BALANCED SCORECARD IMPLEMENTATION AT CIC INSURANCE GROUP

BY

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DECLARATION BY STUDENT

I declare that this research project is my own original work and has not been submitted to another university or college for examination

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This Research Project has been submitted for presentation with my approval as University Supervisor.

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Supervisor

DEDICATION

This project is dedicated to my loving family; Wife Jayne Watheri and son Liam Wang'ombe Miano.

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I thank the Almighty God for His guidance and providence which enabled me to undertake this project that was too involving in terms of time and resources.

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ABSTRACT

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its long-term objectives. It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies, and plans, projects and programs. The main purpose of this study was on balanced scorecard implementation at CIC Insurance Group. This study adopted a descriptive design since it has a variety of research objective or characteristics associated with a subject population. The study targeted CIC Insurance Group. Due to time and costs constraints, the sample size was fixed to 100 respondents using simple random sampling. Primary data was collected by use of a questionnaire. The research is both quantitative and qualitative in nature. This implies that both descriptive statistics and content analysis were employed. The study found that the organization faces challenges in the use of a balance score card as a strategy implementation tool to a great extent. It also found that a successful BSC implementation must involve the whole organization in the implementation process. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. The study concludes that that all the stakeholders including director's associates and employees are normally involved in the process of implementation of the BSC. The implementation processes of the balance score card must be efficient to enhance the organization's performance. On the same line, it can be concluded that the BSC is designed to give companies the information they need to effectively manage their business strategy tactically and that translating company's plans and strategy into operational goals and activities, linking all the management and specialists' hierarchy levels between each other (starting with the highest levels (CEO, top management) and finishing with the lowest staff members) are key factors on the use of BSC by organizations. The study recommends that the management should ensure that they employ and deploy qualified and competent individuals in the implementation planning of the balance score card. The study also recommends that CICs should employ monitoring/supervision mechanism, also allocate enough funds to allow BSC project completion. This will go a long way in improving the services to the respective CIC customer by improving its image.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objectives (Norton, 1989). It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies, and plans, projects and programs. Strategic management seeks to coordinate and integrate the activities of the various functional areas of a business in order to achieve long-term organizational objectives. A balanced scorecard is often used to evaluate the overall performance of the business and its progress towards objectives.

Strategic management is the highest level of managerial activity. Strategies are typically planned, crafted or guided by the Chief Executive Officer, approved or authorized by the Board of directors, and then implemented under the supervision of the organization's top management team or senior executives. According to this logical instrumentalism perspective (Quinn, 1978), the top management teams set the corporate strategy and sub-units develop specific strategies and tactics needed to respond effectively to environmental challenges (Wright, McMahan and McWilliams, 1994). Strategic management provides overall direction to the enterprise and is closely related to the field of Organization Studies. In the field of business administration, it is useful to talk about "strategic alignment" between the organization and its environment or "strategic consistency". According to Arie de Geus (2007), there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these, in turn, are with the market and the context. Strategic management involves analysis of the firm’s external and internal environments towards making strategic decisions and drawing out comprehensive action-plan for achieving long-term organizational goals. The strategic management framework is based on the firm’s vision and mission. Vision and mission also help in the formulation of long-term organizational goals.

Strategy implementation comes after strategies have been formulated. It is the most challenging stage and determines the success or failure of strategy. It is concerned with aligning organizational structure, systems and the processes with chosen strategy. Kahihu, (2005) argues that the execution of strategy is more important than the strategy.

1.1.1 The Balance Score Card Concept

The Balanced Scorecard concept was created by Robert S. Kaplan and David P. Norton in 1992. The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It was originated as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. Measures are used in four broad areas - financial performance, customers, internal business processes, and learning and growth. These align individual, departmental, and organizational goals and identify entirely new processes for meeting customer and shareholder objectives.

1.1.2 Balance Score Card as a Strategic Management Tool

Today, organizations are competing in dynamic, complex environments. An accurate understanding of their objectives and the methods for quickly achieving those objectives is vital. The Balanced Scorecard is a revolutionary tool that motivates staff to make the organization's vision happen. It does more than just measure performance. It is a management system that focuses the efforts of people, throughout the organization, toward achieving strategic objectives. It gives feedback on current performance and targets future performance.

The Balanced Scorecard converts an organization's vision and strategy into a comprehensive set of performance and action measures that provides the basis for a strategic measurement and management system. The Balanced Scorecard can also be used to test, gain feedback on, and update the organization's strategy. It goes beyond short term management of the bottom line to providing a management system for long term investment in customers, employees, new product development and systems.

1.1.3 The Insurance Industry in Kenya

The Insurance industry is governed by the Insurance Act, Chapter 487 of the laws of Kenya and regulated by the Insurance Regulatory Authority. The Insurance industry in Kenya consists of a number of players namely; insurance and reinsurance companies, intermediaries and other service providers.

According to the AKI Insurance Industry Report for the year 2011, there were 45 operating insurance companies as at the end of 2011. 22 companies wrote non-life insurance business only, 9 wrote life insurance business only while 14 were composite (both life and non-life). There were 141 licensed insurance brokers, 14 medical insurance providers (MIPs) and 3,668 insurance agents. Other licensed players included 105 investigators, 75 motor assessors, and 21 loss adjusters, 2 claims settling agents, 8 risk managers and 23 insurance surveyors.

In 2011, the industry recorded gross written premium of Kshs 91.60 billion compared to Kshs 79.06 billion in 2010, representing a growth of 15.9%. The gross written premium for non-life insurance was Kshs 60.67 billion (2010: Kshs 52.35 billion) while that for life insurance was Kshs 30.93 billion (2010: Kshs 26.71 billion). Non-Life insurance premium grew by 15.9% while life insurance premium and contributions from deposit administration and investment/unit linked contracts grew by 15.8%. The industry has consistently recorded growth over the last eight years. The industry’s annual performance therefore exceeded the overall economic growth of 4.4% recorded in 2011.Short term business continues to dominate the Kenyan market with its premiums making approximately 70% of the gross written premium (including deposit administration contributions).

The penetration of insurance in Kenya is estimated at 3.02%. Initiatives such as improved regulatory framework, innovative products, adoption of alternative distribution channels, enhanced public education and enhanced use of technology may improve the levels of penetration. The Insurance Industry will continue to play an important role within the financial services sector of the Kenyan economy, through the mobilization of savings as well as the provision of security in the event of loss of lives or property.

