THE BALANCED SCORECARD AND STRATEGY IMPLEMENTATION CHALLENGES AT THE NAIROBI CITY COUNTY GOVERNMENT

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DECLARATION

I declare that this is my original work and has not been presented in any other University

or College for Examination or Academic purposes.

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

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DEDICATION

I dedicate this research project to my loving mother Caroline Opondo who has been a great source of inspiration and support throughout this process, for always giving me encouragement to continue and praying for me. I also dedicate this to my lovely Husband Modica Moyi who has been supportive all this time and especially through my MBA journey. Not forgetting my grandfather Robert Oduol and my siblings Linet, Barbara and Robert for their love and support during the course of the project.

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ABBREVIATIONS AND ACRONYMNS

BSC - Balanced Score Card

IFMIS- Integrated Financial Management Information System

KPI- Key Performance Indicators

MBO- Management By Objectives

MCA- Member of County Assembly

NCCG- Nairobi City County Government

RMAF- Results Based Management and Accountability Framework

ABSTRACT

Organizations formulate strategic plans but only a few are able to successfully implement these plans. Currently counties are competing in a complex and challenging context that is being transformed by many factors from globalization, rapid change in technology, aggressive competitors and political interference and hence to maintain a competitive gain they must develop and implement strategic plans. The purpose of this research was to identify the challenges faced in strategy implementation using the balanced scorecard in Nairobi City County Government. The findings from this study may particularly be useful in providing additional knowledge to the Nairobi City County Government and other counties on using the balanced scorecard as a strategy implementation tool. The research design used in this study was case study. Primary data was collected using interview guide while secondary data was obtained from the County records. The researcher interviewed nine (9) top management staff from the different sectors of the Nairobi City County Government. The researcher used content analysis to analyze the data. It was established that strategy implementation at Nairobi City County Government is done through development of planning and control systems. Each sector does this differently depending on the areas concerned. The study revealed that challenges faced during the implementation process were employee involvement, communication, organization culture & structure, political interference & transition. The findings of the study should be understood and valuated in light of the limitations of the study. The study is especially useful to Nairobi City County Government. The study has also stated recommendations to overcome the challenges of strategy implementation using balanced scorecard as well as suggestions for further studies. The study recommended that there is need to have an improved information systems, better leadership styles, timely assignment of key managers, effective budgeting for the implementation process, reinforcement of the core values as stipulated in the strategic plan, merging of the performance contract and the BSC. The BSC should be used both as a performance measurement tool as well as a strategy implementation tool to achieve maximum benefit. The study also recommended that during strategy formulation more consultation and involvement should be embraced to allow all cadres of staff to participate. Finally, the employees should also be rewarded for successful implementation of the strategy.

CHAPTER ONE

INTRODUCTION

1.1 Background

Balanced scorecard management is indisputably the most accepted tool in most organizations. It is popular because it allows an organization to make a comparison of actual and expected output. Government and nongovernmental organizations as well as business and industries around the world implement strategic planning and management system to align organizational actions and strategy through communication and ensuring that needs of all stakeholders are taken care of.

Kaplan and Norton (2002) define a balance scorecard as an outcome measurement tool that assist the top management to give unbiased view of the firm with through the use financial and non-financial measures. However, a uniform approach of the balanced scorecard in organizations may lead to dysfunctional consequences and therefore it has to be adequate to the context. The Balanced Scorecard is based on a key foundation concept that employees gets the motivation from a clear 'line of sight' as far as their behavior is concerned to the strategy of the organization.

Organizations vision mission goals and policies are all associated to what employees do and this should be communicated to them so that they can identify with. Balance Scorecard is based on the Human Relation theory. Open-Book Management Theory holds that employees are able to implement a strategy if they better understand the business strategy and communication is clear across the organization in a way that they understand how their actions affect strategy execution.

The Balanced Scorecard is based on Theory Y assumptions about people, who aspire to self-actualize. It can be used in unearthing organizational strategy success and deficiency .a strategy with some weakness will definitely require change. In an increasing competitive world, organizations are faced with issues such as innovation, diversity, technology, strategic thinking etc and managers have to use the appropriate management approaches and available systems to make the most suitable strategic long-term and short-term decision. The balanced Scorecard has emerged as a system that can be relied on to deal effectively with issues faced by organizations. Through strategic activities a Balanced Scorecard makes an organization able to centre its abilities to attain present financial results and create future value.

Counties in Kenya are being embraced as the new centers of power and resources. (Kotter, 2008) insists that in change management a detailed plan and a responsive execution which is achieved through contributions by different people who either are affected by this change directly or indirectly. This is portrayed by the county government as they incorporate contributions shared in the meeting, Vision 2030 in their planning. These sub governments are tasked to make services accessible without difficulty, instigate and endorse social and economic development throughout Kenya. Although devolution has success projections there is also equivalent pressure of its failure.

1.1.1 Strategy implementation

Studies depict that so much about the planning stage of a strategy and the significant aspects. This has led to identification of problems experienced during implementation stage. However even with this knowledge very little knowledge is known when it comes to adopting a strategy in real business environment ,there is a vacuum on knowing what to do and really doing it.

Thompson & Strickland (2007), a company can consider strategy execution triumphant if sets strategic and financial targets are achieved and it's on the right path in achieving its organizations vision. The basic activities involved include distribution of resources, set up annual objectives and developing policies. Kaplan and Norton (1996) have identified four challenges to strategy implementation. First organization develop visions and policies that are not feasible , secondly ,the formulated policies may not be connected to departments, group and personal goals, if the long-term requirements of the firm units strategy are not communicated to the available organizational units, group players and the individuals. Thirdly, the organization can formulate policies that are not connected the long-term and short-term resource distribution .this results to a funding plan that is not linked to the strategic priorities. Lastly there is communication on how a strategy is being executed and whether it's effective. Strategy implementation is very involving in terms of time and other resources, which explains why organizations face numerous challenges from within and outside the organization.

1.1.2 The Balanced Scorecard

Niven (2003) states that, BSC consists of a set of measures that assess the state of performance of the firm to ensure that the management can compare the actual and the expected output. The set of measures chosen are used as basis to allow employees and the stakeholders to know what to expect including the key performance drivers that the firm will adopt to realize the strategic mission and set goals.

Companies have incorporated performance management systems that integrate organizations financial measures and the non-financial. Organizations are using these measures to gather back strategic reactions and be able to manage the short term operations. The Balanced Scorecard gives emphasis to the fact that financial and non-financial measures have to be an element of the information system for employees across the organization.

Top-down approach is part of the plan that ensures that organizational plans are communicated at the top and implementation flows down to the bottom. In so doing, it is easier for the organization to assess its performance by making an interpretation of the policies and ensuring that the correct actions are taken while maintain a balance in serving the interest of the stakeholders. This is realized through ensuring that the organisation has processes and procedures to run the affairs of the organization. Kaplan & Norton (2001) observes that strategy adoption is one of the practices that an organization can implement to ensure to accommodate changes that might affect the operations of the firm however, to know whether the firm is progressing well; BSC is an instrumental in determining performance of the organization.

1.1.3 Balanced scorecard and strategy implementation

A successful strategy implementation needs sound instruments for controlling activity and behavior in particular to effective communication systems and the suitable policies and management controls. As stated in the strategy maps The Balanced Scorecard gives a level of granularity which improves and provides transparency for comprehensive direction, it makes possible to known and coordinates throughout the organization. For efficient execution of a strategy, a BSC is resourceful in making strategic evaluation of organizational strategic goals. The BSC approach create an explicit reason why a strategy and its effect. It also translates the strategies on paper in feasible objectives to the organization.

1.1.4 County Governments in Kenya

The promulgation of the new constitution in Kenya in 2010 brought about a new system of government. The new system of government has two levels of government, the central government headed by the President; and devolved governments referred to as county governments which were to be headed by governors. The new system of government kicked off after the 2013 general elections. A total of 47 counties were created in the constitution. Each county receives funding from the National government and at the same time generate funds to sustain the county.

This devolved unit is comprised of the county executive and assembly. Executive team of the county consists of the Governor, his deputy, members appointed by governor with the approval of the assembly at the county. Governor leads the committee executive who roles entails implementing county legislation, functions coordination, administration,

supervision and provision of public services. In addition, the county sets and implements polices as well as legislation and preparation of legislation for consideration by the county assembly. The county assembly is mandated to make laws and oversight on the county functions. It is comprised of members elected by the registered voters. It functions include representing citizens, law making, county budget approval, oversight in the implementation of projects and programmes and policy implementation.

1.1.5 Nairobi City County Government

Nairobi City County is the most crucial county so far. This is because it is the capital city of the country, it hosts almost all the headquarters of the central government and the biggest industrial town in the country and hence heart of economy of the country. The governor of Nairobi was always going have a difficult task to control the county that is viewed as the heartbeat of the country. As the governor with the biggest work on his plate, the Nairobi governor has to come up with strategies of tapping the massive potential and delivering the dreams of the residents and the country at large. As the capital of the country, Nairobi City County is cosmopolitan and harbors people from all walks of life. The residents have different needs, different dreams, different political following; and it is upon the governor and his government to ensure that all the people have their different needs met.

Nairobi City County Government comes from a backdrop of the Nairobi City Council which for many years had been dogged with inefficiencies in provision of services, corruption, bloated operational costs due to ghost workers among others. The Nairobi City County Government headed by His Excellency the governor Dr. Evans Kidero came

into power with the promise of effectively providing services to the people of Nairobi, making the county government profitable by effective revenue collections and reduction of operational costs, as well as increasing efficiency by simplifying processes within the county government. Dr. Kidero and his team have drafted a strategy to deliver all these in his manifesto "my commitment to you".

