THE BALANCED SCORECARD AS A STRATEGY
IMPLEMENTATION AND PERFORMANCE MEASUREMENT
TOOL AT THE PARLIAMENTARY SERVICE COMMISSION OF
KENYA

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DECLARATION

STUDENT

This research project is my original work and has never been submitted for examination in any other university.

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The research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

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ABBREVIATIONS AND ACRONYMS

AGOA : African Growth and Opportunity Act
BSC : Balanced Scorecard
CPA : Commonwealth Parliamentary Association
CPST : Centre for Parliamentary Studies and Training
EALA : East African Legislative Assembly
ICEA : Insurance Company of East Africa
ICE : Information, Communication and Education
ICT : Information, Communication and Technology
IPU : Inter-Parliamentary Union
KPI : Key Performance Indicator
PARLSCOM : Parliamentary Service Commission
PSR : Public Social Responsibility
PMIS : Project Management Information System
SWOT : Strength, Weaknesses, Opportunities, and Threats
TNA : Training Needs Analysis
VSAT : Very Small Aperture Terminal
ABSTRACT

While the quality of a strategy is important for the success of an organization, successful and effective execution of that strategy is equally important. The use of the Balanced Scorecard as a tool for strategy implementation and performance measurement appears to be increasingly gaining prominence in organizations. The objective of this study was to establish how the Parliamentary Service Commission of Kenya uses the Balanced Scorecard as a strategy implementation and performance measurement tool. The study also detailed the benefits and challenges the organization faced from the use of the Balanced Scorecard as a strategy implementation and performance measurement tool and how it dealt with those challenges. The study adopted a case study research design because the research unit was one organization. The study involved collection of both primary data and secondary data. Primary data was collected by administering interviews through the interview guide. The interview was administered to four senior managers in: Finance and Accounting for data on the financial perspective; Information and Research for data on customer focus; Litigation and Compliance for data on internal business process; and Human Resources and Administration for data on learning and growth. The reason for choosing the respondents was because they were highly involved in crafting, implementation, and reviews of the commission’s strategic plans and therefore had a wide knowledge of the challenges and response strategies adopted by the commission. Secondary data was collected from the Commonwealth Parliamentary Association journals, periodicals, the commission’s strategic and action plans, annual budgets, financial reports, procedure manuals, commission’s website and other publications. The data obtained from the respondents was mainly qualitative. Content analysis (thematic and narrative approaches) was used to analyze the findings. The study established that the organization uses all the perspectives of the Balanced Scorecard; internal business processes, Customer perspective, Learning and Growth perspective and Financial perspective. The study recommended that there is need for further training of employees to deepen their understanding and appreciation of the Balanced Scorecard as a tool of strategy implementation and performance measurement. A balanced scorecard is a management tool that translates the organization’s mission and strategy into a collection of performance measures. For successful application of the balanced scorecard, the study recommends that all staff must be involved and must understand the meaning and objectives of the balanced scorecard, all departments must be aligned towards achieving organizational objectives. In the unique context of the Commission, the findings of the study would provide framework for the development, implementation and evaluation of various policy areas such as the training and development, human resource procurement, financial management, research and development, litigation and compliance, information systems, customer service, et cetera. In the same light, the study sought to link the three fundamental concepts of the Balanced Scorecard model, Resource based, and Stakeholder theories. The findings of the study would, however, still recommend various realignments in the operations of the Commission in areas such as internal control systems to bolster transparency and accountability.
CHAPTER ONE
INTRODUCTION

1.1 Background
The Balanced Scorecard was originated by Dr. Robert Kaplan of Harvard Business School and David Norton as a performance measurement framework that added strategic non-financial performance measures to the traditional financial metrics to give managers and executives a more balanced view of organizational performance. The model is crucial tool which aids in the management of organizational strategies. This model has been used by many organizations to align their vision and mission with customers’ requirements and day-day work, manage and evaluate business strategies, monitor operational efficiency, build organization capacity, and communicate progress to all employees (Howard 2008). The balanced scorecard has gained popularity in the past two decades as a strategic planning and management system that is used extensively in business, government and non-profit organizations world-over to reconcile business activities to the strategic direction of the organization. The four pillars of the Balanced Scorecard model are: the financial performance; customer focus; learning and growth; and the internal business processes.

This study was anchored on the stakeholder and resource based theories of strategic management. The critical corporate stakeholder issues, both in theory and in practice, involve evidentiary considerations and conceptual issues unique to the corporate setting (Donaldson & Preston, 1995).
The key to a resource-based approach to strategy implementation is, understanding the relationships between resources, capabilities, competitive advantage and performance—in particular, an understanding of the mechanisms through which competitive advantage can be sustained over time (Grant, 2001). This requires the use of an implementation model which will maximize the unique capabilities of the firm.

Numerous studies on the subject of Balanced Scorecard model have been conducted both locally and internationally with varying findings. Locally, however, the studies have been skewed towards the commercial enterprises. The essence of replicating this study at the Parliamentary Service Commission of Kenya was an acknowledgement of the fact that strategy is sensitive to context. This study was motivated by the fact that not much had been explored about the significance of the Balanced Scorecard in the public sector in Kenya.

The Parliamentary Service Commission of Kenya is mandated by Article 127(6) of the Constitution of Kenya (2010) to facilitate the members of the bicameral parliament in the conduct of their (members’) functions. The Kenyan parliament has undergone dramatic political and social changes in the past decade, and in keeping with these changes, the Parliamentary Service Commission (PARLSCOM) has had to reconfigure itself by revising its strategic plan, followed by a detailed action plan. It was of interest to interrogate the revised strategic plan (2008-2018) and the action plan for compliance with tenets of the Balanced Scorecard.
1.1.1 The Concept of Strategy

Johnson and Whittington (2001) defined strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders’ expectations. An organization’s strategy serves as a road map to its success, defining its unique images and providing a central purpose and direction to its activities and to people within and outside the organization. Strategy requires to be taken seriously as a management tool, not only for the firm, but also a broad spectrum of the organization (Ansoff, 1990).

Proper strategy helps to shape the organization’s future (Grant, 1998). Strategy is useful in helping managers tackle potential problems that face their companies (Aosa, 1992). In their findings, (Johnson and Scholes, 2002) discovered that strategy has a significant effect on performance of business enterprises and provide long term direction and development for organizations.

1.1.2 Strategy Implementation

According to Noble (1999), Strategy implementation is the communication, interpretation, adoption and enactment of a strategic plan. He further argues that a successful strategy will require sound implementation guidelines of the following key areas: appropriate structure, human resources, cultural change, policies and rules, financial resources, systems and procedures, sound leadership, good communication and incentives and tools and techniques applied in the transition from strategy to action. Most organizations fail not necessarily because their strategies were wrong but because of poor implementation (Gary, Karla and Power, 2008).
They develop action plans, consider organization structure, adequately fund their strategies but yet they fail to successfully implement their strategies. Robinson (1997) argues that strategy implementation requires the best way to organize ourselves to accomplish organization’s mission by finding out which values should guide the organization’s activities and how reward can be shaped to encourage appropriate action. Prior to implementation of strategy, all the staff should be committed to ensuring a smooth transition, this should be achieved by managers ensuring that they involve and communicate effectively to all staff about the intended changes. Thompson (2005) argues that crafting and executing a strategy are the heart and soul of managing an enterprise.

1.1.3 Organizational Performance

Performance is a recurrent theme in most branches of management, including strategic management, and it is of interest to both academic scholars and practicing managers. While prescriptions for improving and managing organizational performance are widely available, the academic community has been preoccupied with discussions and debates about issues of terminology, levels of analysis, and conceptual bases for assessment of performance (Ford & Schellenberg, 1982).

For the strategy researcher, the option to move away from defining (and measuring) performance or effectiveness is not a viable one. This is because performance improvement is at the heart of strategic management. More formally, the importance of business performance in strategic management can be argued along three dimensions—namely, theoretical, empirical, and managerial (Cameron & Whetten, 1983).
The development of both descriptive and normative theories of strategy (focused on both content and process issues) must continue to be firmly rooted in explaining differences in performance results (Schendel & Hofer, 1979). Thus, business performance is an important concept in strategic management.

1.1.4 The Balanced Scorecard, Strategy and Organizational Performance

The important role of business performance in strategic management warrants close attention to conceptualization and measurement of business performance. The narrowest conception of business performance centers on the use of simple outcome-based financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm. We refer to this concept as financial performance, which has been the dominant model in empirical strategy research (Hofer, 1983). Typical of this approach would be to examine such indicators as sales growth, profitability (reflected by ratios such as return on investment, return on sale, and return on equity), earnings per share, and so forth. In addition, reflecting the popular and current view that “market” or “value-based” measurements are more appropriate than accounting-based measures (Hax & Majluf, 1984), some strategy studies have employed such measures like market-to-book or stock-market returns and its variants (Kudla, 1980; Montgomery, Thomas, and Kamath, 1984).

