from 6 public universities to 22 plus private universities

which are also over 20. Therefore necessary for the universities to come up with strategies that will make it better than the rest in the market.

1.1.4 Kenyatta University

According to Wikipedia 2012 Kenyatta University (KU) began in 1965 when the British Government handed over the Templar Barracks to the newly formed government of Kenya. The Barracks were then changed into a college known as Kenyatta College. Initially, the College was divided into two; the Secondary Education Division and the Teacher Education Division, which started by offering the three-year Post – Ordinary level Secondary Teacher’s Certificate.

In 1970, the college was elevated to a constituent college of the University of Nairobi, following an Act of Parliament. Thus the name was changed to Kenyatta University College. In 1985, it became a fully-fledged university, starting as a teacher training institution and was renamed Kenyatta University. In 1978, the Faculty of Education was moved from the University of Nairobi to Kenyatta University College Campus and thus became the only institution training teachers for both undergraduate and postgraduate levels.

The Campus gained the status of University in 1985 when the Kenyatta University Act became operational. Kenyatta University immediately established new faculties and constituent colleges including Jomo Kenyatta College of Agriculture and Technology (JKUAT) which became a constituent College of Kenyatta University in 1988 and later on become a full – fledged university.

Some of the major challenges facing KU are cost of running the campus, the population has increased tremendously and therefore more resources needed to cope. The university needs to employ more people, come up with new hostel to at least accommodate a bigger population of students. KU is also facing the challenge of implementing the new higher education Act which requires all the universities to be run by one Charter. The workforce in the university has also become a challenge due to the strikes they are having which affects the running of the universities. Recently workers were striking for the accomplishment of the CBA agreement which required their salaries to be raised. It was a big challenge to many universities which are currently still not stable after paying the agreed CBA, KU included.

The introduction of the self- sponsored students (SSP) has been a great advantage to universities because they can run the universities using funds from SSP students. The growth in many universities is mainly from SSP funds. The implementation of the new Act will require the university to come up with strategies and implement them for them to be able to succeed in the long run. A happy and encourage work force is better and therefore the university should come up with strategies that will ensure that the staff are motivated and taken care of.

Kenyatta University has currently a student population of at least 24,000 students as compared to 1997 it had about 8,000 students. The management of the campus has to come up with strategies to help them cope with the increased population of students in the university. Strategy implementation is crucial for survival of any organization. Good strategies with bad implementation plan are not of any importance to the organization. The balanced score card helps in implementation of strategy and it will be of great importance to Kenyatta University for it to succeed in the competitive

environment in which it is operating. Kenyatta University has opened many campuses around the country, So as to cope with the increase in population of students who enroll at the campus. Some of the challenges Kenyatta University is facing currently is that the number of students it is admitting are more than what they can offer accommodation to. The number of staff is less compared to the number of students they are supposed to serve, making it more difficult for them to serve their customers efficiently and effectively as they are supposed to. Kenyatta University has created employment for many people by opening many campuses and constituents college around the country.

1.2 Research Problem

There is little literature and research available in the area of Balanced Scorecard as a strategic tool. Ittner and Lackner, (2001), state that “surprisingly little research have been conducted on the Balanced Scorecard concept, despite considerable interest in the topic” The intended contribution of this research is to increase the knowledge in the area. With little research conducted so far, this research is a modest start in the exploration of whether BSC stands the test as an appropriate tool for strategy implementation.

According to Kaplan and Norton (2005), many organizations have ambitious plans for growth but few ever realize them. This is attributable to a gap between strategy formulation and implementation .Aosa (1992), states that organizations generally achieve less than superior performance when it comes to strategy implementation, regardless of context and industry. The objective of strategy is to win the competitive

game by outwitting an organization's competitors. This enables it to achieve superiority in the market place hence ensure survival and prosperity.

Realizing strategic objectives implies proper strategy implementation by institutions. Many strategies are not realized in organizations due to poor implementation (Neely and Bourne, 2000). Strategy implementation happens to be a more challenging and delicate task than that of strategy formulation. Many strategies fail because the strategic plans are not translated into measures that managers and employees can understand and use in their daily work. Many organizations both in public and private come up with excellent strategies but very few set to implement them. This is largely attributed to the fact that delicate and sensitive issues are involved in the strategy implementation.

The number of universities has increased tremendously over the last decade and therefore competition is high. With this in mind, the university has adopted the application of BSC in serving its focal point for all its efforts thus shifting from the past to learning about the future. Kenyatta University has adopted the balanced scorecard (BSC) methodology to implement its strategies. The balanced scorecard has been designed to cater to the specific needs of Kenyatta University.

The balanced scorecard is a complementary strategic model that considers financial and non financial measures. According to Johnsen (2001), balanced scorecard as a management model, that translates the organizational mission and strategy into a collection of performance measures. It is a complement of the Management by Objectives but "with more emphasis on feedback on results by formal and integrated performance measurement". Performance measures cannot be only based on financial

measures but should consider others perspectives (Wilson et al., 2003).The research will be conducted to see if the finding will agree with earlier researches done on strategy implementation, And how the BSC helps in implementation of strategies in organization.