1.2 Research Problem

Kaplan and Norton (1992) had originally designed Balanced Scorecard for the private sector. Subsequently, they suggested that its application could be extended to the not for profit organizations and the public sector as well. Balanced Scorecard approach has been adopted by governments in many nations with the objective of enhancing the performance and strategy implementation in government.

Study of balanced scorecard and strategy implementation is of particular significance in the context of Nairobi City County Government, as it is mandated to provide public services, initiate infrastructure development and undertake basic administrative tasks including creating an environment for its stakeholders to participate in economic activities which are stimulants of economic development. However, county performance is not integrated to efficient systems. Secondly, there lacks clarity in the existing evidence on the inefficiencies, wastage and mismanagement in most counties. Thirdly, government investment is mostly promoted by private investors and lastly, political interference. Considering these factors, it is difficult for counties to seek innovative ways such the use of the BSC which is perceived as a tool for profit oriented organizations.

Contextual factors also influence efforts towards implementation of strategies. This explains why not all counties have enjoyed the benefits of balanced scorecard despite its emergence as a proven and effective tool and its popularity in many countries. There is fairly broad consensus that there are significant challenges in transposing the balanced scorecard principles to counties.

Prior researchers' concerning the BSC was attentive to understand the tools and utilizing it (Malmi, 2001). Recently, Wiersma (2009) has demonstrated that this tool is preferred by most organizations globally. Some studies have noted that worth of BSC through comparing the tool with other traditional approaches (Crittenden & Crittenden, 2008). Studies have given much focus on the adoption and have ignored implementation including challenges encountered in the process. Therefore, whether BSC can be successfully exploited in a devolved system is yet to be established. Locally, Kiragu (2005) assessed adoption of BSC in selected firms in Kenya. Agwanda (2008) examined the balanced scorecard in managing state corporations in Kenya; Amboga (2009) explored the adoption of BSC in strategy implementation at the Kenya wildlife service and Marjan (2009) studied that BSC strategy formulation and utilization at Telkom Kenya limited.

Research works done in the area of strategy implementation seem not to have been attentive to use BSC as a strategic tool in the new system of devolved government. In particular, the studies focused on a different context and concept from what this study sought to explore. Given the importance of strategy implementation in the devolved units, a need arose on investigating the challenges of implementing strategy with the aid of a BSC. This study filled this gap by addressing the following question:

What are the challenges faced in strategy implementation using the balanced scorecard in Nairobi City County Government?

1.3 Research objective

To identify the challenges faced in strategy implementation using the balanced scorecard in Nairobi City County Government.

1.4 Value of the study

The Balanced scorecard at the NCCG is a new concept on account of implementation. It gives a background on how best a firm can detect whether it is heading in the right direction. Scholars might want to assess the viability of this tool especially on how to improve performance and decision making.

To policy makers, especially in the County Government it serves as a blue print for the implementation of strategy. It has become common for the public sector to craft strategies that look good on paper but are never actualized. This study helps to shed light on the avenues available for bringing strategy into fruition. For instance; the top management must sponsor and trust balanced scorecard for it to gain credibility.

Similarly, other counties can learn the most applicable measures to utilize in measuring performance and the impediments that hinder organizations to effectively implement a BSC; this will inform better approaches to handle these challenges

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Discussed in the chapter are the conceptual arguments that concern implementation of strategy and the perspectives of the balanced score card and how the tool is applied including the impediments faced by organizations when applying this tool.

2.2 Theoretical foundations

The Balanced Scorecard is a tool used by the management which was set out to evaluate the performance of organizations and identify areas that require improvement. The elements contained in the balanced score are meant to aid employees to relate what they do with corporate goals. Employees utilize this tool to identify their areas of weakness and establish appropriate ways in which they can boost their performance. The tools guided firms on areas that they need to improve, this gives the organization an opportunity to find appropriate ways that it can utilize to boost performance. This indeed has to match the strategies set out by a firm to realize set goals.

2.2.1 Management by objectives

The most popularly utilized measurement and management practices by Management by Objectives was put-forth by Drucker (1954) whose main aim in MBO was that managers needs to devise strategies to boost their performance and meet the expectations of all their stakeholders. Drucker (1954) effective implementation of management by objective is results oriented and not the activities. Managers delegate their responsibilities to the employees and define the reporting relationships between the employees.

The management ensures that the staff is well aligned to organizational set goals and the strategies in place to ensure that their efforts are directed towards the right direction. MBO entails setting the general objectives and defining these objectives to specific objectives and targets. MBO is guided by the principle which dictates that employees should have an in-depth understanding of corporate goals through developing awareness of their duties and working towards set goals. This shapes the direction and focus of the firm in working towards achieving set targets.

To achieve this goals the organization should provide staff with an enabling environment that is supportive to allow them to participate in the implementation of strategic plans. The top management influences the employees by motivating them and setting targets and monitoring them to ensure that they work with the confines of the set standards. This helps the firm to save time and to work efficient with limited disruption that might divert the firm from achieving its set goals. The Balanced Scorecard is an essential tool which is utilized to effectively examine whether the firm is moving in the right direction

Balanced Scorecard is an outline that is aimed at translating the firm's mission and vision to match corporate strategy into measurable goals and targets while evaluating the firm's performance to match end-user needs. MBO is one of the recommended approaches that is aimed at ensuring that the organization attains set goals.

2.2.2 Open-book management

The premise that guiding the balance score card is driven by the need to ensure that the employees appreciate the strategy in place and are well acquitted with the necessary information on how the realization of set organizational goals.

This aids them in performing their roles and overcoming challenges of strategy implementation. This idea is influenced by Open-book management theory. Open-book management is premised on the argument that the firm operates under two fundamental assumptions which explains that a job should be well defined in a manner that can be easily understood by the employees. However, it insists on close supervision of the employees especially in cases when a new concept is introduced before it is fully implemented in the organization. (Case, 1995) Along the same line (1995), open-book management is an approach of executing business whereby a firm unites all its employees towards a similar direction of achieving corporate goals. The company is expected to give a better training and development programmes to its employees who are helpful in assisting them to solve problems in the organization while minimizing operation costs, defects and improved efficiency. It also insists about the issue of customer service which is critical to customers. Customers their problems to be solved in the most professional ways and this can only be realized through having in place a competent team of employees that is efficient.

Implementation of this concept has a similarity with how implementation of the Balanced Scorecard is executed while formulating strategies in the organization. There are four fundamental steps that are followed while implementing open-book management (Case, 1995): These steps include making the employees aware, educating the employees concerning the basics of business, empowering people through information and making the right decisions and ensuring that the entire organization participates in the success story of the firm including when the firm face risks.

Balanced Score card explains important matters about open communication and the manner in which employees are engaged through the use of incentive-based pay. This tool points out the cause and effect nexus between drivers and outcome.

2.2.3 Leading change

If implemented successfully, the BSC can detect sections of the firm where strategy is implemented successfully and where an improvement is needed. The area that requires improvement need change. Kotter (2005) designed a technique to implement change as suggested by Kaplan and Norton (2001). Kotter (1996) notes that to be successful in change implementation follows an 8 step process whereby the first step requires the firm to establish a sense of urgency which involves creating an emergency, eliminate clear examples, setting ambitious goals that calls for extra hard work.

Secondly, creating a guide, in this step the firm should take into account factors such as position power, experience, leadership and reliability. Thirdly, it involves aligning a strategy to match corporate goals and fourthly, communicating change to the employees and explaining to them the importance of achieving set goals. The firth step is empowering the employees for broad-based action and the sixth step is realizing short-term goals and achieving the desired expectations. The last step is aligning organizational culture to accommodate new approaches.

2.2.4 McGregor's Theory Y

This theory is associated with the balanced score card in particular theory Y approach which was posited by McGregor (1960). 'Theory Y" notes that an average employee perceives work as play.

In accordance to "Theory Y" Mc Gregor (1960) employees the importance of involving employees in setting goals to influence them to work within set goals. To improve productivity, there is need to match goals with the strategies in place. "Theory Y" discusses about employee performance which has also been discussed by the BSC but from the perspective of corporate performance.

This association makes sense because for an organization to perform, it needs employees who are productive. The only difference between the theory and the BSC is that the theory lays special focus on individual performance while the BSC concentrates on organizational performance which is achieved through accomplishing its goals and vision.

2.2.5 Value disciplines

In line with the BSC, value disciplines well apply under the customer perspective of the firm's BSC. The firm's strategic road map is expected to match the strategy of the firm which is aimed at ensuring that customer needs are considered. This should be tailored to match customer value .Treacy and Wiersema (1995) to enhance the firm's effectiveness customer value disciplines must be applied. The first is operational excellence which offers ensure that customers get products and services at competitive prices and that delivery is done on-time. Secondly, product leadership entails providing products that continuously serve the evolving needs of the customer and enhancing value to those products and services.

Successful formulation of the BSC is achieved through assessing all the measures of this tool and comparing them with the firm's vision and mission. This explains whether the organisation is in the right track or not. Customer value discipline is considered an important measure of the BSC. It can be summarize that the BSC extends the concept brought out in the open-book management, built on the assumptions of "Theory Y". In this study, BSC has been utilized to integrate the measures of customer perspective and the firm's value discipline.

2.2.6 Stakeholder Theory

This theory maintains that to realize success the firm needs to ensure that the stakeholders' interest is well represented and a priority in all business transactions (Freeman, 2004). It is the mandate of the top management to communicate to the employees and represent their interests through achieving corporate goals to create shareholder wealth. Investment decisions reached by the top management should be communicated to the organization, this is important in enhancing decisions and minimizing conflicts. The firm should align its employees, resources and all the stakeholders in working towards It is worth noting that balancing the stakeholders' interest is a challenging task, however it creates synergy and sharing of ideas on the most efficient way to implement strategies. Friedman (2006) states that a firm should be looked at as a group of stakeholders who share a vision that binds them to work in the same direction.