Extending such a tradition, one can possibly employ measures such as Tobin's Q—the ratio of the market value of a firm to the replacement cost of its assets (Lindberg and Ross, 1981). Nevertheless, this approach remains very much financial in its orientation and assumes the dominance and legitimacy of financial goals in a firm's system of goals.
A broader conceptualization of business performance would include emphasis on indicators of operational performance (non-financial) in addition to indicators of financial performance. Under this framework, it would be logical to treat such measures as market-share, new product introduction, product quality, marketing effectiveness, manufacturing value-added and other measures of technological efficiency within the domain of business performance. Similarly, market-share position, widely believed to be a determinant of would be a meaningful indicator of performance within this perspective.

Strategy implementation has been defined as the action phase of strategic management process which involves translating strategic thought into organizations action (Pearce and Robinson, 2005). It is the point at which organizations move from “planning their work” to “working their plan” as they shift focus from strategy formulation to translating strategic thinking into organizational action (Pearce and Robinson, 2000). The Balanced Scorecard is an important tool which helps an organization to decide and manage the required strategies so that the long term goals are achieved (Sinha, 2006).

The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. This model of performance measurement framework added strategic non-financial performance measures to the traditional financial metrics to give managers and executives a more balanced view of organizational performance (Kaplan and Norton, 1992).
1.1.5 The Parliamentary Service Commission of Kenya

Members of Parliament of Kenya are facilitated to discharge their mandates by staff employed by the Parliamentary Service Commission (PARLSCOM). PARLSCOM is established under Chapter Eight of the Constitution of Kenya, 2010. Under Article 127 of the said Constitution, PARLSCOM comprises: the Speaker of the National Assembly, as the chairperson; seven Members appointed by Parliament among its Members (of whom one is elected by the Commission as the vice-chairperson); and two members, one man and one woman appointed by Parliament from among persons who are experienced in public affairs but are not Members of Parliament.

PARLSCOM’s Strategic Plan (2008 – 2018) was launched in October 2008 with the aim of addressing the long-term needs of the third Parliamentary Service Commission which took office in May 2008. The commission found it necessary to develop a long-term plan to both implement the activities envisioned in the Third Phase of the previous Strategic Plan (2000-2012) and develop a framework for Parliament’s response to the increased demand for improved governance and development of the country up to 2018.

However, the promulgation of the Constitution of Kenya (2010) considerably affected the 2000-2012 Strategic Plan of Parliament and necessitated its review and reorientation. Substantial work has been accomplished by Parliament in formulating and passing the Bills necessary to bring the Constitution (2010) fully into effect. These changes particularly centered on the establishment of a bicameral parliament with a big increase in the number of members and new and enhanced roles for Parliament.
These changes called for among other things, the provision of enhanced physical facilities, restructuring of PARLSCOM in line with the new changes, enhancement of staff capacity and reviewing of House rules and procedures. The 2008-2018 Strategic Plan is aimed at clarifying the goals to be achieved by PARLSCOM in implementing the requirements of the new constitutional dispensation, providing for the planning period, and aligning these with Vision 2030 while ensuring a shared understanding of the requirements of the Constitution of Kenya (2010) across PARLSCOM.

1.2 Research Problem

Strategy execution is one of the key roles of management, and managers the world over are always seeking best tools to help them in this role. The Balanced Scorecard is just but one of the tools that have gained popularity in the last two decades. Pearce and Robinson (2005) define the Balanced Scorecard as a measure that is directly linked to the organization’s strategy. It enables organizations to link their long-term strategies to the stated objectives as well as enabling them to clarify their strategies, translate them into specific action(s), provide continuous feedback on the processes and interpret results realized.

PARLSCOM’s mission is to facilitate the Members of Parliament to efficiently and effectively fulfill their constitutional mandate in a representative system of Government by upholding and ensuring the autonomy of Parliament in its corporate relationship with other arms of Government. In this regard, the commission needs a tool that will seamlessly coordinate this function in keeping with the thematic issues and implementation of suggested policies to ensure the Kenyan requirement of quality parliamentary legislation, representation, and oversight is attained.
Several studies on the subject of BSC model had been conducted. Internationally: Malmi (2001) conducted a study on the application of Balanced Scorecard in Finnish companies. Malina and Selto (2001) carried out an empirical study on the effectiveness of BSC (Balanced Scorecard) as a tool for communicating and controlling strategy. Ittner, Larcker, and Meyer (2003) conducted a study on the subjectivity and weighting of performance measures from the BSC perspective; Banker, Chang, and Pizzini (2004) carried out a study on the judgmental effects of performance measures linked to strategy, in the context of BSC.


From the foregoing, the challenges faced in the application of the BSC would not be assumed to be similar across organizations, unless empirical studies prove otherwise. This is due to the contextual differences among the organizations.

In the context of PARLSCOM, the researcher was not aware of any study that had been done on the use of BSC as a strategy implementation and performance measurement tool due to its (PARLSCOM’s) unique strategic positioning. This research gap, therefore, informed the justification for this study.
In this respect, the research question that this study sought to answer was: does the Parliamentary Service Commission of Kenya use the Balanced Scorecard as a strategy implementation and performance measurement tool?

1.3 Research Objectives

The objectives of this study were to:

i) Determine how the Parliamentary Service Commission of Kenya uses the Balanced Scorecard as a strategy implementation tool.

ii) Establish how the Parliamentary Service Commission of Kenya uses the Balanced Scorecard as a performance measurement tool.

1.4 Value of the Study

In terms of policy, the outcome of this study would be of significance to corporate leaders charged with the responsibility of developing control policies that drive their organizations. In this regard, the lessons learnt would provide an insight into the admissibility and weight of BSC as tool for charting inclusive policy directions. The findings of this study would therefore provide a mechanism for addressing policy gaps in the public sector, thereby providing insight to harmonized view of the internal organizational business processes, customer focus, learning and growth, and financials. In the unique context of PARLSCOM, the findings of the study would provide framework for the development, implementation and evaluation of various policy areas such as the training and development, human resource procurement, financial management, research and development, litigation and compliance, information systems, customer service, et cetera.
In the realm of theory, the study would add to the current scope of knowledge in strategy implementation and control. The research would also help in identifying the gaps and other relationship in the use of the Balanced Scorecard and its application as a strategy execution and incremental organizational performance measurement. Specifically, the findings of the study sought to provide nexus between resource based and stakeholder theories of Strategic Management. In the same light, the study sought to link the three fundamental concepts of the: Balanced Scorecard model, Resource based, and Stakeholder theories.

In terms of practice, the study interrogated various operations in the entire PARLSCOM by benchmarking them against some known BSC standards. For example, the establishment of the Centre for Parliamentary Studies (CPST) would be found to be consistent with the efforts to pursue the Learning and Growth pillar of the Balanced Scorecard; the revamped ICT system at the Commission would be found to be in harmony with the Internal Processes pillar of the BSC model; et al. The findings of the study would, however, still recommend various realignments in the operations of the Commission in areas such as internal control systems to bolster transparency and accountability.

1.5 Chapter Summary

The Kenyan parliament has undergone dramatic political and social changes in the past decade, and in keeping with these changes, the Parliamentary Service Commission (PARLSCOM) has had to reconfigure itself by revising its strategic plan, followed by a detailed action plan. Strategy requires to be taken seriously as a management tool, not only for the firm, but also a broad spectrum of the organization (Ansoff, 1990).
Most organizations fail not necessarily because their strategies were wrong but because of poor implementation (Gary, Karla and Power, 2008). Business performance is an important concept in strategic management. In this regard, the Balanced Scorecard is an important tool which helps an organization to decide and manage the required strategies so that the long term goals are achieved (Sinha, 2006).

The challenges faced in the application of the BSC would not be assumed to be similar across organizations, unless empirical studies prove otherwise. This is due to the contextual differences among the organizations. In terms of value added, the study would be important in advancing the stakeholder and resource based theories of Strategic Management; in addition, the study would also be crucial in providing a framework for developing better organizational practices in respect of monitoring and evaluation in the execution of strategic plans. Moreover, the study would be beneficial to organizations, including PARLSCOM, by providing insights into the best practices in policy formulation, execution and reviews; such as training and development policy, et cetera.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a review and summary of empirical studies and literature on organizational strategy, resource based theory, performance and the Balanced Scorecard. It outlines information available on the concept of strategy, strategy implementation, significance of the resource based approach to strategy implementation, and the balanced scorecard as a tool for strategy implementation.

2.2 Theoretical Foundation

Mintzberg et al (1999) defines strategy as the pattern or plan that integrates an organization’s major goals, policies and action sequences into a coherent whole. They viewed strategy as a ploy, pattern, position, plan and perspective. Strategy as a ploy is the action taken by an organization with an intention of outwitting rivals. As a pattern, strategy emerges without preconception from a series of actions visualized only after the events it governs. As a position, strategy is a means of competitively positioning an organization in its external environment. Strategy as a plan specifies a deliberate course of action designed before the actions it governs. Quinn (1980) viewed strategy as the pattern that integrates an organization’s major goals, policies and action sequence into a cohesive whole.
2.2.1 The Stakeholder Theory

Originated by Edward Freeman, the stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. Improvements in social welfare are possible where markets are better-enabled to operate among stakeholders unconstrained by some single-valued objective. In doing so, we respond to the critics of stakeholder theory who argue that it is an untenable theory due to its inability to specify how stakeholder objectives are to be prioritized (Mitchell, Weaver, Agle, Bailey, and Carlson, 2013). The principal focus of interest here has been the proposition that corporations practicing stakeholder management will, other things being equal, be relatively successful in conventional performance terms (profitability, stability, growth, et cetera).