1.1.4 CIC Insurance Group Limited

The idea of having a co-operative insurer was first conceived by the Kenya National Federation of Co-operatives (K.N.F.C) in 1968 which is now the present day Co-operative Alliance of Kenya (C.A.K). This led to the formation of an Insurance Agency which comprised of a few societies and had a premium income of Shs.385, 000. This agency grew and in 1977 it had over 137 co-operative organizations as members and a premium turnover of 3.1Million. On 18th November, 1975 the Co-operative Insurance Society was formed under the Co-operative Societies Act Cap 490.

The Co-operative Insurance Society was however not licensed to operate as an insurer by the Registrar of Companies due to certain legal requirements. After legal battles the company finally got a license to operate on 23rd May, 1978. It is during this year that its name changed to The Co-operative Insurance Services limited**.** The company remained under this name up until the year 1998 where the name changed to the Co-operative Insurance Company as it is known today. This move was part of the company's market repositioning of changing the then small company to a respected insurer in the country. CIC is wholly owned by over 1,350 co-operative societies and about 2,500 individual co-operative members. It is the only Co-operative insurer in the African continent.

In the last 10 years CIC has undergone major transformations and growth to become the third largest life business underwriter in Kenya, and seventh largest insurance company out of 43 Insurance companies in Kenya. CIC is currently the market leader in co-operative & microfinance sectors with an average growth of 27% over the last 5 years. CIC is a member of International Co-operative Alliance (ICA) & International Co-operative & Mutual Insurance Federation (ICMIF). CIC Insurance Group comprises of CIC Life Assurance Ltd, CIC General Business Insurance Ltd and CIC Asset Management Ltd.

1.2 Research Problem

The need to remain competitive, productive and open to the challenges of the future in the face of organizational change is becoming more important than ever, and the demand for innovative technology and service in the information age environment is just one of the challenges facing companies today (Kaplan and Norton 1996). Organizations are recognizing that a different approach to strategic management and organizational development, one that could respond to these challenges, was needed. On the strategic level the Balanced Scorecard translates an organization's mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. A successful Scorecard program demands a high level of commitment and time. External consultants or knowledgeable internal practitioners can play a critical role in launching a successful program (Kaplan and Norton 1996).

The success of CIC Insurance Group and the Insurance Industry in General is reflected upon by its performance which is in turn highly dependent upon its strategies. In this era of cut-throat competition, what CIC Insurance Group requires is not just framing the right strategies, but also managing the same. The impact of the right strategies will automatically be reflected in the results. Moreover, CIC Insurance Group has to understand that it needs to give impetus not only towards the financial results but also towards satisfaction of the customers, development of state-of-the-art technologies and creation of an environment of learning and growth. The Balanced Scorecard is such an innovative tool which has considered not just the financial indices but also the non-financial indicators as equally critical in determining organizational performance. This tool brings a link between strategy and action. Due to these, the framework is gaining increasing importance among different business houses.

Experience of implementing and using the BSC has been investigated in numerous studies, in private and public organizations alike. The results differ in terms of success and failure, but with an apparent predominance of success stories (Mooraj et al., 1999; Chan, 2004). Chan (2004) provides the following list of enablers for successful implementation: top managers' commitment; middle managers' and employees' participation; a culture of performance excellence; training and education; keeping the BSC easy to use; clarity of vision, strategy and outcome; links with incentives; and resources to implement the BSC. Similar lists of implementation requirements are also provided by, for example, McCunn (1998) and Williams (2004).

Locally, a few studies on balanced scorecard have been done which includes; extent of use of balanced scorecard for employee performance management in commercial banks in Kenya, (Mucheru, 2007), The Application of the balanced scorecard in implementation of strategy at KRA (Kamau, 2006) and application of the balanced scorecard in strategy application at Barclays bank (Renato, 2007). To the researcher's knowledge, no study has been done in Kenya on implementation of the balanced scorecard and the challenges as a strategic management tool in the insurance industry and hence this study seeks to fill the knowledge gap. The study attempts to answer the research questions: What are the processes and challenges of implementing the balance scorecard as a strategic management tool in CIC Insurance Group, and How does CIC Insurance Group address the challenges or intend to address the challenges.

1.3 Objectives of the Study

1.3.1 General objective

The general objective of the study is to investigate the process and challenges of implementing the balanced scorecard as a strategic management tool for CIC Insurance Group.

1.3.2 Specific Objectives

i. To establish the process of implementing the balanced scorecard as a strategic management tool at CIC Insurance Group.

ii. To determine the challenges found by CIC Insurance Group in implementing the balanced scorecard as a strategic management tool

iii. To establish how CIC Insurance Group is dealing with the challenges of implementing the balanced scorecard as a strategic management tool.

1.4. Importance of the study

This study is important to various stakeholders. It is specifically important to the following stakeholders for the following reasons:

The study is important not only to CIC Insurance Group Managers but also to other Managers in other industry Sector. It will help them understand the importance of balance scorecard and how to it helps achieve success as a strategic management tool. The study will also help other Managers know the methods used in gathering and applying balance scorecard, which will help them, improve their strategic management styles.

The study will also be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. It will also highlight other important relationships that require further research; this may be in the areas of relationships between balance scorecard and firm's performance. The results of this study shall be used by academics to discuss issues of balanced scorecards and strategic management in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical background of the BSC, challenges of a BSC; the balance score card as a tool for performance and the effects of a BSC on performance.

2.2 Theoretical Background

In 1992, Robert S. Kaplan and David P. Norton introduced the balanced scorecard, a set of measures that allow for a holistic, integrated view of business performance. The scorecard was originally created to supplement "traditional financial measures with criteria that measured performance from three additional perspectives—those of customers, internal business processes, and learning and growth" (Kaplan and Norton 1996). By 1996, user companies had further developed it as a strategic management system linking long-term strategy to short-term targets. The development of the balanced scorecard method occurred because many business organizations realized that focus on a one-dimensional measure of performance (such as return on investment or increased profit) was inadequate. Too often, bad strategic decisions were made in an effort to increase the bottom line at the expense of other organizational goals.

The theory of the balanced scorecard suggested that rather than the focus, financial performance is the natural outcome of balancing other important goals. These other organizational goals interact to support excellent overall organizational performance. If any individual goal is out of balance with other goals, the performance of the organization as a whole will suffer. The balanced scorecard system also emphasizes articulation of strategic targets in support of goals. In addition, measurement systems are developed to provide data necessary to know when targets are being achieved or when performance is out of balance or being negatively affected. The Kaplan and Norton balanced scorecard looks at a company from four perspectives: Financial: How do we look to shareholders? Internal business processes: What must we excel at? Innovation and learning: Can we continue to improve and create value? Customer: How do customers see us? By viewing the company from all four perspectives, the balanced scorecard provides a more comprehensive understanding of current performance.