Phillips (2003) explains that stakeholders have an obligation to participate in pertinent issues concerning the organization which constitutes the future of the organization. Some of these stakeholders include customers, suppliers and communities. These stakeholders play different role however, it is for the best interest of the organization. Their contributions are essential in achieving success. They are several measures utilized to establish whether the organization is fulfilling the expectations of the stakeholders, these measures include financial measures which utilizes quantitative approaches to determine if the organization is performing. Stakeholders need to know how the organization is so that they can find ways of improving of maintaining performance. Top management is responsible for managing the affairs of the firm in ensuring that concerns of the stakeholders are addressed (Barney, 1991).

BSC evaluates performance of the firm using four perspectives which are expected a true reflection of the status of performance of the firm. These perspectives include finance, customers, innovation and learning and internal efficiency. In view of this, Kaplan and Norton (1992) posit that management executives appreciates that the firm measurement system influences the behaviour of employees including the management.

The arguments raised by Kaplan et al (1992) are applicable to a stakeholder-based performance. It is argued that the BSC model is multi-stakeholder because understanding performance of a firm allows various stakeholders to make the right invest decisions. It also assists the firm to understand customer needs and how best they can improve to provide more value for products and services offered.

Based on the stakeholder's theory, it can be argued that the Nairobi City County Government is characterized as being a complex setting with multiple stake holders that often have multiple, vague and diverging goals. It is the duty management to clearly define the stake holders they would relate with and what specific objectives they seek to attain from a particular stakeholder. Also the stakeholders should know what they would benefit from the relationship with the organization they are interacting with during a particular business cycle.

The BSC is a tool which is specifically utilized to assess the status of the current performance of the firm other than past performance. This is because it is intended to shape the future performance of the firm by improving the status of the current performance. There are many approaches that a firm can utilize to boost its performance for instance investing in modern technology, training employees, establishing effective communication strategies and hiring a competent management team to synchronize the organization and align it in working towards set goals. Upon establishing areas of weaknesses it is easier for the firm to change its approach in dealing with problems (Kaplan and Norton, 1996). This cannot be achieving without having a constant engagement with the stakeholders and discussing on how best to address customer needs and improving value for their products and services.

2.3 Strategy Implementation

Strategy involves setting direction and commitment in working to achieve long-term goals. Organizations that aspire to succeed in implementation of strategies need to define their goals, set their standards and targets. This is critical in shaping the direction and guidance to the employees since they are aware what is required to achieve certain goals

and ensure that they are walking in the right path (Johnson & Scholes, 2006). Strategy implementation is defined as the overall activities which are needed to execute strategic plans whereby policies and strategies are put into action. A consideration of five factors is important to improve the chances of success in implementation of a strategy. These include tasks, employees, structures, technology and rewards and recognition. Implementing strategy success requires a firm to effectively craft and design a strategy. Implementation involves putting together the structure of the organization, systems and processes together.

This entails three basic decision areas which include tailoring the strategy to support the structure and the leadership style adopted by the organization as well as developing budgets, crafting strategies and motivational systems to boost success in the realization of corporate goals. The top management inspires and encourages the employees, in so doing; this creates a working culture whereby the employees exploit their skills and knowledge in execution of their roles and duties. It is important to note that the capability to implement strategies successfully requires specialized managerial skills to effectively coordinate activities and employees efficiently in the same direction. The top management should have a bigger picture of how to transform intentions into actions considering a myriad of factors that might affect this important move.

2.4 Challenges of strategy implementation

Failure to adopt a strategy exposes a firm to losses and immense competition which might lead to financial loss and stagnation of a business. Strategy implementation is essential in enabling a firm to grow and cope with the changing needs of the firm. Several challenges affect implementation of strategy and hence limiting the firm from achieving its set goals and vision.

2.4.1 Organization structure

An organizational structure may limit strategy implementation if it fails to support the set out plan which the organization intends to adapt. White (1986) posits that implementation of a strategy is a complicated process which requires flexibility of decision in making and processes and process to effectively support implementation. There are various types of organizational structures that are utilized by organizations they include mechanistic and organic organizational structures (Bryson, 2005).

Meldrum and Atkinson (1998) opine that a mechanistic structure is complicated and very slow because of the bureaucracies which ate involved in making decisions. Organizations that adopt a bureaucratic structure might take long to get approvals in the implementation of processes and processes this might be too costly for the organizations hence cause inefficiencies and delays. Mechanistic structures do not support strategy implementation because of the various demand exuded by the set out plan

Mechanical structures do not support decentralization which might lead to inefficiencies during strategy implementation and hinder implementation of strategy. An organic organizational structure is flexible and accommodates changes in the environment. Decisions are decentralized and all the stakeholders participate in making decisions this makes it easier to implement strategic plans (Schaap, 2006)

2.4.2 Communications Challenge

Communication is an important element in implementation of strategy. Through effective communication a firm can make efficient decisions and take appropriate actions which are geared towards implementation of strategy (Wang, 2000). However, communication is difficult to achieve in organizations especially in matters of strategy implementation. In some cases, the top management makes important decisions without the input of the employees this causes conflicts because the employees feel undermined and loses a sense of belonging. This impacts negatively on strategy implementation since the employees fail to understand why the management is enforcing them to adopt certain changes whose decisions they did not participate. This leads to resistance and interferes with strategy implementation.

Top management has a duty to effectively communicate with the employees and explain to them why the organization needs to implement change and how they would be affected by those changes upon implementation. Communication is important and the management should involve all its stakeholders in making key decisions. This is critical because it makes the employees understand why the organisation needs to effective change to achieve certain things.

Forman and Argenti (2002) recommend a two-way communication approach which is seen as the best approach for the management to interact with their employees and to engage them in key decisions. In so doing, they can agree on important issues such as how the process of implementation will take place and what each is expected to do to ensure that the process is a success (Aaltonen and Ikavalko, 2001)

2.4.3 Coordination of Activities

Okumu (2003) explored the challenges that affected implementation of strategies successfully, it was found that coordination of activities was one of the greatest challenges between the lower and middle level management. This was attributed to poor planning approaches and failure to cooperate between the two management levels. Meldrum and Atkinson (1998) notes that the main reason why firms fail to coordinate activities successfully is as a result of lack of commitment from the stakeholders, inadequate resources and inability to understand process. This is mainly caused by lack of motivation, inadequate training and development and lack of objectivity especially by the employees.

Sterling (2003) found that failure to coordinate was as a result of lack of top management support, unfavorable environment, lack of focus insufficient resources and loss of focus. This brings about confusion which results to delays and increased cost of supervision due to decreased morale and motivation by the employees hence impacts negatively on the strategy implementation.

2.4.4 Resource Insufficiency

Limited organizational resources are a major challenge that affects implementation of strategy implementation. These organizational resources ensure that working environment is conducive for the employees work comfortably work and exploit their skills in strategy implementation. Aaltonen and Ikavalko (2001) observe that provision of resources motivates employees to work efficiently to hit their set targets, this is because it enhances their flexibility and speed in execution of their roles, and this saves the organization huge costs of supervision and communication (Johnson and Scholes, 2002). Resources do not necessarily mean the tangible assets that we see in the organization. However, it is worth to note that human assets are also resources that organization depends on when implementing strategy. It is worth for the organization to invest IN employees training and development programmes to boost their skills and expertise in strategy implementation. This will assist them to have an understanding of how to implement strategies and cope up with challenges. This allows the employees to exploit their skills in making important contribution to ensure that implementation of strategy is a success (Byars, 2006)

2.4.5 Organizational Culture

Culture has been cited to be a major impediment in strategy implementation. Culture involves the ways things are done in an organization. Implementation of strategy should fit the cultural setting of an organization so as effectively deal with cultural biases which are a major impediment towards implementation of strategy.

Strategic changes might ignite resistance from employees if the set out strategic plan is not supported by the organizational culture. When designing a strategic plan the top management should ensure that change is in harmony with the organizational culture to make it easier for the employees to participate in the change process (Wang, 2000).

An organization's culture should be integrated in the strategic plan to ensure that top management supports its implementation. Aosa (2002) notes that lack of compatibility between organizational culture and resistance to change is as a result of demotivation that emanate from frustrations of new changes. Organizations that excel in the implementation of strategies are perceived to have a culture that supports implementation of strategic plans. Similarly; it can be argued that firms that perform poorly in strategy implementation of strategy lacks a cultural environment which can guarantee them success in implementation of strategy.

2.4.6 Commitment of Implementing Staff

Commitment is an important virtue of employees which is cultivated by the level of motivation demonstrated by the employees. It is important to note the employees' commitment to participate in implementation of strategy is enhance by their level of motivation. Motivated employees commit their time and resources in the work to maximize their potential in making significant contribution towards strategy implementation (Wooldridge and Floyd, 1990).

Guth and MacMillan (1986) note that the level of commitment shown by the employees highly depends on how well the management is able to influence the employees and to encourage them to participate in the implementation of set targets. Management support

in terms guidance and provision of the required organizational resources creates a comfortable environment that allows employees to exploit their expertise full and enhance their concentration in strategy implementation (Heracleous, 2000). Top management should recognize and reward employees who show commitment in working hard, this encourages other staff to enhance their efforts through executing their duties efficiently and meeting their set targets (Floyd and Wooldridge, 1990).

