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**FACTORS INFLUENCING THE IMPLEMENTATION OF BALANCE
SCORECARD IN INSURANCE COMPANIES IN KENYA**

JANE GICHUKI

**Dissertation submitted in partial fulfillment of the requirements for the Degree of
Master of Business Administration (MBA) at Strathmore University**



OCTOBER, 2020

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis/dissertation (use as appropriate) contains no material previously published or written by another person except where due reference is made in the thesis/dissertation itself.

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MBA/93052/16

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Approval

The thesis/dissertation of **JANE GICHUKI** was reviewed and approved for examination by the following:

Professor Hazel Gachunga (Supervisor)

Strathmore Business School

Signature..... 

Date..... 15/10/2020

Dr. George Njenga

Executive Dean

Strathmore University Business School.

Dr. Bernard Shibwabo

Director, Office of Graduate Studies

Abstract

The Balanced Scorecard (BSC) complements financial measures of past performance with measures of the drivers of future performance. While many companies already have performance measurement systems that incorporate financial and non-financial measures, they are often only used for control and feedback of short-term operations at a corporate level. This study sought to determine the factors influencing the implementation of balance scorecard in insurance companies in Kenya. Specifically, the study looked at the following objectives; to establish the effect of team involvement on BSC implementation in insurance firms, to determine the effect of resource allocation on BSC implementation in insurance firms, to establish the effect of leadership involvement on BSC implementation in insurance firms. To investigate the intervening effect of culture on the relationship between the factors and implementation of BSC. This study employed a descriptive research design. The study focused on the CIC General Insurance Limited and Britam General Insurance Limited companies which were selected purposively due to their registered improving growth over years. The study employed the use of a structured questionnaire in data collection. The study used both quantitative and qualitative techniques in analyzing the data. Descriptive analysis was employed; which include computation of medians and relative frequencies. Inferential statistics by way of ordinal logistic regression was performed to assess the relationship between the variables. Results indicate that only organization culture bore a positive relationship with strategy implementation although this relationship was not statistically valid. The main implication of the study, therefore, was that there is a need for further research on the peculiarities of operation within insurance companies in Kenya given that extant literature indicates a positive relationship between the factors resource allocation, leadership involvement, team involvement and the dependent variable strategy implementation.



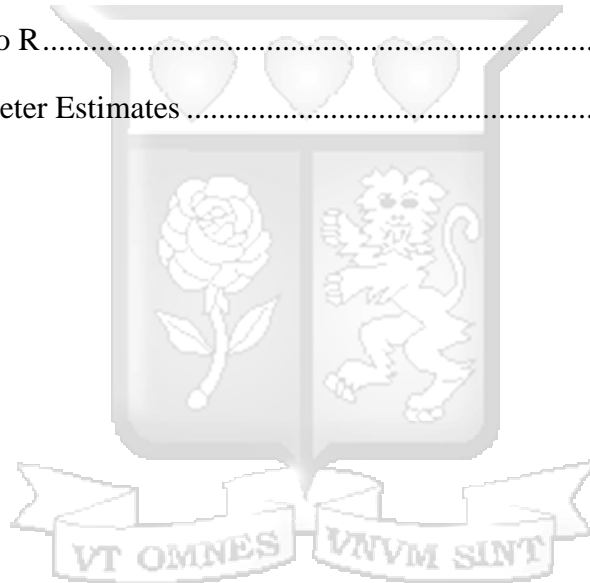
TABLE OF CONTENTS

DECLARATION	ii
ABSTRACT	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
LIST OF ABBREVIATIONS AND ACRONYMS	viii
ACKNOWLEDGEMENTS	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the study	1
1.1.1 BSC Implementation.....	2
1.2 Problem Statement	8
1.3 Study Objectives	9
1.4 Research Questions.....	10
1.5 Scope of the Study	10
1.6 Significance of the Study	10
CHAPTER TWO: LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 The Concept of the Balanced Scorecard model	12
2.3 Theoretical Review	13
2.4 Empirical Literature	14
2.5 Research Gaps.....	22
2.6 Conceptual Framework.....	22
2.7 Operationalization of variables	24
2.8 Chapter Summary	25
CHAPTER THREE: RESEARCH METHODOLOGY	26
3.1 Introduction.....	26

3.2 Research Philosophy	26
3.3 Research Design.....	26
3.4 Target Population.....	27
3.6 Data Collection Instruments.....	28
3.6 Pilot Test	28
3.7 Data Analysis and Presentation.....	29
3.8 Ethical Considerations	30
CHAPTER FOUR: RESULTS AND DISCUSSION.....	32
4.1 Introduction.....	32
4.2 Response Rate.....	32
4.3 Reliability Results.....	32
4.4 Respondents' Profile.....	33
4.5 Descriptive Statistics.....	36
4.6 Inferential statistics	41
4.7 Comparative Trend Analysis	55
CHAPTER FIVE: CONCLUSION RECOMMENDATIONS LIMIATIONS AND AREAS FOR FUTHER STUDY	61
5.1 Introduction.....	61
5.2 Conclusion	61
5.3 Recommendations.....	62
5.4 Limitations of the study	63
5.5 Areas for further study	63
REFERENCES.....	64
APPENDIX I: LETTER OF INTRODUCTION.....	73
APPENDIX II: QUESTIONNAIRE.....	74
Secondary Data Collection Sheet	78
APPENDIX III: LIST OF REGISTERED INSURANCE FIRMS IN KENYA	79

LIST OF TABLES

Table 2.1 Operationalization of variables	24
Table 4.1: Response Rate	32
Table 4.2: Reliability Results	33
Table 4.3 Descriptive Statistics	36
Table 4.4 Case processing Summary.....	47
Table 4.5 Model fitting information.....	48
Table 4.6 Pseudo R.....	48
Table 4.7 Parameter Estimates	49



LIST OF FIGURES

Figure 2.1 Conceptual Framework	24
Figure 4.1: Gender of the Respondents	34
Figure 4.2: Age of the Respondents (Percentage)	34
Figure 4.3: Level of Education of Respondents	35
Figure 4.4: Duration in the Company	36
Figure 4.5 Team involvement median scores	38
Figure 4.6 Resource allocation median scores	39
Figure 4.7 Leadership involvement median scores	39
Figure 4.8 Organizational culture median scores	40
Figure 4.9 Implementation Median Scores	41
Figure 4.10 ROA Comparison for CIC and Britam	56
Figure 4.11 Customer Satisfaction Index for the Period	57
Figure 4.12 Learning Perspective for the Period	58
Figure 4.13 Internal Business Process Perspective	59

List of Abbreviations and Acronyms

AKI-Association of Kenyan Insurers

BSC- Balanced Scorecard

CEO- Chief Executive Officer

Ken Gen- Kenya Electricity Generating

NSE- Nairobi Securities Exchange

PIC- Pacis Insurance Company

PPP- Private Public Partnership

RBV- Resource-Based View

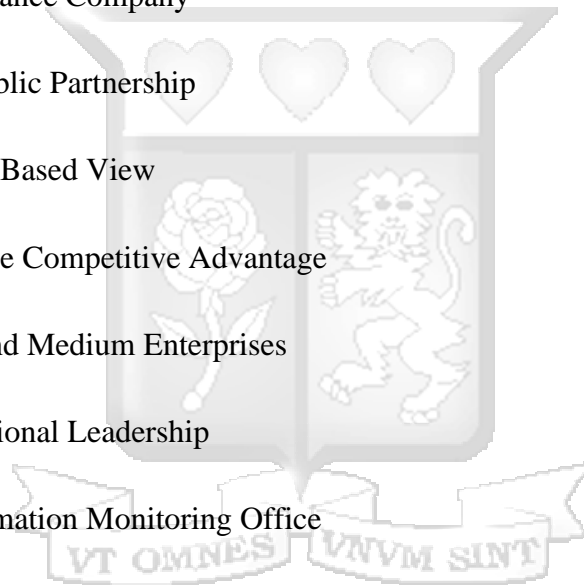
SCA- Sustainable Competitive Advantage

SMEs –Small and Medium Enterprises

TL-Transformational Leadership

TMO- Transformation Monitoring Office

US- United States



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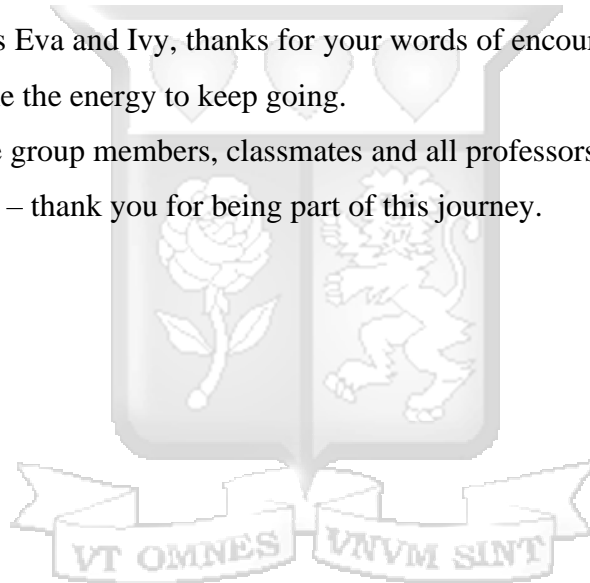
My greatest gratitude is to the Almighty God for strength and provision, as this far He has made it possible.

I am also thankful to Prof, Hazel Gachunga, my supervisor, for her support and guidance, especially during the initial stages of defining the scope of this research. I will forever be grateful.

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To my syndicate group members, classmates and all professors who imparted immense knowledge to us – thank you for being part of this journey.



CHAPTER ONE: INTRODUCTION

This chapter gives a background of the study, describes the statement of the problem, and explains the objectives of the study, research questions and scope of the study.

1.1 Background of the study

In the global context, the outcome of Balanced Scorecard (BSC) implementation, according to Taylor and Taylor (2014), are scarcely understood with the dearth of publications currently indicating that such factors as the size of the organization have a bearing on the outcome of the success or lack thereof of BSC implementation. Braccordo (2015) in a study conducted among health facilities in Italy however opines that the tool is used more as a control than a strategy implementation tool and the outcome of this is the limitation of beneficial outcome attributed to BSC use. According to Braccordo (2015) consideration of user, economic and financial performance outcomes, in the utilization of BSC allows for the gaining of a wide variety of benefits. The current study seeks to assess the various factors that affect the implementation of BSC in the insurance context with the anticipated outcome being articulation of the bottlenecks in the industry; bottlenecks that if addressed then allow for achievement of user, economic and financial performance outcomes of practical benefit to stakeholders of the insurance industry in Kenya.

In the regional context, Ahmed, Mohamed and Khalil (2014) studied the relationship between Transformational Leadership and Balanced Scorecard in South Valley University, Egypt. Results from their study showed that there is a significant relationship between transformational leadership and balanced scorecard. Khomba, Vermaak and Hanif (2012) posit that the studies on the BSC in the African context should be precluded by an assessment of the defining values of the tool in light on the African setup. According to the researchers, BSC is crafted to fit the Western capitalistic system which highlights profit making for investors as the sole motivation for businesses and financial pursuits. This presupposition does not necessarily hold true in the African context where a more social and humanist approach to society is practiced. The defined demarcations of interests by stakeholders, inherent in BSC, may not therefore be as apparent in the African context. As an example, Khomba, Vermaak and Hanif (2012) note that corporate governance approach practiced in Africa is different in that it not only focuses on the shareholders but multiple stakeholders within

the community. This observation is supported by the dearth of empirical publications on BSC implementation in the African context with available studies centered on countries embracing a more western inclination to business operations – countries like Kenya.

In the local context, BSC utilization has been apparent in various industries. Kebu (2015) studying the strategy implementation in the Kenya Electricity Generating Company (KenGen) concluded that KenGen has successfully applied the balanced scorecard technique to effectively implement strategy. The major factor that emerged is that the balanced scorecard has been used as a tool to communicate and clarify strategy and directions within the business, gain consensus and therefore rally the organizational members in the same direction. Kiio (2014) sought to establish the extent of balanced scorecard application in a strategy implementation at the ICEALION Group. Findings from the study indicate that top management support is very crucial for the implementation of the balanced scorecard and full realization of the corporate vision. In a study similarly focused on the insurance industry in Kenya, Misawo (2016) examined factors influencing balanced scorecard implementation in the insurance sector in Kenya by studying Pacis Insurance Company Limited. Findings revealed that organizational culture played a great role in the implementation of BSC hence its adoption led to a continuous learning and improvement process. Internal business operations strongly emerged after organizational culture, thereby demonstrating the improved coordination of the middle level management that led to effective and better decision making. This finding is in keeping with that put forward by Kiio (2014). The current study adds to the body of knowledge by employing a multifaceted approach in assessing performance and by considering nascent relationships between the dependent variable and literature-identified explanatory variables that have previously, to the knowledge of the researcher, not been studied concurrently. Additionally, the study tests the intervening effect of organizational culture as a factor affecting performance in BSC implementation.