Scholars have studied the role of the balanced scorecard in strategy implementation in different sectors. Mucheru, (2008), carried out a survey on the application of the balanced scorecard in performance management among commercial banks in Kenya; Karimi. (2010). carried out a case study of Safaricom, on the use of the balanced scorecard in strategy development and implementation and Ogendo, (2010), carried out a study on the application of the balanced scorecard in strategy implementation by Unilever Tea Kenya Limited. With regard to studies on strategy implementation, Karani, (2009) examined strategy implementation at KenGen. The above studies did not focus on challenges of the balanced scorecard as a strategy implementation tool. Although the balanced scorecard has gained a lot of popularity as a tool for strategy implementation, it has its own challenges, which this study seeks to identify. Due to the contextual, sectoral and managerial differences among organizations, the application of the balanced scorecard and the challenges faced in application of the same would not be assumed to be similar, unless empirical studies demonstrate so. What is the effect of the application of balance scorecard as a tool for strategy implementation at Kenyatta University?

1.3 Research Objectives

The objectives of the study was to establish how Kenyatta University is applying the balanced scorecard in strategy implementation and the challenges faced in the application of balanced scorecard at Kenyatta university

1.4 Value of the Study

The study of strategy implementation and how the balanced scorecard has been applied in the Kenyatta University will be instrumental to policy makers other organizations and universities. To policy makers especially in the public sector it will serve as a blue print for the implementation of strategy. It has become common for the public sector to craft strategies that look good on paper but are never actualized. This study will help shed light on the available avenues for bringing strategy into fruition.

This is purely an academic research carried out with the purpose of establishing the application of BSC methodology in strategy implementation in an institution of higher learning. There is little literature and research available in the area of balanced scorecard as a performance management tool in institutions of higher learning. The BSC concept is a new approach for strategy development and employment and has entered the management scene during the last decade.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter shall review the literature available on strategy implementation, balanced scorecard framework for organization and challenges faced in using the balanced scorecard for strategic implementation. Empirical studies in these areas shall also be reviewed.

2.2 The Theoretical Foundation of the study

The BSC emerged in the USA at the end of the 80's within the scope of the Strategic Control and the Agency Theories. Since the historical work of Johnson and Kaplan (1987), the vast majority of the new management control tools have gained strategic and marketing dimensions. The most famous nowadays is the BSC (Kaplan and Norton, 1996, 2004). The Strategic Control theory (Bromwich, 1990) implies to study the interactions between the strategic and the operational processes. A Strategic Control tool necessitates an overwhelming volume of data and information from outside and inside the firm. It is a reason why there has been a crisis in the management control profession until the design and the development of integrated performance information systems tools (ERP, BPM) more precisely; the Strategic Control approach emerged during the 1970s and has been developed since (Schendel & Hofer, 1979; Horovitz, 1979). There has been growing researches on this subject

since the mid-1980s (Simmonds, 1981; Shank and Govindarajan, 1989; Bromwich, 1990).

According to the Strategic Control Theory, the first purpose of the BSC is to reconcile the control process with the strategic one. Moreover, Kaplan and Norton's version of the BSC is based on a disciplinary approach (Agency Theory, Jensen and Meckling, 1992). Kaplan and Norton use a competitive approach to formulate the strategy (SWOT and Porter's models, Porter, 1985). The strategy formulation and implementation are two separate steps. And the value creation is fundamentally based on the shareholders satisfaction. More precisely, to analyse the organizational architecture (Jensen and Meckling, 1992) underlying a BSC, we can distinguish between the Contractual and the Knowledge Management Theories. Contractual ones (the Agency and Transaction Costs Theories for instance) suggest a disciplinary approach to manage a firm. In this context, the knowledge creation process is neglected because it is assumed to have no impact on the firms' performances. But significant researches using heterodox approaches called Knowledge Management Theories have been developed. The most famous ones are the Organizational Learning Theory (Argyris and Schön, 1978), the Resource-based View (Penrose, 1959) and the Core-competencies Approach (Hamel and Prahalad, 1990). These theories have influenced deeply all the management areas. For instance, in the field of the Management Control, Simons (1995) has built the Interactive Control concept and Scandinavian scholars (Mouritsen and Larsen, 2005) have developed the Intellectual Capital notion, referring to the use of knowledge resources from a management control point of view. Knowledge Management Theories postulate that knowledge is the main determinant of the value creation. The Resource-based View approach lies

more precisely within the scope of the evolutionist theories, which postulate that managing the evolution of technical and organizational processes builds the firm's competitiveness.

