APPLICATION OF THE BALANCED SCORECARD IN STRATEGY IMPLEMENTATION BY UNILEVER TEA KENYA LIMITED

By

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DECLARATION

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

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

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ABSTRACT

Effective application of balanced scorecard in strategy implementation would lead to a successful organization. However, there are challenges that are faced by organizations when applying the balanced scorecard in strategy implementation. Organizations therefore need to pay attention to these challenges and ascertain effective ways to overcome these strategies.

Unilever Tea Kenya Limited has a new balanced scorecard known as the campus in action. The study was to establish the application of balanced scorecard in strategy implementation by Unilever Tea Kenya Limited and determine the challenges faced in the application of balanced scorecard and how to overcome them. To achieve these objectives, a case study research method was used where primary data was collected and the interview guide administered to seven interviewees who included the Managing Director and six other managers. The balanced scorecard is a management system that links the vision and strategy of the organization to the financial, customer knowledge, internal business process and the learning and growth aspects. This management tool can be used in strategy implementation by any organization of which Unilever Tea Kenya Limited is not an exception. This is why the study of the application of balanced scorecard in strategy implementation by Unilever Tea Kenya Limited was conducted. The respondents were selected from the leadership and middle management team.

The study established that the formulation of the balanced scorecard (compass into action) was done by the corporate level management of the parent company, Unilever Public Limited, in the United Kingdom. The implementation of this balanced scorecard is performed by all the Unilever subsidiaries, including Unilever Tea Kenya Limited. Challenges faced included strategic shift, internationalization, e-commerce, changing purposes and learning. Ways of overcoming these challenges were also determined.

Consequently, the research study recommended further study in corporate governance and learning organization.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Unilever Tea Kenya Limited is one of the tea producing companies in Kenya. Its offices are located in Kericho, one of the towns situated along the Rift Valley province in Kenya. The management of this organization normally formulate its strategies and have stipulated time for the implementation of these strategies. The balanced scorecard is the major tool that measures the given strategies. Since 2005 the organization used the scorecard known as strategy in action which measures the actual performance. The initiative to implement the balanced scorecard system came from its top management in the United Kingdom. All Unilever subsidiaries across the world are instructed by the Heads of their Business Units on how to go about the implementation. During the periodical management reviews, the balanced scorecard is used as an instrument to evaluate actual performance against the targets and monitor future plans. Unilever Tea Kenya Limited uses the traffic light system with the green light to indicate that a target has been met, amber to indicate that performance is in line with the target, and red to denote a problem area. The traffic light system is used to measure the level of achievement of the key indicators (Unilever management, 2009). In most cases, the traffic light with red are normally noted during the periodic review. This is a concern to the management, who are of the opinion to solve this issue.

1.1.1 Strategy Implementation

Strategy implementation is defined as the way the organization creates the organizational arrangement that allows it to pursue its strategy effectively (Hill and Jones, 2001). Whereas crafting a strategy is largely a market driven activity, implementing and executing strategy is primarily an operations driven activity revolving around the management of people and business processes (Thompson, Strickland &Gamble, 2007). For a strategy to be successful, it must be translated into carefully implemented actions (Pearce and Robinson, 2005). Implementation ensures that strategies are converted into actions and are working in practice. This takes place in terms of restructuring the organization to support successful performance, enabling success by providing resources in form of people, information, money and technology. An organization sets shorter objectives which are measureable outcomes or intended to be achieved within a year. The shorter objectives help in implementation of strategy by operationalization of long term objectives. Olali (2006), states that a well formulated and implemented strategy offers benefits to an organization. It helps an organization to marshal and allocate resources. Strategy implementation addresses the issue of how to put a formulated strategy in effect within the constraints of time, organization financial and human resources, and its capabilities.

According to Thompson and Strickland (1989), the challenges of strategy implementation are born out of desperation, poor analysis of industry and competitive conditions and misjudgement of one sort or another. Successful strategy execution greatly depends on good internal organization and competent staff. Building a capable organization is therefore always a top strategy implementation strategy. Developing an internal organization structure that is responsive to the needs of strategy, building and nurturing the skills and competences in which the strategy is grounded and selecting people for the positions are the three dominant organizational issues that stand out as dominant.

Since every organization has a unique culture, the implementation and the execution of strategy involve the whole organizational culture (Thompson and Strickland, 1989). Lack of compatibility between strategy and culture can lead to high resistance to change and de-motivation, which can in turn frustrate the implementation (Aosa, 1992). The role of new and revised policies is a promulgate standard operating procedures that will facilitate strategy implementation and counteract any tendencies for parts of organization to resist or reject chosen strategy. It is important for the employees to be committed to implementing and accomplishing strategy. This is achieved via motivation, incentives and rewarding of good performance. Selecting people for the key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the first strategy implementation steps (Thompson and Strickland, 1989).

1.1.2 Balanced Scorecard

According to Pearce & Robinson (2005). the balanced scorecard is a set of measures that are directly linked to the company's strategy. Developed by Kaplan and Norton (1992), it directs a company to link its own long-term strategy with tangible goals and actions. The scorecard allows managers to evaluate the company from four perspectives; financial performance, customer knowledge, internal business processes, and learning and growth. According to Sheerer (2002). the balanced scorecard is a methodology used for measuring success and setting goals from financial and operational viewpoints. With those measures leaders can manage their strategic vision and adjust it for change.

According to Pearce & Robinson (2005), the balanced scorecard is viewed as a management system (not only a measurement system) that enables companies to clarify their strategies, translate them into action, and provide meaningful feedback. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard is intended to transform strategic planning from a separate top management exercise into the nerve centre of an enterprise. A properly constructed scorecard is balanced between short and long-term measures; financial and non-financial measures.

According to Kaplan and Norton (1996). managers using balanced scorecard do not have to rely on short-term financial measures as the sole indicators of the companies' performance. The scorecard lets them introduce the four new management processes that, separately and in combination, contribute to linking the long term strategic objectives with short term actions. They include: The translation of the vision and strategy to help the managers build a consensus around the organisation's vision and strategy. For people to act on the word vision and strategy statements, those statements must be expressed as integrated set of objectives and measures, agreed upon by all senior executives, that describe the long term drivers of success.

Communication and Linkage process lets managers to communicate their strategy up and down the organisation and link it to the departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short term financial goals. The scorecard gives managers a way of ensuring that all levels of organisation understand the long term strategy and that both departmental and individual objectives are aligned with it; Business Planning process enables companies to integrate their business and financial plans. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals. This situation leads to frequent disappointment with the program's results. When managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them towards their long term strategic objectives (Kaplan and Norton, 1996).

Feedback and Learning process gives companies the capacity for what we call strategic learning. Existing feedback and review processes focus on whether the company, its department and its individual employees have met the budgeted financial goals. With the balanced scorecard at the centre of management systems, a company can monitor short term results from the three additional perspectives (customers, internal business processes and learning and growth) and evaluate strategy in light of the recent performance. The scorecard thus enables the companies to modify strategies to reflect real-time learning (Kaplan and Norton, 1996).

1.1.3 Overview of Unilever Tea Kenya Limited

The mission for Unilever is to work to create a better future every day by helping people to feel good, look good and get more out of life with brands and services that are good for them and good for others. The vision for Unilever Tea Kenya is to be the most reputable tea production company in the world, achieving profitable growth year on year by innovating and adding value to their products for the benefit of customers and shareholders, through leadership in sustainable agricultural practices, tea science, manufacturing, workplace safety and customer service; Driving productivity and value diversity in the workforce, recruiting, retaining and empowering the best people in the tea industry and earning the trust and respect of all stakeholders in the business and to be their partner of choice (Unilever Management, 2009).