1.1.1 BSC Implementation

The BSC provides a framework, which encourages the use of both financial and non-financial measures of performance, allowing a company to pinpoint its strategic objectives via balancing four perspectives which are financial, customers, internal business processes, and learning and growth in order to measure firm performance (Kaplan & Norton, 1992). The effectiveness of the

balanced scorecard is based on its capability to translate a company's mission and strategy into a comprehensive set of performance measures (Kaplan & Norton, 2001). The balanced scorecard approach involves identifying the key components of operations, setting goals for them, and then exploring ways to measure progress toward achieving those goals. Taken together, the measures provide a holistic view of what is happening both inside and outside the firm or operational level, thus allowing each constituent of the firm to see how their activities contribute to attainment of the firm's overall mission (Tuan, 2010).

Kaplan and Norton (1992) highlighted that the BSC would improve firm performance. The expected benefits of implementing the BSC as identified by Kaplan and Norton (1992) are that it helps managers to clearly identify the measures that could clearly represent the organization's long term strategy; facilitates leaders to mobilize organizational change towards performance improvement; provides a comprehensive framework for managers to translate the company's mission and vision into a coherent and linked set of performance measures; improves the firm's ability to align its corporate, business units, support units, external partners and its board with the strategy; increases employee motivation; it can use the measure as a communication tool, and it uses the measure to provide balance between the desired outcomes and the drivers of the outcomes (Kaplan & Norton, 1996; Kaplan & Norton 2001).

Kaplan and Norton (2001) further noted that although many companies enjoy the benefits from their Balanced Scorecard management systems, implementation failures do occur. They observed that more often than not, these disappointing results are self-inflicted, owing to factors internal to the business rather than attributable to external events. Kaplan and Norton (2001) categorized these pitfalls into two categories- design failures and process failures. Design failures occur when companies build poor Balanced Scorecards. This is when companies use too few or too many measures in their perspectives, failing to obtain a balance between the outcomes they are trying to achieve and the performance drivers of those outcomes. Design failures also occur when units within the company are not aligned with an overall strategy. Process failures are due to poor organizational processes which include; lack of senior management commitment, too few individuals involved, involving only senior executives, treating the Balanced Scorecard as a systems project, hiring inexperienced consultants and introducing the Balanced Scorecard for compensation only.

1.1.2 Team Involvement

Team involvement refers to the energy, enthusiasm and engagement with which the employees do their work. Macey views employee engagement as concerning both feelings of engagement (focus and enthusiasm) and engagement behavior (pro-activity and persistence) (Macey, 2008).

Althunaian (2012) stated that the main objective of the implementation of BSC is to improve organizational performance. He further noted that, to achieve this, companies have to facilitate the flow of information through top-down and bottom-up channels. Information on what are perceived to be the key success factors for the strategy needs to be communicated effectively to staff members at all management levels. Furthermore, he found that the process of learning may enhance the understanding of the main drivers of business success.

Omollo, (2015) studied the balanced scorecard as a strategy implementation and performance measurement tool at the parliamentary service commission of Kenya. In this study, Omollo recommended that for successful application of the balanced scorecard, all staff must be involved and must understand the meaning and objectives of the balanced scorecard, and that all departments must be aligned towards achieving organizational objectives.

Van der Maas (2016) noted that involving employees has the following positive influences on strategy execution - it increases the quality of the strategy. Employee participation allows top management to tap into the specialized knowledge of lower-level employees since these employees have specific knowledge about operational and day-to-day activities. Participation increases employee commitment to the strategy. A common cause of failure in strategy implementation is that affected managers and employees are not involved from the start in the strategy formation process.

The extent to which team members are committed or agree and cooperate with a strategy has a large influence on the manager's ability to implement that strategy. Participation increases the self-confidence, motivation and performance of employees (Van der Maas, 2016). A strategy that is developed without the involvement of relevant employees is likely to be resisted during implementation by the affected employees. By involving middle managers and employees, top management can try to formulate a strategy in which the goal alignment of the organization and

employees is as high as possible. Participation allows management to stay in touch with lower levels of the organizations. By allowing employee participation, management may find out where there is support for the proposed strategy and where resistance can be expected. This can be helpful for communicating the strategy to the organization and obtaining organizational member commitment to the strategy. A failure to involve key people often results in implementation failure (Van der Maas, 2016).

1.1.3 Resource Allocation

Organizational resources ensure that working environment is conducive for the employees to work comfortably and exploit their skills in strategy implementation. Financial and other resources should be made available to employees to facilitate the implementation process. The conflict between strategic plans and budgets is the most commonly perceived area of dissonance (Judson, 2009). In many firms, strategic planning is so divorced from budgeting such that budget preparation precedes strategy formulation. This leads to failure to allocate adequate financial resources for strategy implementation. Thompson and Strickland (2013) add that organizational units need sufficient budgets and resources to carry out their parts of the strategy process effectively and efficiently. Koske (2003) argues that here are mainly four types of resources that can be used to achieve the desired objectives; financial, physical, human and technological resources. The resource allocation is a management activity that allows for strategy implementation.

1.1.4 Leadership Involvement

Leadership is an essential element of effective strategy implementation. Recognition must be given to the role of leadership in organizations. Leadership is the force that causes change. It is the single most visible factor that distinguishes change efforts that succeed from those that fail. It encompasses the qualities required in the entire strategic management process. Four areas of leadership behaviour are the determination of objectives, the manipulation of means, the control of the instrumentality of action and the stimulation of co-ordinated action (Thompson, Strickland & Gamble, 2007).

Different leadership styles can be appropriate for different strategy implementation situations (Mockler, 2013). Determining which leadership style or combination of styles might be most effective in a situation depend on situation factors e.g. nature of company, industry or competitive market. Leadership involves the role of the CEO and key or senior managers in the organization. The CEO is accountable for a strategy's success. He is a symbol of the new strategy. The CEO's actions and the perceived seriousness of his or her commitments to the chosen strategy, particularly if that strategy represents a major change, significantly influence the intensity of subordinate managers' commitment to implementation (Pearce, Robinson &Subramanian 2000).

Thompson and Strickland (2013) summarizes that the role of a strategic leader includes fostering a strategy supportive climate and culture, keeping the internal organization responsive and innovative, empowering champions, dealing with company politics and leading the process of making corrective adjustments.

1.1.5 Organizational Culture

A pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore is to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Detert, Schroeder & Mauriel, 2000). This includes organizational values, visions, norms, working language, systems, symbols, beliefs and habit. Scapens and Roberts (2013) suggested that organizational culture is a vital factor affecting resistance to management accounting change. He added that people in business units with more innovative cultures are more likely to respond positively to new management techniques, then increasing the chance of their success, while the converse will apply in units with less innovative cultures.

Chatman and Cha (2003) suggest that culture relates strongly to strategy implementation. Implementation of strategy should fit the cultural setting of an organization so as effectively deal with cultural biases which area 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 (2012) 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.

1.1.6 Insurance Companies in Kenya

It is the early European settlers who introduced insurance in Kenya. In 1904, the London and Lancashire Insurance Company appointed agents for fire business in Nairobi. In 1922, Royal Exchange Assurance opened a branch office in Kenya and was followed by the Commercial Union in 1929 (Wachira 2008). Until the late 1970s, the Insurance industry in Kenya operated in a rather stable environment. There was little demand for services, the products offered were standardized, government supervision was minimal and competition relatively low.

The insurance industry in Kenya has grown to be a key component of the Kenyan financial sector. Unlike the other players in the financial sector however, the insurance industry is more complex in its structure in that it is made up of more than just insurance companies. Reinsurance companies, brokerage companies and insurance agents, are also part of the industry. As at the time of the study, there were 55 insurance companies including reinsurance corporations, 206 insurance brokerage companies and 11 reinsurance brokerage companies (AKI, 2019). The industry is regulated by the Insurance Regulatory Authority (IRA) under the insurance act (cap 487) (Anyona, 2017).

As of 2018, only four countries registered real growth in premium income in the African region – Morocco (8.9%), Nigeria (6.4%), Zimbabwe (3.5%) and South Africa (0.2%). In Kenya, the sector recorded 216.26 billion in gross premiums showing stability albeit a profit decline of 46.7% as compared to profits from the previous year. The industry's asset-base however improved substantially by 7.5% with the bulk of the increase attributed to increased investment in the

industry. An assessment of insurance penetration however remains that the country remains underserved with respect to insurance services with only 2.4% of the GDP serviced through direct insurance premiums. There was however substantial increase in spending in insurance within the year with the insurance density (ration of insurance premiums to population) increasing 4455 in 2017 to 4525 in 2018 (IRA, 2018).

1.2 Problem Statement

BSC has been said to be capable of enforcing the achievement of corporate strategies especially as there are causal relationship between the performance of the organization and the effective management of the dynamics of the four perspectives (Kaplan & Norton, 2006). Kaplan and Norton (2006) indicates that the implementation of BSC would result in improved operational performance, increased profit, improved communication among staff, improved long and short-term planning process, and better management of intangibles including capabilities and human capital. Also, adoption of BSC influences the allocation of resources, the reward for performance, support innovation and position the organization competitively to function effectively and efficiently in a competitive environment. BSC is said also to help managers to understand the numerous interrelationships and causal effects of internal and external factors that affect the firm in order to manage their operations much more optimally (Huang, 2009).

The insurance sector is highly competitive and has a very dynamic market. This makes the companies in the sector to continually create, implement, assess and improve on strategies so as to remain relevant and competitive in this market. Although many of the insurance firms in Kenya have been implementing strategies by use of BSC model, it has been noted that most of these BSC strategy implementation projects fail. It is thus obvious that BSC strategy implementation is a key challenge. There are many factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control.

Despite these problems in implementation, there is scanty local research on this important field of strategic implementation to shed light on the best way to carry out the implementation process. Kebu (2015) investigated the linkage of the balanced scorecard and strategy implementation at the Kenya electricity generating company. The study was conducted in KenGen and suggested future

studies on other companies. Kairu *et al.*, (2013) assessed the effects of balanced scorecard on performance of firms in the service sector. The study suggested future studies to focus on other firms other than the public service sector. Further, Ondogo Achieng & Juma (2016) determined the role of Balance Score Card on the performance of international schools in Kenya: A Case Study of Brookhouse Schools Ltd. The study recommended further research to get empirical evidence on the impact of the Balance score card on organizational performance compared to other performance measures to see which one is more effective. Furthermore, Muriithi and Iravo (2015) did a study to evaluate the use of balance scorecard methodology on performance of telecommunication companies in Kenya using a case of Safaricom Limited. All the aforementioned research studied BSC model as a strategic management implementation tool to enhance performance. This study therefore sought to establish the factors influencing the implementation of BSC in insurance companies in Kenya. This would help determine if the right drivers are used in BSC implementation.

1.3 Study Objectives

The general objective of the study was to establish the factors influencing the implementation of BSC in insurance companies in Kenya.

1.4.1 Specific Objectives

- i. To establish the effect of team involvement on BSC implementation in insurance firms in Kenya.
- ii. To determine the effect of resource allocation on BSC implementation in insurance firms in Kenya.
- iii. To establish the effect of leadership involvement on BSC implementation in insurance firms in Kenya.
- iv. To investigate the intervening effect of organizational culture on the relationship between team involvement, resource allocation, leadership involvement and BSC implementation in insurance firms in Kenya.

1.4 Research Questions

- i. What is the impact of team involvement on BSC implementation in insurance firms in Kenya?
- ii. What is the effect of resource allocation on BSC implementation in insurance firms in Kenya?
- iii. What is the impact of leadership involvement on BSC implementation in insurance firms in Kenya?
- iv. What is the impact of organizational culture on the relationship between team involvement, resource allocation, leadership involvement and BSC implementation in insurance firms in Kenya?

1.5 Scope of the Study

The study was based in Nairobi. It was carried out in Britam General Insurance Limited and CIC General Insurance Limited. With regard to methodology, a quantitative approach featuring the use of structured questionnaire data was used to make inferences on the objectives of the study. The questionnaire issuance and collection period took a total of two months with a subsequent month employed in analysis of the data. The chosen companies, Britam General Insurance limited and CIC General Insurance Limited were chosen since they have been registering improved growth over years according to the report by (AKI, 2016).