Stakeholder theory typically contrasts a broadly-defined 'relational' approach to stakeholder management with a 'transactional' approach based on the price mechanism - and has argued that the former is more likely to contribute to social welfare than the latter. Our theory supports this prediction for joint value creation, but also implies that the dichotomy on which it is based is too coarse-grained: there are three distinct ways to trigger higher contributions to joint value creation than through a 'transactional' approach (Bridoux & Stoelhorst, 2013). The idea that corporations have stakeholders has now become commonplace in the management literature, both academic and professional; the stakeholder theory is therefore instrumental (Donaldson & Preston, 1995).
2.2.2 The Resource Based Theory

Recently, there has been resurgence of interest in the role of the firm’s resources as a foundation for firm strategy (Grant, 2001). At the corporate level, theoretical interest in economies of scope and transaction costs have focused attention on the role of corporate resources in determining the industrial and geographical scope of the firm’s activities (Grant, 2001).

Furthermore, identifying firms' market positions and managerial judgment about demand-side value creation opportunities as resource value drivers highlights the importance of demand-side factors to strategic outcomes. We also discuss how our findings may open avenues for further studies and provide a basis for empirical tests of the resource-based view of strategic management (Schmidt & Keil, 1997). Interest in the resource-based view of the firm continues to grow in the field of business policy and strategy. Recently, most of this interest seems to have been focused on understanding the empirical implications of this theory and especially on how a firm's resources and capabilities can affect its performance. Evaluating the empirical implications of the resource based view is, of course, a worthwhile endeavor. We present an overview of contributions in this issue (Barney, 1996).

2.3 Strategy Implementation Process

Strategy implementation is the translation of a chosen strategy into organizational action so as to achieve strategic goals and objectives. Strategy implementation is the process by which managers translate the strategies into action; for without implementation, effective strategies are of no value (Hunger and Wheelen, 1996).
Implementing and executing strategy is primarily an operation driven activity revolving around management of people and business processes (Thompson et al 2007). Strategies do not happen by themselves. They involve people especially managers who decide to implement them (Johnson, Scholes and Whittington, 2008). Strategy implementation means carrying out the pre-determined strategic plans (Mintzberg, 1978).

Mintzberg further argues that if one holds an emergent view on strategy, one does not believe that the strategy is first created and then implemented but rather that strategy emerges and evolves without interventions of strategic planners. Successful implementation of strategies involves matching the planned and the realized strategies which aim at achieving the organization’s visions.

Strategy implementation involves institutionalization and execution of strategy. Institutionalization of strategy involves setting proper organizational climate. Organizational climate refers to the characteristics of the internal environment that conditions the co-operation, the development of individuals, the extent of commitment and dedication of the people in the organization, and efficiency with which the purpose is translated into results. According to Birnbaum (2009), Managers way ahead should be able to know the impact of new strategy on their staff and determine ways of curbing resistance through training, allowing time to grow on experience or employ new staff.

The goal of strategy implementation is to mobilize the entire organization behind the vision, strategies and objectives of the organization. This is strategy institutionalization, (Gary, Karla and Powers, 2008). Well-designed strategies are not necessarily popular. Institutionalization of strategy is vital to avoid undermining of the strategy.
Management should submit the strategy to the members of the organization in a way that appeals to them and draws their support. Operationalization of strategy involves operating plans. Operating plans are the action plans, operational programs and decisions that take place in various parts of the organization. If they are made to reflect the desired strategic results, they contribute to the achievement of organizational objectives by focusing attention on those factors which are important.

Strategy implementation describes the actual procedures that move strategic intent into action that will produce results, (Pearce and Robinson, 2000). It is the action phase of the strategic management process and involves allocating the required resources to support the chosen strategies, (Thompson and Strickland, 2003). Strategy implementation is an administrative task and inherently behavioral in nature (John and Richard, 1986).

The task is for the strategist’s ability to allocate resources, design structures, and formulate functional policies and leadership styles besides dealing with other issues. Successful implementation results from reviewing and assessing the various factors that affect the implementation process. Indeed a strategy is never complete after formulation until it gains commitment of organization’s resources and becomes part of the organizations activities (Pearce and Robinson, 2000). Strategy should be put in action because the choice of even the soundest strategy will not affect organizational activities and implementation of its objectives, without effective execution, (Kaplan and Norton, 2008).
2.4 The Balanced Scorecard

According to Pearce and Robinson (2000) the balanced scorecard is a set of measures directly linked to the company’s strategy. It is a management system used to align business activities to the vision statement of an organization. More realistically, a Balanced Scorecard attempts to translate the company’s vision and mission statements into action at every level of the organization. Smith (2007) defines the Balanced Scorecard as a management tool that provides senior executives with a comprehensive set of measures to assess how the organization is progressing towards meeting its strategic goals.

The Balanced Scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action. When fully deployed, the Balanced Scorecard transforms strategic planning from academic exercise into the nerve center of an enterprise. A prerequisite for implementing the Balanced Scorecard is a clear understanding of the organization’s vision and strategy.

Kaplan (1996) argues that the Balanced Scorecard should be used to express and communicate the strategy of a business to help align the initiatives at an individual, organizational and cross departmental levels towards achieving common long term goals. The collision between the pressure to establish long range competitive capabilities and the historical financial model led to the creation of the Balanced Scorecard (Kaplan and Norton, 1996). The Balanced Scorecard retains the traditional financial measures that tell the story of past events. Kaplan and Norton further suggest that the Balanced Scorecard maintains the financial perspective since financial measure is useful in summarizing the easily quantifiable economic consequences of actions already taken.
Financial measures indicate whether a company’s strategy implementation is contributing towards the improvement of the bottom line. Typical financial measures include profitability measures such as return on investment, return on Assets, return on capital employed and economic value added.

Today it is considered that the Balanced Scorecard is one of the most important business methodologies for measuring organizational performance and for strategic measurement. The Balanced Scorecard has enabled managers to pay attention to other important business perspectives. Kaplan and Norton (2007) noted that exclusive reliance on financial measures is inadequate in the current era of intense competition.

Organizations have to struggle to create and sustain a competitive edge to survive in the turbulent business environment. Competitive advantage emanates from investment in customers, business processes and learning and growth. The Balanced Scorecard approach therefore includes other perspectives but still considers the financial perspective important in turn bringing long term success to an organization.

Niven (2003) contends that the Balanced Scorecard is a tool with three elements namely; a measure system, a management system and a communication system. He emphasizes that as a communication tool, the Balanced Scorecard is a platform for exchange of ideas and gaining a better understanding of the organization. The Balanced Scorecard is a monitoring and controlling system that is used to understand and evaluate the organizational objectives.
2.5 Measures of Organizational Performance

Effective organizations need capabilities relevant to their missions and must manage those capabilities efficiently. It is anticipated that capability is more important in industries in which labor is highly paid, while efficiency is more important in industries in which labor is inexpensive. Both capability and efficiency are significant contributors to regular season effectiveness but capability is more important (Lewis, Lock & Sexton, 2008).

Managerialism theory expects public managers to improve efficiency, reduce burdensome costs and enhance organizational performance in a competitive stakeholding situation. Managerialism largely ignores the administrative-political environment which rewards risk-averse behavior which, in turn, militates against the very behavioral and organizational reforms managerialists putatively seek for the public sector (Dixon, Kouzmin, & Kakabadse 1998).

Organizational effectiveness is introduced as a term which has been subject to numerous and conflicting uses. An attempt is made to resolve such conflicts by distinguishing among several components of organizational effectiveness. Organizational efficiency is the first such component, and is defined as the ratio of output to input. Efficiency thus tells us the ratio of the input of an organization emerges as product and how much is absorbed by the system. Further distinctions are made between human energy and materials as organizational inputs, between direct and indirect uses of human energy in organizations, and between the use of materials as supplies and as equipment. The computation of organizational of organizational efficiency is shown to be dependent upon the spatial and temporal definitions of organizations (Katz & Khan, 1978).
2.6 Empirical Studies and Research Gaps

Various studies had been conducted by previous researchers about the subject of Balanced Scorecard and its role in strategy implementation, and performance measurement. Malmi (2001) conducted an empirical study about the BSC, and why Finnish companies used it extensively. The study concluded that the balanced scorecard (BSC) seemed to be the latest management fashion to sweep the organizational world, and that despite its apparent popularity; there were still limited systematic, research-based evidence on its applications.

A study by Malina and Selto (2001) concluded that Balanced Scorecard model, if well designed and used as a strategy implementation and organizational performance tool, was an effective device for controlling corporate strategy. Others like Gendi (2013) concluded that applying the balanced scorecard had helped the Kenya Pipeline Company to clarify its vision and mission thereby translating strategies into action, and that this in turn helped align activities of support systems to core business processes.