Unilever strategies include: winning with brands and innovation by delivering superior products, design, branding and marketing, projecting bigger, better and faster innovations, appealing to all customers across needs and price points; winning in the market place by leading market development, win with winning customers and be an execution powerhouse; winning through continuous improvement by having a lean, responsive and consumer led value chain, driving return on brand support and having an agile, cost competitive organization; winning with people by having an organization with diverse talent pipeline ready to match our growth ambitions, performance culture with respect to their values and leverage the operating framework for competitive advantage (Unilever Management, 2009) .

Unilever Tea Kenya Limited has strategic plans and has always used the balanced scorecard since the year 2005. The scorecard has been known as strategy in action, until 2009 when the name was changed to compass in action. The strategies are normally formulated, though the major issue has been the execution of the plans. Some of the set goals are delayed or are not executed in time. The management concern is to ascertain ways in which they can ensure that the executions of the given strategies are accomplished in time in order to achieve there stated goals (Unilever Management, 2009).

1.2 Statement of the Problem

According to Pearce & Robinson (2005), the balanced scorecard is a set of measures that are directly linked to the company's strategy. It directs a company to link its own long-term strategy with tangible goals and actions, and is viewed as a management system that enables companies to clarify their strategies, translate them into action, and provide meaningful feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. This entails the four management processes. They include; translating the Vision, communicating strategy up and down the organisation and link it to the departmental and individual objectives, business planning and providing feedback and learning. The scorecard allows managers to evaluate the company from four perspectives; financial performance, customer knowledge, internal business processes, and learning and growth.

Unilever Tea Kenya Limited has strategic plans and has always used the balanced scorecard since the year 2005. The scorecard has been known as strategy in action, until 2009 when the name was changed to the compass. The management formulates the strategies at the corporate level. These strategies are then cascaded to the functional level through the scorecard. The time plan is normally stipulated by the management on each item. The major issue of the strategy process has been the execution of these plans. This has been ascertained by the fact that, some of the set goals are delayed or are not executed in time. It has been the management concern to ascertain ways in which they can ensure that the executions of the given strategies are accomplished in time, in order to achieve organization's stated goals. Since the balanced scorecard is expected to enhance strategy implementation, this has not been fulfilled at Unilever Tea Kenya Limited. Therefore, there is a need to study the balanced scorecard and establish how this organization is applying it in strategy implementation.

Other scholars have studied balanced Scorecard and strategy implementation in different sectors. With regard to the studies on balanced scorecard, Kiragu (2005) carried out a survey on the adoption of the balanced scorecard by selected companies in Kenya; Odadi (2002), conducted a case study of Stanbic Bank, Nairobi, on the process and experience of implementing the balanced scorecard technique; Mucheru, (2008), carried out a survey on the application of balanced scorecard in performance management among commercial banks in Kenya. With regard to the studies on strategy implementation and challenges, Aosa (1992), conducted an investigation on the aspects of strategy formulation and implementation within large, private manufacturing companies in Kenya; Awino (2001), conducted a case study on the effectiveness and problems of strategy implementation of financing higher education in Kenya by the Higher Education Loans Board; Koskei (2003), conducted a case study of Telkom Kenya Limited on strategy implementation and its challenges in Kenya Public Corporation; Mumbua (2003), studied the factors influencing strategy implementation by international NGOs operating in Kenya; Machuki (2005), Studied the challenges to strategy implementation at CMC; Olali (2006), carried out a survey on the challenges in strategic plan implementation in the cooperative bank of Kenya Limited; Manyarkiy (2006), studied the challenges facing middle managers in the implementation of corporate strategic plan at NSSF; Kiprotich (2008), conducted a case study of African Braille Centre on strategy implementation and its challenges and (Mutugi. 2008), conducted a case study on challenges of strategy implementation at Kenyatta National Hospital.

Due to the contextual, sectoral and managerial differences among organizations, the application of the balanced scorecard and the challenges in strategy implementation would not be assumed to be the same in all sectors, unless empirical study proves so. From the scholars enlisted in the previous paragraph, Kiragu (2005), Odadi (2002) and Macheru (2008), studied the balanced scorecard, but none of them studied the balanced scorecard with respect to strategy implementation. The uniqueness of the study of Unilever Tea Kenya Limited is its involvement in tea production sector and the study include the aspect of the balanced scorecard with the focus of strategy implementation. The research questions being addressed are: How is the application of balanced scorecard in strategy implementation by Unilever Tea Kenya Limited? And what are the challenges faced by Unilever Tea Kenya Limited in strategy implementation?

1.3 Research objectives

The objectives of the study are:-

i. To establish the application of balanced scorecard in strategy implementation by Unilever Tea Kenya Limited.

ii. To determine the challenges faced by Unilever Tea Kenya in the application of balanced scorecard in strategy implementation and how to overcome them.

1.4 Importance of the Study

The managers of Unilever Tea Kenya Limited will be able to manage the tasks that are highlighted in the organization's scorecard within the stipulated time. This will enable the organization to be more competitive in the tea industry. The information obtained will also assist in enhancing efficiency in processing business plans.

To the academicians and researchers, the study will be a data bank in reference to information on balanced scorecard and strategic implementation or any other related research that will require this information. The study will contribute to subsequent importance of further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategy Implementation

According to Thompson et el (2007), implementing and executing strategy is primarily an operations-driven activity revolving around the management of people and business processes. Successful strategy execution depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy supportive manner, and instilling a discipline of getting work done. Executing strategy is an action oriented; make things happen task that tests a manager's ability to direct organizational change, achieve continuous improvement in operations and business processes, create and nurture a strategy supportive culture, and consistently meet or beat performance targets. Organizations successful at strategy implementation effectively manage six key supporting factors: Action planning, organization structure, human resources, the annual business plan, monitoring and control; and linkage (Birnbaum, 2009).

Organizations successful at implementing strategy develop detailed action plans such as chronological lists of action steps (tactics) which add the necessary detail to the strategies. Responsibility is assigned to a specific individual for accomplishing each of those action steps. Due dates and estimates of the required resources are set to accomplish each of their action steps. Consequently, broad strategy statement is translated into a number of specific work assignments. Next, those successful at implementing strategy give thought to their organizational structure. The management of these organization query if the intended strategy fits their current structure (Birnbaum, 2009). According to Kiprotich (2008), changes in a company's strategy bring about internal problems which require new structure. Structure helps identify the firm's key activities and the manner in which they will be coordinated to achieve the firm's strategic response.

Human resource factor is considered essential by organizations successful at strategy implementation in making strategies happen. Human resource issue is a two way story. First, consideration of human resources requires that management think about the organization's communication needs that articulate the strategies so that those charged with developing the corresponding action steps (tactics) fully understand the strategy to implement. Secondly, managers successful at implementation are aware of the effects each new strategy will have on their human resource. As a result they decide whether to allow time for employees to grow through experience, to introduce training, or to hire new employees (Birnbaum, 2009). According to Kiprotich (2008), resource based theory postulate that competitive advantage of a firm is based on its internal resources and competence.