1.6 Significance of the Study

The study results are of benefit to the management of insurance firms. This is because the findings allow for understanding of the best strategy to use in implementing the BSC model in order to have improved performance. As for the government of Kenya, and specifically the county government, findings may be used to come up with policies to ensure an enhanced performance in the insurance industry that satisfies the employees, customers and the insurance firms. The study further adds to the existing literature on implementation of BSC in various organizations. Academicians through the study findings are in better positions to understand how the BSC model implementation is done and use this information in furthering this field of strategic management. Specifically, with regard to theory, empirical findings emanating from the study served to show

that, in keeping with observations by Khomba, Vermaak and Hanif (2012) the presuppositions used to craft by BSC may not necessarily be relevant to the African context therefore a more suitable implementation tool may be necessary for the region.



CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter explored the literature that focuses on the BSC model strategy implementation. It also entailed conceptual framework and theoretical framework. The empirical review addressed the various studies that had been done on the area.

2.2 The Concept of the Balanced Scorecard model

This innovative, multi-dimensional performance model was developed by Kaplan and Norton (1992) for the purpose of organizational performance evaluation and control. Over time, the BSC model has been applied as a dynamic method of measuring performance and as a means to adapt to both internal and external changes, thereby serving as a technique for long-term strategic planning for an organization (Ibrahim, 2015).

The heart of the balanced scorecard is a framework of four major categories or perspectives for strategy implementation – financial, customer, internal business processes, and learning and growth. The financial perspective asks how the organization should appear to shareholders so that the company can succeed financially. This perspective indicates if the business is improving the bottom line, measuring items such as profitability and shareholder value (Kaplan & Norton, 1992). Financial objectives reflect economic consequences of actions already taken in the other perspectives. The customer perspective asks how an organization should appear to customers to achieve the organization's vision (Kaplan & Norton, 1992). Customer objectives identify customer and market segments where the business would compete and what performance would be expected for these targeted segments. The scorecard focuses on customer concerns primarily in four categories: time, quality, performance and service, and cost. The internal business process perspective asks what business processes the organization should excel at to satisfy shareholders and customers. This perspective measures the internal business processes, core competencies, and technologies that would satisfy customer needs (Kaplan & Norton, 1992). Lastly, the learning and growth perspective asks how the organization would sustain its ability to change and improve to achieve the organization's vision. The learning and growth perspective identifies the organization's infrastructure needed to support the other perspectives' objectives. This perspective

measures a company's ability to innovate, improve, and learn, such as the ability to launch new products (Kaplan & Norton, 1992).

2.3 Theoretical Review

This section presents a discussion of the foundation of the current study. In essence, the section shows the objectives interface with the resource-based view. The theory is used to establish the nature of the relations posited in the current study with the subsequent empirical review operationalizing the variables of the objective.

2.3.1 Resource-Based View

The Resource-Based View (RBV) formulation is accredited to Wernerfelt (1984). The model supposes that competitiveness can be attained by innovatively delivering superior value and quality to customers. The extant literature focuses on how a firm can successfully use its resources to develop a sustained competitive advantage in the aggressively competitive market. International business theorists have demonstrated the success and failures of firms across boundaries by comparing the degree of competitiveness of their subsidiaries in emerging markets. The local knowledge that is provided by a subsidiary or local alliance later becomes an imperative resource for determination of value as per the local requirements (Gupta & Govindarajan, 2011). The theory perceives resources to be inputs of a firm's production process and categorizes them into; human capital, organizational capital and physical capital (Currie, 2009).

In RBV model, capability is the inherent capacity for a set of resources to successfully perform stretch tasks of a given activity. Every organization has a collection of unique capabilities and resources that provide the basis for developing their strategy and the primary source of its returns. A firm is a collection of changing capabilities and resources that is managed dynamically in pursuit of greater returns. The differences in firms' performances can be attributed primarily to their difference in unique resources and capabilities rather on the structural characteristics of the said industry (Currie, 2009). The significance of the resource-based approach in this study is that it brings out strategic management of resources which affects strategy implementation in insurance companies. Such resources are human resources (employees, transformational leaders), financial resources physical resources and organizational resources (organizational culture).

2.4 Empirical Literature

Taylor and Taylor (2014) posit that whereas the effect of firm size has been confirmed, in keeping with the contingency theory, to be apparent in many managerial practices, little has been done to assess the impact of the phenomenon on performance measurement systems. As an example, firm size has been shown to be of varied bearing to the success of quality management; whereas some small firms fair well with quality management, large one, have also been shown to prosper more than smaller counterparts (Tayler & Taylor, 2014). Among the aspects deemed pivotal to success of performance measurement systems management is the presence of information systems with larger firms deemed more likely than smaller ones to have the systems. Consequently, large firms are more likely to successfully implement such systems as BSC. Taylor and Taylor (2014) through the testing of eight hypothesis of pertinence to performance management systems conclude that size in indeed a significant influencer of the success of BSC utilization and implementation in organizations.

Kebu (2015) investigated the linkage of the balanced scorecard and strategy implementation at the Kenya electricity generating company. The study investigated the strategy implementation process at Ken Gen. It also sought to establish the practices adopted by KenGen in strategy implementation. Further, the study sought to establish the challenges encountered by KenGen in implementing its strategies. To obtain primary data, which was qualitative in nature, six top level executives were interviewed by use of interview guide. Secondary data was obtained from management information system, internet and printed records. The data collection instrument used was a semi-structured interview guide that was flexible and which gave the researcher an opportunity to probe further. Data was analyzed in accordance with the objectives of the study using content analysis method. Findings from the study indicated that various best practice principles were applied in strategy implementation at KenGen such as measuring the attainment of targets using the balanced scorecard and monitoring the implementation process by the Transformation Monitoring Office (TMO). The study concluded that KenGen has successfully applied the balanced scorecard technique to effectively implement strategy. The major factor that emerged is that the balanced scorecard has been used as a tool to communicate and clarify strategy and directions within the business, gain consensus and therefore rally the organizational members in the same direction. The resultant effect has been that employees, regardless of their job or grade

have been able to piece together how the role they perform fits into the whole and therefore provided purpose for their day to day work.

Kiio (2014) sought to establish the extent of balanced scorecard application in a strategy implementation at the ICEALION Group. The research used ICEALION Group as a case to help dig information that revealed that there is a five year strategic plan that is reviewed as need arises. Data for the study was collected using an interview guide and later analyzed by use of content analysis technique which helped extract the key themes, concepts and arguments from the data. By using content analysis, inferences were made by systematically and objectively identifying specified characteristics or issues relevant to the research objective. The results revealed that although the four perspectives are given priority at the ICEALION Group, top management support is very crucial for the implementation of the balanced scorecard and full realization of the corporate vision.

Misawo (2016) examined factors influencing balanced scorecard implementation in the insurance sector in Kenya by studying Pacis Insurance Company Limited. The study was guided by the following specific objectives; first the influence of organizational culture on implementation of the balance scorecard in insurance sector, influence of management involvement on the balance scorecard implementation in insurance sector and finally the influence of employee participation in balance scorecard implementation in insurance sector. The study adopted a descriptive research design. The study carried out a census on the population of 70 employees of Pacis Insurance Company Limited. The sample frame for the study was the personnel list from PIC's Human Resource Department. Data collection method was carried out by use of a pre-tested research questionnaire. The study adopted descriptive and inferential statistics to evaluate its source. The study revealed that organizational culture played a great role in the implementation of BSC hence its adoption led to a continuous learning and improvement process. Internal business operations strongly emerged after organizational culture, thereby demonstrating the improved coordination of the middle level management that led to effective and better decision making. The study concluded that the influence of employee participation on the implementation of the balanced scorecard was fully understood by most employees. Moreover, employee participation had a positive influence on implementation of BSC, but the influence of employee participation on organizational performance was less significant. The study also concluded that commitment levels

varied according to the administration with a main focus on the most senior staff, who majorly implemented the process.

Kwamboka (2012) sought to establish the application of the balanced scorecard as a strategy implementation tool at Orange Telkom Kenya. This was a case study since the unit of analysis was one organization. Primary and secondary data was used for the study through use of interview guides that were distributed among the senior managers in Orange Telkom Kenya. Content analysis was employed in analyzing the data. By using content analysis inferences were made by systematically and objectively identifying characteristics. This study established that there is need to align individual goals to the vision and mission of the organization.

Gitachu (2012) sought to find out how Kenya Electricity Generating Company, (KenGen), has applied the balanced scorecard in strategy implementation and the challenges faced in its implementation. Collection of primary data was through an interview guide and observation; this was to help meet the intent of the research. The respondents were from the departments charged with the task of implementing the balanced scorecard in KenGen. Analysis of the responses was through content analysis. The study established that KenGen uses the balanced scorecard as a strategy implementation tool. Further, the study identified a number of challenges faced in the application of the balanced scorecard in KenGen. Some include; lack of understanding of the scorecard, lack of visibility of the corporate and divisional scorecards, lack of support of the scorecard among many others. The findings of the study should be understood and evaluated in light of the limitations of the study

2.4.1 Team Involvement

In a study conducted on the healthcare system in Italy, Braccordo (2015) sought to assess the utilization and impact of BSC implementation in the Italian context. The other opines that the global trend in healthcare has seen stakeholders push for less expensive solutions to healthcare albeit with assurances of quality in treatment. The focus on cost, as posited by the researcher, should however not overshadow out important outcomes – outcomes such as the sustainability of beneficial approaches to performance assessment. The nascency of the performance assessment

tool in Italy however limits effective evaluation of the outcomes attributed, by extant literature, to the tool. In general, however, Braccordo (2015) concludes that with improvements, BSC offers an avenue for significant improvement of both cost and quality of service in Italian hospitals as should thus focus on these aspects when used with teams.

Wang'ombe, (2013) studied balanced scorecard implementation at CIC insurance group. The study found that the organization faces challenges in the use of a balance score card as a strategy implementation tool to a great extent. It also found that a successful BSC implementation must involve the whole organization in the implementation process. On the same line, it was concluded that the BSC is designed to give companies the information they need to effectively manage their business strategy tactically and that translating company's plans and strategy into operational goals and activities, linking all the management and specialists' hierarchy levels between each other (starting with the highest levels (CEO, top management) and finishing with the lowest staff members) are key factors on the use of BSC by organizations.

One of the objectives of Misawo, (2016) study on factors influencing successful implementation of balance scorecard in the Insurance Sector in Kenya was to determine the influence of employee participation in balance scorecard implementation in insurance sector. The study concluded that the influence of employee participation on the implementation of the balanced scorecard was fully understood by most employees. Moreover, employee participation had a positive influence on implementation of BSC, but the influence of employee participation on organizational performance was less significant. The study recommended that top management should involve other employees in the BSC implementation process.

2.4.2 Resources Allocation

Kiriiri (2015) evaluated the challenges of implementing the balanced scorecard at Novel Technologies (E.A) Limited, Kenya. The study found out that although the balanced scorecard has grown in popularity, its implementation encounters some challenges. One of the identified challenges was lack of resources for its implementation. Aaltonen and Ikavalko (2001) observed 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, 2008).

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).

Muyeshi (2015) while investigating the challenges of the balanced score card implementation at Kenyatta National Hospital, Kenya found out that there was the lack of resources as a challenge to BSC which was manifested in three major areas, that is financial resources, human resource and lack equipment. For financial resources it noted that there were other sources of revenue which included income from cost sharing, private public partnership (PPP) and donors. However, the Hospital still depended on the government to allocate financial resources which were not enough to ensure that the BSC is implemented effectively. The government has been allocating to the Hospital a small fraction as required budgetary support leaving the Hospital with a huge deficit that is hard to bridge, resulting in un-attainment of some of the set targets. Furthermore the BSC implementation effort appear not to be matched with adequate human resource and working equipment and this has resulted in ambition plans with the expectation that the government will allow the Hospital to recruit and purchase capital items and this was also challenge to the implementation of the BSC.

Nabwire (2014) investigated the factors affecting implementation of strategy a case of Barclays bank of Kenya. The major outcome of the study was that up to 49% of the respondents agreed that resource allocation was a major factor affecting implementation of strategy. The researcher recommended that resources be equitably distributed for the effective implementation of strategy. Further, Cheruiyot (2013) investigated factors affecting implementation of balanced scorecard in state corporations in Kenya, using a case study of Kenya Bureau of Standards. One of the specific objectives was to assess how allocation of financial resources affect successive implementation of balanced scorecard. The study found out that inadequate financial resource allocation was a key notable factor hindering the success of BSC implementation.