Despite the raft of studies on the same subject of Balanced Scorecard both locally and internationally, the implication of the model in the Kenyan public sector still remained relatively unexplored. This phenomenon, therefore, presented a lacuna in the research initiatives on the subject of BSC in the public sector in Kenya. It is against this backdrop that the researcher deliberately sought to investigate the use of the Balanced Scorecard as a strategy implementation and organizational performance tool at the Parliamentary Service Commission of Kenya (PARLSCOM).
2.7 Chapter Summary

Quinn (1980) viewed strategy as the pattern that integrates an organization’s major goals, policies and action sequence into a cohesive whole. The idea that corporations have stakeholders has now become commonplace in the management literature, both academic and professional; the stakeholder theory is therefore instrumental (Donaldson & Preston, 1995). Interest in the resource-based view of the firm continues to grow in the field of business policy and strategy.

Strategy implementation is the process by which managers translate the strategies into action; for without implementation, effective strategies are of no value (Hunger and Wheelen, 1996). The Balanced Scorecard is a management system that enables organizations to clarify their vision and strategy and translate them into action. In the same light, effective organizations need capabilities relevant to their missions and must manage those capabilities efficiently. Finally, despite the raft of studies on the subject of Balanced Scorecard both locally and internationally, the implication of the model in the Kenyan public sector still remained relatively unexplored.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methodology and procedures followed in the execution of the research work, which entails: the research design, means of data collection and data analysis method used.

3.2 Research Design

The research was conducted through a case study of the Parliamentary Service Commission of Kenya. A case study was used since the unit of study was one organization and it would enable the researcher to have an in-depth understanding of the behavior pattern of PARLSCOM. Kothari (2000) defines a case study as a description of a situation involving problems to be solved. A case study is also an in-depth investigation of an individual, group, institution or phenomenon (Mugenda, 2003). The case study approach also allows an investigation to retain the holistic and meaningful characteristics of real events including organizational and managerial processes.

Research design aids in the allocation of the perceived limited resources by coming up with crucial choices in methodology (Cooper and Schindler, 2007). Mugenda (2003) proposes the use of a case study when an in-depth investigation of an individual, group, institution or phenomenon is required. A case study drill down rather than cast wide. The data obtained is usually more detailed, varied and extensive.
The case study was aimed at getting detailed information on the Balanced Scorecard as a strategy implementation and organizational performance measurement tool by the Parliamentary Service Commission of Kenya.

3.3 Data Collection

Primary data was collected by administering interviews through the interview guide. The interview was administered to four senior managers in: Finance and Accounting for data on the financial perspective; Information and Research for data on customer focus; Litigation and Compliance for data on internal business process; and Human Resources and Administration for data on learning and growth.

The reason for choosing the respondents was because they were highly involved in crafting, implementation, and review of the commission’s strategic plans and therefore had a wide knowledge of the challenges and response strategies adopted by PARLSCOM. The interview guide consisted of open ended questions that allowed the interviewees to answer in their own words.

Interview guide was chosen because it allowed for flexibility in the direction of question hence comprehensive data collection was ensured and the interviewer could direct the interviewee in case of difficulty in answering a question. Secondary data was also collected from the Commonwealth Parliamentary Association (CPA) journals, periodicals, the commission’s strategic and action plans, annual budgets, financial reports, procedure manuals, commission’s website and other publications.
According to Cooper and Schindler (2001), data collection is the gathering of data that may range from a simple observation at one location to a grandiose survey of a multinational corporation at site in different parts of the world. In this research, both primary and secondary data will be collected.

3.4 Data Analysis

The data collected was mainly qualitative in nature and was analyzed using content analysis. In this regard, both thematic and narrative approaches were used to analyze the data. This involved reviewing the responses from the interviewees to see what themes emerged from their responses.

Content analysis is defined by Nachmeas and Nachmeas (1996) as a technique for making inferences by systematically and objectively identifying characteristics of managers and using the same approach to relate to the trends. Kothari (2000) explains content analysis as the analysis of the contents of documentary and verbal material, and describes it as the qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness. Content analysis also enabled the researcher to identify, interpret and make scholarly judgment on the extent of the use of the Balanced Scorecard as a strategy implementation and organizational performance measurement tool at the Parliamentary Service Commission of Kenya.
3.5 Chapter Summary

The research was conducted through a case study of the Parliamentary Service Commission of Kenya. In this respect, Primary data was collected by administering interviews through the interview guide. The interview was administered to four senior managers in: Finance and Accounting for data on the financial perspective; Information and Research for data on customer focus; Litigation and Compliance for data on internal business process; and Human Resources and Administration for data on learning and growth.

Secondary data was also collected from the Commonwealth Parliamentary Association (CPA) journals, periodicals, the Commission’s strategic and action plans, annual budgets, financial reports, procedure manuals, commission’s website and other publications. The data collected was mainly qualitative in nature and was analyzed using content analysis. In this regard, both thematic and narrative approaches were used to analyze the data.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The data was collected by use of an interview guide administered to four senior managers in: Finance and Accounting for data on the financial perspective; Information and Research for data on customer focus; Litigation and Compliance for data on internal business process; and Human Resources and Administration for data on learning and growth. Secondary data was also be collected from the Commonwealth Parliamentary Association (CPA) journals, periodicals, the commission’s strategic and action plans, annual budgets, financial reports, procedure manuals, commission’s website and other publications.

The chapter specifically covers general information of the study, strategy at PARLSCOM, and application of the balanced scorecard as a strategy implementation and performance measurement tool at the Parliamentary Service Commission of Kenya.

4.2 General Information

All the targeted interviewees responded by scheduling and attending an interview, thus giving a response rate of 100%. This excellent response rate was achieved because of the researcher’s aggressiveness in booking and attending interviews in person. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a response rate of 60% is good and a response rate of 70% and above is excellent. The response rate attained is this situation is therefore excellent and representative.
The study sought to establish the period that the respondent had worked with the Parliamentary Service Commission of Kenya. From the interviewees’ responses, the interviewees had worked at PARLSCOM for between five to ten years in senior management positions, which show that the interviewees were well versed with the corporate strategy of the commission and its role in facilitation of the parliamentary processes in Kenya. In addition, the directors were involved in strategy formulation and implementation for their separate directorates and in the overall corporate strategy.

The respondents were asked to indicate the departments where they work and for how long they had worked in the department. From the results, the interviewees had worked in various departments as line employees, middle level managers and senior level managers during their employment period with the commission. From these experiences, it was evident that the study was all inclusive as the interviewees had experience from the whole organization at large. This therefore enables the generalization of the findings of the study to the entire organization.

4.3 Strategy at PARLSCOM

The interviewees noted that the environment under which PARLSCOM operates has changed significantly over the years since its inception in the year 1999. Major changes in the business environment that significantly affect the commission’s operations and capacity have awakened the corporation to align her strategies to the changing environment. Some of these changes offer opportunities and threats to the corporation.
The most significant environmental change necessitating strategy change by PARLSCOM is the expansion of the Parliament of Kenya in terms of scope and capacity as stipulated by the Constitution of Kenya, 2010. When PARLSCOM was initiated in 1999, the unicameral Parliament of Kenya comprised only 222 members: 210 elected and 12 nominated. The role of the Parliament of Kenya was also limited to representation of the people and legislation. This scope has since been expanded with the number of members scaled up to 416 members: 67 from the Senate and 349 from the National Assembly.

The role of the bicameral Parliament of Kenya has also been enhanced: the National Assembly is responsible for representing the people of the constituencies and special interests, deliberating on and resolving issues of concern to the people, enacting legislation, determining the allocation of national revenue between levels of government, exercising oversight over national revenue and expenditure, reviewing the conduct in Office of the President, Deputy President and other state officers and approval of declarations of war and of states of emergency; the Senate is responsible for representation of the counties and the interests of the counties and their governments.

In addition, the Parliament of Kenya participates in law making by considering, debating and approving Bills concerning counties; determine allocation of national revenue among counties exercise oversight over national revenue allocated to county governments and participate in the oversight of State officers by considering and determining any resolution to remove the President or Deputy President from office.
In revising the organizational structure, the PARLSCOM took into account the roles defined in the new Constitutional Order, the need to address gaps identified earlier, create efficiencies and reduce duplication. The Commission now consists of the Speaker of the National Assembly, as the Chairman, seven Members appointed by Parliament and one Woman and one Man appointed by Parliament from persons who are experienced in Public affairs but are not Members of Parliament. The Clerk of the Senate is now the Secretary to the Commission. The commission’s secretariat has also been majorly realigned, with three new administrative service organs: the joint services; the National Assembly services; and the Senate services.

The Parliamentary Joint Service provides shared services to both Houses of Parliament. The Service is headed by a Director General and includes among other specialized departments responsible for services including: Human Resources, Finance, Accounting, Procurement, Research, Library, ICT, Public Communications, Media Services, Printing, Legal services, Maintenance, Security, Catering, Health Club, Office Services, among others. The National Assembly service provides services specifically to the National Assembly, while the Senate service provides services uniquely to the Senate.

External changes in PARLSCOM’s environment that have led to adoption of new strategies were cited as: promulgation of the new constitutional dispensation on August 27th 2010; heightened political awareness among Kenyans; emerging and dynamic political structures, coalitions, status of official opposition; global terrorism; increased political cooperation and alliances, EALA, Pan African Parliament, CPA, IPU et cetera; increased focus on Parliament from the public and other stakeholders; increased democratization; perceived or real corruption; and AGOA policy.
Other external changes were cited as: higher focus under Vision 2030; increased awareness of human rights; increased movement of skilled human resources worldwide; growing use of ICT; Enhanced role of Parliament in creating new legislation; revised standing orders; and need for improved image of Parliament.