2.5 The Balanced Scorecard as a strategy implementation tool

Kaplan et al. (1996) notes that the balanced scorecard interprets the tasks and policies executed by an organization with the help of a set of performance measures that outline how results and target achievement can be evaluated. Leaders utilize balanced scorecard to effectively communicate to staff including all the stakeholders. A balanced scorecard model is composed of four viewpoints, the customer, financial perspective, the perspective of internal organizations business process and innovations .it retains financial viewpoint because financial measures are unavoidable while cutting the willingly measurable economic results of the steps already taken. BSC approach create an explicit reason why a strategy and its effect. It also translates the strategies on paper in feasible objectives to the organization.

According to Kaplan and Norton (1996) the key perspective is the customer perspective. For this reason business leaders need to recognize the market gap aimed and formulate appropriate measures for customers in those identified market group. Good customer relation, customer attainment ,customer cost maximization as well as satisfaction are among the firms strategies that should be created and well executed in this customer perspective.

Internal business process perspective is a viewpoint on how proficient and successfully firm's procedures are being accomplished internally. It concentrates on business inside the firm that results to profit maximization, contented customers, time, staff skills and output.

The fourth perspective innovation concentrate on how firms can generate value of the human capital as an intangible assets .these include abilities, talent and knowledge across the organization.(Kaplan & Norton, 1992) .innovation perspective makes it possible for a firm to link its human capital with the (IT) information technology with the calculated requirements of internal business procedures and customer relation. This perspective encourages organizations to formulate policies to enable continuous training and learning for the benefit of both the individual and the organizations

Figure 2.1: The Balanced Scorecard Perspectives

The Balanced Scorecard

The Financial Perspective
"How do we look to shareholders?"

The Customer Perspective
"How do we look to our customers?"

Vision
Strategy
Objectives

The Learning and Growth Perspective
"How can we change to improve?"

The Business Process Perspective
"How effective are we internally?"

Kaplan & Norton, 1992
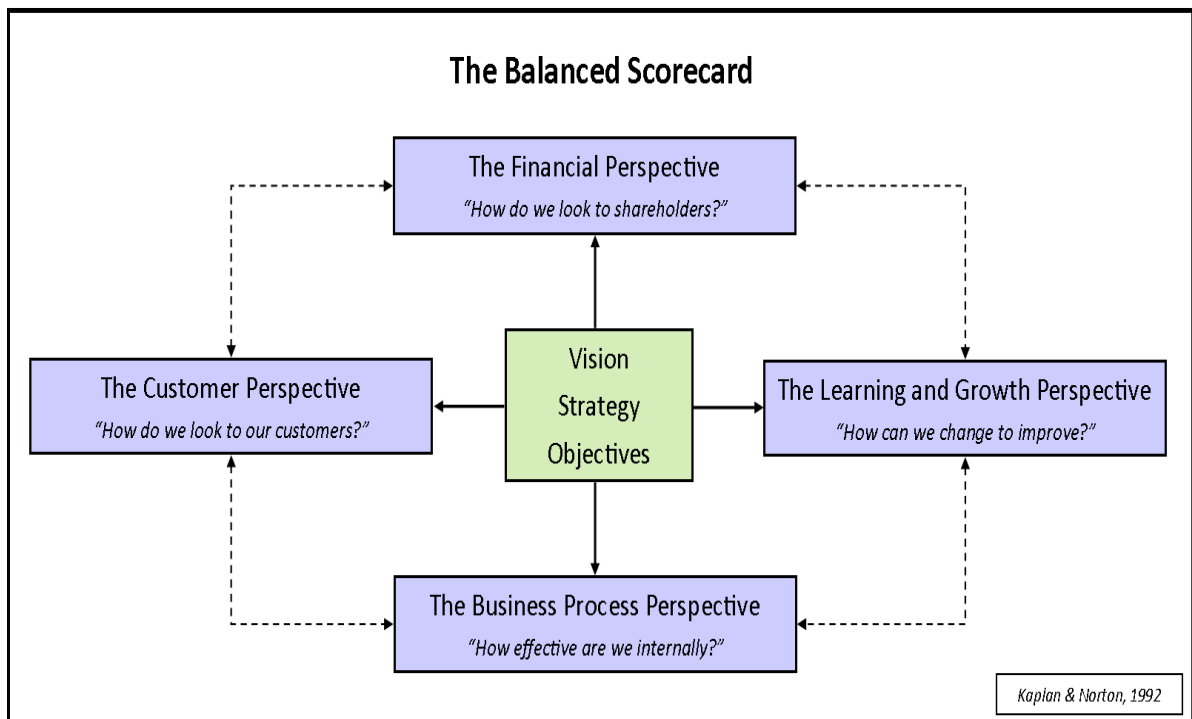
Kaplan et al. (2002) notes that BSC comprise of four new business procedures blend with set goals and objectives while contributing towards successful execution of the organization's policy. These procedures are interpretation of the vision, communication, business development and learning. Use of innovation in procedures and processes assist the firm to have an understanding of the vision and strategies that can be interpreted into feasible and practicable terms. They permanent the manager to communicate strategies in relation to departmental objectives; making resources accessible for execution of strategy and make use of the same to attain set goals. BSC implementation will enable the organization to detect the status of performance and establish the strategies that the organization should put in place to boost performance and ways to minimize waste and promote efficiency in execution of employees' roles.

2.6 Challenges faced in strategy implementation using Balanced Scorecard

First, Othman (2009), states the cause why balanced scorecard plans fail is that many plans are not BSC programs initially, very often organizations do not comprehend what precisely the BSC is and what its execution entails. Balanced scorecard has been defined differently with time: in the beginning of 1990s, the main concentration was on rising financial and non-financial procedures of performance; in the mid-1990s definition changed to link the measures with strategy; in 2001 the balanced scorecard obtained its present meaning as a strategy execution tool. A number of business changed the focus of the balanced scorecard in the same manner as it developed: first before they created a strategy execution system they used balanced scorecard as performance measurement system.

Secondly, every procedure in an organization has business managers who control them to ensure success, this applies to scorecard too. Niven (2005) is keen to note that business leaders must control and take charge of a scorecard for its success. Failure by the management executive to support implementation of the BSC are signs of failure by the management, it implies that they cannot be able to strategize and find a way in which they can turn around and improve performance or remain relevant competitive in the market. This might be loss of vision, demotivation and loss of focus which might expose the firm to huge loses and impact negatively on strategy adoption.

Thirdly, Scorecard should be spread across the whole organization and not limiting it to team members in the project only. This tool is designed to aid in communication across the e organization. Many plans have been unsuccessful because some firms ignore implementation of the BSC which is allows the organization to detect areas that require improvement and ways to select strategies that are in line with the set out plans and objectives (Olve et al., 2003).

Fourthly, the organization should develop a plan of aligning itself from the top to bottom through giving directions and actions that conform to the laid down plan in a manner that influences the it to have a shared vision in working together as a group towards a similar direction. The gist of this is increasing the firm's understanding of the strategy and exploring the best way to implement it to support the performance targets. Formulation is considered to be a fundamental step since it is at this stage that the needs of the strategy can be identified and the changes that they said strategy is expected to bring.

The fifth challenge is managing the organizational culture to support implementation of BSC. It is important to understand the way people do things and find out whether change can interfere with how things are done or accommodate changes. This can guide an organization on the best approach to use in implementing change in a manner that it can be accepted and support corporate goals (Thompson and Strickland, 2003).

This helps to avoid cases of resistance to change that might impact implementation of a plan negatively. Employees fear change because they don't know how it might affect their work therefore tend to develop fear and some sense of status quo since they are more comfortable to do things the way they are used to. Along this line, they tend to resist change since they are not prepared to face challenges which might affect their morale to do the work and probably impact negatively on strategy implementation.

The sixth challenge involves communication which allows sharing of vital information which facilitates cooperation between employees and efficiency in execution of functions. Through a two-way communication channel, the top management is able to understand the needs of the employees and to take them into account when seeking to introduce change. Communication allows the organization to have a smooth flow of events because by transferring information and utilizing that information to make decisions that leads to an action (Chapman, 2004). Communication should give room for feedback mechanisms to ensure improvement in weak areas, it also provides a platform to interact with the stakeholders and ensure that organizational goals cater for their needs.

2.7 Empirical studies and research gap

Scholars from different parts of the world have given various explanations with regard to BSC, it has been observed that it provides a framework where an organization can evaluate its status of performance and establish the right step to take. However, a few scholars have cited challenges and success stories that emanate from implementation of the BSC (Kaplan and Norton, 1996). This tool is utilized across the world to assess performance of private and public institutions by providing guidance on whether a firm should change its tactics or redefine its strategies to effectively accommodate changes.

Authors have cited a few cases where the BSC has been successfully implemented in the United States. This includes Hackett Benchmarking Solutions, the US management consultancy, which did a survey of 1400 global businesses showing 50 percent of firms that applied this tool (Littlewood, 1999). In the local setting, the BSC has been applied by at least 9 percent of the firms; this is in accordance to (Kiragu, 2005). Evidence from different studies depicts t that BSC is one of the most effective tools for assessing performance. Bainbridge (1996) outlines an overview of the key elements of the BSC and its important role of evaluating performance of a firm.

Although most scholars have cited positive results concerning the implementation of the BSC, the pioneers of this tool insist on the significance to have an understanding of how the BSC tool works and an efficient to establish its measures and incorporating those measures to assess performance of an organization. This shapes the understanding while enabling the organization to make a fundamental consideration to adopt strategic changes. The question, however, still remains; why is so much theory widely available yet the concept remains untouched?

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data, analyzing the data and reporting the results. Here the researcher's aim was to explain the methods and tools that were used to collect and analyze data to get proper and maximum information related to the subject under study.

3.2 Research design

Research design used was a case study. A case study allows execution of an extensive analysis of a particular phenomenon. It was preferred in this case as it places much emphasis on the application of the concept under study and other interrelations. The study used a descriptive case study approach to achieve its set objective. According to Yazici (2009) a descriptive is a procedure where data is collected from a population to establish the current status of the subject matter under scrutiny.