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2.2.1 Customer Perspective

The customer perspective provides a view of how the customers see the company. Kaplan and Norton contend that, to put the balanced scorecard to work, companies should articulate goals for time, quality, and performance and service and then translate these goals into specific measures." Overall, this is a measure of how the company provides value to the customer. For example, it’s not enough to simply bring down the cost of an item. The delivery time and manner in which the customer is dealt during times of sales and support are important as well. The customer perspective is now often considered in the form of customer resource management (CRM). The first wave of CRM systems was deployed in the early 1990's[4], the same period of the balanced scorecard's release. In fact, the arrival of customer focus into the world of corporate strategy can also be found in Kaplan and Norton's 1992 observation that, "Many companies today have a corporate mission that focuses on the customer.

2.2.2 Financial Perspective

The financial perspective provides a view of how the shareholders see the company (i.e. the company's bottom-line). By including this perspective it shows that Kaplan and Norton have not turned away from the need for financial data, but instead have incorporated it into a measurement and strategy model that includes a more holistic view of the organization's business strategies. They note that success based in efficiency and the bottom-line may lead to the elimination of certain tasks and the people who perform them and that to deal with this issue a company's employees and facilities will need to be working at the highest level of capacity, while at the same time confronting the pain of downsizing.

In their discussion of the financial perspective, Kaplan and Norton, (2001) state that critics contend that, since financial indicators do not affect the issues that motivate customer and employee satisfaction, companies should stop using them as metrics to guide their "navigation" through the strategic vision. Kaplan and Norton counter by supporting the inclusion of the financial perspective in a company's strategy with their statement, "Assertions that financial measures are unnecessary are incorrect. In fact, those who do not integrate all four perspectives into their strategic vision may be doomed to failure. As Maris Martinsons writes, "Even more seriously, misuse of the balanced scorecard may have contributed to the dot-com bubble that has burst in recent months. The balanced scorecard concept moves stakeholders away from a single-minded obsession with traditional accounting data. However, in the extreme case, financial performance measures were apparently forgotten as managers, stock analysts and investors became obsessed with customer satisfaction and intangible asset growth.

2.2.3 Internal Business Perspective

The internal business process perspective provides a view of what the company must excel at to be competitive. The focus of this perspective then is the translation of customer-based measures into measures reflecting the company's internal operations. The highest level in this measurable should be on customer satisfaction and factors affecting such issues as cycle time, quality, employee skills, and productivity. Kaplan and Norton recommend that, "companies also attempt to identify and measure their company's core competencies, the critical technologies needed to ensure continued market leadership.

2.2.4 Innovation and Learning Perspective

Kaplan and Norton, (2001) underscore the importance of innovation and learning in their statement that, "a company's ability to innovate, improve, and learn ties directly to the company's value." While the financials perspective deals with the projected value of the company, the innovation and learning perspective sets measures that help the company compete in a changing business environment. Their focus for this innovation is in the formation of new or the improvement of existing products and processes.

2.3 Challenges of implementing BSC

Some of the key impediments of using the BSC as noted by Kaplan and Norton (2001) include; too few measures per perspective which in turn makes an organization fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators;. Measures selected in the Scorecard do not reflect the organization strategy which happens when the organization tries to apply all their Key Performance Indicators (KPIs) into each perspective without screening only for the measures that are linked to its strategy. Therefore the organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard; Lack of senior management commitment where delegation of the BSC project is left to middle management and defining the project as performance measurement. This has been described as one of the most common causes of failure since the focus and alignment to implement strategy is lost. This is a process that can only be led from the top and too few individuals are involved resulting to lack of shared commitment which is required to align the organization.

A good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy. Therefore, when the organization constructs too few measures in each perspective, it fails to obtain a balance between leading and lagging indicators or non-financial and financial indicators.

In a case where organization adopts too many indicators and in this case, the organization will lose focus and cannot find any linkage between indicators. Sometimes the measures selected for the scorecard do not reflect the organization's strategy. This happens when the organization tries to apply all their Key Performance Indicators (KPIs) into each perspective without screening only for the measures that are linked to its strategy. Therefore the organization's strategy is not translated into action and the organization does not obtain any benefit from the Balanced Scorecard.

The financial measures are the dependent variables and are the retrospective, lagging indicators. Some organizations are tempted to make this linkage quantifiable but since lag time is difficult to predict and numerous factors may influence the result, a quantitative link cannot be established.

Therefore, they should not make a quantitative link between non-financial leading indicators and expected financial results.

Delegation of the project to middle management and defining the project as performance measurement is described as one of the most common causes of failure, by missing focus and alignment to implement strategy. This is a process that can only be led from the top. The senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets. If not, there cannot be the shared commitment which is required to align the organization.

To be effective, the Balanced Scorecard, including strategy and action to support implementation must eventually be shared with every member of the organization. If there is no deployment system that breaks high level goals down to the sub process level where actual improvement activities reside, significant process improvements throughout the organization fail to generate bottom line results. If the implementation takes too long, it can happen that during the implementation process, the strategy has changed. This results in the fact that some of indicators have become obsolete and requires new indicators. Measuring with wrong indicators can distract an organization from its strategy. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. These are some of the various challenges that organizations face on their way to using balance score card as tool for performance measuring.

2.4 BSC as a Tool for Strategy Implementation

2.4.1 Strategy Map

Kaplan and Norton (2001) advocate the use of strategy map as an organization's strategic management system. This is a major milestone since their inaugural paper on balanced scorecard in 1992. A strategy map is a logical and comprehensive architecture for describing strategy and it specifies the critical elements and their linkages for an organization's strategy. Armitage and Scholey (2007) suggest that the first and most critical step in constructing a strategy map for a for-profit organization is to define its overriding objective. A Balanced scorecard is positively associated with improved financial performance of for-profit organizations (Balanced Scorecard

Collaborative, 2007). Kaplan (2001) recognizes that management of organizations has difficulty in placing the financial perspective at the top of the hierarchy in the strategy map.

2.4.2 Support and Commitment

Sponsorship at the top level of the organization is essential and must be apparent to everybody involved in the design and implementation of the balanced scorecard. Change in the measurement in an organization can be threatening to individuals because the things they were used to doing, to achieve good performance, may be insufficient or even irrelevant. The increased transparency of their performance may call the existence of their role into question. Therefore middle managers may try to block any changes unless there is high-level sponsorship apparent (Tavakoli and Perks, 2001).