2.3 Balance Scorecard and Strategy Implementation

Although companies or business units are encouraged to identify and customize their own areas of measurement, four broad perspectives are perspective, innovation and learning perspective, and financial perspective. Specifically, the measures that are chosen by the unit tend to fall under one of these categories. For example, under the learning growth category, there may be a measure for number of training hours employees receive (Albright, Davis, & Hibbets 2001). This outcome measure could then be linked to employee knowledge and skill in an area for example sales that then translates into successful referrals or cross-sells, leading to customer satisfaction-retention leading to some bottom line financial number. In this way, a training manager or specialist could see how her activity linked to the larger business goals.

(Kaplan and Norton, 1992) the objective of the balanced scorecard was to create a system, which could measure the performance of an organization and to improve any back lags that occur. The popularity of the balanced scorecard increased over time due to its logical process and methods. Hence, it became a management strategy, which could be used across various functions within an organization. The balanced scorecard helped the management to understand its objectives and roles in the bigger picture. It also helps management team to measure the performance in terms of quantity. The balanced scorecard also plays a vital role when it comes to communication of strategic objectives. One of the main reasons for many organizations to be

unsuccessful is that they fail to understand and adhere to the objectives that have been set for the organization (Lawrie, 2002).

The balanced scorecard provides a solution for this by breaking down objectives and making it easier for management and employees to understand. Planning, setting targets and aligning strategy are two of the key areas where the balanced scorecard can contribute. Targets are set out for each of the four perspectives in terms of long-term objectives. However, these targets are mostly achievable even in the short run. Measures are taken in align with achieving the targets. Strategic feedback and learning is the next area, where the balanced scorecard plays a role. In strategic feedback and learning, the management gets up-to-date reviews regarding the success of the plan and the performance of the strategy. The balance score card is necessary to; increases the focus on the business strategy and its outcomes, leads to improvised organizational performance through measurements and align the workforce to meet the organization's strategy on a day-to-day basis. It is necessary because it targets the key determinants or drivers of future performance, improves the level of communication in relation to the organization's strategy and vision and helps to prioritize projects according to the timeframe and other priority factors (Hanson & Towle, 2000).

According to Kaplan and Norton (see figure 1), the BSC is composed of: -Four strategic perspectives: financial, customer, internal business process and learning and growth ones; Financial: emphasizing shareholder satisfaction, key goals and measures here generally involve (gross and/or net) profitability, return on capital employed, residual income, economic value added, sales growth, market position and share, cash flow. Customer: focusing on “real” customer satisfaction, key goals and indicators

here typically stress common customer concerns such as delivery time, quality, service and cost. Internal business: key goals and measures here should highlight critical skills and competencies, processes and technologies that will deliver current and future organizational (customer/financial) success. Learning/growth: underpinning the other three perspectives, key long-term goals and indicators in this regard typically relate to improving flexibility and investing for future development and new opportunities (Atkinson, 2006, pp. 53-54).

These functions have made the balanced scorecard an effective management system for the implementation of strategy. The balanced scorecard has been applied successfully to private sector companies, non-profit organizations, and government agencies.

2.4 Challenges of using Balance score Card in Strategy Implementation

The BSC has its own drawbacks. The criticisms levied on the concept target different theories which have developed surrounding the BSC concept. To begin with, it is argued that the concept is not new. The notion that BSC is a new management System is contemptuous. Because, the French for example used the tableau de Bord which is widely considered to be a similar concept to BSC long before the BSC was introduced. Also, the idea that BSC could be used in all type of businesses is disputed too. Some of the major challenges using the balance score card in strategy implementation are- Management style (Thomson & Strickland, 1998) are mostly concerned with the managers' role in Strategy implementation process.

They state that organizational change and culture change must be the leader's top priority. The authors argue that if the companies' managers see the need for change,

and give this change top priority and use the necessary time, the organization will change. Thomson (1995) says that in all organizations, at all levels, there exists a natural resistance to change. Social relationships are more strongly weighted than economical factors. The employees feel threatened by changes and the unknown and they may be concerned with losing their jobs or status (Thomson, 1995). This is also valid for the top management (Thomson & Strickland, 1998). Few management groups can handle both to establish strategies for the current situation, and at the same time, create acceptance or culture for change in the organization. The Balanced Scorecard is not a tool for imposing a strategy created at the top of the organization or a stick to beat people with. It is actually a tool to allow people to both participate in the strategy process and create objectives and measures that reflect their business area's efforts to support the broader corporate strategy. The balance score card could fail if the management style is highly centralized with a top-down style of management. For it to succeed the management should decentralize the management style and allow participation of workers who are at the ground.

Lack of integration, (Kaplan and Norton, 1996a) claim that the first barrier occurs when the organization can not translate its vision and strategy into terms that can be understood and acted upon. Where fundamental disagreement exists about how to translate the vision and mission statement into action, the consequence is suboptimal use of efforts. With lack of consensus and clarity, different groups will work after different agendas according to their own interpretation of the vision and strategy. Their efforts are neither integrated, nor cumulative, since they are not linked coherently to an overall strategy. The Balanced Scorecard isn't another stand-alone project or system. It is the performance management and monitoring system,

integrating typically a range of disparate systems, measures and monitoring approaches. Therefore for it to succeed in implementation all areas have to work together for a successful strategy at the end.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the methodology followed in the execution of the study. Topics include: the research design, data collection and data analysis.