2.4.3 Leadership involvement

Misawo (2016) examined factors influencing balanced scorecard implementation in the insurance sector in Kenya by studying Pacis Insurance Company Limited. One of the objectives was to establish the influence management involvement on the balance scorecard implementation in insurance sector. The study adopted a descriptive research design. The study carried out a census on the population of 70 employees of Pacis Insurance Company Limited. The sample frame for the study was the personnel list from PIC's Human Resource Department. Data collection method was carried out by use of a pre-tested research questionnaire. The study adopted descriptive and inferential statistics to evaluate its source. The study also concluded that commitment levels varied according to the administration with a main focus on the most senior staff, who majorly implemented the process.

Yang, & Islam (2012) assessed the influence of transformational leadership on job satisfaction using the balanced scorecard perspective. The paper investigated the effects on intrinsic and extrinsic components of employee job satisfaction of group direct behaviors as motivated by transformational leadership (TL), including examining group maintenance, group goal achievement, and the interaction between the two (their complementarity). The study found out that group maintenance, group goal achievement behaviors, and their complementarity truly helped enhance employee job satisfaction. This suggests that group maintenance and group goal achievement behaviors, including their complementarity, will provide a more accurate prediction of the relation between intrinsic and extrinsic components of employee job satisfaction and achieving the objective of an internal business advantage.

Ahmed, Mohamed and Khalil (2014) studied the relationship between Transformational Leadership and Balanced Scorecard in South Valley University. The results showed that there is a significant relationship between transformational leadership and balanced scorecard. The correlation of the total score transformational leadership and balanced scorecard indicated a positive, linear relationship. Thus, it is important to understand the characteristics of leadership toward balanced scorecard since it will affect the Performance evaluation of University. Ultimately, the study suggested that transformational leadership plays important role in influencing balanced scorecard. Hence, signifies the need for management to focus on its

leadership styles to ensure Effective evaluation of the performance of the university. The results of this research showed that transformational leadership has a direct and positive relationship with balanced scorecard.

Further, Simiyu (2016) assessed the effects of transformational leadership on change management in an organization using a case of Kenya Airways. The study was guided by four research questions that included: To what extent does idealized influence affect change management in Kenya Airways? How does inspirational motivation affect change management in Kenya Airways? In what ways does intellectual stimulation affect change management in Kenya Airways? And finally, what is the effect of individual consideration on change management in Kenya Airways? The study findings showed that idealized influence affect change management to a great extent. On how inspirational motivation influenced change management in Kenya airways, the study found that, consultation with supervisors, recognition from the management as well as subordinating of personal interest for the good of the organization, were major contributors to change management. The study further found that intellectual stimulation affects change management to a great extent, and process improvement at Kenya Airways is embedded in the ways of working, Job -rotations, cross -functional relations, creating connection and internal second ments. The findings also showed that individual consideration influence change management to a very great extent. The study further established that, line managers and employees jointly own employees' development actions and Kenya airways staff are provided with skills and tools for success. In addition, team leaders listen and adopt employees' ideas and inputs, leaders communicate the plan/target numbers clearly and finally, leaders keep employees updated on how their actual performance is tracking against plan and targets. On how individual consideration influenced change management in Kenya airways, the study found that, cooperation between team leaders, line managers and employees has stimulated change management in the organization.

2.4.4 Organizational Culture

Stohhecker (2016) opines that the practical benefits emanating from the utilization of BSC-specific strategies may not necessarily be apparent to organizations. To test the hypothesis, the researcher conducts a comparative study with participants divided into two groups; the first group was

required to use a BSC-specific cockpit tool designed in aiding users to making decisions consisted with the BSC framework. The other group was required to make decisions on similar scenarios but with information provided through a generic information system. The study thus assesses the impact of the scorecard cockpit, intelligence and knowledge of the decision makers tasked with solving different scenarios. Findings indicate that the cockpit was of no consequence to the outcome of beneficial practical outcome. The user's intelligence and knowledge were however deemed of valid influence on the performance outcomes under evaluation. The general inference therefore, was that the assessment of the implementation of BSC and resulting outcomes should begin with an assessment of the merit of the system and whether these merits are as a result of the endowments of the users of the system more than they are the inherent value of the system.

Rababah (2015) conducted a study on the relationship between cultural factors and balanced scorecard implementation. A questionnaire survey was used to collect data on the cultural factors meant supposed to motivate the implementation of BSC in Jordanian industrial sector. In order to test hypotheses Logistic regression used in the current study. The findings of the study revealed that outcome orientation and team orientation don't have significant influence on the implementation of BSC among industrial companies in Jordan, whereas the data analysis showed that, innovation and attention to detail have significant relationship on BSC implementation,

Misawo, (2016) investigated factors influencing successful implementation of balance scorecard in the insurance sector in Kenya. One of the objectives was to determine the influence of organizational culture on implementation of the balance scorecard in insurance sector. The study adopted a descriptive research design. The study carried out a census on the population of 70 employees of Pacis Insurance Company Limited. The sample frame for the study was the personnel list from PIC's Human Resource Department. The researcher administered the questionnaire through self-administration. Data collection method was carried out by use of a pre-tested research questionnaire. The study adopted descriptive and inferential statistics to evaluate its source. Analysis was carried out using computer packages that enabled an effective evaluation of data. The study revealed that organizational culture played a great role in the implementation of BSC hence its adoption led to a continuous learning and improvement process.

Deem (2009) did a study on the relationship of organizational culture to balanced scorecard effectiveness. The target population was county and municipal government organizations. In particular, this investigation studied county and municipal government employees working in departments in one of the 10 most populated counties in the U.S. that have implemented a BSC. Data was collected using a 5 point likert scale questionnaire. The primary data analysis techniques employed by this study were descriptive statistics, analysis of variance (ANOVA), and correlation analysis. The statistics include means and standard deviation. The five hypotheses were tested using Pearson's correlation to evaluate the relationships between the effectiveness measures and the various cultural trait scores. Each of the four organizational traits, involvement, consistency, adaptability, and mission were found to be significantly related to BSC effectiveness. Accordingly, the study affirmed a relationship between organizational culture and BSC effectiveness.

2.5 Research Gaps

A review of the past studies on BSC implementation has indicated that though various studies have been conducted, there are still gaps that need be addressed. Kebu (2015) investigated the linkage of the balanced scorecard and strategy implementation at the Kenya electricity generating company. This study was conducted in State Corporation presenting a contextual gap and a methodological gap since it used interview guide in data collection. Kiio (2014) sought to establish the extent of balanced scorecard application in a strategy implementation at the ICEALION Group. The study presented a conceptual gap since it analyzed the extent of BSC application. Kwamboka (2012) sought to establish the application of the balanced scorecard as a strategy implementation tool at Orange Telkom Kenya. A contextual gap was highlighted in the study by Kwamboka (2012) as it was done in the communication sector. Gitachu (2012) sought to find out how Kenya Electricity Generating Company, (KenGen), has applied the balanced scorecard in strategy implementation and the challenges faced in its implementation. In the study, a contextual gap was presented.

2.6 Conceptual Framework

According to Mugenda (2008), a conceptual framework is a hypothesized model portraying the relationship between variables graphically or diagrammatically. Conceptual framework helps in quickly seeing the proposed relationship and is put to test in order to establish the significance of

the proposed relationship. The conceptual framework illustrates the dependent and independent variables.

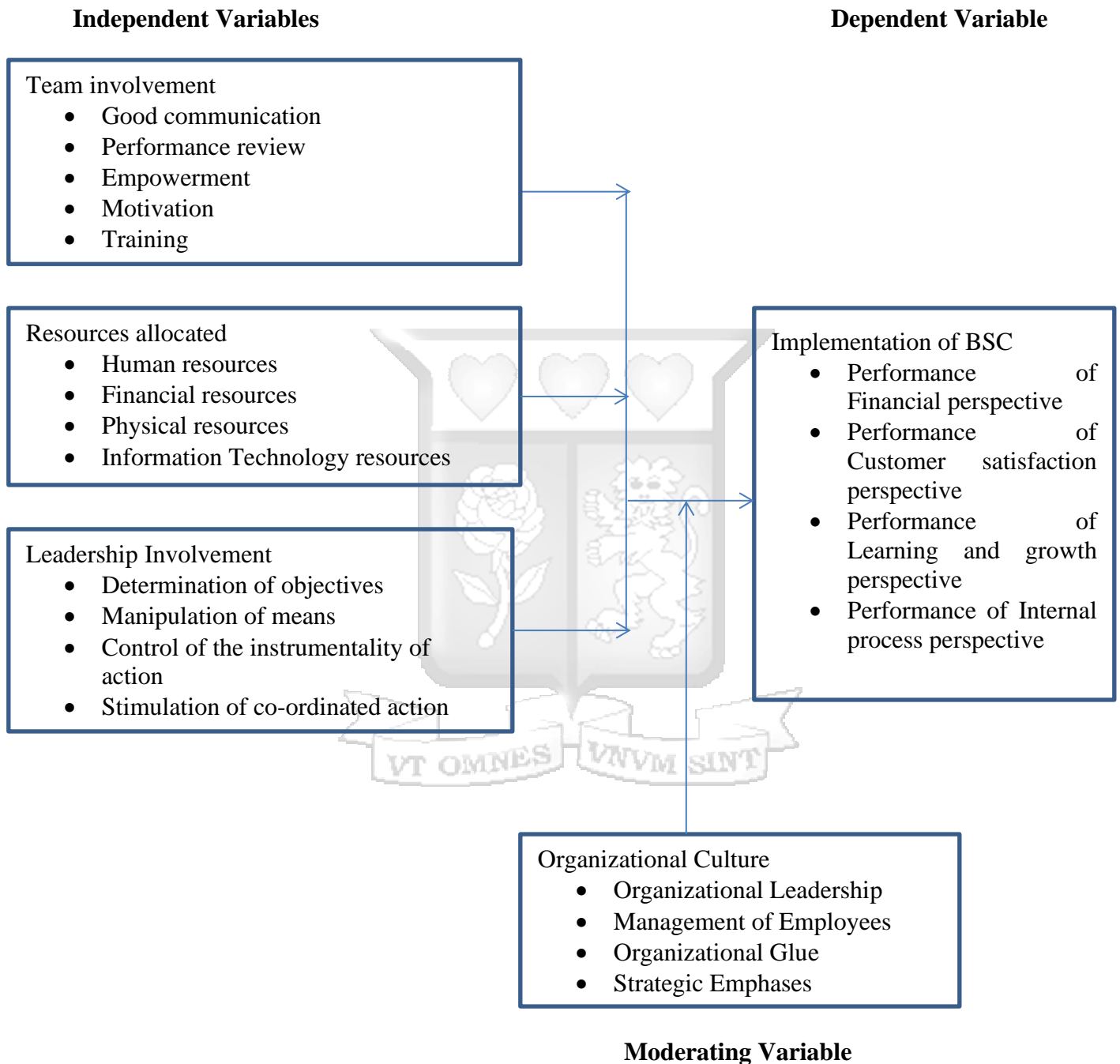


Figure 2.1 Conceptual Framework

2.7 Operationalization of variables

In order to assess the relationships between the aforementioned variables, it is necessary to operationalize them in such a manner as to make them well-defined and measured. Table 2.1 provides a summary of the operationalization of variables.

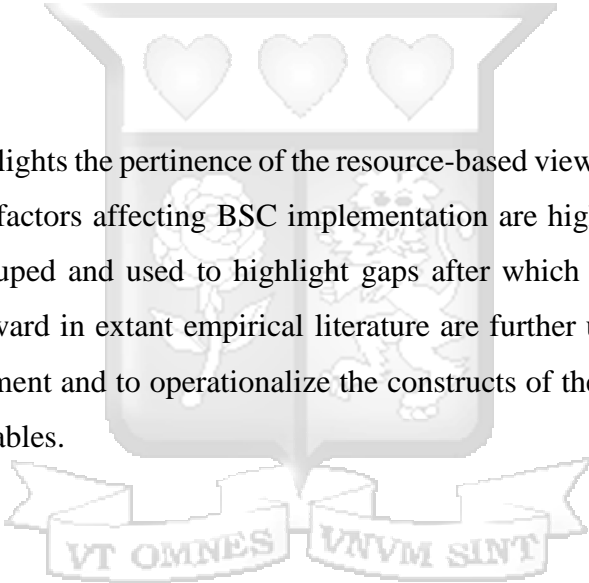
Table 2.1 Operationalization of variables

	Variable	Definition	Sub-variables	Measurement	Source
Dependent Variable	BSC Implementation	A framework, which encourages the use of both financial and non-financial measures of performance to pinpoint strategic objectives via balancing four perspectives - financial, customers, internal business processes, and learning and growth - in order to measure firm performance	Performance of Financial perspective Performance of Customer satisfaction perspective Performance of Learning and growth perspective Performance of Internal process perspective	Likert Scale	(Kaplan & Norton, 1992)
Independent Variables	Team Involvement	Team involvement refers to the energy, enthusiasm and engagement with which the employees do their work	Good communication Performance review Empowerment Motivation Training	Likert Scale	(Macey, 2008).
	Resource Allocation	The facilities and provisions administered within an organization with the purpose of achieving set goals and objectives.	Human resources Financial resources Physical resources Information Technology resources	Likert Scale	(Thompson and Strickland, 2013)
	Leadership Involvement	The proactive participation of managers and authoritative figures in the quest to achieve a company's set goals and objectives	Determination of objectives Manipulation of means Control of the instrumentality of action Stimulation of coordinated action	Likert Scale	(Thompson, Strickland & Gamble, 2007).