Internal changes that have influenced strategy at PARLSCOM included: need to provide a conducive working environment; need for effective organizational structure and enhanced staff capacity; need to leverage on ICT for improved performance and communication; and the need for enhanced resource base and improved resource management. The pressure on PARLSCOM to adopt new strategies occasioned by changes in its internal and external environment is in keeping with the fact that organizations must adapt to their environments if they are to remain viable. Smart and Vertinsky (1984) observed that for long-term effectiveness, firms need to develop the capability not only to cope with daily events in the environment, but also to cope with external events that are both unexpected and of critical importance. Recent changes in the oil industry in Kenya and globally suggest the existence of flux and dynamism.

4.4 The Balanced Scorecard as a Strategy Implementation and Performance Measurement Tool in PARLSCOM

The interviewees noted that the balanced scorecard was introduced in PARLSCOM as a strategy implementation tool two years ago and the commission has consistently used the tool since then. According to the interviewees, the main reasons for its introduction were to: increase focus on strategy and strategic results; and improve organizational performance by measuring what matters.
Other reasons for introduction of the BSC model were: to align organizational strategy with the work people do on a day to day basis; focus on drivers of future performance; improve communication of the organizations vision and strategy and prioritize projects and initiatives.

The interviewees also mentioned that the balanced scorecard which was introduced as a tool of strategy implementation by PARLSCOM has also doubled up as a performance evaluation tool for divisional heads, departmental managers and chief managers in charge of different sections. The study also found out that the corporation has a five year strategic plan which is broken down into yearly and monthly targets. It is then cascaded downwards to departmental targets and down to individual targets. Kaplan and Norton (1992) asserted that the balanced scorecard presents a tool for translating an organization’s mission (embodied in its strategy) into more tangible goals, actions and performance measures. This enabled PARLSCOM to transform its corporate objectives into measurable objectives in line with the four pillars of the balanced scorecard developed by Kaplan and Norton.

The interviewer also noted that the department of Business Development and Strategy is responsible for developing corporate strategy and also ensuring that the corporate scorecard is cascaded to all the departments in PARLSCOM. The interviewer observed that PARLSCOM’s balanced scorecard approach has the four general perspectives as developed by Kaplan and Norton. The perspectives are: Financial Perspective; Customer Perspective; Internal Business Processes Perspective and Learning and Growth Perspective.
According to the interviewees, the financial perspective describes the set cost reduction and general austerity measures at PARLSCOM as opposed to the conventional profitability in the commercial enterprises. The Customer perspective looks at the customer value proposition which is expected from PARLSCOM’s both internal and external customers. The internal business processes look at the outstanding performance in internal processes that will lead to improved stakeholder satisfaction. The learning and growth perspective describes the capabilities required from intangible assets for PARLSCOM to remain competitive.

4.4.1 Financial Perspective

The balanced scorecard goes beyond the traditional financial measures to include additional non-financial perspectives (Kaplan and Norton, 1992). The financial perspective includes measures such as operating income, return on capital employed, the economic value added, and general cost pull strategies. The financial perspective plays a dual role of defining financial performance expected from strategy and serve as ultimate target objectives from all other balanced scorecard objectives (Kaplan and Norton, 1992). The study was able to establish that since the organization started using the balanced scorecard two years ago, the commission has reported a steady decline in the unit cost of service delivery across all directorates and departments.

The study also established that the balanced scorecard is cascaded downwards to every staff daily activities with weighting biased on the area of operation. The team in Finance and Accounting has higher weighting on compliance with various professional and prudential guidelines, while Human Resource teams have a higher weighting on efficient pay-roll and general cost reduction.
The Procurement team, on the other hand, has a higher weighting on reduced cost of resource acquisition. Therefore the Key Performance Indicators (KPIs) for each department has developed but the overall objectives are communicated to all employees regardless of their level. The adoption of this perspective saw the commission create inter-departmental budget committee, and prepare participatory and realistic budgets. In addition, the commission held pre and post budget workshops and enhance efficiency in procurement processes.

In the same light, the commission organized training on the new requirements of the Public Procurement and Disposal Act, while gradually increasing the number of officers trained on the same. Workshops on procurement planning have been organized by the commission and the capacity of Heads of Department to prepare procurement plans enhanced.

The commission also made tools available to departments to improve monitoring and evaluation and track expenditure trends for appropriate policy decisions. Summarily, the study revealed that the commission had embarked on efforts to enhance efficiency in the procurement of goods and services. Interviewees also reported that PARLSCOM had empowered the Directorate of Finance and Accounting through capacity building and effective structures, as well as enhance participation in the budgeting process and improve quality of financial reporting.
4.4.2 Internal Business Processes Perspective

The Internal business perspective entails that an organization must identify the key processes to excel in order to continue adding value to the customer metrics based on this perspective, allow managers to know how well their business is running and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately.

To satisfy the customer, organizations may have to identify entirely new internal processes rather than focusing efforts on incremental improvement of existing activities. Service development and delivery, partnering with community and reporting are examples of key areas represented in this perspective. Internal business process objective addresses the questions as to which processes are most critical for satisfying customers and shareholders; those processes in which a firm must concentrate its efforts to excel (Kaplan and Norton, 2001).

The study revealed that the use of the scorecard has helped PARLSCOM to identify bottlenecks to good service delivery and remove them. Inadequate areas have been identified and mechanisms to address those areas developed. The organization has heavily invested in information technology to automate most areas of operations; the commission has also heavily invested in capacity enhancement. The study established that PARLSCOM had recently embarked on a move to institutionalize ICT services in by establishing in Parliament an organizational structure for ICT. To accomplish this purpose, the commission also recruited and trained ICT professionals.
In the same light, the commission embarked on the upgrade and development of ICT infrastructure by adopting a central ICT service model and standardizing ICT Services. In pursuit of this strategic objective, the commission established ICT project management framework for incremental system monitoring and control. In addition, the commission had also automated its business processes using ICT by enriching the Parliamentary website, enhancing e-mail and intranet services, enhancing document management systems, establishing linkages between the head office and constituencies using VSAT connection as well as creation of linkage within the directorates for ease of communication.

Other initiatives by the commission to improve the internal business processes are: availability of financial reports online; development of communication framework between the offices of Clerks of the two houses and between offices of Clerks and offices of the Speakers; establishing an operational Secretariat for the offices of Clerk of each House and strengthening coordination between the offices of Clerks, Joint services and the directorates and departments by developing an internal communication framework and channels to communicate BOM resolutions to staff.

4.4.3 Customer Perspective

This perspective identifies the customers and their interests in the organization. The metrics used here are customer satisfaction, customer retention, customer acquisition, customer profitability and market share in the identified target markets. Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business.
These are leading indicators: if customers are not satisfied, they will eventually find other suppliers who will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups. The customer perspective focuses on two critical questions; who are our customers and what is the value proposition in serving them? (Kaplan and Norton, 2000).

The study revealed that the commission had initiated an aggressive plan to overhaul the members’ (members of parliament) working environment. The first initiative under this arrangement was to provide adequate physical facilities by constructing a modern office block next to Continental House to ease the pressure on the limited office space for members. The second initiative was the refurbishment of the new chambers which was already complete and in use.

The study disclosed that the commission was carrying out refurbishment of the old chamber and re-organisation of main Parliament to create offices for the Speakers, Clerks and other senior officers of the two houses (National Assembly and the Senate). On the same subject of members’ working environment, the commission had entered into lease agreements to provide interim office accommodation for its members; notable under this arrangement was the lease agreement with owners of Harambee Sacco Building and Protection House which houses the commission’s secretariat. The study also revealed that the commission was in a long term plan to acquire major buildings around parliament for a proposed “parliamentary square” as a long term solution to the problem of office space.
The study farther disclosed that the commission had enhanced security within parliament precincts by establishing an integrated security system and a parliamentary police unit accountable to parliament. The study revealed that the commission had rented parking space at KICC to provide for the extra parking required by members. The respondents reported that the commission had established competitive remuneration for both members and staff of the commission, viz: mortgage plan; a generous medical insurance plan; car loan; paid leave; timely mileage reimbursements; et cetera.

The establishment of Parliamentary reception desk within PARLSCOM to receive and appropriately channel the external customer queries was cited by the respondents as having greatly improved the relationship between PARLSCOM and the Kenyan citizenry who are the external customers. The study also revealed that to succeed in its role and relation with customers, PARLSCOM needs a thorough understanding of customer expectations. In this respect, the commission was also noted to be in the process of providing for public waiting and vetting shelter in all receptions to enhance satisfaction by the members’ and other guests in the premises of parliament.