3.2 Research Design

This is a case study research design on investigating the application of the balanced scorecard and strategy implementation at Kenyatta university .Basically, a case study is an in depth study of a particular situation rather than a sweeping statistical survey. It is a method used to narrow down a very broad field of research into one easily researchable topic. Case studies as a research method or strategy have traditionally been viewed as lacking rigor and objectivity when compared with other social research methods. This is one of the major reasons for being extra careful to articulate research design, and implementation. On the other hand, despite this skepticism about case studies, they are widely used because they may offer in-sights that might not be achieved with other approaches. Case studies have often been viewed as a useful tool for the preliminary, exploratory stage of a research project, as a basis for the development of the ‘more structured’ tools that are necessary in surveys and experiments.

3.3 Data Collection

The study used primary data collected from the management and staff members of Kenyatta University. Using an interview guide, the researcher interviewed fifteen top and middle level managers from the main campus including the DVCs, Registrars and five members from the support service departments.

The interview guide had unstructured questions were used to encourage the respondent to give an in-depth response without feeling held back in revealing any information. With unstructured questions, a respondent's response may give an insight to his feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

3.4 Data Analysis

The data was qualitative in nature, due to this fact; content analysis was used to analyze the data. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

This research yielded qualitative data from the interview schedules and analyzed using content analysis because this study sought to solicit data that was qualitative in nature. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The method of data collection was done through an interview guide which was developed in line with the objectives of the study. The research objective was to establish how Kenyatta University is applying the balanced scorecard in strategy implementation and the challenges faced in the application of balanced scorecard at Kenyatta University.

4.2 Applying the Balanced Scorecard in Strategy Implementation

The interview guides were administered by the researcher on the target respondents. In total the study sought to interview four DVCs, four registrar personnel, seven head of sections and five junior staff members. The researcher was successful in interviewing sixteen out of the twenty respondents. This is an adequate response rate which represents 80% of the total response rate and therefore used as a basis for drawing conclusions and give recommendations.

The study sought to find out the department from which the interviewees were working. From the study findings it is clear that two interviewees were DVCs, three interviewees were from the registrar, six of the interviewees were heads of section while five of the interviewees were junior staff members.

The interview guide sought to find out from the interviewees how the institution went ahead in implementing the chosen strategies. The interviewees stated that the institution observes the following whenever it sets to implement the chosen strategies. One was the development of a detailed action plan which is a chronological list of action steps which add the necessary detail to the chosen strategies, assigning responsibility to a specific individual for accomplishing each of those action steps setting a due date and estimate the resources required to accomplish each of the action steps. According to the interviewees the institutions translates the broad strategy statement into a number of specific work assignments.

The interviewees indicated that those successful at implementing strategy give thought to the organizational structure, there was a consideration of the human resource factor in making the strategies happen, funding the strategies through the annual business plan, and developing a plan to monitor and control the strategies and tactics. In addition to the above the interviewees indicated that the institution always had to translate the strategic direction into a comprehensive plan of action, which includes key performance milestones along the way and specific accountabilities for performance, putting metrics in place to regularly measure both the output and process goals of the implementation effort, and ensure organizational adaptability to evolve the implementation plan based on the learning achieved.

In summary response from the management interviewees was that the institution communicates the strategic intent, thrusts and action plans, uses rigorous project management principles to deliver the change agenda, sets individual targets and work

plans aligned to the strategic priorities and consistently measuring progress, assessing and giving feedback about performance. The researcher was interested in findings out the person who was responsible in strategic implementation in the institution. From the study findings the interviewees said that in every new strategy to be implement in the organization one board member was chosen to oversee this implementation but overall the deputy vice chancellor was in charge of the strategies implemented. Other people who were responsible for the implementation of the strategy were heads of departments where the strategy is implemented, and could in turn select specific employees who are held accountable for the success of the strategies.

The study inquired from the interviewees how often policies on implementation strategies were updated and the study findings indicate changes on the policies were made incase new needs arose. The interviewees thus indicated that policies on implementation were updated often but that depends on the success of fail of the policy to achieve the intended results. The interviewees were asked the extent to which their department dealt with balanced scorecard in strategy implementation. The responses indicated that the departments dealt with balanced scorecard in strategy implementation to a great extent this was so because aspects of balanced scorecard had an effect on how the institution implemented its strategies thus they had to deal with this tool in most cases.