The awareness of the need to fund intended strategies is considered by organizations successful at implementation. They begin to think about the necessary financial commitment early in the planning process. First, they enlist the financial requirements at the development stage of the strategy, and then firm up that commitment when developing their action plans. Finally, they link their strategic plan to their annual business plan, and eliminate irrelevant information received at budgeting time (Birnbaum, 2009). According to Kiprotich (2008), Organization system means all procedures, formal and informal, that makes organizations operate daily and annually, capital budgeting systems, training systems, cost accounting and budgetary systems. Monitoring and controlling the plan involves a periodic evaluation. It also involves consideration of options, such as, changing the schedule, changing the action steps (tactics), changing the strategy or objective, to get a strategy once it drifts (Birnbaum, 2009). Evaluation is essential since the management is advised on the outcome of the implementation. Despite developing action plans, considering organization structure, evaluating the human resource needs, funding strategies through annual business plan and developing a plan to monitor and control, organizations still fail to successfully implement their strategy and tactics due to lack of linkage. Strategies require linkage both vertically and horizontally. Vertical linkages establish coordination and support between corporate, divisional and departmental plans, while horizontal across departments, regional offices and manufacturing plants or divisions (Birnbaum, 2009).

2.2 Challenges of Strategy Implementation

According to Johnson et el (2008), Strategic management requires managers to develop strategies that are appropriate to the specific circumstances of an organization, but this circumstances change over time. The three sets of overarching challenges that managers in relation to their organisation's strategies for the future include: preventing strategic drift especially where strategies progressively fail to address the strategic position of the organization and performance deteriorates. History suggests that most organizations run into difficulties because of failure to acknowledge and address strategic fit; the need to understand and address contemporary issues that are challenging most organizations at any particular time. These contemporary issues are: internationalization, e-commerce, changing purposes and knowledge and learning; and the benefit of viewing strategy in more than one way. These are three strategy lenses: design, experience and ideas.

Typically, organizations go through long periods of relative continuity during which established strategy remains largely unchanged or changes incrementally. This process tends to create strategic drift especially where strategies progressively fail to address the strategic position of the organization and performance. This is typically followed by a period of flux in which strategies change but in no very clear direction. There may then be transformational change, in which there is a fundamental change in strategic direction, though this is infrequent. This pattern has become known as punctuated equilibrium (Johnson et el, 2008). Managers try to minimize the extent to which they are faced with uncertainty by looking for solutions on the basis of current ways of seeing and doing things that are part of the existing organisational culture. Transformational change tends to occur at times when performance has declined significantly. The first challenge is how managers can stand sufficiently apart from their own experience and their organization's culture to be able to understand the strategic issues they face. The second challenge relates to the management of strategic change. New strategies might require actions that are outside the scope of existing culture (Thompson, Strickland &Gamble, 2007).

The four themes that currently are impacting on strategies of many organizations include: internationalization, e-commerce, changing purposes and knowledge and learning. Internationalization can extend both the size of the market and the range of competitors. It can also raise issues of relationship with potential partners overseas and the organization of activities across national boundaries. Different countries around the world vary widely in their institutional and cultural orientations to strategic management. The institutions that enable profit-maximization, or penalise deviation from profit-maximization and performance contributions, also differ around the world (Johnson et el, 2008).

The speed at which data can be analysed and communication enacted has been transformed through the development of cheap and powerful information and communication technologies. The managers need to understand how the business environment is changed by these developments: for example, the extent to which the expectations of customers are changing in relation to product features and how they do business with suppliers. The relative power of buyers and suppliers is fundamentally altered in e-commerce transactions because the buyers have much easier access to information about competitive offerings. Its important to understand whether the organization has the strategic capability to compete through e-commerce or whether it should concentrate its efforts on improving performance within its traditional business model as a way of remaining attractive to customers. Flatter structures, an increased ability to integrate resources from different parts of the organization and beyond and the need for almost constant strategic change are challenges for many organizations (Johnson et el, 2008).

The private sector has seen major changes in regulations and corporate reforms as a result of corporate scandals, such as Enron and WorldCom. They have also faced pressures to develop a much stronger framework of business ethics and corporate social responsibility. At the same time there have been opposing forces arguing for a much clearer emphasis by boards of directors on increasing shareholder value as their primary responsibility. There is a greater need for market knowledge, new competencies such as financial management, and an ability to work in partnership and for less centralization (Johnson et el, 2008).There are increasing number of organizations that claim to depend substantially on innovation for their strategic success, and still others that argue the importance of becoming more innovatory. This can only occur if an organization is able to both generate and integrate knowledge from both inside and around the organization to develop and deliver new product or service features. In a fast moving, constant improvement and change, organizations become essential to survival and success (Thompson, Strickland &Gamble, 2007). The ability to manage learning is also vital. Innovation is seen as the ability to change the rule of the game. The rapid developments in information technology have thrown up opportunities for many more organizations to do business in new ways. The success of all innovatory organizations is likely to be built on a willingness to challenge the status quo in an industry or a market and an awareness of how organization resources and competences can be stretched to create new opportunities. Innovation will also be influenced by how people are managed and how they interact (Johnson et el, 2008).

Strategy as design is the view that strategy development can be a logical process in which the forces and constraints on the organization are weighed carefully through analytic and evaluative techniques to establish a clear strategic direction. This creates conditions in which carefully planned implementation of strategy should occur. Strategy as experience is the view that future strategies of organizations are based on the adaption of past strategies influenced by the experience of managers and others in the organization. This is normally driven by the taken for granted assumptions and ways of doing things embedded in the culture of the organization. Strategy as idea emphasises the importance of variety and diversity in and around organizations, this can potentially generate genuine new ideas. New ideas will emerge but they are likely to have to battle for survival against the forces for conformity to past strategies (Johnson et el, 2008).

2.3 Concept of Balanced Scorecard

According to Wikipedia (2010), the balanced scorecard is a strategic performance management tool that is a semi-standard structured report supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions. It is perhaps the best known of several such frameworks, and was widely adopted in English speaking western countries and Scandinavia in the early 1990s. Since 2000, use of balanced scorecard, its derivatives like performance prism, and other similar tools like results based management have become common in Middle East, Asia and Spanish speaking countries also. The core characteristic of the balanced scorecard and its derivatives is the presentation of a mixture of financial and non-financial measures each compared to a target value within a single concise report. The report is not meant to be a replacement for traditional financial or operational reports but a succinct summary that captures the information most relevant to those reading it.

According to Kaplan and Norton (1992), a year long research project was carried out in 1990, with twelve organisations at the leading edge of performance measurements. A conclusion was arrived at that traditional performance measures, having a financial bias and being centred on issues of control, ignored the key issue of linking operational performance to strategic objectives and communicating these objectives and performance results to all levels of the organisation. On realising that no single measure can provide a clear measurement target or focus attention on all the critical areas of business, they proposed the concept of a balanced scorecard as a more sophisticated approach of meeting these shortcomings.

2.4 Management Process of Balanced Scorecard

According to Rohm (2010), the scorecard journey has two phases: Building the scorecard and implementing the scorecard. A six step framework is used to build an organization's balanced scorecard, and an additional three steps to implement the scorecard system throughout all levels of an organization. At the end of the first six steps, the high level corporate scorecard is developed and it forms the basis for subsequent scorecard development.

2.4.1 Building a Balanced Scorecard

Step one is the assessment of the organization's foundations, its core beliefs, market opportunities, competition, financial position, short term and long term goals and an understanding of what satisfies customers. Many organizations have completed this basic step, typically as a self assessment at an off-site workshop for managers and executives. Usually an organization's strengths, weaknesses, opportunities, and threats are developed, discussed and documented. There is no need to repeat 'environmental scan' of an organization if the information is available and current, say within the past six months (Rohm, 2010). Step two is the development of overall business strategy. In large organizations, several overarching strategic themes are developed that contain specific business strategies. Examples of common strategic themes include: Build the business, improve operational efficiency and develop new products. Strategy is a hypothesis of what we think will work and be successful. Step three is a decomposition of business strategy into smaller components, called objectives. Objectives are the basic building blocks of strategy known as the components or activities that make up complete business strategies. Examples of strategy main themes include: Growth management and environment, community health and safety and effective and efficient company. Example of strategic components include: Increased employee motivation and satisfaction, increased employee knowledge, skills and abilities and improved technology capacity (Rohm, 2010).