There needs to be a determined commitment to the process from senior management and, at the same time, a visible and direct benefit to those staff that will develop and use the scorecards (Renato, 2007). Support from senior management and buy-in from employees is therefore critical to implementing the balanced scorecard successfully.

2.4.3 Strategic Control Systems

Strategic control systems ensure that "the immense effort put into preparing lengthy and detailed strategic plans is in fact translated into action" (Bungay and Goold, 1991). Strategic control systems provide the short-term targets that deliver long-term goals. Successful strategy implementation is substantially dependent on effective strategic as well as management, control systems. Tavakoli and Perks (2001) argue that these control systems are particularly imperative since the situations organizations find themselves in will generally have no precedent. Strategic controls are especially required to provide a balance between longer-term organizational goals and shorter-term operational demands (Bungay and Goold, 1991).

2.4.4 Assessing Performance

Literally, performance measurement (PM) is the process of quantifying past action (Neely et al, 2000). PM systems historically developed as a means of monitoring and maintaining organizational control, which is the process of ensuring that an organization pursues strategies that lead to the achievement of overall goals and objectives. In attempting to change the focus of an organization, Brown (2000) suggests that PM is a key agent of change. Even when an organization has attained such a focus, PM plays a vital role in maintaining attention on changing customer requirements and competitor actions. PM is a key factor in ensuring the successful implementation of a BSC of an organization's strategy. Failure in assessing performance affects the implementation of a BSC. Through the use of the various perspectives, the BSC captures both leading and lagging performance measures, thereby providing a more "balanced" view of company performance. Leading indicators include measures, such as customer satisfaction new product development, on-time delivery, employee competency development, etc. Traditional lagging indicators include financial measures, such as revenue growth and profitability. The BSC performance management systems have been widely adopted globally, in part, because this approach enables organizations to align all levels of staff around a single strategy so that it can be executed more successfully.

2.5 Implementation Process of Balanced Scorecard

BSC is a tool to communicate and control the implementation of strategy. When implementing BSC you can actually implement strategy at the same time. BSC can be implemented in many kinds of organizations and every organization has its own special features during the process. A generally applicable process model is difficult to present, and every organization has to find, select and build a suitable method and steps for its own use.

To select metrics for BSC requires a considerable amount of work. Building BSC and metrics selection cannot be delegated to one person. Neither is it enough that old metrics are classified according to new perspectives. However, benchmarking seems to be a useful tool. According to Kaplan and Norton (1996), a typical project to start up BSC utilization requires four months. There should be one single process owner, but the company management needs to participate actively. Every project model has a lot of common features. They emphasize the importance of clear strategic objectives, cause and effect relationships between strategy and measures and management commitment to the implementation process. The process manager of the BSC implementation should have a clear understanding of the meaningfulness of the whole implementation process and its steps (Kaplan, 1996).

A weakness of Kaplan's (1996) model has been its origins in an American business culture and its usability for large companies, such as the selection of an appropriate organization unit. In addition, the model has been developed firstly as a follow-up and controlling mechanism – later it has been changed more to management system. The model has also been criticized in so far as it underestimates the role of the company's personnel. If the model does not consider the employees during the BSC implementation process, the employees' commitment to the process is slight. The model could also be too cumbersome to implement and it could be too management oriented. The two other models emphasize the significance of the cause and effect relationships and the number of measures. Both of these are critical success factors during the BCS implementation process (Malmi et al., 2002).

Olve's models seem to be more specific and practical than Kaplan and Norton's process model. Olve's model emphasizes several perspectives and overlooks the importance of strategy work and the link between strategies and measures (Malmi et al., 2002). McCunn (1998) has developed his model more from the perspectives of Finnish companies. He has developed his own model by framing Kaplan and Norton's ideas. The model focuses on a specific decision to start a BSC implementation project, a fast implementation project and an accurate implementation plan.

Kiragu (2005) in a study of selected Kenya companies found that sixty nine per cent of the companies use financial and nonfinancial measures of performance in measuring organizational performance. Also evident was that although many Kenyan companies do not call their performance measurement “Balanced Scorecard”, their practices do model those of the BSC.

2.6 Effects of BSC

The BSC is designed to give companies the information they need to effectively manage their business strategy tactically. The BSC provides similar information to all levels of the organization through performance measures connected to specific business areas in the same manner. According to Kenny (2003) being able to satisfy customer needs is fundamental to practically all organizations. For any organization to achieve positive financial results both in the short-term and long-term perspective, there is need to create and deliver goods and services which the customers perceive as adding value to their existence. Many companies see themselves as geared towards their customers and several include their customers in their mission statements.

According to Balanced Scorecard theory, creating customer value and satisfaction as defined in the Customer Perspective, which entails the efficient operation of specific internal processes within the organization, in order to serve the customers. These processes need to be identified and measures developed to track progress (Lipe and Salterio, 2000).

Learning and Growth Perspective is the foundation of any strategy and focuses on the intangible assets of an organization (Lipe and Salterio, 2000). Mainly on the internal skills and capabilities that are required to support the value - creating internal processes. To ensure that an organization will continue to have satisfied and loyal customers in the future and continue to make excellent use of its resources, the organization and its employees must keep learning and developing. This perspective identifies the infrastructure that the business must build to create long-term growth and improvement (Kaplan, 1996).

Although the balanced scorecard was created in part as a reaction against purely financial measures driven organization (Lipe and Salterio, 2000), the financial measures are still an important component of the balanced scorecard. This examines if the company’s implementation and execution of its strategy are contributing to the bottom-line improvement of the company. It represents the long-term strategic objectives of the organization and thus it incorporates the tangible outcomes of the strategy in traditional terms.

2.7 Dealing with Challenges of BSC Implementation

The main problem is that it does not provide practical guidance for deployment, and some executives view it as a "quick fix" that can easily be installed in their organizations. Implementing a balanced metrics system is an evolutionary process, not a one-time task that can be quickly checked off as “completed”. If executives do not recognize this from the beginning and fail to commit to the long term, then the organization will realize disappointing results. However, some approaches allow for a rapid start to the metrics system evolution.

Poorly Defined Metrics - Metrics need to be relevant and clear. They should be depicted with visual indicators that are easily understood. In addition, metrics need to be collected at the ideal frequency for making decisions, and defined in such a way that the measurement can be consistently applied across the firm, even if their targets of performance differ (and they should). A system that has sloppy or inconsistently defined metrics will be vulnerable to criticism by people who want to avoid accountability for results.