The researcher was interested in finding out from the interviewees whether in applying the BSC at the institution there were any benefits. The interviewees stated the following as what they thought were the benefits of applying the BSC, the key problems associated with strategy implementation including communication, the role

of middle managers and integration with existing control systems were addressed easily, strategic initiatives that follow best practices methodologies cascade through the entire organization, increased creativity and unexpected ideas and it helps align key performance measures with strategy at all levels of an organization. Apart from the above the interviewees quoted that applying BSC in the institution provides management with a comprehensive picture of business operations, the methodology facilitates communication and understanding of business goals and strategies at all levels of an organization and that the concept provides strategic feedback and learning. Initiatives are continually measured and evaluated against industry standards the BSC helps reduce the vast amount of information the company information technology systems process into essentials and a unique competitive advantage by the institution is achieved.

The researcher sought to find out from the interviewees whether there are any challenges that have been encountered in the process. The interviewees stated the following as the challenges that have been encountered in the process of BSC application lack of understanding of the scorecard, lack of visibility of the corporate and divisional scorecards, lack of support of the scorecard , some strategies tend to be high-level, future looking with ideals and aspirations. While valid to fuel the soul of the organization, they run the risk of diluting the ability for translation into an effective Balanced Scorecard. The respondents also stated that there was an absence of common vocabulary on the strategy to be implemented, a high tendency to get lost in the details and technicalities of the Balanced Scorecard. Lastly the absence of automation to record and roll-up results early in the implementation severely derails the team into the mechanics of recording actual versus targets. The comment that was

made on these by the interviewees is that more than half strategies devised by organizations are never actually implemented. At a time of increasing competition and globalization; shorter lead times and increased customer sophistication, the effectiveness of strategy implementation is even more important. This defines the success or failure of the application of BSC in organizations.

The study sought to find out whether the interviewees had any information on BSC application in their institution that they would love to share. From their responses it is clear from the interviewees that continuous results will be replicates to the institution at all times if BSC is applied appropriately. Overall the application of BSC efficiency and effectively will lead to improved strategy implementation. The respondents also agree that this strategy implementation tool has been received positively by all the employees and they agreed that management is committed to its usage in all its strategy undertakings for overall effective management. Organizations without clear strategy implementation objectives in terms of the following BSC perspectives, financial perspective, customer satisfaction, learning and growth, internal processes and corporate social responsibility usually fail to provide effective management through strategy implementation.

The mandate of BSC in the sections which were represented in this study was that it meant to help the organization manage their future growth, objectives and plans. The purpose of the balanced scorecard was to give a measuring tape by which someone can determine whether the set goals have been met or exceeded. It adds non-financial metrics to traditional financial metrics to give a well-rounded view of the performance in an organization even at departmental levels. Their contribution to the achievement

of the overall objectives at the institutions according to the interviewees is that it bring about the financial perspective and indicates if the institutions as a whole is improving the bottom line, measuring items such as profitability and is able to reflect on economic consequences of actions already taken in the other perspectives. BSC contributes to the achievement of the overall objective of the institution in that it captures the customer perspective in strategies adopted by focusing on customer concerns primarily in four categories: time, quality, performance and service, and cost. The interviewees stated that BSC contributed to the perspective measure of the internal business processes, core competencies, and technologies that would satisfy customer needs. The learning and growth perspective of the BSC helps the institution to identify the organization's infrastructure needed to support the other perspectives' objectives. This perspective measures the institutions' ability to innovate, improve, and learn, such as the ability to launch new products in the academic environment.

The researcher sought to find out how the application of the balanced scorecard was communicated to various levels of the organization. The interviewees stated that their institution followed five principles to communicate the application of balanced scorecard which include: translate the strategy to operational terms, align the organization to the strategy, make strategy everyone's everyday job, make strategy a continual process, and mobilize change through executive leadership. In relation to how the management communicated the idea of the BSC to the staff under, the interviewees stated that it was communicated through a written guideline with plan and measures expected of each employees. Managers communicated their strategy up and down the organization and linked it to departmental and individual objectives. The scorecard gave managers a way of ensuring that all levels of the organization

understand the long-term strategy and that both departmental and individual objectives are aligned with it.

The study was interested in finding out how BSC was prepared for the various sections. According to the interviewees the BSC was translated into a vision which helps managers build a consensus around the organization's vision and strategy. For people to act on the words in vision and strategy statements, those statements are expressed as an integrated set of objectives and measures, agreed upon by all senior executives, that describe the long-term drivers of success. Managers then did communicate their strategy up and down the organization and link it to departmental and individual objectives. This gives the managers a way of ensuring that all levels of the organization understand the long-term strategy and that both departmental and individual objectives are aligned with it. The institution integrates their business and financial plans. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals a situation that leads to frequent disappointments with the programs' results. But when managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them toward their long-term strategic objectives. The interviewees indicated that feedback and learning gave companies the capacity for strategic learning. Existing feedback and review processes focused on whether the company, its departments, or its individual employees have met their budgeted financial goals. With the balanced scorecard at the center of its management systems, the institution monitored short-term results from the three additional perspectives customers, internal business processes, and learning and growth and evaluate strategy in the light of recent performance.