In Step four, a strategic map of the organization's overall business strategy is created. Using cost-effect linkages (if- then logic connections), the components (objectives) of strategy are connected and placed in appropriate scorecard perspective categories. The relationship among strategy components is used to identify the key performance drivers of each strategy that, taken together, chart the part to successful end outcomes as seen through the eyes of customers and business owners. In step five, performance measures are developed to track both strategic and operational progress. To develop meaningful performance measures, one has to understand the desired outcomes and processes that are used to produce outcomes. Desired outcomes are measured from the perspective of internal and external customers, and processes are measured from the perspective of the processes owners and the activities needed to meet customer requirements. Relationships among the results we want to achieve and the processes need to get the results must be fully understood before we can assign meaningful performance measures. In step six, new initiatives are identified that need to be funded and implemented to ensure that our strategies are successful. Initiatives developed at the end of the scorecard building process are more strategic than if they are developed in the abstract (Rohm, 2010).

2.4.2 Implementing the Balanced Scorecard

Three steps to implement the scorecard include: Automation, cascading and evaluation. Automation consists of analyzing software options and user requirements to make the most cost effective software choice for today and to meet enterprise performance information requirements in the future. Cascading the corporate scorecard should be done throughout the organization to business and support units and ultimately to teams and individuals. Evaluation of the success of chosen business strategies is essential since, making adjustments to strategy, mission and vision, if necessary, are likely performance information is analyzed and market competitive forces are considered (Rohm, 2010).

Creating an analysis feedback loop to test strategy assumptions is an important step and one that many organizations overlook in their strategic planning implementation. The evaluation step includes the following components: Ensuring that organization learning and knowledge building are incorporated into planning; making adjustments to existing service programs; adding new programs if they are most cost effective; eliminating programs that are not delivering cost effective services or meeting customer needs and linking planning to budget (Rohm, 2010).

2.5 Perspectives of Balanced Scorecard

According to Kaplan and Norton (1993), the balanced scorecard is a management system that maps an organization's strategic objectives into performance metrics in four perspectives: financial, internal processes, customers, and learning and growth. These perspectives provide relevant feedback as to how well the strategic plan is executing so that adjustments can be made as necessary.

The financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective. The specific goals depend on the company's stage in the business life cycle. For example, the goal for growth stage is growth, such as revenue growth rate, the goal for sustain stage is profitability such as Return on Equity, Return on Capital Employed and Equity Value Addition. The goal for harvest stage is cash flow and reduction in capital requirements (Kaplan and Norton, 1993). Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. With the implementation of corporate database, it is hoped that more of the processing can be centralized and automated. The current emphasis on financials leads to 'unbalanced' situation with regard to other perspectives. This is perhaps a need to include additional financial related data, such as risk assessment and cost benefit data, in category.

The customer perspective addresses the question of how the firm is viewed by its customers and how well the firm is serving its targeted customers in order to meet the financial objectives. Generally, the customers view the firm in terms of time, quality, performance, and cost (Kaplan and Norton, 1993). Recent management philosophy has shown an increasing realization of the importance of customer focus and customer satisfaction in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance of this perspective is thus a leading indicator of future decline, even though the current financial picture may look good.

Internal business process objectives address the question of which processes are most critical for satisfying customers and shareholders. These are the processes in which the firm must concentrate its effort and excel (Kaplan and Norton, 1993). 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; with our unique missions these are not things that can be developed by outside consultants.

Learning and growth metrics address the question of how the firm must learn, improve, and innovate in order to meet its objectives. Much of this perspective is employee-centred (Kaplan and Norton, 1993). This perspective includes employee training and corporate culture attitudes related to both individual and corporate self improvement. In a knowledge-worker organization, people being 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 a continuous learning mode. Metrics can be put in place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge worker organization. Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of communication among workers that allows them to readily get help on problem when it is needed. It also includes technological tools; what the Baldrige criteria call 'high performance' work system.

2.6 Balanced Scorecard and Strategy Implementation

According to Kaplan & Norton (1993), the balanced scorecard is a management system that can motivate breakthrough improvements in critical areas such as product, process, customer, and market development. The scorecard presents managers with four different perspectives from which to choose measures. It complements traditional financial indicators with measures of performance for customers, internal processes, and innovation and improvement activities. The scorecard measures are grounded in an organization's strategic objectives and competitive demands. The scorecard helps to focus on strategic vision and requires managers to select a limited number of critical indicators within each of the four perspectives. The scorecard functions as the cornerstone of a company's current and future success. The information from the four perspectives provides balance between external measures like operating income and internal measures like new product development. The balanced scorecard can serve as a focal point for the organization's efforts, defining and communicating priorities to managers, employees, investors and customers. The balanced scorecard is not a template that can be applied to businesses in general or even industry wide. Different market situations, product strategies, and competitive environments require different scorecards. Business units devise customized scorecards to fit their mission, strategy, technology and culture.

According to Kaplan and Norton (1996), managers using balanced scorecard do not have to rely on short-term financial measures as the sole indicators of the companies' performance. The scorecard lets them introduce the four new management processes that, separately and in combination, contribute to linking the long term strategic objectives with short term actions. They include: Translation of the organization's vision and strategy which helps the managers build a consensus around the organisation's vision and strategy. For people to act on the word vision and strategy statements, those statements must be expressed as integrated set of objectives and measures, agreed upon by all senior executives, that describe the long term drivers of success. Communication and linkage process lets managers to communicate their strategy up and down the organisation and link it to the departmental and individual objectives. Traditionally, departments are evaluated by their financial performance, and individual incentives are tied to short term financial goals. The scorecard gives managers a way of ensuring that all levels of organisation understand the long term strategy and that both departmental and individual objectives are aligned with it.

Business planning process enables companies to integrate their business and financial plans. Almost all organisations today are implementing a variety of change programs, each with its own champions, and each competing for senior executives' time, energy and resources. Managers find it difficult to integrate those diverse initiatives to achieve their strategic goals. This situation leads to frequent disappointment with the program's results. When managers use the ambitious goals set for balanced scorecard measures as the basis for allocating resources and setting priorities, they can undertake and coordinate only those initiatives that move them towards their long term strategic objectives. Feedback and learning process gives companies the capacity for what we call strategic learning. Existing feedback and review processes focus on whether the company, its department and its individual employees have met the budgeted financial goals. With the balanced scorecard at the centre of management systems, a company can monitor short term results from the three additional perspectives (customers, internal business processes and learning and growth) and evaluate strategy in light of the recent performance. The scorecard thus enables the companies to modify strategies to reflect real-time learning (Kaplan & Norton, 1996).

According to Kaplan & Norton (2004), the balanced scorecard retains the financial perspective for profit maximising companies. Financial performance measures indicate whether the company's strategy, including its implementation and execution, are contributing to bottom line improvement. The link to strategy in the financial perspective arises as organizations choose a balance between the often contradictory levers of growth and productivity. Actions to improve revenue growth generally take longer to create value than actions to improve productivity. The overarching financial objective is, and must be, to sustain growth in shareholders value. Thus, the financial component of the strategy must have both long term (growth) and short term (productivity) dimensions. With regard to the customers' perspective, once the company understands who its targeted customers are, it can identify the objectives and measures for the value proposition it intends to offer. The value proposition defines the company's strategy for the customer by describing the unique mix of product, price, service, relationship, and image that the company offers its targeted group of customers. The value proposition should communicate what the company expects to do for its customers better or differently than its competitors, emphasize product innovation and leadership, stress the provision of complete customer solutions and create high switching costs for their customers by locking in.