Lack of Efficient Data Collection and Reporting - A primary reason that companies overemphasize financial metrics at the expense of other important operating variables is the simple fact that systems already exist for collecting and reporting financial measures. Companies that deliberately plan to define the vital few metrics and commit the resources to automate data collection and subsequent reporting tend to achieve good results. Unfortunately, in most organizations, if collecting metrics data consumes too much time and energy, they will not be captured. That is why it is important to prioritize key performance indicators so you can be confident that your investment in metrics is spent on the information that will be most relevant to improving organizational performance.

Lack of a Formal Review Structure - Scorecards work best when they are reviewed frequently enough to make a difference. If a metric value changes on a daily basis and the variables within the control of management can be affected on a daily basis, then the metric should be reviewed on a daily basis. Additionally, metrics review meetings should follow a standard agenda, with clearly defined roles for all attendees and an expectation that follow through on any agreed upon actions will be monitored at each meeting.

No Process Improvement Methodology - The value of Balance Scorecard systems relies on the premise that once performance problems are identified, there is an efficient and effective method for diagnosing and addressing root causes. Solutions can then be developed and performance gaps can be closed. If the organization does not have standard methodologies and toolkits for addressing process problems, the amount of effort required to derive a problem solving approach for each new performance gap could eventually damage the performance improvement program as it will be seen as taking too many resources away from daily operations. When this happens, there can be no adaptation and performance will continue to deteriorate. Using time-tested process improvement methodologies, perhaps in combination with problem solving methodologies (e.g. Six Sigma) can greatly alleviate this problem.

Too Much Internal Focus - One major criticism of the Balanced Scorecard is that it encourages an internal focus. This is not as much an indictment of the principle as it is the way companies put the principle into practice. To help overcome this problem, one should always start with an external focus – the view of your organization’s Super System. The goal is to achieve a balance of enterprise level metrics as you assess the organization’s market, shareholders, competitors, employees and stakeholders. Executives will use data about their Super System to assess Strengths, Weaknesses, Opportunities and Threats (SWOT). This will then guide them to gaps in their enterprise level metrics. Then, all other levels of metrics are tested for alignment with the enterprise level metrics, thereby ensuring that even internal metrics link to external performance drivers.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains details on the research design, target population, the study sample and sampling procedures, data collection instruments and the procedures for data analysis.

3.2 Research Design

This study has employed a descriptive design approach of which quantitative on the use of BSC as strategy implementation tool have been obtained. Descriptive survey designs are used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification. Lipe and Salterio (2001) note that descriptive survey research is intended to produce statistical information about aspects of education that interest policy makers and educators. The choice of the descriptive survey research design is based on the fact that in the study, the research is interested on the state of affairs already existing in the field and no variable would be manipulated.

3.3 Data Collection

Ngechu (2006) stated that a study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which are being investigated. Therefore, the target population is composed of the management staff currently working at CIC insurance. This is because the management staff is the one involved in the implementation of the balance score card and hence they are conversant of its use and challenges. Due to the Limited Resources, the researcher has used a target population of 100 management staff.

Table 3.1: Target population

Management levels	Target Population	%
Top management	20	20
Middle	35	35
Lower management	45	45
Total	100	100

The sampling plan describes how the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample has been selected (Cooper & Schindler, 2000). Sampling will ensure that some elements of a population are selected as riding representative of the population (Keya et al, 1989). The sample population of this study comprises of staff currently employed at CIC insurance at the time of the research. Since the population is not so large, the researcher has used a target population of 100 staff members. The researcher has stratified the population according to management level, senior level and low level (Ngechu, 2006).

The researcher has used both primary and secondary data. According to Saunders et al (2009) primary data is data collected specifically for the research project being undertaken. This study will gather Primary data directly from respondents where the researcher will use questionnaires. Cooper and Schindler (2003) further explain that secondary data is a useful quantitative technique for evaluating historical or contemporary confidential or public records, reports, government documents and opinions. Secondary data will involve the collection and analysis of published material and information from other sources such as annual reports and published data.

3.4 Pilot Study

Cooper and Schindler (2010) indicated that a pilot test is conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample. According to Mugenda and Mugenda (2003), a pilot study is conducted when a questionnaire is given to just a few people with an intention of pre-testing the questions. Pilot test is an activity that assists the research in determining if there are flaws, limitations, or other weaknesses within the interview design and allows him or her to make necessary revisions prior to the implementation of the study (Ngechu, 2004). A pilot study was undertaken on at least (10) employees of CIC Insurance to test the reliability and validity of the questionnaire. The purpose of a pilot test is to test the reliability and validity of the questionnaire and enable the researcher to amend the questionnaire as appropriate so as to capture data accurately.

3.5 Data Analysis

The research is both quantitative and qualitative in nature. Once the data was collected it was checked for completeness ready for analysis. The data from the field was first coded according to the themes researched on the study. Analysis was done with aid of the statistical package for social sciences (SPSS) package. Descriptive statistics were generated to outputs such as percentages, mean scores and proportions that are presented in tables and figures.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the field. From a sample population of 100 respondents, 89 respondents responded which comprised of 89% response rate.

4.2 General information

Table 4.2: Gender of the respondent

	Frequency	Percentage (%)
Male	53	59.6
Female	36	40.4
Total	89	100.0

Source, Author 2013

From the findings, 59.6% of the respondents were male and 40.4% were female.

Table 4.3: Age of the respondent

	Frequency	Percentage (%)
Below 20 Years	0	0.0
20 – 30 years	11	12.4
31 – 40 years	38	42.7
41 – 50 years	31	34.8
Over 50 years	9	10.1
Total	89	100.0

Source, Author 2013

On the age of the respondents, majority of the respondents (42.7%) were between 31-40 years, 34.8% were between 41 and 50 years old, 10.1% were over 50 years and 12.4% were aged between 20 to 30 years. None of the respondents was aged below 20 years.

Table 4.3: Working Duration

Less than 1 year	15	16.9%
1 – 5 years	19	21.3%
6 – 10 years	35	39.3%
10 years and more	20	22.5%
Total	89	100%

Regarding the duration of time respondents had worked with the CIC, most of the respondent (39.3%) had served between 6 to 10 years, 22.5% for 10 years and more, and 21.3% between 1-5 years while 16.9% had served for less than one year.