	Organizational Culture	A pattern of basic assumptions, invented, discovered, or developed by a given group, as it learns to cope with its problems of external adaptation and internal integration	Organizational Leadership Management of Employees Organizational Glue Strategic Emphases	Likert Scale	(Detert, Schroeder & Mauriel, 2000).

2.8 Chapter Summary

The forgoing chapter highlights the pertinence of the resource-based view on BSC implementation. Empirical studies on the factors affecting BSC implementation are highlighted with the various studies appropriately grouped and used to highlight gaps after which the study is crafted. The various variables put forward in extant empirical literature are further used to conceptualize the relationship under assessment and to operationalize the constructs of the study as captured in the operationalization of variables.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was used in gathering the data, analyzing the data and reporting the results. Here, the researcher aimed at explaining the methods and tools that were used to collect and analyze data to get proper and maximum information related to the subject under study. The chapter also presented the research design and the sample size which was derived from the population. In addition, the chapter discussed the validity and reliability tests which were performed on the questionnaire. Lastly, it presented the ethical practices.

3.2 Research Philosophy

This study took a positivist research philosophy in assessing the relationship between the variables under study (Morehouse and Maykut, 2002). The rationale underlying the analysis approaches taken is therefore that concrete definable associations present within the variables and the presence of or absence of these associations inform on the underlying relationship between the variables. Positivism mainly centers an objective understanding of phenomena hence qualitative data involving different statistical approaches was applied in understanding the relationships between the various studied variables.

3.3 Research Design

Though different scholars define research design differently, these definitions tend to move towards the same direction. According to Lavrakas (2008) and Kothari (2004), research design represents the overall plan that the study employs in order to obtain answers to the questions that are being studied and the ways of handling any challenges that may be encountered in the process of undertaking the study. Therefore, it is the arrangement of conditions for collecting and analyzing data in such a manner that is aimed at combining relevance to the research purpose with economy in procedure. This study employed a descriptive research design where a comparative study was conducted. Normally, the main objective of a descriptive research design is to describe the state of affairs as it is at the time. Kothari (2004), defines descriptive research as a process of collecting data in order to answer questions concerning the current status of the subjects in the study.

3.4 Target Population

Newing (2011) described a population as the set of sampling units or cases that the researcher is interested in. According to Kothari (2004), a population refers to all items in any field of inquiry and is also known as the ‘universe’. The study focused on the CIC General Insurance Limited and Britam General Insurance Limited which were selected purposively due to their registered improving growth over years. The target respondents were persons holding management positions within the organizations with the lowest entry level being managers that had served for a period of 2 years. A purposive sampling approach was thus employed to ensure that the study respondents were familiar with the topic under evaluation (Newing, 2011). The rationale behind selection of such a population was the view that such managers would be well positioned to understand the strategy implementation process and would therefore provide insight into the entails of the process. The total number of respondents within both organizations was 203 respondents (AKI, 2016). A sample is a subset of a population (Kothari, 2004). Sampling involves the selection of units which can be individuals, businesses or organizations from the population available to enable the generalization of findings of the target population (Orodho, 2009). The sample size was therefore computed, as per Cochran’s formula, as follows:

$$\frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N} \right)}$$

$z = z\text{-score} = 1.96$

$p = \text{proportion} = 0.5$

$e = \text{Margin of error (percentage in decimal form)} = 0.05$

$N = \text{population size} = 203$

Source: (Daniel, 1987)

$$((1.96 * 1.96 * 0.5 * 0.5)/0.05 * 0.05) = 96.04$$

$$(41 + ((1.96 * 1.96 * 0.5 * 0.5)/0.05 * 0.05 * 203)) = 1.473103$$

$$96.04/1.473103 = 65.19$$

The sample size was 66 respondents. A 20% addition to the sample size was however included to mitigate against non-response (Kothari, 2004). Therefore, the total sample size was set to 80 respondents. A matching in ranking was exercised in order to ensure equal representation of both organizations; this involved collection of data from the less responsive organization following the pilot study and matching the posts in collection of data from the other organization.

3.6 Data Collection Instruments

The study used both primary data and secondary data. Primary data is original information collected or obtained from a first-hand experience (Kothari, 2004). Primary data can be received first hand from instruments such as interviews where a person collecting the data sits face to face with the respondent. The data collection instrument that was used to collect primary data in this study was a structured questionnaire. A Likert scale of five responses was used. Likert scale is an interval scale that specifically uses five anchors of strongly disagrees, disagree, neutral, agree and strongly agree. The Likert scale measures the level of agreement or disagreement. Likert scales are good in measuring perception, attitude, values and behaviour. The Likert scale has scales that assist in converting the qualitative responses into quantitative values (Zikmund, Carr & Griffin, 2010). Secondary data was collected from the insurance company reports as was used solely to provide context on performance allowing understanding of organizations under study.

3.6 Pilot Test

The purpose of pilot testing is to establish the accuracy and appropriateness of the research design and instrumentation (Saunders, Lewis & Thornhill, 2009). Pilot test is necessary for testing the reliability of instruments and the validity of a study. A pilot test involving 10 respondents was conducted with five respondents from either organization. The aim of the pilot study was to assess the reliability and validity of the structured questionnaire.

3.6.1 Reliability of the Data Collection Instrument

Reliability is the ability of the instrument to produce the same or highly similar or consistent results on repeated administrations (Bordens and Abbott, 2008). The reliability coefficient should range between -1.00 and +1.00 (Gray, 2006). Cronbach's test was carried out to determine the reliability of the data collecting instrument. A coefficient of 0.7 is recommended for a newly developed questionnaire. As indicated in table 4.2, all scales used in the study had a minimum Cronbach's coefficient of 0.7 hence indicating that the scales were reliable in assessing the assigned constructs. All scales presented alpha ratings higher than 0.7 hence indicating that the scales were reliable.

3.6.2 Validity of Data Collection Instrument

According to Fraenkel and Wallen (2000), validity is the quality attributed to proposition or measures to the degree to which they conform to establish knowledge or truth. Content validity was most relevant for the study. This is because it is concerned with how well the content of the instrument samples the different kinds of constructs about which conclusions were drawn. To establish validity of the instruments, the researcher used a panel of experts to identify the content area and ascertain content validity. These included the ten respondents as well as the study supervisor.

3.7 Data Analysis and Presentation

The study used both quantitative and qualitative techniques in analyzing the data. Descriptive analysis was employed; which include; mean standard deviations and frequencies/percentages. The analyzed data was presented in frequency and percentage tables; this enhanced easier interpretation and understanding of the research findings. Inferential statistics, by way of ordinal logistic regression was used in assessing the objectives of the study. Ordinal logistic regression was chosen on account of the ordinal nature of the response collected for each variable; all responses on the variables were collected on a Likert scale. The ordinal logistic regression model is presented below (Harrell, 2015):

$$Y_i = p_i + Error$$

Y_i = Implementation probability

p_i – Probability of outcome per predictor

$$\text{Log} \left[\frac{P_i}{1 - p_i} \right] = a_i + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + \text{Error}$$

e.g. p_i = (strongly disagree)

P_{ii} = (strongly disagree and disagree)

a_i = intercept of outcomes

b_1 = Team involvement coefficient

x_1 = Team involvement

b_2 = Resource allocation coefficient

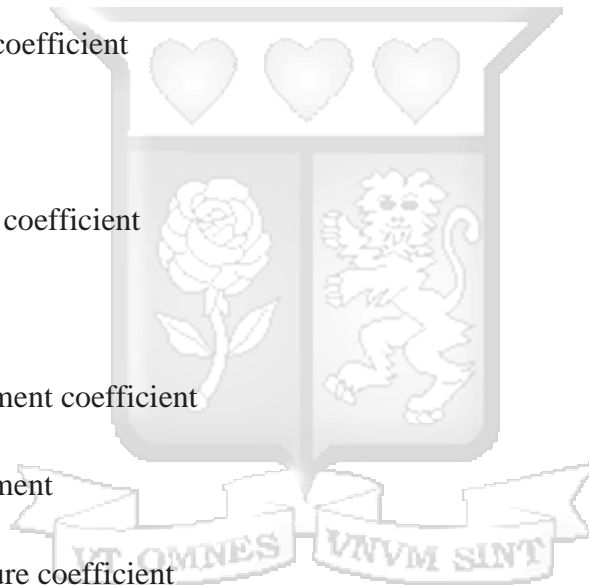
x_2 = Resource allocation

b_4 = Leadership involvement coefficient

x_4 = Leadership involvement

b_4 = Organizational culture coefficient

x_4 = Organizational culture



The probability (p_i) for each outcome was contrasted with that of the reference outcome to provide the odds ratio used as the estimator value. The log odds are then computed to provide the linear relationship required of a regression model.

3.8 Ethical Considerations

Ethical issues are the moral standards that the researcher should consider in all research methods in all stages of the research design. After approval from Strathmore Business School is obtained to conduct the study, permission was obtained from the management of the insurance firms. In this

research, three principles of ethics were used namely beneficence, respect for human dignity, and justice (Kothari, 2004). Following the three principles, the questionnaire was populated with questions that offer value to the respondents, and the questions were further constructed to avoid implications that may provide reservation on account of confidentiality. All information was used solely for the purpose of the ongoing study and was not disseminated to any other party but the researcher and the supervisor.



CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides an elucidation of the findings of the study. The purpose of this section is to address the research objectives in light of the study objectives and extant literature. This chapter is divided into the sections – introduction, response rate, reliability, respondents' profile and inferential statistics.

4.2 Response Rate

A total of 80 questionnaires were administered to respondents. Out of the 80, 63 questionnaires were fully filled and returned. Table 4.1 presented the response rate results.

Table 4.1: Response Rate

Response	Total	Percent
Returned	63	78.75%
Unreturned	17	21.25%
Total	80	100%

The response rate was 78.75%. This was considered appropriate since according to Kothari (2004) a response rate of above 50% is adequate for a descriptive study.

4.3 Reliability Results

A Pilot study was conducted to determine the reliability of the research instrument. Table 4.2 presents the results. The most common reliability coefficient is Cronbach's alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test-internal coherence of data. The reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. A Cronbach's alpha of above 0.7 is considered reliable.

Table 4.2: Reliability Results

Variable	Cronbach's Alpha	Number of Items	Comment
Team Involvement	0.833	5	Reliable
Resources Allocated	0.781	5	Reliable
Leadership Involvement	0.778	6	Reliable
Organizational culture	0.766	7	Reliable
BSC Implementation	0.961	5	Reliable

The findings on Table 4.2 indicated that team involvement, resources allocated, leadership involvement, organizational culture and BSC implementation had Cronbach’s alpha of 0.833, 0.781, 0.778, 0.766, and 0.961 respectively. All variables depicted a value of Cronbach's Alpha above value of 0.7 thus the study variables were reliable.

4.4 Respondents’ Profile

This sub section presented results on the background information of the respondents.

4.4.1 Gender of the Respondents

The respondents were asked to state their gender. Results on the gender distribution among the respondents who were managers of the insurance companies were as presented in Figure 4.1.