Once an organization has a clear picture of the financial and customer objectives, the objectives in the internal and learning and growth perspectives describe how the strategy will be accomplished. The organization manages its internal processes and its development of human, information, and organization capital to deliver the differentiating value proposition of the strategy. Excellent performance of these two perspectives drives the strategy. Internal processes accomplish the production and delivery of the value proposition of customers and improve processes and reduce cost for the productivity component in the financial perspective. The four clusters of the internal processes include operations management processes, customer management processes, innovation processes and regulatory and social processes (Kaplan & Norton, 2004).

According to Thompson et el (2007), a company's senior executives obviously have important strategy making roles. An enterprise's chief executive officer (CEO), as captain of the ship, carries the mantles of chief direction setter, chief objective setter, chief strategy maker, and chief strategy implementer for the total enterprise. Ultimate responsibility for leading the strategy making, strategy executing process rests with the CEO. In some enterprises the CEO or owner functions as strategic visionary and chief architect of strategy, personally deciding which of several strategic options to pursue, although senior managers and key employees may well assist with gathering and analyzing background data and advising the CEO on which way to go. A new Chief Executive Officer may change the strategies by imposing new ideas in the organization. Balanced scorecard is not the only performance measurement. Other measurements include: performance prism and results based management.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design was a case study of the application of the balanced scorecard in strategy implementation by Unilever Tea Kenya Limited. According to Mutugi (2008), a case study is a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit, which may be a person, family, an institution, a cultural group or an entire community. The merit of case study is to enable one to conduct an in-depth investigation of the underlying issues within the organization of study. The study enlightened the researcher on how Unilever Tea Kenya Limited applies the balanced scorecard into strategy implementation and ascertained the effects of the underlying issues or challenges, and the choices made by management to curb the same.

According to Muganda (2010), in-depth investigation is studied using a variety of data gathering methods such as interviewing, observation, document analysis and /or questionnaires with the aim of obtaining a rich and detailed insight into the 'life' of that case and its complex relationships and processes. The case study, as a problem solving technique is seldom undertaken in organizations because case studies dealing with problem similar to the one experienced by a particular organization of a particular size and in a particular type of setting are difficult to find.

3.2 Data Collection

This case study relied on primary data from Unilever Tea Kenya Limited. According to Kothari (2009), the primary data are those which are collected afresh and for the first time, and thus happens to be original in character. Primary data is collected during the course of doing experiments in an experimental research but in case research is done of descriptive type, primary data is obtained through observation or direct communication with respondents in one form or another or through personal interviews. There are several methods of collecting primary data, particularly in surveys and descriptive research. Important ones are: observation method, through questionnaires, through schedules, warranty cards, distributor audits, and pantry audits consumer panels, using mechanical devices, through projective techniques, depth interviews and content analysis.

The data collection method used was depth interviews. According to Ngau & Kumssa (2004), personal interviews are structured face to face verbal communication between a researcher and the respondent during the verbal exchange. The researcher uses a questionnaire prepared for this purpose to collect the necessary data. It is a good practice for the respondents to be well informed and briefed about the interview. It is also important to give the respondents enough time to prepare so that he or she voluntarily gives the required information. The information is recorded in the questionnaire as verbal exchange proceeds in a question and answer format in the course of verbal exchange. In certain cases it may not be possible or worthwhile to contact directly the persons concerned or on account of the extensive scope of enquiry, the direct personal investigation technique may not be used. In such cases an indirect oral examination can be conducted under which the interviewer has to cross examine other persons who are supposed to have knowledge about the problem under investigation and the information obtained is recorded.

The data was collected using the interview guide (see appendix II). According to Mbwesa (2006), unstructured interviews are also known as informal, non-directive or conversational interviews. In this technique, the interviewer informally presents questions to the subject. The interviewer does not have a planned sequence of questions for the respondent but rather presents open-ended questions to the subjects. Unstructured questions are useful for preliminary information gathering so that the researcher can formulate a good idea of what variables need further in-depth investigation. In a non- structured interview, the interviewer is allowed much greater freedom to ask, in case of need, supplementary questions or at times he may omit certain questions if the situation so requires.

Seven interviews were conducted by the researcher herself. The interviewees included: the Managing Director, the Audit Officer, the Operation Manager, the Human Resource Manager, the Supply Chain Manager, the Sales and Marketing Manager and the Research and Development Manager. Depth interviews were carried out. According to Kothari (2009), depth interviews are those interviews that are designed to discover underlying motives and desires and are often used in motivational research. Such interviews are held to explore needs, desires and feelings of the respondents. They aim to elicit unconscious as also other types of material relating especially to personality dynamics and motivations. As such, depth interviews require great skill on the part of the interviewer and at the same time involve considerable time.

3.3 Data Analysis

Content analysis was used since the interview guide had open ended questions. According to Cooper and Schindler (2006), content analysis measures the semantic or the 'what' aspect of a message. Its breath makes it a flexible and wide ranging tool that may be used as a stand alone methodology or as a problem specific technique. According to Kothari (2009), content analysis consists of analysing the contents of documentary materials such as books, magazines, newspapers and the contents of all other verbal materials which can be either spoken or printed. Content analysis prior to 1940s was mostly quantitative analysis of documentary materials concerning certain characteristics that can be identified and counted. Since 1950s, content analysis is mostly qualitative analysis concerning the general import or message of existing documents.

Content analysis guards against selective perception of the content, provides for rigorous application of reliability and criteria, and is amenable to computerization. The obvious data to be content analyzed include transcripts of focus groups, transcript of interviews and open ended survey responses. According to Kothari (2009), the analysis of content is a central activity whenever one is concerned with the study of the nature of verbal materials. A review of research in any area, for instance, involves the analysis of the contents of research articles that have been published. The analysis may be at a simple level or may be a subtle one. It is at a simple level when we pursue it on the basis of certain characteristics of the document or verbal materials that can be identified and counted. It is at a subtle level when researcher makes a study of the attitude, say of the press towards education by feature writers.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter deals with discussions of the findings relating the two objectives. The first part discusses establishment of the application of balance scorecard in strategy implementation by Unilever Tea Kenya Limited, and the second part discusses the factors that determine the challenges faced by Unilever Tea Kenya in the application of balanced scorecard in strategy implementation and ascertain ways of overcoming these challenges.

4.2 Application of Balanced Scorecard at Unilever Tea Kenya

This section deals with the first objective which was to establish the application of the balanced scorecard in strategy implementation by Unilever Tea Kenya Limited. The major question addressed in this section is how the vision of Unilever Tea Kenya Limited is linked to the elements of the balanced scorecard (compass into action). The nature of data collected were open ended questions with provision to probe in the interview guide, the other key question being how the factors of strategy implementation influence the application of balanced scorecard in strategy implementation at Unilever Tea Kenya limited. The content analysis of this section include: vision and balanced scorecard, management and balanced scorecard and balanced scorecard and strategy implementation at Unilever Tea Kenya Limited. The results are presented and discussed in the following paragraphs.

4.2.1 Vision and Balanced Scorecard at Unilever Tea Kenya

The vision for Unilever Tea Kenya Limited is to be the most reputable tea production company in the world, achieving profitable growth year on year by innovating and adding value to their products for the benefit of customers and shareholders, through leadership in sustainable agricultural practices, tea science, manufacturing, workplace safety and customer service; Driving productivity and value diversity in the workforce, recruiting, retaining and empowering the best people in the tea industry and earning the trust and respect of all stakeholders in the business and to be their partner of choice. Unilever Tea Kenya Limited vision is linked to the elements of the balanced scorecard (Compass into action).