Table 4.4: Highest level of Education

	Frequency	Percentage (%)
Diploma	0	0
Other College Education	0	0
Degree	55	61.8
Postgraduate Qualification	34	38.2
Total	**89**	100.0

Source, Author 2013

The respondents were requested to indicate their highest level of education. Majority of the respondents (61.8%) held degrees, 38.2% held post graduate qualifications, 0% held diplomas while 0% held other college education.

Table 4.5: Respondents Job Category

CIC Life Assurance Ltd	23	25.8%
CIC General Business Insurance Ltd	26	29.2%
CIC Asset Management Ltd	10	11.2%
Finance	15	16.9%
IT	8	9.0%
Human Resources	7	7.9%
	89	100%

The study required the respondents to indicate where they work in the organization. Majority of the respondents (29.2%) were from CIC General Business Insurance Ltd, 25.8% from CIC Life Assurance Ltd, 11.2% were from CIC Asset Management Ltd, 16.9% were from Finance, and 9.0% were from IT while 7% were from the Human Resources department.

4.3 Use of a Balance Score Card

Table 4.6: Awareness of use of a balance score card as a strategy implementation tool

yes	81	91.0%
no	9	9.0%
Total	89	100%

Majority of the respondents 91% said that the organization uses a balance score card as a strategy implementation tool while 9% of the respondents showed that their organization does not use a balance score card.

4.3.2 The extent which CIC has been using a balance score card as a tool for strategy implementation

The study established from most of the respondents that CIC has been using a balance score card for six years. Others said that the organization has applied the balance score card for periods of 5 years, 4 years, 3 years and so on.

Table 4.7: The perception of how the tool has been implemented

	Frequency	Percentage (%)
Very great extent	12	13.5
Great extent	24	27.0
Moderate extent	35	39.3
Very little extent	16	18.0
No extent	2	2.2
Total	89	100.0

Majority of the respondents (39.3%) indicated that their organizations used a balance score card to a moderate extent, while others indicated, to a great extent (27%), very little extent (18%) and to a very great extent (13.5%)

Table 4.8 The extent to which the use of the balance score card contributes to the performance of CIC

	Frequency	Percentage(%)
Very great extent	12	13.5
Great extent	19	21.3
Moderate extent	43	48.4
Very little extent	13	14.6
no extent	2	2.2
Total	89	100.0

Majority of the respondents (48.4%) said that the use of a BSC contributes to a moderate extent to the performance of CIC. (21.3%) of the respondents said it contributes to a Great extent, Very great extent (13.5%) while (14.6%) and (2.2%) indicated to a very little extent and no extent respectively.

4.4. Challenges of using BSC

Table 4.9: Whether CIC faces challenges in the use of a balance score card as a strategy implementation tool

Yes	79	88.8%
No	10	11.2%
Total	89	100%

Majority of the respondents as shown (88.8%) indicated that their organization faced challenges in the use of a balance score card as a strategy implementation tool while 11.2% said their organizations did not face any challenges in the use of the tool.

Table 4.10: The extent to which CIC faced challenges in the use of a balance score card as a strategy implementation tool

Very great extent	25	31.6%
Great extent	28	35.4%
Moderate extent	25	31.6%
Very little extent	1	1.3%
Total	79	100.0%

Majority of the respondents (35.4%) said that their organizations faced challenges in the use of a balance score card as a strategy implementation tool to a great extent while others (31.6%) equally showed that it faced challenges to a very great extent and moderate extent respectively. Only 1.3% of the total respondents (79 who chose a yes), said that the organization faced challenges in the use of the balance score card as a strategy implementation tool to a very little extent.

Table 4.4: Extent to which the respondents agreed to the statements on challenges of using BSC as a strategy implementation tool

Challenges	**mean**
Lack of senior management commitment where delegation of the BSC project	3.03

is left to middle management	
When the organization constructs too few measures in each perspective, it may fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators.	2.97
Organization adopts too many indicators and in this case, the organization loses focus and cannot find any linkage between indicators.	3.16
Lack of action to support implementation must eventually be shared with every member of the organization.	3.29
Too much internal focus than external	2.48
Lack of formal review structure	1.3
Lack of efficient data collection and reporting	1.6
Poorly defined metrics since a system that has sloppy or inconsistently defined metrics will be vulnerable to criticism by people who want to avoid accountability for results.	2.1
Measures selected for the scorecard do not reflect the organization's strategy	1.9
Too few individuals are involved towards the task of balance score card implementation	1.9
Introducing the Balanced Scorecard only for compensation	1.3

The study required the respondents to rate their level of agreement on the statements regarding challenges of using a balance score as a strategy implementation tool at CIC. According to the findings, majority of the respondents agreed to a very great extent that introducing the Balanced Scorecard only for compensation and lack of efficient data collection and reporting are great challenges. Others agreed to a great extent that lack of efficient data collection and reporting is also a challenge. On the same note others agreed to a great extent that too few individuals are involved towards the task of a balance score card implementation.

The findings show the organization adopts too many indicators, loses focus and cannot find any linkage between indicators. When the organization constructs few measures in each perspective, it may fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators. The Organization adopts too many indicators whereby it loses focus and cannot find any linkage between indicators. To be effective, the Balanced Scorecard, including strategy and action to support implementation must eventually be shared with every member of the organization.

Table 4.5: Extent to which the respondents agree with the statements based on a successful balance score card implementation

	Mean	**Standard deviation**
A good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy.	3.5	1.48
To be effective, the Balanced Scorecard, including strategy and action to support implementation, must eventually be shared with every member of the organization	3.1	1.48
The senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets.	3.1	1.61
Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization.	1.7	0.97

A successful BSC implementation must Involve the whole organization in the implementation process.	1.6	0.85

The study also sought to establish the respondents' level of agreement with the statements in the above table relating to a successful balance score card implementation. From the table above most of the respondents were in agreement with the statement that a successful BSC implementation must involve the whole organization in the implementation.

Moreover, it also shows that support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. On the same level of agreement, a good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy including strategy and action to support implementation. This must eventually be shared with every member of the organization.

4.5 The process of using the BSC as a strategy implementation tool

4.5.1 Key participants in the implementation process of the BSC

The study required the respondents to establish the key participants who are normally involved in the balance score card implementation. From the findings of the study, respondents said that all the stakeholders including director's associates and employees are normally involved in the process of implementation of the BSC.