The researcher saw that case study was appropriate for collecting the data because of its versatility and efficiency. It can facilitate rich conceptual/theoretical development and procedures which are involved to finding out unexpected outcome which is helpful in understanding how variables relate.

3.5 Data Collection

Raw data was exploited including documented sources. Gathering of data was specifically on strategic plans and performance from news bulletin, electronic sources and archives among other sources. Raw data was collected through conducting interviews with different respondents who working in departments that dealt in matters of implementation of strategy and matters of performance.

Interview guide was employed as the sole research instrument. It was used to gather information from the selected top management staff of Nairobi County government. The interview guide had open-ended questions. Unstructured questions gave additional data which could not have been gotten while using structured questions.

The researcher was cautious in ensuring that all interview guides were utilized to gather information from the interviewees was filled and to achieve this, the interviewer retained a record of interview guides, which was utilized. The primary focus in this research was top management. The respondents included nine top management staff at Nairobi County government.

3.6 Data Analysis

Analysis of data seeks to establish how variables relate going by the set goals of the research. Content analysis allows the interviewer to gather voluminous data easily in an organized manner. This approach is useful when an investigation is seeking to describe an organization or a group of people.

Qualitative analysis depicts the existing trends and analysis of variables under investigation. This is meant to draw a relationship which is built from a prior understanding of a theory. This kind of analysis is achieved through making inference and relating the findings with the empirical results and theories.

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CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The discussion given in this chapter is about how data was collected from eleven top managers from various sectors at Nairobi City County. The process of analysis has been executed as per the set out research objectives.

4.2 Respondents profile

The interview guides were administered by the researcher on the target respondents. In total the study sought to interview 11 top management staff, from the 11 sectors of the Nairobi City County Government, namely: Roads & Transport; Water, Energy, Forestry, Environment& Natural Resources; Lands & Physical Planning; Urban Renewal & Housing; Education, Youth & Social Services; Public Service Management; Trade & Industrialization; Health Services; Information Communication Technology & e-Government; Agriculture, Fisheries & Livestock Development; and Security, Compliance & Disaster Management.

The vast experience of the respondents enabled the study to achieve its purpose of outlining challenges faced in using Balanced Scorecard as a strategy implementation tool within the County as well as drawing conclusions and giving recommendations. Interviewees held senior positions and have worked with NCCG for more than 15 years. This means they worked under Nairobi City Council and transitioned to Nairobi City County Government.

The sectors represented were ICT & e-Government; Education, Youth & Social Services; Roads & Transport; Health Services; Agriculture, Fisheries & Livestock Development; Security, Compliance & Disaster Management; Trade & Industrialization; and Lands & Physical Planning.All the respondents had direct involvement in the implementation process. They stated that they were involved in the implementation of strategy through the application of the management process to obtain the desired results. Their roles comprised of designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing. In summary, their roles involved monitoring & evaluation, overseeing, and execution of strategy at their levels within the various sectors. It is clear that they understand the county strategy, and are continuously making sure that all levels understand their role in the implementation process.

4.3 Strategy implementation at Nairobi City County Government

The county has outlined 7 key results areas that require various strategies to overcome current service delivery bottlenecks and contribute to its mission. These KRAs are as follows: To rationalize the legal framework, Change management, capacity building and responsive systems, Resource mobilization and improved financial management, Partnerships with stakeholders and image building, Decentralization of service delivery, Management of the City's development and Results-based management for improved service delivery. (County Strategic plan, 2015).

As per current strategic plan for the County, there are various strategies formulated in line with the goals for the above stated KRAs to aid in achieving the County's vision, mission and core values. Based on the above information the researcher sought to find out other techniques for strategy implementation that were considered. It was revealed that IFMIS financial reporting system and performance contracts were considered and adopted. Results Based Management and Accountability (RMAF) Framework for monitoring and evaluation was also adopted.

The interviewees were requested to indicate whether all employees understand what the Nairobi County Government strives to achieve. The study revealed that employees did not 100% understand what the Nairobi County Government strives to achieve as there was no proper communication in the organization. Despite employees having been trained on the balanced scorecard, some of them still lacked clear understanding of the balanced scorecard. Some of the processes haven't been well defined thus posing a challenge. Employees were also not involved in designing of the strategic plan and there was lack of clear individual role in the County.

The interviewees were requested to indicate whether the staff in the county government are well skilled and equipped to implement strategy in the organization. From the finding the study revealed that staffs in the county government were well skilled and equipped to implement strategy in the organization. The study found that employees were well trained in order to improve their ability to perform; the management shared the organizational goal and acted as role models.

Further, they developed training and development programmes designed to educate employees beyond the requirements of their current position so that they are prepared for a broader and more challenging roles in the organization. Employees participated in making job-related decisions and were very creative.

The respondents indicated that the strategy covers a period of five years and is reviewed upon expiry of the period. They indicated that the county uses top down approach, participatory and consultative. On very rare circumstances does the county government use the bottom-up approach. Implementers of the county's strategy did not participate fully in the process. The middle level managers and lower level employees were not involved in strategy formulation. They felt that though they were represented, in most cases their representatives did not seek their input.

Respondents indicated that the Nairobi City County took long to implement strategies. This led to haphazard developments all over the city. Social economic factors like unemployment and high cost of living led to increased informal sectors and slums. Insecurity in the city was on the rise and service delivery became worse by the day. The recommendation of task forces formed in the past to address the challenges were hardly implemented thereby services continued to be poorer.

The respondents indicated that transition to Nairobi City County Government was a major contributor in influencing the implementation of strategic plans. The strategic plans are steered by consultants who conduct awareness campaign through training on the strategy implementation.

The plan provides broad guidelines from which each department draws its strategic plan and action plans which upon implementation lead to attainment of overall sector objectives. The strategy implementation at Nairobi City County Government is also done through development of planning and control systems. The study established that each sector does this differently depending on the areas concerned. The departmental heads develop plans, delegate to lower level managers and obtain feedback from them which acts as a control mechanism upon which implementation result is measured.

The county reviewed its strategic plan to align it with the Vision 2030. The respondents indicated that the county has been undertaking baseline surveys to measure the levels of implementation of the strategies. Among the surveys carried out were the customer satisfaction, employee satisfaction, work environment, drug and substance abuse, gender mainstreaming, corruption perception career development and statutory obligations compliance audit. The above are carried out annually and form part of the reporting progress.

4.5 Balanced Scorecard at Nairobi City County Government

The respondents stated that the Nairobi City County Government began using the BSC in 2012. They stated that the adoption of the BSC was informed by the need to assess the performance of employees ,conform to modern management to achieve the set strategic goal, the launching of a strategic master plan and knowledge gained from workshops, seminars and trainings. They also stated that prior to the rolling out of the BSC, there were preparations done. A training seminar was held for all members of staff where they were trained on the balanced scorecard.

The corporate scorecard was formulated by the county as a whole. Then from the corporate scorecard each sector formulated theirs. The study sought to find out how the Nairobi City County government constructed its BSC to ensure that it covered all the aspects of its operation. The findings reveal that a secretariat was formed to ensure that all areas were covered; this is most especially expressed in the Health Sector. There was also consultation with stakeholders from all the regulating sectors as well as forums for public participation and sensitization. The whole process was done with the help of a strategy consultant.

The researcher sought to find out how the application of the balanced scorecard was communicated to various levels of the organization. The interviewees stated that the county would follow five principles to communicate the application of balanced scorecard which include: translate the strategy to operational terms, align the organization to the strategy, make strategy everyone's everyday job, make strategy a continual process, and mobilize change through executive leadership. Managers communicated their strategy up and down the organization and linked it to departmental and individual objectives. The scorecard gave managers a way of ensuring that all levels of the organization understand the long-term strategy and that both departmental and individual objectives are aligned with it.

The study requested the interviewee to indicate whether there is a relationship between the Nairobi City County Government Balanced Scorecard and its corporate strategy. From the findings the study found that the BSC and the corporate strategy are aligned to the vision and mission of Nairobi County.

Both endeared to fulfill the National goals of Vision 2030. The study sought to find out whether the contents of the BSC (objectives, target and measures) correlate with the actual objectives, targets and measures given to various division/section in the institution. From the study findings it is true that the interviewees were contented that the contents of the BSC (objectives, target and measures) correlate with the actual objectives, targets and measures given to various division/section.

4.6 Challenges of using Balanced Scorecard as a strategy implementation tool at the Nairobi City County Government

Effective BSC implementation must be supported by appropriate organization structure, resources allocation, culture management, leadership, effective communication etc. The development of an organization's the BSC is not enough if the same cannot be implemented and it is therefore necessary that an organization employs an appropriate implementation strategy to actualize the strategic objectives it sort to achieve plan. However, in many organizations, the implementation phase is faced by a number of challenges.

4.6.1 Communication & Involvement

The interviewees were requested to indicate whether all employees understand what the Nairobi County Government strives to achieve. The study revealed that employees did not 100% understand what the Nairobi County Government strives to achieve as there was no proper communication in the organization. Employees were not involved in designing of the strategic plan and there was lack of clear individual role in the County.

The communication channels were limiting. This affected the way staff would understand the BSC and also reduce the resistance to BSC due lack of communication. The preferred form of communication was circulars from management from time to time and departmental meetings that would be conducted monthly. They also indicated that most of the processes and procedures in the county were lengthy and laborious as they were not fully automated. The respondents also stated that they are currently working on strengthening the ICT to improve both internal and external communication.