On this front, the commission was reported to be in the process of providing for a public resource centre for pictures, publications, replicas of symbols and later a museum. In addition, the study revealed that the commission was at advanced stages of putting up public education hall / auditorium for lecturers and talks for enhanced public interaction with parliament. The researcher discovered that the commission had actualized the live broadcast of House proceedings through the parliamentary broadcasting unit to make them open to public scrutiny.
This study also revealed that the commission had embarked on customer satisfaction surveys on an annual basis and implement recommendations from the surveys. On the same note, each department was obliged to prepare service charters and annual work plans to enhance service delivery and boost customer satisfaction.

4.4.4 Learning and Growth Perspective

The learning and growth perspective identifies the infrastructure that the organization must build to create long-term growth and improvement. It includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge worker organization, people; the only repository of knowledge are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help most. In any case, learning and growth constitute essential foundation for success of any knowledge-worker organization (Kaplan and Norton, 1992).

On this frontier, the researcher learnt that PARLSCOM had established library infrastructure including parliamentary archive for ease of information access by stakeholders; including collection of research papers, films, videos and other non-book materials for use by members of parliament, staff of the commission, and other stakeholders. Notable was PARLSCOM’s investment in training and capacity building for all staff in public relations as well as development of an information, communication and education (ICE) policy. The commission also heavily invests in the publication of newsletters, brochures and other Parliamentary documents.
Resistance to change was cited as the leading problem by the respondents. The employees harbored the fear of change due to worry of losing their jobs and preferred the status quo. The challenge was pointed out as being disadvantageous to the corporation because new ideas could be disregarded thus preventing the organization employees’ adaptability to new strategies. The respondents said that the Balance Scorecard approach helped the managers in looking at these challenges where these fears were allayed by the managers explaining to the employees the benefits of a new strategy and by having the employees trained in order to develop the skills required to carry out various tasks thus reassuring the employees and ensuring smooth implementation of the strategies.

The focus on employee training and skills development saw PARLSCOM construct an ultra-modern Training and Conference Centre – Centre for Parliamentary Studies and Training (CPST) located at Karen in Nairobi. CPST conducts regular out of job trainings to both members and staff of the commission, within and without. CPST conducts training needs analysis (TNA), develops the training curriculum, mobilises training resources, implements the actual training, and does regular monitoring and evaluation of various training initiatives. Cross et al (2001) points out that the use of training new / existing staff is a strategy in the quest for new business opportunities. Employee training and development on the skills that the employees needed was identified as an important part in eradication of the fears that they had. The types of training that the organization provides for their employees include induction training where new employees learn about their new roles, learning the existing organizational culture, and knowing about the internal business processes and organizational policies, on-the-job training where the new employees receive training at the work place.
On-the-job trainings include demonstrations on how to do the job and having experienced employees showing new employees the work methods and procedures. The benefits of these training programs have resulted in boosting employees’ confidence, reducing their resistance to change and improving the organizations overall performance. Kaplan and Norton (2001) observed that the ability to meet ambitious targets for financial, customer and internal business perspectives objectives depends on organization’s capability for learning and growth.

Performance drivers for organizational and individual objectives must be aligned as articulated in the balanced scorecard. The researcher was able to establish that PARLSCOM employees have been trained to understand the key pillars of strategy implementation and performance measurement using the balanced scorecard in order to align their activities with the overall strategy.

The model is therefore cascaded to lower levels. To overcome resistance in strategy implementation and performance measurement using the balanced scorecard, the organization ties its reward system to performance which acts as an incentive to employees to meet the individual objectives and targets. The incentives are given annually to employees with highest set of the set score in the balanced scorecard. According to Kaplan and Norton (1996), motivation is important component even for skilled employees with superb access to information so as to effectively contribute to organizational success. The interviewer also noted that there is an interrelation between the perspectives in the PARLSCOM’s balanced scorecard model of value creation.
Achievement of the objectives under the learning and growth perspectives will lead to improved internal business processes for instance, improved organizational culture leads to increase in innovation of the internal business processes. The employees also proved productive in providing quality customer service which led to increased customer satisfaction to the organization’s customers and they also proved effective in handling the business processes thus contributing to overall efficiency. This is mainly due to the alignment of internal business processes to suit the needs of PARLSCOM’s internal and external customers.

4.4.5 Benefits of Using the BSC for Strategy Implementation and Performance Measurement at PARLSCOM

Kaplan and Norton (1992) suggested that the balanced scorecard as a performance measurement framework added strategic non-financial performance measures to the traditional financial metrics that give managers and executives a more balanced view of organizational performance. The balanced scorecard was initially developed as a performance measurement tool due to the weaknesses existing in the reliance on the traditional financial measures of performance.

Apart from reliance on the financial statements which were prepared based on numerous assumptions and estimates and are not 100% accurate, the traditional financial measures only relied on historical information and could therefore not be relied upon as accurate indicators of the future. The study revealed that one of the focuses in the introduction of the BSC as a strategy implementation and performance measurement tool at PARLSCOM was the need to align individual goals to the vision and mission of the organization.
It enhances focus towards set goals, organizational objectives, improving business processes, procedures and performance. According to the study findings, PARLSCOM has through the use of the balanced scorecard been able to formulate its corporate objectives along the four perspectives developed by Robert Kaplan and David Norton. The broad corporate objectives are then broken down into individual objectives and cascaded down to the respective departments under the departmental scorecards.

The researcher found out that effective communication of an organization’s strategic plan from top management to lower levels is critical to achieving the organizational goals and objectives. In addition to involving employees, coordination of the various directorates and departments is important in the implementation process. All the respondents concurred that the use of the BSC in strategy implementation and performance measurement at PARLSCOM has contributed immensely towards achieving organizational goals and overall performance. The organization’s high level strategic objectives and measures must be translated into objectives and measures for operating units and individuals hence promoting commitment and accountability to the organization’s long-term strategy.

The respondents further said that the stages of the balanced scorecard implementation process at PARLSCOM included organizational, divisional and individual balance scorecard, performance measures and feedback. The interviewees emphasized the importance of the involvement of all the staff, coordination of the various departments, development of clear goals and objectives aligned towards the achievement of the overall objectives as being important in the implementation of the balanced scorecard.
According to the study, the key success factors in the implementation of strategy using the balanced scorecard was through training of all employees to make sure they all understand the balanced scorecard and what is expected of them in strategy implementation. This has led to all the staff, regardless of their level within the organization, understanding and championing the organizational vision. Through this, the organization has created a balanced scorecard champions who keep the momentum going and remind others in times of complacency to live the company’s vision of being a “a supreme, effective, efficient and self-sustaining Parliament as a major participant in the process of good governance”. The organization has also established ‘training for trainers’ programme within the company who retrained the existing and new staff within the commission.

PARLSCOM has used the balanced scorecard as a type of measurement system that has helped it track the right set of leading indicators and has given the organization proper and important weightings. According to Merchant and Van der Stede (2007), through a measurement combination, an organization is able to reflect the economic effects of shareholder value of specific management accomplishments and failures more quickly than do the accounting measures.

4.4.6 Challenges in the Application of the Balanced Scorecard at PARLSCOM

The Balanced Scorecard has proved to be an immensely useful strategy implementation tool at PARLSCOM. However, there are a number of challenges resulting from its implementation. The respondents cited resistance from the employees as one of the main challenges.
It was evident that only heads of departments were involved in the implementation of this critical tool; they were then responsible for training the staff under them. This created lack of understanding by staff on the balance scorecard and how it works on strategy implementation. The employees have to understand the balanced scorecard as a strategy implementation and performance measurement tool, and all its perspectives, before it can be fully implemented. For instance, lack of clarity on the perspectives where some performance measures rest would affect the implementation of that particular scorecard.

Kaplan and Norton (2001) observed that having only a few individuals who clearly understand the concept of the balanced scorecard could be a challenge to effective strategy implementation. However, the respondents pointed out that this challenge is being managed through continuous training and retraining of all the employees. Lack of effective communication of the company’s strategy and the balanced scorecard to the line staff was also cited as another challenge. For the line staff to fully embrace the balanced scorecard it is imperative that it is communicated to them in a language that they understand and also help them understand how this will contribute towards the achievements of the corporate objectives.

The interviewees also reiterated that there was a challenge in matching the individual skills and professionalism with the assigned duties resulting in lack of expertise and commitment to the strategy implementation process. In addition, the respondents pointed out that one of the challenges has been the need to keep momentum and avoid complacency. This is also being addressed through investment in continuous training and retraining of the staff and putting in place mechanisms to ensure follow up and compliance at all times.
The organization has achieved this through the use of balanced scorecard champions. The organization also intends to introduce an external auditor to monitor compliance and ensure that the process is not manipulated in favor of some staff. Lack of a clear and effective reward policy was also cited as a major challenge in the implementation of the balanced scorecard. This poses a major challenge as employees are not motivated to deliver on their targets if the reward system does not recognize their efforts.

Another operational challenge is that the commission has been struggling with high number of employees that divert focus from growth strategies, inefficiency that leads to high operational expenditure, and high number of newly recruited staff due to the spontaneous expansion of parliament of Kenya as underpinned by the Constitution of Kenya, 2010. PARLSCOM’s unique legal mandate means that the organization has no competition and is thus not under pressure to adopt competitive strategies, thereby causing complacency and unwillingness to adopt change and growth strategies.