Table 4.6: Awareness of whether CIC has a BSC implementation process that has been adopted to enhance strategy implementation

Yes	56	62.9%
No	43	48.3%
Total	89	100%

(62.9%) of the total respondents said that CIC had a BSC implementation process that has been adopted to enhance strategy implementation while 48.3% were not in agreement.

Table 4.7: How efficient the implementation process is in strategy implementation

	Frequency	Percentage (%)
Very efficient	10	11.2
Efficient	19	21.3
Fair	49	55.1
Not efficient	11	12.4
Total	89	100.0

On the efficiency of the implementation process of the balance score card, majority of the respondents (55.1 %) said that their organizations' implementation processes of the balance score card is fair, (21.3%) said efficient, (11.2%) very efficient while (12.4%) argued that the processes are not efficient.

Table 4.8: Extent to which CIC employs the process to ensure successful BSC use in strategy implementation

	Frequency	Percentage (%)
Very great extent	21	23.6
Great extent	45	50.6
Moderate extent	21	23.6
little extent	1	1.1
no extent	1	1.1
Total	89	100.0

According to the findings as shown in the table above, majority of the respondents indicated that CIC employs the process to ensure successful BSC in strategy implementation to a great extent (50.6%). (23.6%) said to a very great extent and moderate extent respectively while only (1.1%) showed to a little extent or no extent respectively.

4.5.2 Various steps required of a successful BSC implementation process

Majority of the respondents indicated that translating the company's plans and strategy into operational goals and activities is one of the steps required for a successful BSC implementation process. Moreover, linking all the management and specialists' hierarchy levels between each other starting with the highest levels of CEO and top management to the lowest levels of staff members is also a prerequisite step. Furthermore, defining precise instructions of the ways of how the operational goal might be reached and when it has to happen as well as an endless process of testing the performance of the previous step and updating the plans according to the practical results are the various steps required of a successful BSC implementation process.

4.6 Effects of using the BSC as a strategy implementation tool on performance

Table 4.9: The extent to which the respondents agree with the statements on the effects of BSC as a strategy implementation tool on performance

Statements	Mean
The BSC is designed to give companies the information they need to effectively manage their business strategy tactically	1.3
Being able to satisfy customer needs is fundamental to practically all organizations for an enhanced performance.	1.6
For any organization to achieve positive financial results both in the short-term and long-term perspective, there is need to create and deliver goods and services which the customers perceive as adding value to their existence.	2.1
The financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective for increased performance.	1.9
Proper implementation of a BSC enhances strategy implementation which effects on performance	1.9

From the table above most of the respondent were in agreement with the statement that; the BSC is designed to give companies the information they need to effectively manage their business strategy tactically. Being able to satisfy customer needs is fundamental to practically all organizations for an enhanced performance. The financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective for increased performance. Proper implementation of BSC enhances strategy implementation which effects positively on performance.

4.6.1 Other ways the BSC as a tool for strategy implementation affects performance

Respondents indicated that by analyzing perspectives other than the financial ones, managers can better translate the organization's strategy into actionable objectives and better measure how well the strategic plan is executing.

4.6.2 Activities that CIC carries out to ensure that the BSC has positive effects on performance

Regarding the types of activities CIC carries out in order to ensure that BSC has positive effects on performance, majority of the respondents indicated that CIC practices good corporate governance. Training and development of staff on issues regarding BSC implementation is high on the agenda. Involvement of all the stakeholders in the process and reviewing of guidelines of implementing a balance score card is also one of the activities.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objective of the study was to investigate the process and challenges of implementing the balanced scorecard as a strategic management tool for CIC Insurance Group.

5.2 Summary of the Findings

The study found that the organization faced significant challenges in the use of a balance score card as a strategy implementation tool to a great extent. It also established that some of the great challenges faced include: introducing the Balanced Scorecard only for compensation reasons as well as lack of efficient data collection and reporting. Moreover, having few individuals to be involved with the task of balance score card implementation proved to be a challenge. Judging from the findings, in cases where the organization adopts too many indicators, it loses focus and cannot find any linkage between indicators. When the organization constructs too few measures in each perspective, it may fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators

Equally important, the study found out that a successful BSC implementation must involve the whole organization in the implementation process. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization. A good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy. To be effective, the Balanced Scorecard, including strategy and action to support implementation, must eventually be shared with every member of the organization. The senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets.

According to the study majority of the respondents indicated that all the stakeholders including director's associates and employees are normally involved in the process of implementation of the BSC.

Majority of the total respondents said that CIC had a BSC implementation process that has been adopted to enhance strategy implementation. On the same line of argument, majority of the respondents said that their organizations' implementation processes of the balance score card are fairly efficient. Furthermore, the respondents indicated that CIC employs the process to ensure successful strategy implementation.

Judging from the findings, respondents indicated that translating company's plans and strategy into operational goals and activities is one of the steps required for a successful Balance scorecard implementation process. Other steps include, linking all the management and specialists' hierarchy levels between each other starting with the highest levels to the lowest of levels, defining precise instructions of the ways of how the operational goal might be reached and when it has to happen and an endless process of testing the performance of the previous step and updating the plans according to the practical results.

In addition, the studies also found that majority of the respondents were in agreement with the statement that; the BSC is designed to give companies the information they need to effectively manage their business strategy tactically. Being able to satisfy customer needs is fundamental to practically all organizations for an enhanced performance. The study also established that proper implementation of a BSC enhances strategy implementation which effects positively on performance. On the same argument the financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective for increased performance.

5.3 Conclusions

The study establishes that successful BSC implementation must involve the whole organization in the implementation process. Support for the linkage of compensation to strategic measures can only occur effectively when it is part of the process of strategy translation in the organization.

This study also establishes the organization faces challenges in the use of a balance score card as a strategy implementation tool to a great extent.

Equally important, all the stakeholders including director's associates and employees are normally involved in the process of implementation of the BSC. The implementation processes of the balance score card must be efficient to enhance an organization performance.

On the same line, it can be concluded that the BSC is designed to give companies the information they need to effectively manage their business strategy tactically and that translating company's plans and strategy into operational goals and activities

5.4 Recommendations

Many organizations have difficulty establishing mechanisms that translate strategic vision into concrete goals and actions. The Balanced Scorecard acts as a solution and provides an effective way of communicating priorities to all levels of organization, such that all employees can see and understand how their work is related to the business and its success as a whole. However, simply having a balanced scorecard will not, on its own, deliver improvements as much as most organizations employ it as part of a wider performance improvement strategy.