4.6.2 Transition & Political interference

The study sought to determine whether politics affected balanced scorecard implementation in Nairobi City County Government. The findings revealed that politics affected implementation through constant wrangling among the MCAs from the different divide of the opposing political coalitions. Nairobi being the Capital city, National politics had a big effect on implementation process. The politics affects the allocation of funds, individual's role and the coordination of activities during the process..

The study sought to establish whether the transition from Nairobi City Council to Nairobi County government affected balanced implementation. From the finding the interviewees indicated that transition affected strategy implementation as the County government was able to fund its own projects without consulting the national government. The county government strategy was in line with requirement of the County development and need rather than in line with national government strategy as in the earlier case. With transition MCA politics affected strategy implementation and they were not held accountable as it was the case earlier.

4.6.3 Organizational Structure

From the finding on whether organizations structure affects strategy implementation at Nairobi county government, the interviewees indicated that organizations structure affected strategy implementation at Nairobi county government. All the interviewees agreed that the existing organization structure resulted in slow decision making and poor communication among various levels.

The structure has contributed to communication challenges, lack of individual role, and poor co-ordination of activities. Supervisors delegate duties and functions during strategy implementation and management organizes meetings to discuss issues on strategy implementation, however due to bureaucratic bottlenecks, differentiated roles that lead to specialization, number of reporting lines, type of the structure, harmony of reporting lines and employee placement, the structure is viewed as a challenge to the process.

4.6.4 Implementing staff

The interviewees were requested to indicate whether the staff in the county government are well skilled and equipped to implement strategy in the organization. From the finding the study revealed that staffs in the county government were well skilled and equipped to implement strategy in the organization. The study found that employees were well trained in order to improve their ability to perform, they shared the organizational goal, they acted as role model, there were training and development programmes designed to educate employees beyond the requirements of their current position so that they are prepared for a broader and more challenging roles in the organization.

Employees participated in making job-related decisions and employees were very creative. However, they indicated the need to be trained and educated on the use of Balanced Scorecard as a strategic management tool. One of the respondents stated that despite having been trained on the balanced scorecard, some of them still lacked clear understanding of the balanced scorecard. Some of the processes haven't been well defined posing a challenge.

4.6.5 Organization Culture

The interviewees agreed that the organization culture at NCCG was a challenge in the implementation of its BSC. The cultural factors that were identified by the interviewees were varied and included the deep entrenched "public sector" complacency culture where some members of staff perceive helping a client as being a favour rather than the service for which the client pays for. This culture contradicts the culture of performance and accountability that is propagated by the BSC. The other cultural related challenge is the resistance to change and the fear of the unknown. The interviewees indicated that a new idea was seen as a threat to the existing culture and employees would naturally resist.

4.7 Discussion of findings

The study aimed at establishing various challenges facing the implementation of strategies using the Balanced Scorecard at Nairobi City County Government. The study found out that the county has not fully implemented the balanced scorecard as a strategy implementation tool.

The findings indicated that there were various challenges that the Nairobi County Government faced in implementing the balanced scorecard. The study established that one of the challenges was that most of the implementers' were not involved in the designing of the strategic plan or the Balanced Scorecard. This has inhibited the implementation process as most of the employees' lack clear understanding of their role in the whole process; they are well equipped and skilled; however the learning process should be continuous and more frequent.

There is need to involve all employees who form part of the county government's stakeholders in formulation of the corporate strategy, for it to be successfully implemented. Freeman (1994) states that the focus of stakeholders is articulated on identifying what is the purpose of the firm and what is the responsibility of management to stakeholders. By the managers acknowledging the shared sense of the value they create, and what brings its core stakeholders together, the company is propelled forward allowing it to generate outstanding performance, determined in terms of its purpose. Bryson (1988) argues that failure to consider stakeholders interests will guarantee failure in the implementation of strategy.

The study established that politics in the county government was explicitly manifested and this posed a challenge to the implementation process. The MCAs derailed implementation process through constant wrangling. National politics also affect implementation process. Nairobi being the capital City means the national government is a lot more involved in what happens in the county. Funding and coordination of activities are dependent on political affiliations.

The study also established that transition from the Nairobi city council has given the county government powers and independence. MCAs are now more powerful and less accountable as in earlier case. Most of these MCA's are not knowledgeable about the Balanced Scorecard as a strategy implementation tool and thus they are either opposed to it or not concerned at all.

Organization structure is vital for successful BSC implementation. The study further established that the county government structure is unnecessarily tall, this increased bureaucracy since internal approvals have to go through so many stages. Bureaucracy is a hindrance to strategy and balanced scorecard implementation. It resulted in rigidity, inability to respond to the environment and in duplication of roles within the County.

Organizational culture is constitutes mostly values and beliefs that are held over time in the course of doing business. Therefore the match between the strategy and culture is crucial for successful BSC implementation process. The study carried out revealed that employees are still operating under the Council's general culture of complacency. They have high resistance new ways of doing things to especially new ideas and activities that are crucial for the implementation. The culture of complacency resulted to slow implementation of BSC.

4.7.1 Comparison to Theory

From the discussion, these results of the study are consistent with some of the theories stated in the literature review. Therefore the results help to support the said theories in terms of their predictions and consistency.

The study confirmed that though the NCCG had communication channels they were not effective to reach all staff to engage them in the BSC implementation. This was in agreement with what Kaplan and Norton, (2008) highlighted that communication systems were very critical in BSC implementation. When communication channels are poor it would pose as a challenge to BSC implementation, as was the case in the Nairobi City County Government.

The study confirmed that NCCG structure was critical for successful implementation of the BSC and posed a challenge. Decision making was slow and no room had been made for market dynamic and internal growth. Indeed (Kaplan and Norton, 2007) observed that challenges facing BSC originate from either design or process failure. The structure of the county by design was rigid and not responsive to the environment this was manifested in staff shortages and delay in service delivery.

The study also established the significance of stake holders. The Stakeholders theory states that in order for an organization to succeed and be sustainable over time executives must keep the interests of stakeholders aligned and going in the same direction (Freeman, 2004). The various stakeholders' interests had to be accounted for to reduce the challenge of implementation.

According to Drucker (1954), the broader principle behind MBO is to make sure that everybody within the organization has a clear understanding of the organization's goals, as well as awareness of their own roles and responsibilities in achieving objectives that will help in the implementation process. One of the challenges faced by employees of the county government is lack of clear understanding of their roles, this is consistent with the principle of MBO, for successful strategy implementation, everybody has to have a clear understanding of their role.

4.7.2 Comparison to Other studies

The results of the study also compares well with other studies done by various scholars. Professor Aosa (2002) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation. Organizations that have good company culture among their staff are usually seen to perform better in terms of profitability than those Organizations associated to bad company culture.

According to Othman (2009), one reason why balanced scorecard initiatives fail is very often organizations do not understand what exactly the Balanced Scorecard is and what its implementation involves. Balanced scorecard has had different meanings at different times: in the early 1990s, the focus was on developing financial and non-financial measures of performance; in the mid-1990s it moved to aligning the measures with strategy; in 2001 the balanced scorecard took its current shape as a strategy implementation tool. This is particularly true at the Nairobi City County Government, the respondents could relate more to Balanced Scorecard as a performance management tool as opposed to a strategy implementation tool.

A study by Okumu (2003), found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and lack of or poor planning activities. Further, that there was complacency, high levels of resistances and poor coordination of activities.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a comprehensive description of the output in which a summary has been made, conclusion, recommendations in terms of policies and practice, the study limits and the areas which the study perceives important for further investigation.

5.2 Summary of Findings

The objective of this study was to identify the challenges faced in strategy and balanced scorecard implementation at the Nairobi City County Government. The study revealed that challenges faced during the implementation process were communication, employee involvement, organization's culture & structure, political interference and transition. The study found that employees understood what the NCCG strives to achieve but due to poor communication in the organization and the fact that they were not involved in designing of the strategic plan and there was lack of clear individual role in the County.

The study established that politics affected strategy implementation in Nairobi county Government, through various MCA who derailed the strategy implementation, through national politics as Nairobi is the Capital city; there was politics in the allocation of funds to for implementation, politics affected individual role in the implementation process as well as the coordination of activities during implementation.

The study established that structure affect strategy implementation at Nairobi county government, this was through communication, individual role, co-ordination of activities, organization embraces freedom of expression during implementation. These finding

concur with the finding of Olson et al. (2005) mention that organizational structure (such as formalization, centralization, specialization, and integration) is a critical component of strategy implementation.

Transition affects implementation as the County government was able to fund its own projects without consulting the national government, county government strategy was in line with requirement of the County development and need rather than in line with national government strategy, with transition MCA politics affected strategy implementation and they were not held accountable as it was the case earlier.

Staff in the county government were well skilled and equipped to implement strategy in the organization, as the study found that employee were well trained in order to improve their ability to perform, employees were sharing organizational goal , employee acted as role model, there were training and development programmes designed to educate employees beyond the requirements of their current position so that they are prepared for a broader and more challenging role in the organization , employee participated in making job-related decisions and employee were very creative. The study found that government policy and legislation affected strategy implementation in Nairobi County, through aligning county strategy with national government strategy , aligning county strategy with vision 2030 and aligning the county strategy with various government regulation.

The study revealed that Nairobi County did have enough sufficient systems and technology for their strategy implement, as the study found that they had not invested in the latest technology and they were unskilled on the new technologies. The study also

revealed that there were force opposed to Nairobi government's strategic intent, which were political interference, legislation, lack of top management support and employee resistance to change.

5.3 Conclusion

The objective of this study was to determine the challenges of BSC implementation at the Nairobi City County Government. It was clear from the study that the NCCG desire to operate at optimum levels led to the development of strategic plan 2012-2017 that had incorporated the BSC as strategy implementation and performance measurement tool.