Additionally, the reluctance among most public sector employees has been a major challenge in the implementation of the balanced scorecard model at PARLSCOM. This calls for change management style to ensure that the culture of PARLSCOM is congruent to its strategy. Interference from outsiders trying to influence decisions and hence derailing processes, dynamism of the environments of key strategic partners like the National Treasury and resource constraints where all the desired projects cannot be undertaken at the same time were also mentioned by the respondents.
PARLSCOM being a constitutional commission, the respondents mentioned that a major hindrance to implementation of strategy is the harmonization of the government priorities with those of the commission thus it was noted that PARLSCOM is not utilizing its mandate to the full as per the legal framework. Finally, the high financial outlay required to align with the increased scope of the Parliament of Kenya was cited as a hindrance to PARLSCOM’s building adequate capacity and fully realizing the level of internal economy, efficiency, and effectiveness as stipulated in the balanced scorecard model.

4.5 Discussion

The findings of the study agreed with the conclusion by Malmi (2001) that the balanced scorecard (BSC) seems to be the latest management fashion to sweep the organizational world. All the interviewees were concurrent that the application of BSC model in strategy implementation and performance measurement at the commission had made it more objective and easier to compete on the global platform. In this regard, the interviewees reported that even adoption of the model was actually a product of benchmarking initiatives in foreign organizations with similar mandates.

In addition, the findings of the study were in harmony with those of Malina and Selto (2001) that Balanced Scorecard model, if well designed and used as a strategy implementation and organizational performance tool, was an effective device for controlling corporate strategy. In this respect, the interviewees concurred that implementation of the revised strategic plan (2008-2018) was mainly driven by a well-designed and customized BSC model.
Moreover, the findings of the study were in agreement with those of Gendi (2013) that applying the balanced scorecard had helped the organization to clarify its vision and mission thereby translating strategies into action, and that this in turn helped align activities of support systems to core business processes. In the case of PARLSCOM, the interviewees pointed out that strategic objective of the commission were translated into operational objectives by the aid of the BSC model, and that the same framework was used to monitor and evaluate the incremental execution of the strategic plan.

4.6 Chapter Summary

All the targeted interviewees responded by scheduling and attending an interview, thus giving a response rate of 100%. They (interviewees) noted that the environment under which PARLSCOM operates has changed significantly over the years since its inception in the year 1999. They further reported that the main reasons for introduction of the BSC were to: increase focus on strategy and strategic results; and improve organizational performance by measuring what matters.

The interviewees pointed out that PARLSCOM had empowered the Directorate of Finance and Accounting through capacity building and effective structures, as well as enhance participation in the budgeting process and improve quality of financial reporting. From the internal processes dimension, the organization had heavily invested in information technology to automate most areas of operations; the commission had also heavily invested in capacity enhancement. From the customer-focus perspective, the study revealed that the commission had initiated an aggressive plan to overhaul the members’ (members of parliament) working environment.
On the learning and growth pillar, it was reported that CPST conducts training needs analysis (TNA), develops the training curriculum, mobilises training resources, implements the actual training, and does regular monitoring and evaluation of various training initiatives. According to the study, the key success factors in the implementation of strategy using the Balanced scorecard was through training of all employees to make sure they all understood the model and what is expected of them in strategy implementation. However, there were a number of challenges resulting from its implementation. Overall, the findings of the study were generally consistent with those of previous researchers on the same subject.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings, draws conclusions relevant to the research and makes recommendations on the same. The chapter also highlights the limitations of the study and presents suggestions for further research.

5.2 Summary

The objective of the study was to determine how the Parliamentary Service Commission of Kenya uses the Balanced Scorecard as a strategy implementation and performance measurement tool. The interviewees who participated in the study were found to have worked at PARLSCOM for between five to ten years in senior management positions. This means that the information provided by the interviewees is based on their long service to the organization. From the findings, the interviewees indicated that they were involved in strategy formulation and implementation at PARLSCOM in various capacities.

In addition, the interviewees played different roles in the strategy formulation and implementation. The interviewees indicated that they were involved in setting the objectives for their divisions as well as corporate objectives. These findings are consistent with the findings of Pearce and Robinson (2005) who define strategic responses as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve firm’s objectives.
The study found out that the corporation has a five year strategic plan which is broken down annual plans. Kaplan and Norton (1992) assert that the balanced scorecard presents a tool for translating an organization’s mission (embodied in its strategy) into more tangible goals, actions and performance measures. This enabled PARLSCOM to translate its broad corporate objectives into measurable objectives.

PARLSCOM adopted a balanced scorecard as a response strategy to keep pace with the changing operational environment. From the analysis of the data collected, it was established that the introduction of the balanced scorecard at PARLSCOM eliminates subjectivity as the objectives and goals to be achieved are made simple and clear. The study also deduced that effective communication of the organization’s strategic plan from the top management to the lower level was critical to achieving the organizations goals and objectives. The study also noted that the balanced scorecard at PARLSCOM starts with the setting of broad corporate objectives which are then cascaded downward to departmental targets and finally individual targets, performance measurement and feedback.

The study emphasizes that for successful implementation of the balanced scorecard, all the staff must be involved, coordination of the various departments, developing clear objectives which should be aligned towards achieving the overall organizational objectives. It was evident from the study that despite the numerous challenges PARLSCOM faces in its application of the balanced scorecard, the implementation of the BSC was right on track.
This has enabled the corporation to sustain a competitive edge in meeting its overall objective “To be a supreme, effective, efficient and self-sustaining Parliament as a major participant in the process of good governance”. As Ansoff and McDonnell (1990) postulate, in responding to the changes in their environment, many organizations have realized that their existing strategies and configurations may no longer serve them especially if they still have to meet the organization’s strategic objectives. PARLSCOM in response to the changes in its operating environment realised that it was necessary to develop a strategy that would propel the commission to its desired position of ensuring supreme, effective, efficient and self-sustaining Parliament.

The findings revealed that the implementation of the balanced scorecard has helped PARLSCOM in tracking the right set of leading indicators and has given the commission proper weightings and profits. This contributes positively to the overall organizational objectives and goals. In addition the organization is able to reflect the political, social, economic and legal effect of specific management decisions and accomplishments to the stakeholders’ interest more quickly than do the traditional financial measures alone applicable largely in the private sector. The scorecard therefore helps address all the critical aspects of the organization, both financial and non-financial. The most critical challenge however is that most employees found difficulties in linking the financial and the non-financial measures given that the balanced scorecard was first originated as a performance measurement framework that added strategic non-financial performance measures to the traditional financial metrics (Kaplan and Norton, 1996).
Most organizations to date tend to view the BSC more as a tool for performance management and this poses a challenge in its use as a strategy implementation and performance measurement tool. The study revealed that PARLSCOM has been using the four perspectives of the balanced scorecard namely the financial perspective, customer perspective, internal business process perspective and the learning and growth perspective. Among the benefits derived from the use of the balanced scorecard have been: decrease in the average unit cost of service delivery to the commission, deepening understanding of the customer needs and improvement of internal business processes by heavily leveraging on ICT for improved performance and communication.

The study further reveals that the organization has continually enhanced communication of the balanced scorecard and created BSC champions to promote accountability and commitment to the commission’s long-term strategy. The study also revealed that enhanced communication and creation of BSC champions is one of the factors that has led to successful adoption of the BSC as a tool for strategy implementation and contributed positively to the overall organizational goals and objectives.

Among the challenges to the successful implementation of the balanced scorecard that have been revealed by the study are: employees’ resistance to change; lack of proper linkages between the financial and non-financial measures especially because the commission is a not-for-profit organization; unclear objectives, complexity in the implementation process; mismatch in the professional qualification and the skills required for the job; lack of appropriate structures to support the action plans and general complacency on the part of staff. These challenges were mainly cited as being a hindrance to successful implementation of the balanced scorecard at PARLSCOM.
5.3 Conclusion

From the study, the researcher concluded that PARLS COM uses the balanced scorecard as a strategy implementation and performance measurement tool. In this regard, it was concluded that the corporation’s vision, mission, core values, goals and long-term objectives revolve around the four pillars of balanced scorecard. The researcher also concluded that applying the balanced scorecard model has helped the organization to clarify its vision and mission and translates strategies into action which helps align activities of support systems to core business processes.

The study further concluded that the use of the balanced scorecard eliminates subjectivity as the objectives and goals to be achieved are made simple and clear. The study also noted that effective communication of an organization’s strategic plans from the top management to the lower level is critical in achieving the organizational goals and objectives. The researcher also concluded that the financial perspective of the balanced scorecard plays a dual role of defining the performance expected from strategy and serve as ultimate target objectives from all other balanced scorecard perspectives (Kaplan and Norton, 2001). According to the study, since the commission started using the balanced scorecard, the PARLS COM has reported decreased unit cost of service delivery each year.

The researcher further concluded that top management support and commitment were crucial to the success of the balanced scorecard in strategy implementation. Other key success factors in the implementation of the balanced scorecard at PARLS COM included involvement of employees, establishment of proper and efficient communication channels, clear goals and objectives, employee motivation and constant staff training.
The study further concluded that in order for the organization to reap the long-term benefits of the balanced scorecard as a tool, employees must undergo constant training and development from time to time in order to solve the problem of employee resistance and enable the organization achieve a competitive edge as the regions’ most preferred in handling of white petroleum products.