According to the study, the internal business perspective of Unilever Tea Kenya Limited is to win with brands and innovation by delivering superior products, design, branding and marketing. Provide bigger better, faster innovations and appeal to more consumers across needs and price points. This perspective is linked to the vision aspect of innovating and adding value to their products for the benefit of customers and shareholders through leadership in sustainable agricultural practices, tea science, manufacturing, workplace safety and customer service. In the customer knowledge perspective, the organization intends to win in the market place by leading in market development, win with winning customers and be an execution powerhouse. This perspective is linked to the vision aspect of earning the trust and respect of all stakeholders in the business and to be their partner of choice.

In the financial perspective, Unilever Tea Kenya Limited intends to win through continuous improvement by having lean, responsive and consumer led value chain, drive return on brand support and operating an agile and cost competitive organization. This perspective is linked to the vision aspect of achieving profitable growth year on year. In the learning and growth perspective, the organization intends to win with people by having an organization and diverse talent pipeline ready to match their growth ambition, performance culture which respects their values and to leverage their operating framework for competitive advantage. This perspective is linked to the vision aspect of driving productivity and value diversity in the workforce, recruiting, retaining and empowering the best people in the tea industry.

The study indicated that some of the management staffs interviewed were not aware of how the vision would be linked to all the elements of the balance scorecard. The mapping of the strategy to the perspectives of the balanced scorecard was an issue. The top management should therefore have sessions with the management staffs and explain to them in depth on the links of the elements in the Unilever Tea Kenya Limited vision to the four perspectives of the balanced scorecard (compass in action). This will enlighten the management to understand how the vision of the company is linked to the balanced scorecard. As a result the management will appreciate the concept and perform effectively to the tasks allocated to them and meet the given objectives of the organization. From my finding, Unilever Tea Kenya Limited is applying the concept of the balanced scorecard developed by Kaplan and Norton (1992).

4.2.2 Management Process and Balanced Scorecard at Unilever Tea Kenya

The study indicated that strategic decisions are made at leadership team level and cascaded to rest of management staffs to implement. The management staffs empowerment also depends on the level of the manager. The senior level managers are more involvement in making strategic decisions. Strategic targets are cascaded downwards to lower levels of operation for direct employee involvement. Initially, the previous balance scorecard (strategy in Action) was applied in strategy implementation by Unilever Tea Kenya Limited until the new balanced scorecard (compass in action) was developed which provides the same model of executing strategy. The management staffs at times take part in the strategic decisions because all the strategic activities at every unit or operational levels are as a result of brainstorming sessions by all company employees. All activities in the company are therefore directly or indirectly linked to the organization's balanced scorecard (compass in action).

The management staffs of Unilever Tea Kenya Limited are at times involved all the way from the environmental scanning phase through strategy formulation to strategy implementation. They participate in people surveys and 'dip-stick checks' which give feedback for strategy formulation. There is a lot of communication and opinion sharing between management staffs and Unilever Tea Kenya Limited leadership team during the strategy formulation stage which ensures the feeling of ownership by the whole team. Once strategy has been agreed upon, implementation teams comprising cross functional management teams are formed and this makes it smoother to implement strategies. The management communicate the business strategic objectives to their respective members through management cascades, E-mails, Unilever intranet, face to face meetings. Sometimes it is cascaded down through the management hierarchy, during annual target setting at departmental level and discussions.

According to the study, the balanced scorecard (compass into action) was formulated by the corporate management of the holding company, Unilever Public Limited in the

United Kingdom. To ensure uniformity to all its subsidiaries, Unilever Public Limited Company cascaded the balance scorecard to all its business units around the globe. Unilever Tea Kenya Limited as a subsidiary of Unilever Public Limited company need to strategically fit the four perspectives of the compass in action to fit its vision of its company in the tea industry, though embrace the vision of the holding company, Unilever Public Limited company. It is from this concept that the leadership team of Unilever Tea Kenya Limited will formulate strategies that will fit their business in the tea industry and decompose these strategies into smaller components called objectives and then strategically map these objectives to appropriate scorecard perspective categories.

Subsequently, develop performance measures to track both strategic and operational progress and identify new initiatives that need to be funded to ensure that the strategies are successful as considered by (Rohm, 2010). To implement the balance scorecard, software options need to be analyzed and user requirement to meet enterprise performance information requirements, cascade the scorecard throughout the organization and evaluate the success of chosen business strategies making adjustments to strategy, mission and vision, if necessary. It would be appropriate to create an analysis feedback loop to test strategy assumptions. This would enable the management to plan their strategies effectively.

4.2.3 Balanced Scorecard and Strategic implementation at Unilever Tea Kenya

The study indicated that the flat structure type of organization structure has been a factor to the success of Unilever Tea Kenya Limited in developing, implementing and evaluating its strategy. The annual cash bonus has been a motivational factor towards implementing strategic activities planned for the year as it is provided to the management staffs. The learning management system has enabled Unilever Tea Kenya Limited to reduce time and costs for employee learning as it enables the employees to improve their competencies through registering and doing courses online. For example, courses such as emotional intelligence in the work place and assertiveness inside and outside the workplace are part of the online studies which enhance positive competencies in people. Employees personal development plans are based on agreed annual plans that are aligned to the balance scorecard (Compass into action). Each department agrees on its contribution to the overall strategy. Based on this, every individual in every department is given three company targets plus one personal target.

The monitoring of all the strategic activities is centrally done by a projects manager. Any deviations are followed up and corrected. The organisational structure is such that the human resource department acts as a business partner to the operating units. Thus the operational or unit managers are responsible for all the activities including human resource activities with the human resource business partner acting as an advisor and strategic planner. The fact that the units and operational managers are in charge of most of the activities in the unit means that they undertake the target planning, monitoring and evaluation and performance appraisal. Since they are responsible for strategy implementation in their units they are able to link individual performance to the business strategy and reward accordingly. This is as opposed to a system where performance appraisal and rewards are done at the human resource department which is neither responsible for strategy implementation nor close to the day to day business activities in the units.

The balance scorecard has been directly linked to the annual business plan. and therefore to each employee's targets and work plans. This makes it easier to achieve the given targets. When an employee achieves his or her targets he or she gets a reward, which further motivates them and therefore improves the company's overall performance culture. Unilever Tea Kenya Limited has a relatively good environment for implementing strategic initiatives. This is due to the prevailing culture and less resistance to change.

In as much as Unilever Tea Kenya Limited has its ways of strategy implementation, (Birnbaum, 2009) has provided insights that could be combined to ensure appropriate strategy implementation. From these insights, Unilever Tea Kenya Limited should have detailed action plans which add the necessary detail to the strategies. Responsibility should be assigned to specific individuals and due dates and estimates of the resources set to accomplish each of the action steps. Despite the use of flat organizational structure, the management should ensure that the intended strategies fit the set structure. With regard to the human resource, those charged with developing the corresponding action plans should fully understand the strategy to implement.

Unilever Tea Kenya Limited should also embrace linkage both vertically and horizontally in order to coordinate and support corporate, division, departmental and regional offices. Thompson et el (2007) suggests that the managers should instil a discipline of getting work done by creating and nurturing a strategy support culture. The management should build and strengthen competitive capabilities to achieve continuous improvement in operations and business process. The managers should also be advised to do a good job of working with and through others.