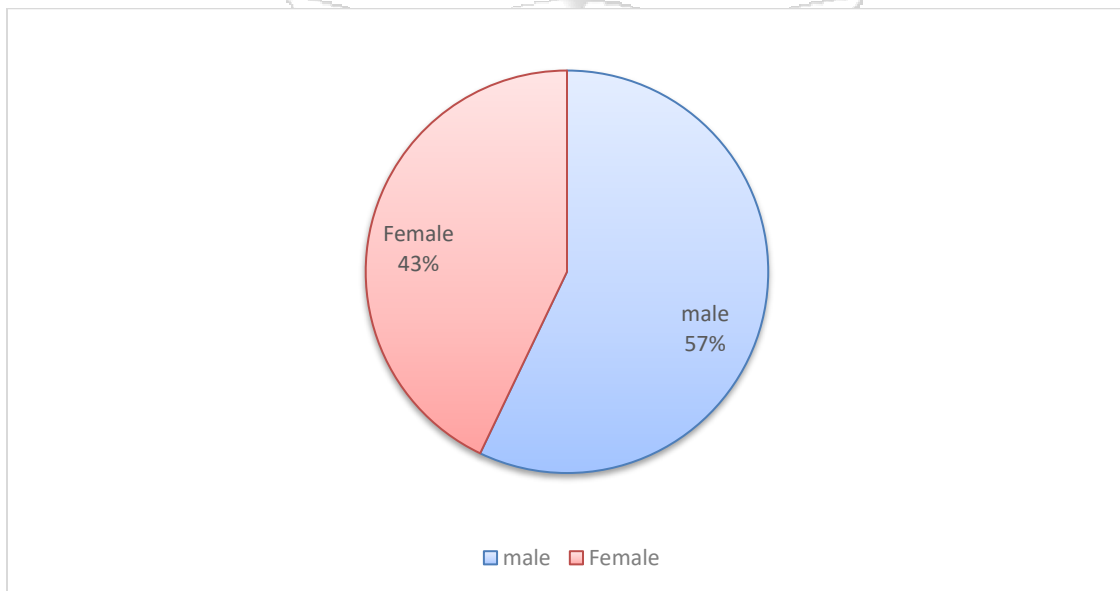


Figure 4.1: Gender of the Respondents

The results as depicted in Figure 4.1 showed that most (57%) of the respondents were male while 43% of the respondents were female.

4.4.2 Age of the Respondents

The respondents were also asked to state their age bracket. The responses given were as shown in Figure 4.2.

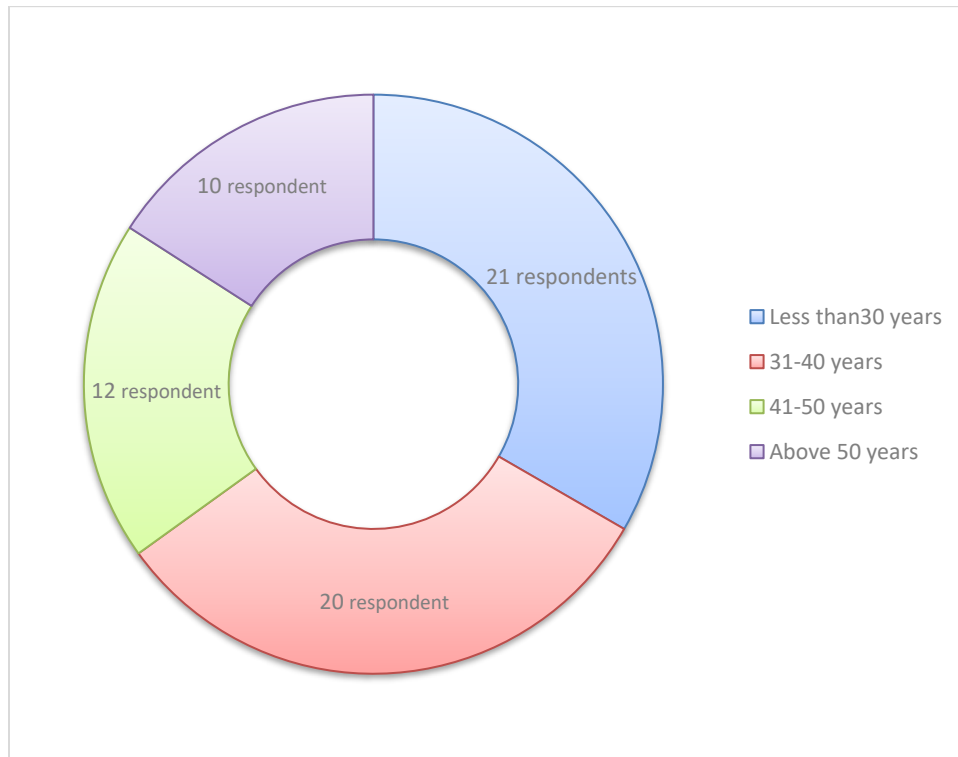


Figure 4.2: Age of the Respondents (Percentage)

According to the results presented in Figure 4.2, most (33%, 21 respondents) of the respondents were aged less than 30 years, 32% were aged between 31-40 years, 19% were aged between 41-50 years while 16% were aged above 50 years. This finding therefore indicated that most of the respondents were elderly and had thus been in their positions of employment for at least two years.

4.4.3 Level of Education of Respondents

Further, the respondents were asked to indicate the highest level of education they had attained. The responses given are presented in Figure 4.3.

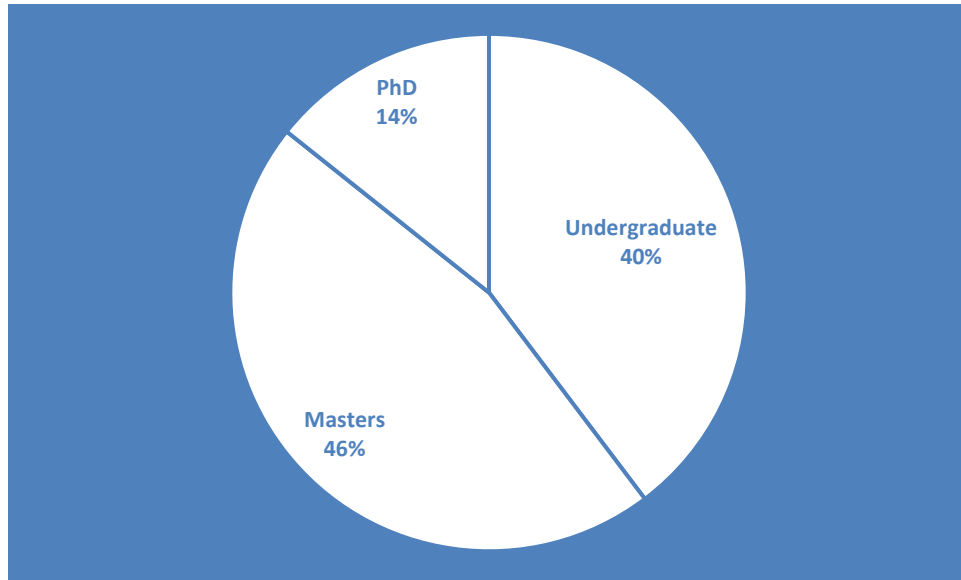


Figure 4.3: Level of Education of Respondents

As per the results in Figure 4.3, most (46%) of the respondents had a master's degree, 40% had an undergraduate degree while 14% had PhD. This therefore indicated that most respondents had undergone post-graduate education.

4.4.4 Duration in the Company

In addition, the respondents were requested to state the duration they have worked for the company. Figure 4.4 shows the results.

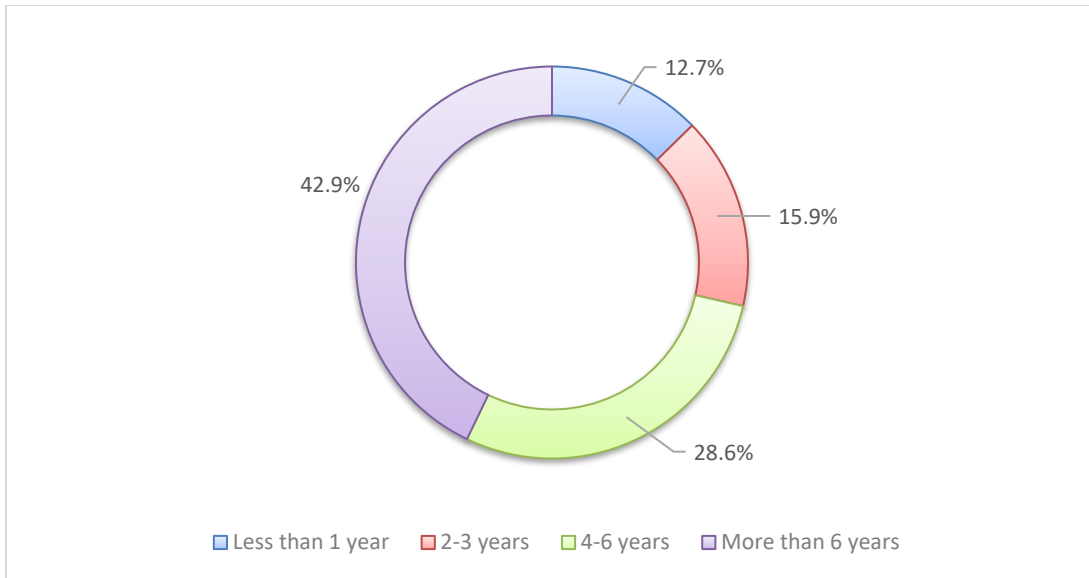


Figure 4.4: Duration in the Company

Figure 4.4 showed that most of the respondents (43%) had worked in their respective insurance companies for more than 6 years, 28% had worked for 4-6 years, 16% had worked for 2-13 years and only 13% had worked for less than 1 year.

4.5 Descriptive Statistics

The median response was computed for each individual’s responses on the various variables under study. The median was selected as the appropriate measure of central tendency as the data was ordinal in data and would thereby inherently present a skewed distribution hence deeming it unsuitable for analysis by mean (Manikandan, 2011). The various median scores for each dimension thus constituted the data points used in computation of both descriptive and inferential statistics. Descriptive statistics for each of the four independent variables and the dependent variable are presented in table 4.3 below.

Table 4.3 Descriptive Statistics

Variable\Statistic	Mode frequency	Categori es	Frequency per category	Rel. frequency per category (%)
Team-Involvement-Median	48	3	4.000	6.349
		4	48.000	76.190

		5	11.000	17.460
Resource-Allocation-Median	51	2	1.000	1.587
		3	3.000	4.762
		4	51.000	80.952
		5	8.000	12.698
Leadership-Involvement-Median	37	2	1.000	1.587
		3	1.000	1.587
		3.5	7.000	11.111
		4	37.000	58.730
		4.5	13.000	20.635
		5	4.000	6.349
Organizational-Culture-Median	42	2	1.000	1.587
		3	2.000	3.175
		4	42.000	66.667
		5	18.000	28.571
Implementation-Median	37	3	2.000	3.175
		4	37.000	58.730
		5	24.000	38.095

Categories 1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

4.5.1 Team involvement

Most respondents had median scores indicating that they agreed or strongly agreed with the view that their organizations had strong team involvement (cumulative percentage of 94%). The spread of responses is further highlighted in figure 4.5.

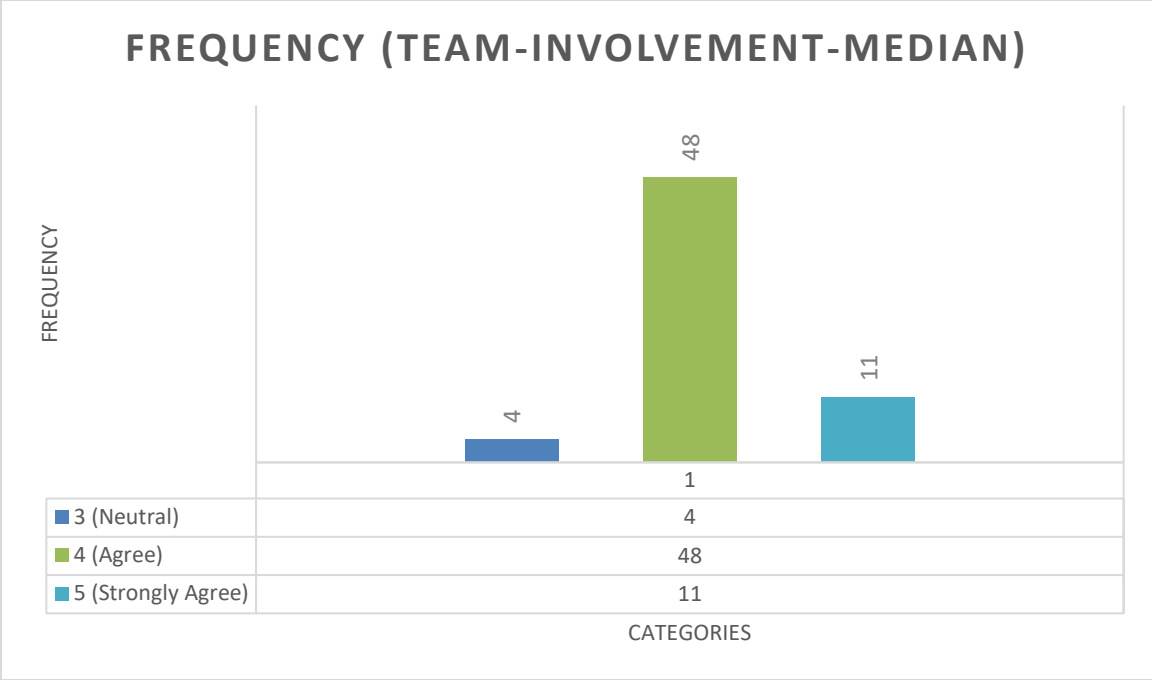


Figure 4.5 Team involvement median scores

4.5.2 Resource Allocation

As was the case with team involvement, most respondents indicated that they agreed or strongly agreed with the view indicating that their organizations had appropriate resources allocated for implementation of strategy (93.65%). Figure 4.6 highlights responses per category.