This study recommends that the management should ensure that they employ and deploy qualified and competent individuals in the implementation and planning of the balance score card. The study also recommends that CIC should employ monitoring/supervision mechanism and also allocate enough funds to allow BSC project completion. A well developed Balanced Scorecard can provide the bridge from Strategy to Execution thus; CIC needs a clear implementation methodology. By cascading the scorecard to individual level CIC can go a step further and build highly performing teams where people feel empowered and can reach their full potential.

5.5 Recommendations for Further Studies

This study has reviewed Balance Score Card implementation at CIC Insurance Group, the challenges faced and ways of dealing with the challenges. To this end, therefore, the same study should be carried out in other Insurance companies to find out if the same results would be obtained, and whether the challenges being faced by CIC Insurance Group are unique to those of their competitors within the Kenyan Insurance Industry.

Moreover the study focused on insurance sector thus it may also be carried out in other industries/sectors.

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APPENDICES

APPENDIX 1: RESEARCH QUESTIONAIRE

SECTION A (GENERAL INFORMATION)

Dear respondent,
Thank you for volunteering to participate in this survey.
Please take a few moments to complete this questionnaire by filling all the questions.
Your identity, responses and name of your organization will be treated with great confidentiality

PART A: DEMOGRAPHIC INFORMATION

1. Gender:

   Male ( ) Female ( )

2. What level of education have you completed?

   Diploma/ HND ( )

   Other College Education ( )

   Degree ( )

   Postgraduate/PhD ( )

3. Please circle the number in the box best describes the range in which your age falls

Range In Years	**Please Circle One**
Below 20 Years	1
Between 20 to 30 Years	2
Between 30 and 40 Years	3
Between 40 and 50 Years	4
Over 50 Years	5

4. Years of service/working period (Tick as applicable)

Less than 1 year	[ ]	6-10 years	[ ]
1-5 years	[ ]	Over 10 years	[ ]

5. Please indicate where you work

CIC Life Assurance	[ ]	Finance	[ ]

Human Resource	[ ]	IT	[ ]
CIC General Business	[ ]	CIC Asset Management	[ ]

Other (specify)………………………………………………… [ ]

PART B: USE OF A BALANCE SCORE CARD

6. Does your organization use a balance score card as a strategy implementation tool?

Yes ( )

No ( )

7. For how long has the CIC been using a balance score card as a tool for strategy implementation?

....

8. If yes, to what extent does the CIC apply the balance score card in strategy implementation?

Very great extent ( ) Great extent ( ) Moderate extent ( )

Little extent ( ) Very little extent ( )

9. To what extent does the use of the balance score card contribute to the performance of the CIC?

Very great extent ( ) Great extent ( ) Moderate extent ( )

Little extent ( ) Very little extent ( )

CHALLENGES OF USING BSC

10. Does your CIC face challenges in the use of a balance score card as a strategy implementation tool?

Yes ( )

No ( )

11. If yes in the above, to what Extent?

Very great extent ( )   Great extent ( )   Moderate extent ( )

Little extent ( )   Very little extent ( )

12. To what extent do you agree with the following statements on challenges of using the BSC as a strategy implementation tool? Rate where 1 is to very great extent and 5 is to no extent

Challenges	**1**	**2**	**3**	**4**	**5**
Lack of senior management commitment where delegation of the BSC project is left to middle management					
When the organization constructs too few measures in each perspective, it may fail to obtain a balance between leading and lagging indicators or non-financial and financial indicators.					
Organization adopts too many indicators and in this case, the organizations lose focus and cannot find any linkage between indicators.					
To be effective, the Balanced Scorecard, including strategy and action to support implementation must eventually be shared with every member of the organization.					
Too much internal focus- consider beginning with external focus and then reflecting on the business' strengths, weaknesses, opportunities and threats.					
Lack of formal review structure since Scorecards work best when they are reviewed frequently enough to make a difference.					
Lack of efficient data collection and reporting					

Poorly defined metrics since a system that has sloppy or inconsistently defined metrics will be vulnerable to criticism by people who want to avoid accountability for results.					
Measures selected for the scorecard do not reflect the organization's strategy					
Too few individuals are involved towards the task of balance score card implementation					
Introducing the Balanced Scorecard only for compensation					
Others (………)					

13. To what extent do you agree with the following statements based on a successful balance score card implementation/? Rate where 1 is to very great extent and 5 is to no extent

Statements	**1**	**2**	**3**	**4**	**5**
A good balanced scorecard should have an appropriate mix of outcomes (lagging indicators) and performance drivers (leading indicators) of the company's strategy.					
To be effective, the Balanced Scorecard, including strategy and action to support implementation, must eventually be shared with every member of the organization					
The senior leadership team must work together to build and support the implementation of the Balanced Scorecard, including objectives, measures and targets.					
Support for the linkage of compensation to strategic measures can only occur					

effectively when it is part of the process of strategy translation in the organization.					
A successful BSC implementation must Involve the whole organization in the implementation process.					
Others (……………………………………………………………………………………………..)					

The process of using the BSC as a strategy implementation tool

14. Who are the key participants in the implementation process of the BSC?

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………………………………………………………………………………………………………

15. Does the CIC have a BSC implementation process that has been adopted to enhance strategy implementation?

Yes ( ) No ( )

16. How efficient is the implementation process in strategy implementation?

Very efficient ( )

Efficient ( )

Moderate ( )

Not efficient ( )

17. To what extent does the CIC employ the process to ensure successful BSC in strategy implementation?

Very great extent ( ) Great extent ( ) Moderate extent ( )

Little extent ( ) Very little extent ( )

18. What are the various steps required of a successful BSC implementation process?

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Effects of using the BSC as a strategy implementation tool on performance

19. To what extent do you agree with the following statements on the effects of BSC as a strategy implementation tool on performance?

Statements	**1**	**2**	**3**	**4**	**5**
The BSC is designed to give companies the information they need to effectively manage their business strategy tactically					
Being able to satisfy customer needs is fundamental to practically all organizations for an enhanced performance.					
For any organisation to achieve positive financial results both in the short-term and long-term perspective, there is need to create and deliver goods and services which the customers perceive as adding value to their existence.					
The financial perspective addresses the question of how shareholders view the firm and which financial goals are desired from the shareholder's perspective for increased performance.					
Proper implementation of a BSC enhances strategy implementation which effects on performance					
Others (………………………………………………………………………………)					

20. In what other ways does the BSC as a tool for strategy implementation effect on performance of the CIC?

21. What activities does the CIC carry out to ensure that the BSC positively effects on performance?

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