In relation to whether BSC has helped in the discharging of the day to day work, the interviewees stated that yes it had helped a great deal. Some of the help it afforded the interviewees was that it enable to analyze or assess, where an understanding of the current internal and external environments is developed, where high level strategy is developed and a basic organization level strategic plan is documented , where the high level plan is translated into more operational planning and action items, and where ongoing refinement and evaluation of performance, culture, communications, data reporting, and other strategic management issues occurs. The study sought to find out whether the contents of the BSC (objectives, target and measures) correlate with the actual objectives, targets and measures given to various division/section in the institution. From the study findings it is true that the interviewees were contented that the contents of the BSC (objectives, target and measures) correlate with the actual objectives, targets and measures given to various division/section.

The study sought to find out from the interviewees the challenges that they had faced or are facing in the application of the BSC in their organization. According to the interviewees some of the challenges include poorly defined metrics, metrics need to be relevant and clear but in most cases they are not, lack of efficient data collection and reporting and lack of a formal review structure. In addition to the above there was no process improvement methodology as there was too much internal focus.

The study had an interest of finding out whether BSC helps in any way in the course of executing duties in the institution. The interviewees stated that BSC did help them in the course of executing their duties in that it translated the strategic direction into a

comprehensive plan of action, which includes key performance milestones along the way and specific accountabilities for performance, it put metrics in place to regularly measure both the output and process goals of the implementation effort, and ensure organizational adaptability to evolve the implementation plan based on the learning achieved and makes sure the effort receives enough of the right kinds of resources, not merely cheerleading and money. In addition to the above it ensures that all managers, have the time, skills and systems needed to actively lead, coach and mentor staff to do the job expected of them.

The interviewees stated the following in regards to the information that they would like to share about the experience with BSC. The stated that organizations need to recognize that explicit project management of the change effort is required, the balanced scorecard application gives the organization a full picture as to whether the company is meeting its objectives, the immediate future is not the only thing being evaluated and a company can be sure that any strategic action implemented matches the desired outcome.

4.3 Discussion

The findings indicate that there are various benefits of applying the BSC, the key problems associated with strategy implementation including communication, the role of middle managers and integration with existing control systems were addressed easily, strategic initiatives that follow best practices methodologies cascade through the entire organization, increased creativity and unexpected ideas and it helps align key performance measures with strategy at all levels of an organization. Apart from the above the interviewees quoted that applying BSC in the institution provides

management with a comprehensive picture of business operations, the methodology facilitates communication and understanding of business goals and strategies at all levels of an organization and that the concept provides strategic feedback and learning. Initiatives are continually measured and evaluated against industry standards the BSC helps reduce the vast amount of information the company information technology systems process into essentials and a unique competitive advantage by the institution is achieved.

In addition to the above the findings indicate the purpose of the balanced scorecard was to give a measuring tape by which someone can determine whether the set goals have been met or exceeded. It adds non-financial metrics to traditional financial metrics to give a well-rounded view of the performance in an organization even at departmental levels. Their contribution to the achievement of the overall objectives at the institutions according to the interviewees is that it bring about the financial perspective and indicates if the institutions as a whole is improving the bottom line, measuring items such as profitability and is able to reflect on economic consequences of actions already taken in the other perspectives. BSC contributes to the achievement of the overall objective of the institution in that it captures the customer perspective in strategies adopted by focusing on customer concerns primarily in four categories: time, quality, performance and service, and cost. The interviewees stated that BSC contributed to the perspective measure of the internal business processes, core competencies, and technologies that would satisfy customer needs. The learning and growth perspective of the BSC helps the institution to identify the organization's infrastructure needed to support the other perspectives' objectives. This perspective

measures the institutions` ability to innovate, improve, and learn, such as the ability to launch new products in the academic environment.

These findings are consistent with the findings by Atkinson et al, (1997) a performance measurement system must essentially do four things: Help the company assess whether you are receiving the expected contribution of employees and suppliers. Help assess whether the company is giving each stakeholder group you need to continue to support the company achieve its main objectives. Assist the company in building and implementing processes that contribute to achieving the strategic objectives. Help the company assesses and monitor strategic planning in accordance with the agreements negotiated with key stakeholders.

According to Ittner and Larcker (2003) point out the mistakes that companies make when trying to measure the non-financial performance: Lack of alignment between measurements with strategy - a key challenge for companies is to determine which non-financial measures need to implement. Validate the measurements - do not validate the model, which leads to measure many things, and most of them are irrelevant. Set up the right goals and measures. Wrong measurements - research indicates that 70% of companies used metrics that have no statistical validity. Atkinson et al. (1997) goes ahead to indicate that most companies use formal performance measurement systems that are extensions of their financial reports. The traditional financial accounting measures can give misleading signals for continuous improvement and innovation in organizations, and are generally non- aligned with the capabilities and skills required for today's organizations in the preparation of their future.