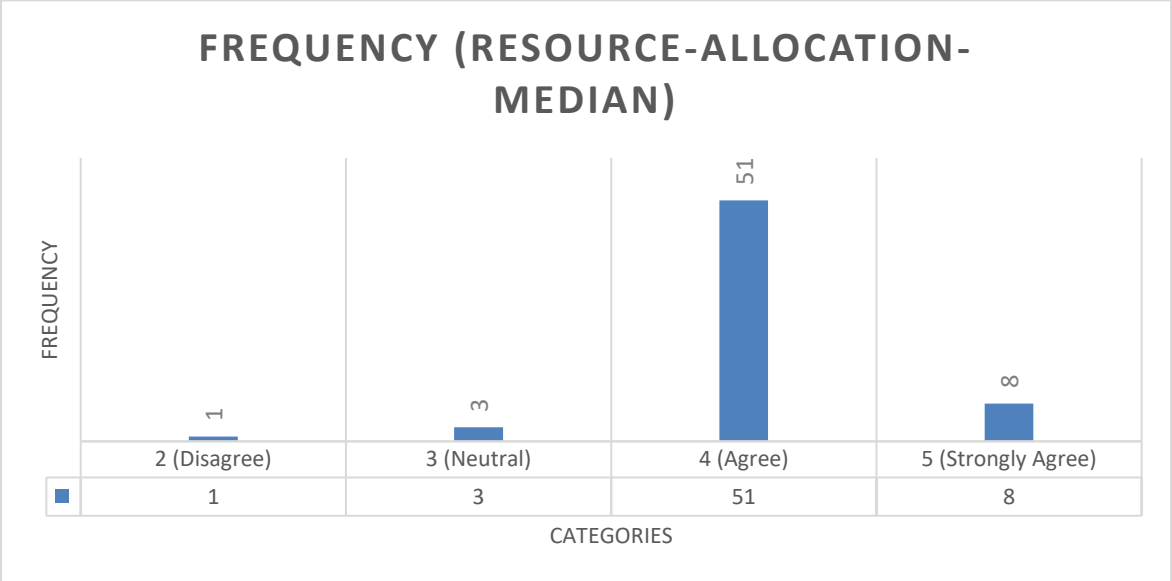


Figure 4.6 Resource allocation median scores

4.5.3 Leadership involvement

A relatively lower involvement of leaders was reported in that 85.71% of respondents indicated that they agreed or strongly agreed with views indicating that leaders were actively involved in the implementation process. This therefore pointed to this factor as a possible hinderance to success of the overall strategies put in place in accordance with the respective companies' BSC models. Figure 4.7 provides a depiction of the median responses.

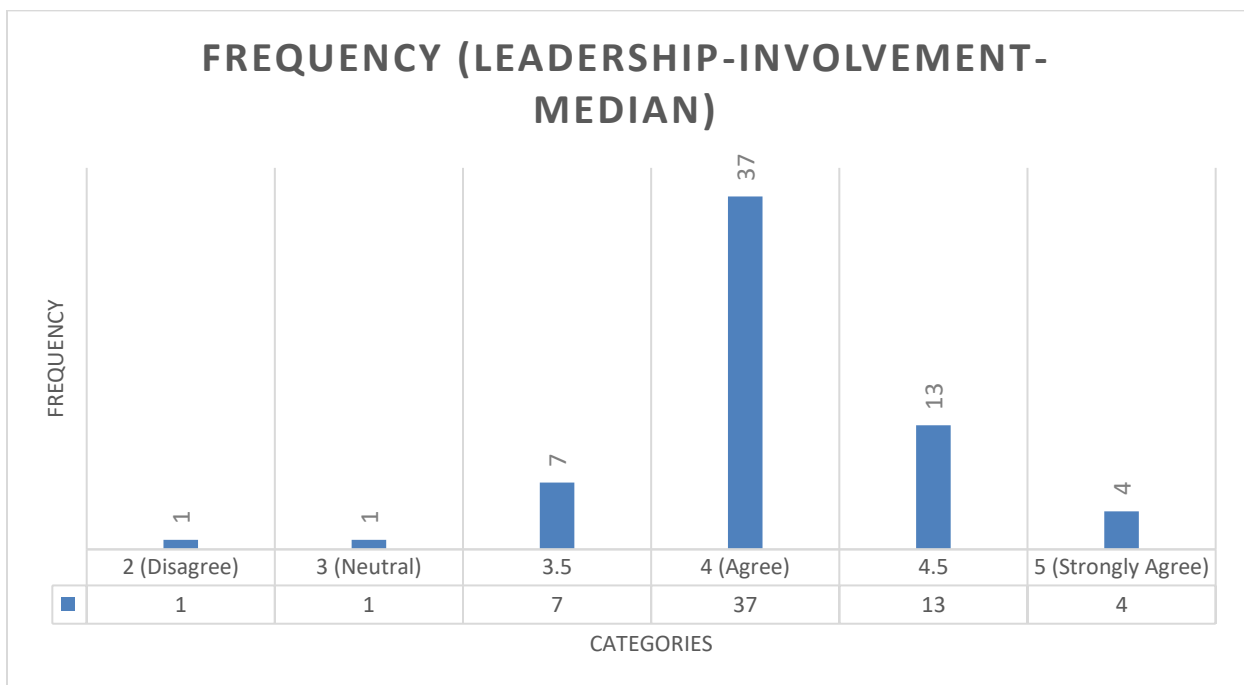


Figure 4.7 Leadership involvement median scores

4.5.4 Organization culture

A cumulative percentage of 95.24 respondents indicated that they viewed their organizational culture as supportive to BSC implementation as they had median scores between 4 and 5, inclusive. Responses on this dimension therefore mirror those on team involvement and resource allocation. Figure 4.8 provides a visual description of median response on the question.

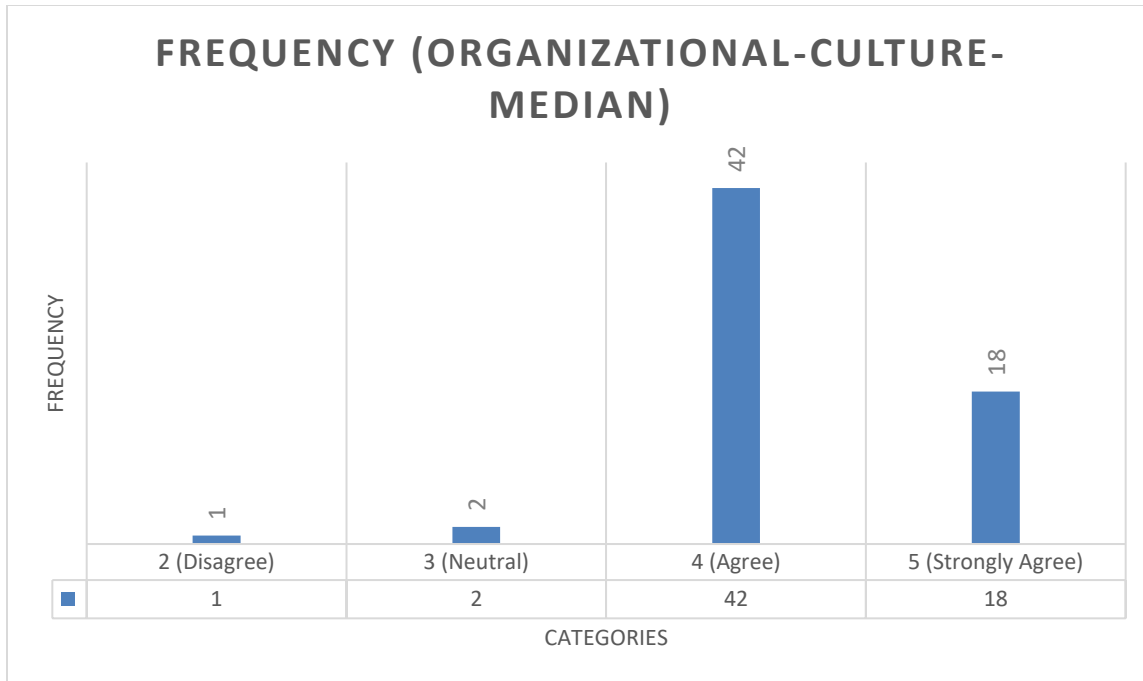


Figure 4.8 Organizational culture median scores

4.5.5 Implementation

A total of 61 (96.83%) respondents indicated that their organizations were successfully implementing their outlined strategies as required. This therefore indicated that most respondents were satisfied with their efforts towards meeting their strategic goals. Figure 4.9

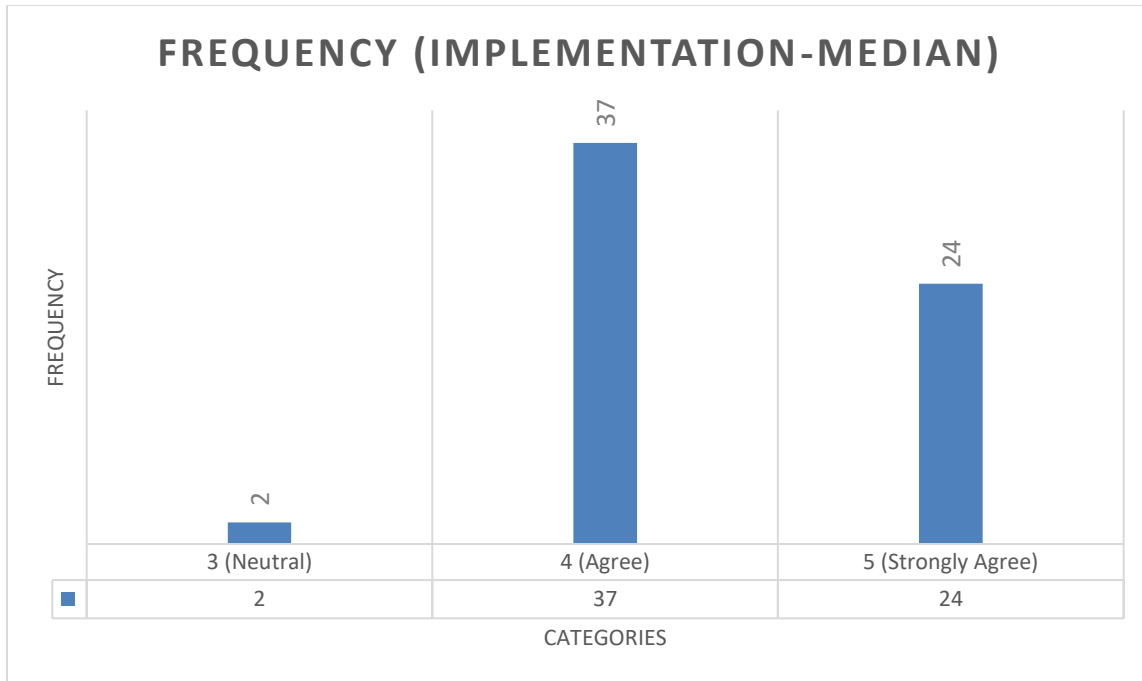


Figure 4.9 Implementation Median Scores

4.6 Inferential statistics

The first step in conducting the regression analyses involved a test of multicollinearity between the variables so as to rule out possible interactions between the predictor variables – a factor that would prevent accurate inference of relationships in the dataset. Table 4.4 below provides a summary of the findings. Correlation analysis was done on the basis of the median responses for each of the variables.