The study further concluded that other tools have been used to support the balanced scorecard, the main one being customer satisfaction survey that provide useful ways of discovering the emerging needs of the Members of Parliament and other stakeholders in the parliamentary process and gauging how the commission meets them. The establishment of customer care desks and paying attention to the customers’ complaints goes a long way in ensuring that the same mistakes are not repeated in the future. Enrichment of the website of parliament where the commission’s external customers can navigate all the information about the organization at the comfort of their offices at the click of a button has also helped PARLSCOM improve on its relationship with external customers and change the face of customer care from the ‘don’t care attitude’ common among most public sector organizations to a more customer friendly organization.

5.4 Recommendations

The study recommends that PARLSCOM makes intensive but strategic use of the four perspectives of the balanced scorecard. It is possible for the commission to increase public awareness about its mandate while keeping track of the key objective of facilitating the Members of Parliament to efficiently and effectively fulfill their constitutional mandate.
Based on the findings, the researcher recommends that there is need for further training of the employees to deepen their understanding of the balanced scorecard and the role that each employee plays in overall achievement of the organizations goals. In addition, the study recommends that for successful application of the balanced scorecard, every employee must be involved and must fully understand the organization’s operational objectives and the linkages to the overall corporate objective. Further, the corporation needs to ensure that cascading the balanced scorecard to all business and support units is both top-bottom and bottom-up communication. The will ensure a smooth implementation process.

The researcher also recommends the full involvement and commitment of senior management in implementation of strategy. This will not only spur an interest among the employees and motivate them but will equally help senior management in tracking and assessing the progress of strategy. The study further recommends that management should consider critical tasks like training, commitment, teamwork coordination during strategy implementation.

The study also recommends that PARLSCOM should have a reward policy that is linked to actual performance and this should be made clear to all staff, at least as far as possible. This will motivate employees to work towards achievement of their individual goals and ultimately the achievement of corporate goals. The researcher further recommends that PARLSCOM should consider customizing the balanced scorecard to meet its unique requirements.
This will enhance clarity and understanding of each of the perspectives of the scorecard. Kaplan and Norton (2001) noted that the four general perspectives of the balanced scorecard simply provide a framework and therefore no organization should be constrained within the confines of this framework. PARLSCOM can therefore omit or include additional perspectives to meet its own requirements.

The researcher recommends that PARLSCOM includes perspectives such as Public Social Responsibility (PSR) as another perspective in the scorecard since it conspicuously features in its Action Plan. This area has gained importance in strategic management due to the contribution organizations make to the communities within which they operate and the effect of their activities on the environment. However, the organization should be cautious not to include too many perspectives and measures that may result into distortion and lose of focus.

5.5 Limitations of the Study

The study focused on only four senior staff members who are involved in strategy implementation and left out the middle level and lower cadre staff who could have given their views on the balance scorecard approach. The study also focused on one organization as the unit of study and this cannot be used for generalization purposes. This is because every organization is unique and even within the same industry organizations are uniquely different from one other. The application of the balanced scorecard could differ in different organizations even among those within the same industry and therefore the findings cannot be generalized to other organizations.
The other constraint was respondent availability. Being senior managers and heads of respective directorates, the respondents always had busy schedules and engagements that lead to limited time for response. Further, the study could only be carried out in the evenings when the researcher was off duty. Since the research was conducted via open-ended interviews using an interview guide, a large amount of time was needed to collect information from the respondents. Another limitation is that the case study methodology requires intense response to the phenomenon being studied which sometimes can bias the study findings.

5.6 Implication on Policy, Theory and Practice

The study focused on the balanced scorecard as a strategy implementation and performance measurement tool at PARLSCOM. Formulation of a good strategy does not guarantee the success of the strategy. Strategy implementation and its incremental monitoring and evaluation through reliable measurement of various key parameters has become an important part in determining the success of a strategy. A balanced scorecard is a management tool that translates the organization’s mission and strategy into a collection of performance measures. For successful application of the balanced scorecard, the study recommends that all staff must be involved and must understand the meaning and objectives of the balanced scorecard, all departments must be aligned towards achieving organizational objectives. In view of this, PARLSCOM should embrace full implementation of the balanced scorecard.
The commission should build and invest in robust and modern information communication technology (ICT) service as it plays a critical role in innovations and enhancing efficiency. The study also recommends constant training and retraining of the PARLSCOM staff to maintain the momentum of the use of the BSC.

The research recommendations will also benefit executives and managers of other organizations as it will help in the refinement and usability of the BSC in their organizations. The results of this study have added to the current scope of knowledge and theory in strategy implementation and control. Scholars and academicians could therefore use the suggestions as a basis for further research. The findings should contribute to professional extension of knowledge in strategy implementation.

The government and policy makers should get insight from the study in formulating policies regarding regulatory requirements to changes in the operating environment. This will help organizations to ensure balanced and stable economic growth. Further, policy makers and implementers can use the findings of this study to set guidelines and benchmarks for strategy implementation and control in the public sector.

5.7 Suggestions for Further Research

The balanced scorecard is increasingly becoming a useful tool in strategic management as a strategy implementation and performance measurement tool as it helps an organization to translate its broad corporate objectives into perspectives for implementation. The findings of the study indicate that the balanced scorecard is a very important tool in strategy implementation.
The researcher suggests that more studies be done on the implementation of the balanced scorecard as management tool at all public sector institutions in Kenya to allow for generalization of the results. Very few studies have been done on the use of the balanced scorecard in the public sector in Kenya and further study would significantly contribute to the literature on the application of the BSC in the public sector. The researcher further recommends more research to be done on the customization of the balanced scorecard perspectives to suit organizational needs.

Research could also be carried out to determine the relationship between the perspectives of the balanced scorecard and the relationship between the use of the balanced scorecard and improved financial performance. In addition, quantitative inquiry could be carried out in order to determine the actual figures relating to the contribution of the four perspectives of the balanced scorecard in the success of strategy implementation. This is due to the fact that this study employed content analysis (thematic and narrative approaches) method and the report is therefore narrative in nature.

5.8 Chapter Summary

The interviewees who participated in the study were found to have worked at PARLSCOM for between five to ten years in senior management positions. From the study, the researcher concluded that PARLSCOM uses the balanced scorecard as a strategy implementation and performance measurement tool. The study recommends that PARLSCOM makes intensive but strategic use of the four perspectives of the balanced scorecard. However, the study had various challenges ranging from methodology, to logistics but very effort was made to iron them out. From the value added perspective, the findings of the study had great but specific implications on policy, theory, and practice.
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APPENDICES

Appendix I: Interview Guide

1. What is your current position?

2. What is the name of your department?

3. Where is your work station located?

4. For how many years have you worked in your current department?

5. How many employees are you in your department?

6. What is the commission’s strategic objective?

7. Who is responsible for the formulation of strategy within the commission?

8. How are strategic objectives communicated within your respective departments?

9. Does your organization use the Balanced Scorecard as a strategic and performance tool?

10. What informed the use of the Balanced Scorecard to implement strategy and measure organizational performance at PARLSCOM?

11. Who are involved in the use of Balanced Scorecard to execute strategy and measure organizational performance?

12. How is the Balanced Scorecard model cascaded downwards in your departments?

13. In your opinion, do you think the Balanced Scorecard is important to the commission?

14. How is the Balanced Scorecard used in the implementation of strategy and measurement of organizational performance in the commission?

15. For how long has the organization used the Balanced Scorecard as a strategy implementation and organizational performance measurement tool?
16. What are the benefits of using the Balanced Scorecard in the implementation of the organization’s strategy and performance measurement?

17. Do the performance measures provide adequate information for improvement programs? Yes ( ) No ( ) Don’t Know ( )

18. What are the main challenges that you face in the application of Balanced Scorecard?

Appendix III: Introduction Letter

TO WHOM IT MAY CONCERN

The bearer of this letter ZETH OUMA OMOLLO

Registration No. 617079212014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you.

PATRICK NYABEKE
MBA ADMINISTRATOR
SCHOOL OF BUSINESS
Appendix IV: Cover Letter

ZETH OUMA OMOLLO  
MBA COORDINATION OFFICE  
UNIVERSITY OF NAIROBI  
P.O BOX 30197-00100  
NAIROBI.  
THE HUMAN RESOURCES AND ADMINISTRATION DIRECTOR  
PARLIAMENTARY SERVICE COMMISSION OF KENYA  
P.O BOX 41842-00100  
NAIROBI.  

Dear Sir/Madam,

RE: MBA RESEARCH PROJECT DATA COLLECTION.

I hereby request for your support in respect of the above subject. I am Master of Business Administration (MBA) finalist at the University of Nairobi’s School of Business. As part of the academic process, I am required to carry out an empirical study on a subject of choice. It is against this backdrop that I have settled on a case study of the Parliamentary Service Commission of Kenya. The Research question that this study seeks to answer is: “does the Parliamentary Service Commission of Kenya use the Balanced Scorecard as a strategy implementation and performance measurement tool”?

The findings of this study will be of great help in advancement of theory, practice, and policy. Thank you.

Yours Truly,  

Zeth Ouma Omollo  
0722313835

28/08/2015