It was anticipated that the BSC tool would assist the County management achieve its strategic objectives and eventually deliver the vision. The balanced scorecard was drafted and the objectives, measures and initiatives were on point however the targets were not very clear. It was also to be used as a performance measurement tool as opposed to a strategy implementation tool and so at formulation the focus was performance and not strategy implementation. The Nairobi City County Government is therefore facing challenges on its implementation process. The County Government has struggled to achieve its objective due to various challenges affecting its strategy implementation process. These included Structure, culture, and communication, implementing staff, politics and transition problems.

The BSC should involve employees in making decision on matter focusing on implementation. Therefore, NCCG management should be inclusive in all matters focusing on BSC implementation. It should allow stakeholders like the staff members to participate fully from the formulation until the evaluation of BSC.

Effective communication channels should be put in place for the County Government to progress as a one towards attainment of its vision. The organization should also put in place measure for tracking down progress, facilitate learning and decision making in a quick manner and therefore increase the chance of achieving the same strategies.

5.4 Recommendations

The study recommends that in order for Nairobi City County Government to be able to effectively implement their strategies using the balanced scorecard, there is need to have an improved information systems, better leadership styles, timely assignment of key managers, effective budgeting for the implementation process.

There was need to reinforce the core values as stipulated in the strategic plan, the core values are Accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work. There is also a need to merge the performance contract and the BSC. The objectives in the BSC and the Performance contract should be merged. Management can then be evaluated based on their individual scorecard. Key Performance indicators (KPIs) can be used as a measure of attainment of the specified objectives.

The county government has in place a well drafted balanced scorecard; this tool should be used both as a performance measurement tool as well as a strategy implementation tool to achieve maximum benefit. The study recommends that during strategy formulation more consultation and involvement should be embraced to allow all cadres of staff to participate. This would have an effect of all staff owning up these strategies and hence smooth running during implementation.

It is further recommended that there should be adequate and frequent communication to the employees by the management on new developments affecting BSC implementation so that they understand the progress of implementation. The employees should also be rewarded for successful implementation of the strategy.

It is also important for the county to explore the possibility of constantly improving on its work environment, its culture and its management and leadership styles. It is by so doing that it will remain relevant in the current global arena in terms of providing quality service delivery. There was also a need to do culture assessment in order to come up with strategies that would facilitate culture of performance and at the same time drive fear away from the employees.

5.5 Limitation of Study

The study was focused on the top management staffs at the County who were best placed to identify challenges during implementation of the balanced scorecard and strategies. The respondents have busy schedule, it was a challenge for them to create time for the researcher to administer the interview guide, and hence the researcher took a longer time than anticipated to interview all respondents which delayed the study

The researcher also encountered problems in eliciting information from some respondents as others were not willing to elaborate much further. This slowed down the process, because the researcher had to ask some questions several times in different ways with the hope of getting more information.

The researcher met with a culture challenge when conducting the research that included the fact that the top officials ordinarily do not want to give information due to confidentiality. In addition, some of the interviewees did not find the subject to be of interest.

This study was also limited by other factors in that some respondents may have been biased or dishonest in their answers. More respondents, especially from the lower cadres would have been essential to increase the representation of the Nairobi City County Government team in this study and allowed for better check of consistency of the information given. However, the researcher did look for contradictions in the information given and no inconsistency were found.

5.6 Suggestion for Further Research Studies

The study confined itself to Nairobi City County Government. The researcher recommends that a similar research should be done for the other Counties in Kenya. This would enable scholars to compare and contrast these findings to other the Counties and make appropriate conclusion and recommendations. It would also assist the central and devolved governments to come up with the solutions to the challenges facing county governments that would be taking the BSC approach or any other strategy implementation tool.

Further research is required on the effect of BSC implementation at NCCG to enable a comparison to be made between the challenges and effects of BSC implementation to assist the NCCG in making amendments where necessary in order to achieve the desired performance and remain sustainable.

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APPENDICES

APPENDIX I

Interview Guide

This questionnaire has been designed for the sole purpose of collecting data on the Balanced Scorecard and strategy implementationat the Nairobi City County Government. The data collected will be treated with a very high degree of confidentiality and it is meant for academic purpose only.

1. Interviewee's managerial position:_____

2. Years with the Nairobi City County Government:_____

3. What is your role in the County's strategic implementation process?

4. What informed the adoption of the Balanced Scorecard at Nairobi City County Government?

5. Were other techniques for strategy implementation were considered?

6. How did the Nairobi City County Government construct its Balanced Scorecard to ensure that it covers all aspects of it operations?

7. What are the expected benefits of applying the Balanced Scorecard at the Nairobi City County Government?

8. Is there any relationship between the Nairobi City County Government Balanced Scorecard and its corporate strategy?

9. Do the contents of the Balanced Scorecard (objectives, target and measures) correlate with the actual objectives, targets and measures given to your division/section?

10. How was the concept of the Balanced Scorecard communicated to the entire organization?

11. Were any preparations doneto help with the rolling out of the Balanced Scorecard methodology?

12. Do think all employees understand what the Nairobi City County Government strives to achieve?

13. What challenges do you face in balanced scorecard and strategy implementation?

14. Does politics affect strategy implementation in Nairobi City County Government?

15. Does the organization's structure affect strategy implementation at Nairobi City County Government?

16. Has the transition from Nairobi City Council to Nairobi City County Government affected strategy implementation?

17. Do you think the staff in the county government is well skilled and equipped to implement strategy in the organization?

18. Is there anything you would like done in order for you to be able to use the BSC more effectively?

19. Comment on whether the BSC would have succeeded or failed in the current environment.

20. Is there any other information you would like to share about your experience in the implementation process?

THANK YOU

APPENDIX II

UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

MBA PROGRAMME

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex:　　22095 Varsity	P.O. Box 30197 Nairobi, Kenya

DATE...8ᵀᴴ MAR, 2016

TO WHOM IT MAY CONCERN

The bearer of this letter ...DORCAS AWINO OCHIENG......

Registration No...D61/79713/2012.....................

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

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

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

Thank you.
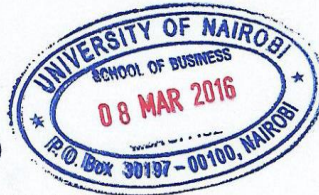
PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

APPENDIX III

NAIROBI CITY COUNTY CORPORATE STRATEGY MAP

This county corporate strategy map is a harmonized product of the Governors (7) pillars, devolved functions and the current strategic plan 2012/17 to facilitate implementation of the Balanced Scorecard (BSC) at the grass root level. It is a cause and effect diagram that shows how one perspective leads to the next and ultimately, delivery of the county mandate. Learning and growth will equip our staff with requisite skills to re-engineer our internal business process. Efficient process will lead to prudent financial management and ultimately better services to customers and stakeholders.

Mission

Create an attractive City, excellent governance and use of ICT technology in provision of services and enabling environment for investors, residents and all others to invest. work and live"

Improve Customer Service Delivery Satisfaction

Stakeholder/ Customer

Strengthen vision 2030 delivery

Improve Transport, Housing and Infrastructure

Strengthen law enforcement and security

Enhance needs and rights of the Vulnerable

Improve on water, energy, forestry, environment and natural resources

Enhance urban & per urban agriculture, livestock and fisheries

Enhance enterprise development and employment

Improve health services

Improve county's corporate governance

Enhance partnerships with customers & stakeholders (PPP)

Enhance education

Improve trade, industrialization. co-operative development. tourism and wildlife

Resource Management

Financial

Enhance resource mobilization

Enhance prudent financial management

Increase revenue

1

63

Enhance Quality Service Delivery

Internal Process	
Improve service quality	Improve business process	Improve risk management
Enhance responsive ICT system	Improve planning, lands and housing policies
Enhance monitoring and evaluation	
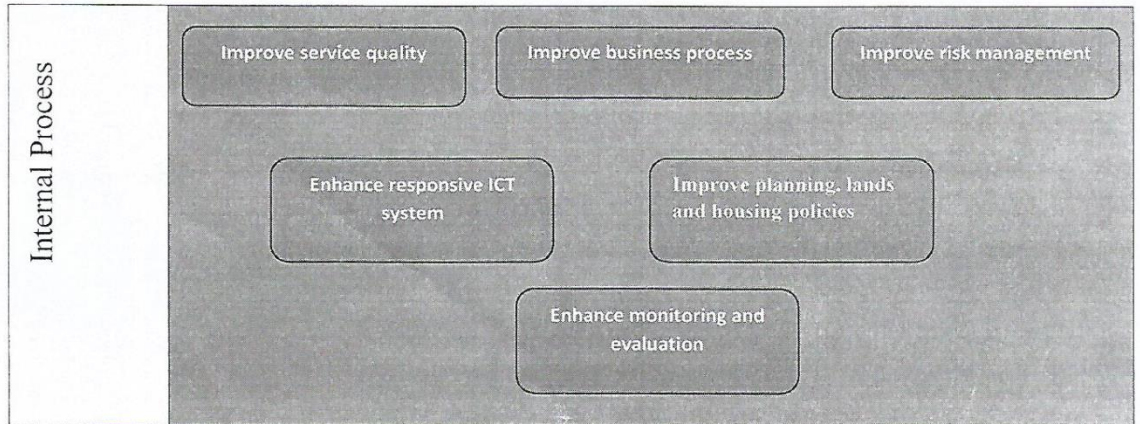
Strengthen Institutional Capacity

Learning and Growth	
Improve performance management	Enhance creativity and innovation	Improve technology and knowledge system
Improve alignment of employees to county strategic objective	Enhance team work	Enhance human capital competence
Enhance multi-skilling	