Speckbacker et al., (2003) states that BSC emerges as an imperative need to fulfill the traditional approach of measuring of the organizations success, so that the vision and strategy were converted into goals, indicators and targets. In turn, these objectives, indicators and targets are translated through other perspectives beyond the financial, according to an integrated scheme for monitoring and improving. The BSC not only translates strategy into operational terms, as well as align organizations with strategy, focusing business units and employees about their role in performing tasks. The main target is the value creation and considering the intangible and intellectual capital as opposed to the traditional systems of financial performance. The BSC complements traditional financial performance measures with three additional perspectives, customers, internal processes and learning and growth, allowing matching the accompanying financial measures for monitoring progress in building the capabilities and acquiring the intangible assets that are crucial for future growth. Using the BSC, organizations no longer depend simply on the financial measures of performance indicators. The first step in management processes creation for the implementation of the strategy involves the construction of a consistent and reliable framework that represents the network of relationships that lead to the achievement of objectives and the implementation of strategy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary of the findings of the study. It also captures the conclusions of the study as well as recommendation for policy and practice. This is in addition to limitations of the study and suggestions for further research.

5.2 Summary of Findings

The main objective of this study was to establish how Kenyatta University is applying the balanced scorecard in strategy implementation and the challenges faced in the application of balanced scorecard at Kenyatta University. The findings of the study as stated by interviewees is that the development of a detailed action plan which is a chronological list of action steps which add the necessary detail to the chosen strategies, assigning responsibility to a specific individual for accomplishing each of those action steps setting a due date and estimate the resources required to accomplish each of the action steps. Those successful at implementing strategy give thought to the organizational structure, there was a consideration of the human resource factor in making the strategies happen, funding the strategies through the annual business plan, and developing a plan to monitor and control the strategies and tactics.

In addition to the above, the interviewees indicated that the institution always had to translate the strategic direction into a comprehensive plan of action, which includes key performance milestones along the way and specific accountabilities for performance, putting metrics in place to regularly measure both the output and

process goals of the implementation effort, and ensure organizational adaptability to evolve the implementation plan based on the learning achieved.

In summary, response from the management interviewees was that the institution communicates the strategic intent, thrusts and action plans, uses rigorous project management principles to deliver the change agenda, sets individual targets and work plans aligned to the strategic priorities and consistently measuring progress, assessing and giving feedback about performance. In every new strategy to be implemented in the organization one board member was chosen to oversee this implementation but overall the deputy vice chancellor was in charge of the strategies implemented. Other people who were responsible for the implementation of the strategy were heads of departments where the strategy is implemented, and could in turn select specific employees who are held accountable for the success of the strategies.

Policies on implementation were updated often but that depends on the success or failure of the policy to achieve the intended results. The interviewees were asked the extent to which their department dealt with balanced scorecard in strategy implementation. The responses indicated that the departments dealt with balanced scorecard in strategy implementation to a great extent this was so because aspects of balanced scorecard had an effect on how the institution implemented its strategies thus they had to deal with this tool in most cases. The benefits of applying the BSC, the key problems associated with strategy implementation including communication, the role of middle managers and integration with existing control systems were addressed easily, strategic initiatives that follow best practices methodologies cascade through the

entire organization, increased creativity and unexpected ideas and it helps align key performance measures with strategy at all levels of an organization.

Apart from the above the interviewees quoted that applying BSC in the institution provides management with a comprehensive picture of business operations, the methodology facilitates communication and understanding of business goals and strategies at all levels of an organization and that the concept provides strategic feedback and learning. Initiatives are continually measured and evaluated against industry standards the BSC helps reduce the vast amount of information the company information technology systems process into essentials and a unique competitive advantage by the institution is achieved.

The challenges that have been encountered in the process of BSC application lack of understanding of the scorecard, lack of visibility of the corporate and divisional scorecards, lack of support of the scorecard, some strategies tend to be high-level, future looking with ideals and aspirations. While valid to fuel the soul of the organization, they run the risk of diluting the ability for translation into an effective Balanced Scorecard. The respondents also stated that there was an absence of common vocabulary on the strategy to be implemented, a high tendency to get lost in the details and technicalities of the Balanced Scorecard. Lastly the absence of automation to record and roll-up results early in the implementation severely derails the team into the mechanics of recording actual versus targets. The comment that was made on these by the interviewees is that more than half strategies devised by organizations are never actually implemented. At a time of increasing competition and globalization; shorter lead times and increased customer sophistication, the

effectiveness of strategy implementation is even more important. This defines the success or failure of the application of BSC in organizations.

5.3 Conclusions

In general the BSC application aims to address a major concern of managers to monitor and ensure that the objectives of the organization's strategy will be implemented and achieved. It also allows to monitoring the evolution of organizational decisions taking into account a set of key indicators. Each person in the organization must understand each particular aspect of the strategy to help the organizations to achieve full success. The BSC represents the natural evolution of management practices, which began to take shape in the post-industrial era. It arises with the necessity to complete the traditional approach of measuring the financial success of organizations in the way that organizational vision and strategy are converted into goals, strategic indicators, targets and initiatives and that its unfolding occurs through other perspectives beyond the financial, with the focus of maintaining long-term sustainability.