4.3 Challenges of Balanced Scorecard in Strategy Implementation at Unilever Tea Kenya

This section deals with the second objective which was to determine the challenges faced by Unilever Tea Kenya in the application of balanced scorecard in strategy implementation and how to overcome them. The major question addressed in this section is how Unilever Tea Kenya Limited overcome challenges such as strategic drift, contemporary issues like internationalization, e-commerce, changing purposes, knowledge and learning inn using the balanced scorecard in strategy implementation, and other relevant challenges that the organization face.. The nature of data collected were open ended questions with provision to probe in the interview guide, the other key question being suggestions that would help Unilever Tea Kenya Limited avoid or minimize challenges of strategy implementation. The results are presented and discussed as explained below.

Unilever Tea Kenya Limited has experienced challenges such as strategic drift, contemporary issues like internationalization, e-commerce, changing purposes, knowledge and learning and viewing strategy in more than one way by design, experience and ideas while using the balanced scorecard in strategy implementation. These challenges can be overcome as follows: strategies can be cascaded to the rest of the organization, focus group can be formed in the units and business groups to oversee implementation, consultants can be involved in specific areas that need external reviews and blending of strategy roll out events with exciting team building activities that help in bonding and enhancing the strategy implementation as a continuous process rather than a strange and new phenomena. If continuous monitoring of the strategic milestones would be enforced, the management of Unilever Tea Kenya Limited would identify activities that may not be achieved due to strategic drift and therefore be able to plan for a compensation strategy to such activity. It would be appropriate if continuous monitoring and evaluation of strategy is done on monthly basis and quarterly basis, through constant review to check that the agreed strategy is still feasible in the current environment as compared to when it was adopted and making the necessary changes to enable the company to compete in the current environment. This requires the courage to revise any strategies that clearly did not work after a requisite period.

With regard to contemporary issues such as internationalization, e-commerce and changing purposes, Lipton Company is advised by Unilever Tea Kenya Limited to brand its products and sell them in the countries abroad. International journalists and media also market Unilever tea abroad, thus support Unilever in marketing Kenyan tea. Introduction of value added teas concept enables Unilever Tea Kenya to have competitive advantage over its local competitors in the market. Since the leadership of Unilever standards have the global mindset, they can leverage the scale of internationalization for positive growth of the company. E-commerce makes the company world bigger, the customers nearer and is the way of the future. Unilever Tea Kenya Limited is already harnessing e-commerce a large way as majority of her sales are conducted through email exchanges. Through knowledge and learning, the organization should encourage continuous improvement in staff, the learning management system portal can and should be harnessed more, however instructor led training is very motivational and should also be encouraged.

Johnson et el (2009), argues that where strategies fail to address the strategic position of the organization and performance, there may be transformational change in which there is fundamental change in strategic direction. In this case, Unilever Tea Kenya Limited can transform its strategy in case of strategic drift. This would enable the organization to accomplish its objective based on the changes of purpose that have occurred. Thompson et el (2007) points out that the challenges to transformational change is how the managers can stand sufficiently apart from there own experience and their organization's culture to be able to understand the strategic issues they face and manage strategic change. The management of Unilever Tea Kenya Limited require actions that are outside the scope of existing culture in order to accomplish the transformed objectives.

Johnson et el (2009), argued that internationalization can extend both the size of the market and the range of competitors. This argument has been experienced by Unilever Tea Kenya Limited. However, internationalization can also raise issues of relationship with potential partners overseas and the organization of activities across national boundaries. In this case, Unilever Tea Kenya Limited has collaborated with Lipton Company to brand its product and market them abroad in conjunction with the international journalist and media. Concerning E-Commerce, changing purposes, knowledge and learning, Johnson et el (2009) further argues that, it is important to understand whether the organization has the strategic capability to compete through e-commerce or whether it should concentrate its efforts on improving performance within its traditional business model as a way of remaining attractive to customers. The private sector has faced pressure to develop a much stronger framework of business ethics and corporate social responsibility. Unilever Tea Kenya Limited has embraced the idea of e-commerce. However, the organization should develop much stronger framework of business ethics and corporate social responsibility to avoid or eradicate corporate scandals such as Enron and world com.

Thompson et el (2007) comments that for an organization to be successful strategically, it has to depend on its innovation. This can only occur if an organization is able to both generate and integrate knowledge from both inside and around the organization. Innovation will also be influenced by how people are managed and how they interact. Besides the use of learning management system, the management of Unilever Tea Kenya Limited should also sponsor their management staffs to attend to instructor led training, this would boost the effect of innovative ideas.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the research, conclusions and recommendations. The objective of the research was to establish the application of balanced scorecard in strategy implementation by Unilever Tea Kenya Limited, the challenges faced in the application of balanced scorecard in strategy implementation and the ways of overcoming these challenges.

5.2 Summary of Findings

According to the study, the benefits for applying the balanced scorecard to Unilever Tea Kenya Limited include: increased revenue growth, operational efficiency and effectiveness resulting to reduction in cost of production, increased employee motivation, growth in market share and increased Unilever visibility and presence in the market place. The balanced scorecard is important since it enables the company focus on all the key spheres in business and not just financial success. For sustainable business and financial success, other elements such as focus on customers and consumers, ensuring efficient and beneficial internal processes and procedures and continuous learning and growth focus have to be accomplished otherwise success would be short-term. The balanced scorecard improves the overall performance culture.

However an additional benefit is that it creates a common sense of purpose and thus a connection to the greater Unilever internationally, whether you are in Kenya, Pakistan, America or any other sister company of Unilever around the world. Unilever Tea Kenya as a subsidiary of Unilever Public Limited Company in the United Kingdom will be in a better position to measure the standards of its performance as compared to other Unilever subsidiaries. The management of Unilever Tea Kenya will therefore be able to compete in its performance with the rest of the Unilever community in order to attain the universal vision of Unilever. This will result to uniformity in decision making.

The balanced scorecard has been effective in implementing strategy within most leadership areas of Unilever Tea Kenya Limited due to the following reasons. The format is well structured and simple and thus easy to roll down to all the organization. It enables employees to focus in the same direction. As a result of its balanced nature, employees in all sections and departments of the organisation can appreciate the role they play in the strategy implementation. Due to its structured way it is easy to formulate action plans that contribute significantly to the strategy and monitor them. The balanced scorecard also creates focus on key deliverables.

The study indicates that the challenges faced by Unilever Tea Kenya Limited are international, e-commerce, strategic drift, knowledge and learning. This is an international organization that exports tea abroad. It competes with other tea exporting organization. Therefore it has to produce quality tea in order to have competitive advantage towards its competitors. It uses e-commerce facility to market and sell its products. This is an easy and fast way of transacting in business. With regard to knowledge and learning, Unilever Tea Kenya uses the learning management system to nurture the skills of its management staffs.

5.3 Conclusions

In order for Unilever Tea Kenya Limited to avoid or minimize strategy implementation challenges, the management should consider to view the strategy in more than one way. They should view strategy by design, experience and ideas. The management should enhance the role of a strategic officer or manager in the business that will ensure co-ordination and evaluation of strategic activities and provide strategic linkage with the rest of the organisation. Developing right strategies means getting it right at the start. There is need to integrate entrepreneurship skills into our strategies that will change small actions into big differences.

The management staffs from all levels should be involved the formulation stages so that there is wider ownership of the strategy and not only for top management. More time should be allowed for meetings, cascades, training during the roll out of the strategy to allow all to understand and participate. Some management staffs do not support the strategy just because they do not understand it well and not because there is any serious concern on the strategy. Strategies should be allowed time to mature so that the real benefits are visible.

