APPLICATION OF THE BALANCED SCORECARD IN PERFORMANCE MANAGEMENT AT KENYA COMMERCIAL BANK

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ABSTRACT

Performance management, however, is an evolution of the latter which adopts a future-oriented strategic focus and is applied to all employees in a workforce in order to maximize their current performance and future potential. Banks have continuously adopted various performance management measurements aimed at improving their staff productivity as well as communicating the company’s strategies. There is need to know how such measurements affect the operations of the banks and also their effect on employees performance. The objective of the study was to establish the application of the balanced scorecard in performance management at Kenya Commercial bank. The research design for this study was a case study. The study made use of both primary and secondary data. The data collected was qualitative in nature. Primary data was obtained from banks middle level management with use of an interview guide. The secondary data was obtained from the banks documented strategies and any other relevant information about the bank. From the study findings balance scorecard as a performance management tool, has effects on employee job satisfaction. From the research findings, the use of balanced scorecard in measuring employee performance at Kenya Commercial Bank, indicate that employees view the measure depending on how well they understand the tool. Those who have a better understanding seemed more satisfied with the performance management system used in relation to their jobs and roles in the organization compared to those who had a lesser understanding of the performance management system used. From the findings also, effective and open communication with employees on the purpose and use of balanced scorecard as a performance management system should be incorporated. Communicating with the employees in the right way will help them understand balanced scorecard and how they can use it to improve their performance and more so boost their job satisfaction. Though the research achieved its objectives, there were two major limitations firstly, because of the time limit this research was conducted only on a small sample size. Therefore, generalizing the results for a bigger organization should have involved more participants at different levels. Secondly, the respondents are governed by the organizations secrecy bond. This is whereby the staff members of the organization are not supposed to give any information relating to the organization to a third party. Therefore some respondents were not free enough to respond to the interview. This study focused on the assessment of the application of the balanced scorecard in performance management at Kenya Commercial Bank, it is therefore recommended that similar research should be replicated in other financial institutions who have implemented balanced scorecard and the results be compared so as to establish the consistency on the use of balanced scorecard in performance management.