2
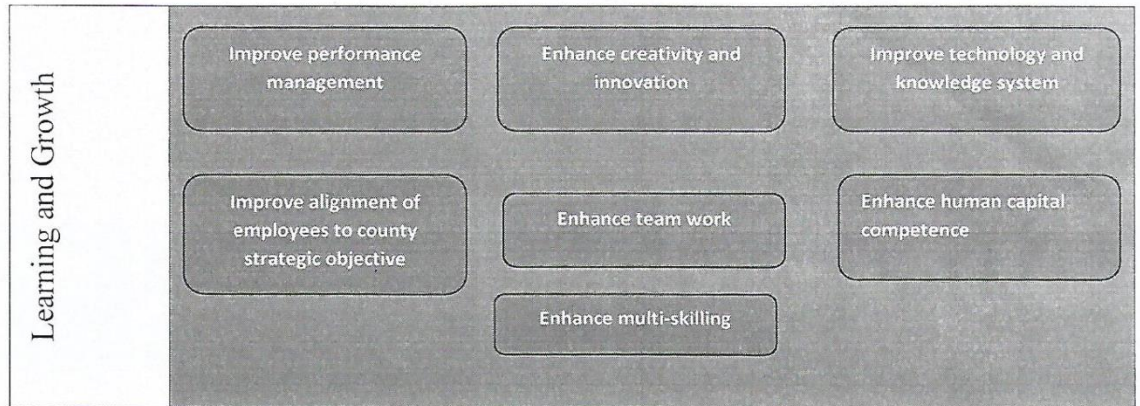
APPENDIX IV

Nairobi City County - Service Delivery Scorecard using the Balanced Scorecard (4) Perspectives

Perspective	Objective	Measure	Target	Initiatives
Customer Focus	Strengthen Vision 2030 delivery	No. projects	...	County Vision 2030 flagship projects
	Improve Transport, Housing and Infrastructure	% level improvement		County roads, Public Private Partnership, low income housing, Planning and land use, drainage, street lights, Fire and disaster, traffic and parkings, storm water, Non-motorized transport, urban renewal, county sites and service scheme etc.
	Strengthen law enforcement and security	% level adherence	100%	CCTV, Police visibility, Community policing, Nyumba Kumi initiative, Nairobi police metropolitan, Nairobi Safer City Initiative, review county by-laws, sensitization on law etc
	Enhance needs and rights of the Vulnerable	(%) level of empowerment index	...	Street children/families, Institution for aged, disabled, children etc, women, Gender balance, disability law, Bill of rights etc.
	Improve on water, energy, forestry, environment and natural resources	% level of improvement	....	Water supply, Sewer system, Solid waste management, dumpsites, Pollution control, public toilets, A forestation, designated forests and county parks, landscaping and beautification, soil conservation, rehabilitation closed quarries, Biodiversity conservation

1

Perspective	Objective	Measure	Target	Initiatives
	Enhance urban & per urban agriculture, livestock and fisheries	% level of improvement	....	Livestock and crop extension materials, On-Farm Demonstrations, Farmer/Group Trainings, Nairobi Trade Fair, Livestock quality services, Legal framework, National Urban and Peri-Urban Agriculture livestock and fisheries policy, Livestock marketing associations, County abattoirs, Plant and Animal Diseases Control, Aquaculture flagship projects, Animal control and welfare, Monitoring veterinary services etc
	Enhance enterprise development and employment	% level of improvement	...	Markets and Trade Services, Trade Licenses, Industrialization, Local Tourism, Cooperative Development, Intergovernmental Relations, Legislations
	Improve health services	(%) level of customer index	...	County Health Facilities and Pharmacies, Ambulance Services, Promotion of Primary Health Care, Cemeteries, Funeral Parlours & Crematoria Services, Epidemiology & Disease Control
	Improve county's corporate governance	(%) level of leadership index	...	CG framework, Transparency and accountability, Integrity, Structure, Professionalism
	Enhance partnerships with customers & stakeholders (PPP)	(%) Loyalty index	...	Public Private Partnership, Stakeholders forum

2

Perspective	Objective	Measure	Target	Initiatives
	Improve trade, industrialization, co-operative development, tourism and wildlife	(%) level of growth	...	Markets and Trade Services, Trade Licenses, Industrialization, Local Tourism, Cooperative Development, Intergovernmental relations, Legislations
	Enhance education	% level of improvement	...	Quality education, schools, technical and vocational training, literacy level
	Increase revenue	Kshs increase	...	Review the fees and charges, Revenue Enhancement Plan, Penalty on defaulters, Public awareness, News sources of revenue etc
	Enhance resource mobilization	Resources (Kshs)	...	Donor funding etc
Financial	Enhance prudent financial management	Audit report	Unqualified report	Compliance with set budget levels, Debt Resolution, Cost reduction, Utilization funds programmed activities, Financial management system, reduce malpractices etc

3

Perspective	Objective	Measure	Target	Initiatives
Internal Business Process	Improve service quality	(%) level quality services	100%	Standardized processes, ISO certification
	Improve business process	Time spent	...	Re-engineering of business processes, automation etc
	Inculcate a culture of integrity, transparent and accountability	% level risk prevention	....	Culture change, implementation of MoU between NCC and Ethics and Anti-Corruption (EACC), create synergy with other integrity institutions, risk management framework, citizen service delivery charter etc
	Enhance responsive ICT system	% level automation	...	ICT Policy, ICT Strategy, automation county core services, Communications Strategy, Website, LAN Network, Data Center Design, PABX Solution etc
	Improve city planning and lands management	(No.) of policies	...	Integrated development Master plan, planning and lands policies, land security tenure, construction permits county survey, informal settlement, regeneration urban spaces, regularize unauthorized development, valuation roll etc
	Enhance monitoring and evaluation	(No.) of Framework	...	Develop M&E framework, No. of projects monitored and evaluated, develop monitoring & evaluation system (automation) etc

4

Perspective	Objective	Measure	Target	Initiatives
Learning and Growth	Improve performance management	% level of performance	...	Institutionalize Results Based Management (RRI), Performance contracting, RBM and performance management framework, Incentives and sanctions etc
	Enhance creativity and innovation	(%) level of innovation	...	Framework, Think tanks, brainstorming etc
	Improve technology and knowledge system	% level of improvement	...	New modern technology, resource centers etc
	Improve alignment of employees to county strategic objective	(No.) of employees	...	Target setting, develop comprehensive monitoring and evaluation framework, establish performance strategic plan measures and metrics across all the county sectors/ departments/ sub-counties, translation of strategy in to operational terms, Sensitization of the strategy to all County staff etc
	Enhance team work	(%) level employees index	...	Team building, workshops etc
	Enhance human capital competence	(%) level of competence	...	Training development etc
	Enhance multi-skilling	% level of performance	...	Training, benchmarking, peer to peer review mechanism

5

APPENDIX V

pNairobi City County Strategy House

Developing a strategy house can be
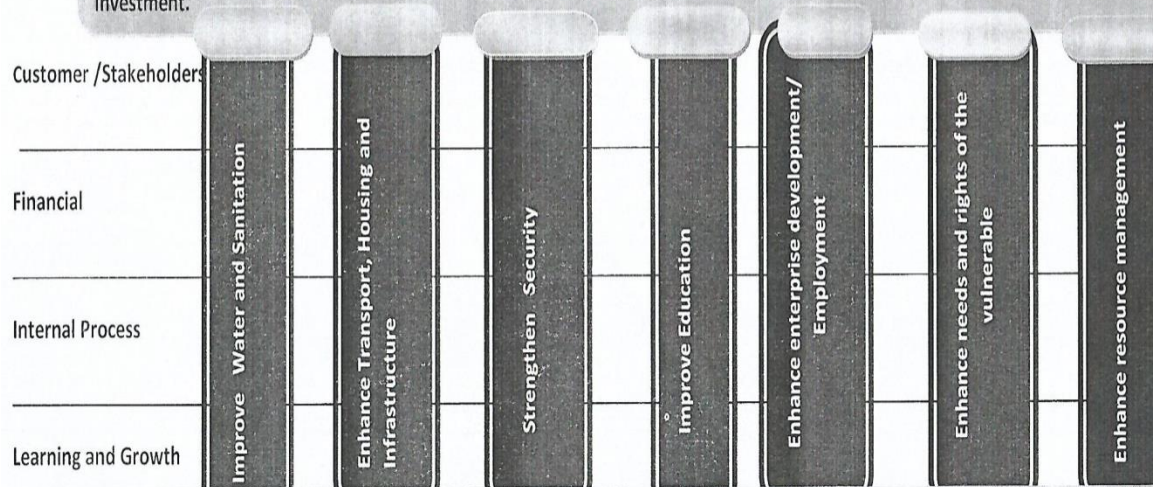
Compared building a custom house

MISSION

To create an attractive city, excellent in governance and use of ICT technology in the provision of services and enabling environment for investors, residents and all others to invest work and live.

VISION

To be the city of choice in Africa for all to invest, work and live.

Strategic Results

Establish adequate capacity, institutionalized legal framework, achieve financial viability and sustainability and promote a favorable investment.

	Improve Water and Sanitation	Enhance Transport, Housing and Infrastructure	Strengthen Security	Improve Education	Enhance enterprise development/ Employment	Enhance needs and rights of the vulnerable	Enhance resource management
Customer /Stakeholders							
Financial							
Internal Process							
Learning and Growth							

Core Values: Accountability, Honesty, Integrity, Respect, Fairness and Equity.

Our Drivers: Shared Vision, Well Executed Strategy, Innovation, Efficient Communication and Processes, Well-Motivated Staff

APPENDIX VI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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NAIROBI-KENYA

Ref: No.
NACOSTI/P/16/87007/11226

Date:
23rd May, 2016

Dorcas Awino Ochieng
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *"The balanced scorecard and strategy implementation challenges at the Nairobi City County government,"* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **23rd May, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.