Sometimes too many strategies being concurrently implemented therefore cause difficulty to evaluate the benefits of each of them or all in totality. Ideas or input used for formulation of the strategy should be more inclusive rather than at certain levels like for the leadership team or middle managers. A reward system for ideas that work or are adopted could also be implemented. The management should have smarter, measurable, attainable realistic and timely deliverables to enhance commitment.

Unilever Tea Kenya should ensure that the vision and strategy of the organization are linked to the four perspectives of the balanced scorecard (compass into Action). This will enable the corporate management to specify given tasks and ensure that they are done as required. The linkage will also provide a clear direction for the management to follow as they perform their tasks. As a result the objectives of the organization will be met with the production of quality products, cost effectiveness, customer satisfaction and sustainability.

5.4 Limitations of the Study

The timing of the project was too short to enable the researcher collect sufficient data for comprehensive analysis, thus the reason for the focus on application of balanced scorecard in strategy implementation, challenges faced and how to overcome these challenges. If time was appropriate, most of the issues on strategic management would be studied. The researcher would have obtained diverse information from Unilever Tea Kenya Limited on most of the issues regarding the strategic management. The overhaul study would have assisted the management in decision making with regard to strategic management in all the levels of the organization.

Some managers were too busy to respond to the questions in depth therefore providing very shallow responses. For any organization to benefit from a study, it would be appropriate if the participants of the study are committed. The commitment would provide adequate information to assist in decision making. As a result the whole organization would be transformed due to the available information that is obtained from the participants.

Other interviewees where on leave, therefore were not available; as a result either their direct reports or other substitutes were interviewed on their behalf. The absence of the key interviewees may hamper with the quality of the information required. It would be appropriate to interview the expected respondents since their input to the study would add value to expected results. However, the direct reports or their substitutes may also be of value to the study, since as assistants to the expected interviewees, they are expected to be well conversant with the information for the study.

Some interviewees were stationed in different geographical locations, therefore such interview were conducted through the telephone and the email. Financial constraint was encountered in the course of the study, since the researcher had to spend to ensure that the study was a success. For any relevant and reliable information to be obtained, distance and financial constraints should not hinder the researcher. Other tools of communication can be used to ensure that the required data or information is obtained in order to accomplish the set objective.

Due to the sensitivity of the subject matter of research, some interviewees were afraid to respond to the interview. They requested for approval of the case study from the authority concerned. In cases where the respondents are fearful in providing information, assurance of confidentiality should be emphasised. This would enable the interviewee to confident in disseminating the required information as a result the study would be a success.

5.5 Recommendation for Further Research

For further research it is recommended corporate governance and the learning organization. This advice is proposed since strategic management covers a wide area, and the current study only focused on the application of balanced scorecard, challenges faces and how to overcome these challenges. With varied studies on strategic management, Unilever tea Kenya Limited will obtain varied information for adequate decision making.

The study on corporate governance would enable the management to understand the principles of corporate governance. The researcher would evaluate how Unilever Tea

Kenya practices its corporate governance and advice on the recommended practices. This would enable the management to carry out its duties in line with the practice. As a result the appropriate practice would improve the productivity of the organization.

The study on the learning organization would enlighten the management of Unilever Tea Kenya Limited on the disciplines of the learning organization. The management would be advised on the common themes of learning and how they would upgrade the understanding of the individuals in the organization. From this study the management would be advised on other facilities of learning besides the learning management system operated by Unilever. Therefore diverse learning may improve the productivity of the organization

5.6 Recommendations for Policy and Practice

The corporate management of Unilever Tea Kenya Limited should ensure that their management staffs are well acquainted with the strategic mapping of the organizations vision and the balanced scorecard (compass into action). This would enable the management to perform their duties effectively. The jobs given to the management would focus on the vision of the organization. This would enable the management staffs to meet the expected objectives of the organization.

The building of the balanced scorecard is performed by the corporate management of the holding company in the United Kingdom, and the implementation of the same is performed by its subsidiaries, including Unilever Tea Kenya Limited. In as much as cascading is done, the management team of Unilever Tea Kenya Limited should obtain automated software of the balanced scorecard and evaluate the tasks progressively in order to eradicate or minimize lapses. A feedback of the same should be given to the corporate level management. This process will enhance efficiency of the jobs to be done.

The management of Unilever Tea Kenya Limited should have an organizational structure that fits the elements of the balanced scorecard (compass into action). In case the human resource available is incapable of performing, effective training should be encouraged. Action plans for all the activities as per the balanced scorecard should be complied for each and every job to be performed. Monitoring and evaluation should also be persistent. This would eradicate any delays that may occur in the course of the business.

In case of strategic drift, the management of Unilever Tea Kenya Limited should practice the use of varied strategic lenses. They should view the strategy by design, experience and ideas. Past experience from previous strategies can enable the management provide a concrete solution whenever the organization encounters drift from strategies. Different persons have different ideas due to varied background and professions. Varied ideas may solve strategy problems that may arise. Therefore, the management of Unilever tea Kenya limited should utilize their resources appropriately.

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APPENDICES

Appendix I: Introductory Letter

University of Nairobi
School of Business
Department of Business
Administration
P O Box 30197 – 00100
Nairobi
23/08/2010

The Human Resource Business Partner
Unilever Tea Kenya Limited
P O Box 20
Kericho
Kenya

Dear Sir

RE: <u>SEARCH FOR RESEARCH DATA</u>

I am a post graduate student at the University of Nairobi, pursuing a Master of Business Administration (MBA), specializing in Strategic management. In partial fulfilment of the course requirement, I am conducting a case study on 'Application of the Balanced Scorecard in Strategy Implementation by Unilever Tea Kenya Limited.I understand Unilever has a new Balanced Scorecard (The Compass). This research will enlighten the management on how to successfully execute its strategic plans using the same.

The information collected will strictly be used for academic purposes and will be treated in strict confidence. No publication, if any, shall be made without prior approval of the respondent(s). A copy of the research project will be made available to you on request.

Attached please find an interview guide that will be used to enable me complete the research. Your cooperation will be highly appreciated.

Yours Faithfully

<u>Lilian Ogendo</u>
MBA Student

<u>Dr Martin Ogutu</u>
Supervisor

Appendix II: Interview Guide

Section A: ***General Information***

1. Name (Optional): ____
2. Position : ____
3. Department: ____
4. Duration worked for Unilever ________________________________

Section B: ***Balanced Scorecard and Strategy Implementation at Unilever Tea Kenya Limited***

5. What is the vision of Unilever Tea Kenya Limited? And how is it linked to the elements of the balanced scorecard (compass into action)?

6. How does the management communicate the business' strategic objectives to their respective team members?

7. To what extent are the management staff empowered to make strategic decisions and successfully implement strategies at Unilever Tea Kenya limited? Explain.

8. How do the organizational structure. human resource, nurturing skills and competence, organizational culture, and rewarding employees of their good performance, action plans. annual business plans, monitoring and controlling and linkage influenced the application of the balanced scorecard in strategy implementation at Unilever Tea Kenya Limited?

9. What are the benefits of applying the Balanced Scorecard to Unilever?

Section C: ***Challenges of Balanced Scorecard in Strategy Implementation at Unilever Tea Kenya Limited***

10. In your opinion. has the balanced scorecard been effective in implementing strategy within your leadership area?

11. How does Unilever Tea Kenya Limited overcome challenges such as strategic drift, contemporary issues like internationalization, e-commerce, changing purposes, knowledge and learning in using the balanced scorecard in strategy implementation? What other relevant challenges does this organization face?

12. What suggestions would you give that will help Unilever Tea Kenya Limited avoid or minimize strategy implementation challenges?

Thank you for your patience.