The BSC needs to be complemented with other less vertically integrated tools that enable greater stakeholder participation in setting strategic objectives, so that everyone feels involved and committed with the organizations destiny. The ability to react to the dynamic business environment, interconnected with the necessary internal changes, is challenges that call for a particular attention, deserving higher usefulness in a performance management tool. Competitive factors associated with innovation and knowledge is now a challenge in the current business climate. The frameworks

that ignore this new reality may compromise the sustainable future of the organizations, and the BSC has to take it into account.

The researcher concludes that balanced scorecards should not just become a collection of financial and non-financial measures, organized into three to five perspectives. The best BSC reflects the strategy of the organization. A good test for that is if you can understand the strategy by looking only at the scorecard. Strategy scorecards, along with their graphical presentation on strategy maps provide a logical and comprehensive way to describe strategy. They communicate clearly the organization's desired outcomes and its hypothesis about how these outcomes can be achieved. They enable all organizational units and employees to understand the strategy and identify how they can contribute by becoming aligned to the strategy.

5.4 Recommendations for Policy and Practice

Kenyatta University needs to put in place a broad research and development department to assist it in studying the local environment and internal environment specific tools which influence their strategy implementation. This is necessary for purposes of creating a competitive advantage for the institution in terms of sustainable competitive service delivery. It is also important for Kenyatta University to explore the possibility of constantly improving on its work environment, its culture and its management and leadership styles. It is by so doing that it will remain relevant in the current global arena in terms of providing quality education.

It is also important that the performance measurement systems are attracting more and more attention, among practitioners. Organizations must not show a complete disconnection between their strategy and how they measure it. BSC through strategy

maps is the powerful tool, allowing organizations to convert its initiatives and resources including intangible assets such as corporate cultures and employee knowledge, into tangible outcomes.

It is recommended from the study that organizations need to operate and compete in a very dynamic environment, trying to make a careful and effective management of their investments. To have more prosperous organizations it becomes necessary to add more value to the business through projects and initiatives that incorporate changes in the way of performing the work, changes in processes, adequacy of skills or acquiring new resources. These initiatives should be increasingly strategic to ensure alignment with the organization's goals. Internally, the sharing of responsibility is essential for everyone to be aware of the efforts made within the organizational puzzle. To achieve the expected results it is necessary to continually improve so that they remain appropriate and aligned with the organization's strategy measurement systems.

5.5 Limitations of the Study

This study was faced by limitations. One of the limitations was the time factor. The researcher is in full time employment and therefore did not have adequate time especially in the collection of data. Equally, the senior staffs to whom the interview guide were directed to are a very busy category and did not have adequate time at their disposal to adequately answer to the interview guide.

The unwillingness of the respondents to supply the right response was another limiting factor. The respondents were suspicious that such study could expose their competitive advantage to their competitors in the education sector. Equally the

respondents were jittery about exposing their identity for fear that the institution would not be comfortable with such an exposure of the institution's strategy implementation. Limited resources on the part of the researcher were another limitation. The research lacked adequate funding for conducting the research since she was self-sponsored to the MBA programme.

5.6 Suggestions for Further Research

The study recommends that further research should be undertaken on the following: The factors influencing strategy implementation among Kenyatta University employees, the role played by the external environment for example government legislation on Kenyatta University strategy implementation success and the impact of other tools of strategy implementation at Kenyatta University and how they benefit the organization in having successful strategy implementation programs. In addition to the above the researcher recommends that a research should be carried out on the role of the balanced scorecard in strategy implementation and a study on the problems associated with balanced scorecard in achieving organizational competitive advantage.

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APPENDICES

APPENDIX : INTERVIEW GUIDE

1. What is your department?
2. How does your company go about implementing the chosen strategies?
3. Who is responsible in strategic implementation in your organization?
4. How often are the policies on implementation updated?
5. To what extent does your department deal with balanced scorecard in strategy implementation?
6. What are the benefits of applying the BSC at Kenyatta University?
7. Are there any challenges that have been encountered in the process? Comment on the success or failure of the BSC application
8. Is there any other information that you would like to share about the application of the BSC Kenyatta University?
9. What is the mandate of this section, and how does it contribute to the achievement of the overall objectives at Kenyatta University?
10. How was the application of the balanced scorecard communicated to you?
11. How did you communicate the idea of the BSC to staff under you?
12. How do you prepare the BSC for this section?
13. Has the BSC helped in the discharging of your day to day work, and if so, how?
14. Do the contents of the BSC (objectives, target and measures) correlate with the actual objectives, targets and measures given to your division/section?
15. Are there any challenges you have faced/are facing in the application of the BSC?
16. Does the BSC help you in any way in the course of executing your duties?

17. Is there any other information you would like to share about your experience with the BSC?