Table 4.4 Correlation analysis

Correlations				
		Team- Involvement- Median	Resource- Allocation-Median	Leadership- Involvement-Median
Team-Involvement-Median	Pearson Correlation	1	.046	.004
	Sig. (2-tailed)		.721	.975
	N	63	63	63
Resource-Allocation-Median	Pearson Correlation	.046	1	.511**
	Sig. (2-tailed)	.721		.000
	N	63	63	63
Leadership-Involvement-Median	Pearson Correlation	.004	.511**	1
	Sig. (2-tailed)	.975	.000	
	N	63	63	63
Organizational-Culture-Median	Pearson Correlation	.026	.303*	.390**

	Sig. (2-tailed)	.841	.016	.002
	N	63	63	63

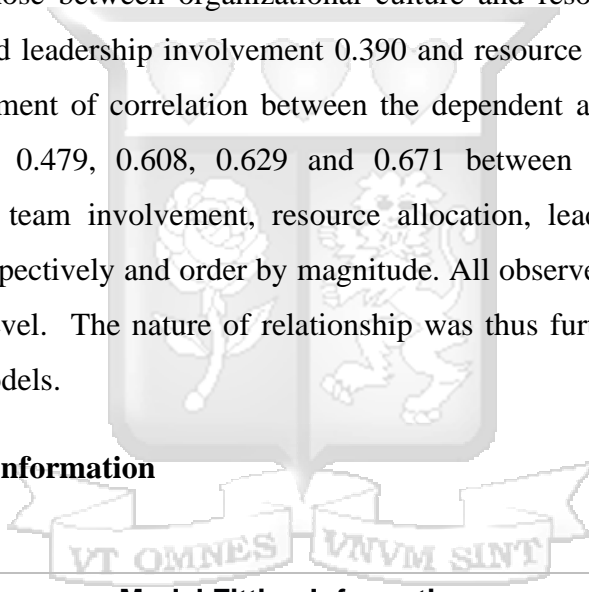
Correlations			
			Organizational-Culture-Median
Team-Involvement-Median	Pearson Correlation		.026
	Sig. (2-tailed)		.841
	N		63
Resource-Allocation-Median	Pearson Correlation		.303*
	Sig. (2-tailed)		.016
	N		63
Leadership-Involvement-Median	Pearson Correlation		.390**
	Sig. (2-tailed)		.002
	N		63
Organizational-Culture-Median	Pearson Correlation		1
	Sig. (2-tailed)		
	N		63

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

There were no strong significant correlations in the dataset hence indicating that the variables were fit for regression analyses. Median scores for each variable were then assessed through ordinal regression to determine the effect of the independent variables on the dependent variable. The ordinal logistic correlation analysis involving predictors and excluding the moderator variable was then run with the results indicated below in tables 4.4 to 4.7. Correlations valid at the 95% confidence level were those between organizational culture and resource allocation at 0.303; organizational culture and leadership involvement 0.390 and resource allocation and leadership culture 0.511. An assessment of correlation between the dependent and independent variables revealed correlations of 0.479, 0.608, 0.629 and 0.671 between implementation and the independent variables – team involvement, resource allocation, leadership involvement and organizational culture respectively and order by magnitude. All observed correlations were valid at the 95% confidence level. The nature of relationship was thus further assessed through the subsequent regression models.

Table 4.5 Model fitting information



Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	47.488			
Final	30.210	17.278	9	.045

Link function: Logit.

This test was included to establish the presence of or lack thereof of a significant difference between an intercept-only model and the generated model. The null hypothesis under assessment was thus indicating that there was no significant difference between model-generated and intercept-only predictions. The significance value of 0.047 was lower than the 0.05 thereby indicating that there was sufficient evidence to reject the null hypothesis; the model therefore had

a statistically justifiable difference from an intercept only (null) model at a 95% confidence level hence it was deemed sufficient in inferring the relationships between the variables

Table 4.6 Goodness of fit

Goodness-of-Fit			
	Chi-Square	df	Sig.
Pearson	31.654	25	.168
Deviance	13.693	25	.967
Link function: Logit.			

The goodness of fit test presented a significance value of 0.168 which was greater than the p-value 0.05 hence the model generated was not statistically different from a perfect model. Inferences made from the model were therefore valid.

Table 4.7 Pseudo R

Pseudo R-Square	
Cox and Snell	.240
Nagelkerke	.302
McFadden	.174
Link function: Logit.	

The model accounted for 30.2% of variance in the dependent variable as indicated by the Nagelkerke pseudo R-square value. Table 4.7, indicating the estimator values, as presented below was then used to assess the log-odds of increase in likelihood of implementation as a function of the three predictors – team involvement, resource allocation and leadership involvement. The outcome indicated that none of the estimators were significant at 95% confidence level given that all had significance values higher than 0.05. General trends of decreased likelihood of implementation were associated with decreased leadership involvement and resource allocation. No apparent trend was evident in assessing the impact of team involvement.

Table 4.8 Parameter estimates

Parameter Estimates

		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[ImplementationMedian = 3]	-5.354	1.957	7.484	1	.006	-9.190	-1.518
	[ImplementationMedian = 4]	.202	1.459	.019	1	.890	-2.657	3.062
Location	[TeamInvolvementMedian=3]	2.366	1.735	1.861	1	.173	-1.034	5.766
	[TeamInvolvementMedian=4]	-.419	.701	.357	1	.550	-1.793	.955
	[TeamInvolvementMedian=5]	0 ^a	.	.	0	.	.	.
	[ResourceAllocationMedian=2]	-2.157	3.409	.400	1	.527	-8.839	4.525
	[ResourceAllocationMedian=3]	-3.398	2.237	2.308	1	.129	-7.783	.986
	[ResourceAllocationMedian=4]	.124	.798	.024	1	.877	-1.440	1.687
	[ResourceAllocationMedian=5]	0 ^a	.	.	0	.	.	.
	[LeadershipInvolvementMedian=2.0]	0 ^a	.	.	0	.	.	.
	[LeadershipInvolvementMedian=3.0]	1.241	3.836	.105	1	.746	-6.278	8.761
	[LeadershipInvolvementMedian=3.5]	-3.206	1.763	3.306	1	.069	-6.662	.250
	[LeadershipInvolvementMedian=4.0]	.005	1.199	.000	1	.997	-2.346	2.356
	[LeadershipInvolvementMedian=4.5]	.275	1.282	.046	1	.830	-2.238	2.787
[LeadershipInvolvementMedian=5.0]	0 ^a	.	.	0	.	.	.	

Link function: Logit.

a. This parameter is set to zero because it is redundant.

A second test was then run to establish the effect of organizational culture which was included to assess its moderating effect. Results of the analysis are presented subsequently.

Table 4.9 Case processing Summary

Case Processing Summary			
1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree		N	Marginal Percentage
Implementation-Median	3	2	3.2%
	4	37	58.7%
	5	24	38.1%
Organizational-Culture-Median	2	1	1.6%
	3	2	3.2%
	4	42	66.7%
	5	18	28.6%
Leadership-Involvement-Median	2.0	1	1.6%
	3.0	1	1.6%
	3.5	7	11.1%
	4.0	37	58.7%
	4.5	13	20.6%
Resource-Allocation-Median	2	1	1.6%
	3	3	4.8%
	4	51	81.0%
	5	8	12.7%
Team-Involvement-Median	3	4	6.3%
	4	48	76.2%
	5	11	17.5%
Valid		63	100.0%
Missing		0	
Total		63	

In assessing implementation scores, it was observed that most respondents agreed or strongly agreed with the view that their organization experienced a high implementation rate (96.8%). Only 3.2% disagreed with the observation.

Table 4.10 Model fitting information

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	58.445			
Final	37.801	20.644	11	.037
Link function: Logit.				

The null model under assessment in was that indicating that there was no significant difference between model generated and intercept only predictions. The significance value of 0.037 was lower than the 0.05 thereby indicating that there was sufficient evidence to reject the null hypothesis; the model therefore had a statistically justifiable difference from an intercept only (null) model at a 95% confidence level hence it was deemed sufficient in inferring the relationships between the variables.

Table 4.11 Goodness of fit

Goodness-of-Fit			
	Chi-Square	df	Sig.
Pearson	45.810	37	.152
Deviance	19.176	37	.993
Link function: Logit.			

The null hypothesis under test in the goodness-of-fit test was that indicating that there was no statistically justifiable difference between a perfect model and the generated model at a confidence level of 95%. The significance value of 0.152 was higher that $\alpha = 0.05$ hence indicating that there was not sufficient evidence to reject the null hypothesis; the model was thus considered satisfactorily similar to a perfect model for the inference of relationships between the variables.

Table 4.12 Pseudo R

Pseudo R-Square	
Cox and Snell	.279
Nagelkerke	.352
McFadden	.207
Link function: Logit.	

The Nagelkerke Pseudo R-Square value generated indicated that the model accounted for 35.2% of the variance in the dependent variable; this low variance therefore indicated that the model was lacking in accounting for trends in the dependent variable hence interpretations should be considered with caution.

Table 4.13 Parameter Estimates

Parameter Estimates								
		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[ImplementationMedian = 3]	-6.343	2.138	8.800	1	.003	-10.534	-2.152
	[ImplementationMedian = 4]	-.588	1.601	.135	1	.714	-3.725	2.550
Location	[OrganizationalCultureMedian=2]	-3.170	3.609	.772	1	.380	-10.244	3.903
	[OrganizationalCultureMedian=3]	-3.118	3.360	.861	1	.353	-9.704	3.468
	[OrganizationalCultureMedian=4]	-.994	.623	2.544	1	.111	-2.215	.227
	[OrganizationalCultureMedian=5]	0 ^a	.	.	0	.	.	.
	[LeadershipInvolvementMedian=2.0]	0 ^a	.	.	0	.	.	.
	[LeadershipInvolvementMedian=3.0]	3.756	5.136	.535	1	.465	-6.311	13.824
	[LeadershipInvolvementMedian=3.5]	-3.349	1.843	3.303	1	.069	-6.960	.263
	[LeadershipInvolvementMedian=4.0]	-.184	1.251	.022	1	.883	-2.636	2.268

[LeadershipInvolvementMedian=4.5]	.070	1.329	.003	1	.958	-2.534	2.674
[LeadershipInvolvementMedian=5.0]	0 ^a	.	.	0	.	.	.
[ResourceAllocationMedian=2]	0 ^a	.	.	0	.	.	.
[ResourceAllocationMedian=3]	-3.809	2.088	3.329	1	.068	-7.901	.283
[ResourceAllocationMedian=4]	.131	.818	.026	1	.873	-1.472	1.734
[ResourceAllocationMedian=5]	0 ^a	.	.	0	.	.	.
[TeamInvolvementMedian=3]	2.404	1.872	1.650	1	.199	-1.264	6.073
[TeamInvolvementMedian=4]	-.295	.721	.167	1	.682	-1.707	1.117
[TeamInvolvementMedian=5]	0 ^a	.	.	0	.	.	.
Link function: Logit.							
a. This parameter is set to zero because it is redundant.							

None of the estimated log odds had significance values lower than $\alpha = 0.05$ hence indicating that the relationship between the variables, as subsequently discussed, could not be justified at a confidence level of 95%.

4.6.1 Objective 1: The effect of team involvement on BSC implementation

In assessing the relationship between team involvement and implementation, it emerged that ratings of 4 on team involvement were associated with lower ratings on implementation (log odds -0.295) as compared to those with ratings of 5. However, those with ratings of 3 (neutral) were more likely to indicate higher scores on implementation (log odds 2.404) as compared to those that indicated ratings of 5. A defined trend was not observed in the relationship between the variables.

The lack of a definite relationship between team involvement and strategy implementation implies that the factor cannot be inferred to be a predictor of the success or failure of strategy implementation efforts. This finding therefore points to other intervening factors as the basis for the high implementation rate (96.8%) observed across the organizations. This finding is in keeping with Wang'ombe's (2013) observation indicating that CIC insurance struggles with team

involvement in BSC implementation. However, Misawo's (2016) observation indicating that BSC implementation was well understood and implemented across insurance companies in Kenya did not hold true in this study. The inference therefore is that insurance organizations should invest in the allocation of resources to human resource departments with the aim of equipping teams with the requisite knowledge and skills required for BSC implementation; given the established relationship between the two constructs, such a move would serve to further spur BSC implementation.

4.6.2: Objective 2: The effect of resource allocation on BSC implementation

As compared to those with median ratings of 5, those with ratings of 4 were more likely, albeit slightly (log odds 0.131) to provide higher scores on implementation with those with ratings of 3 being less likely (log odds -3.809) to provide higher scores on implementation. No notable trend was therefore observed in the relationship between the ratings.

According to Kiriiri (2015), one of the notable shortfalls in BSC implementation is the lack of resources allocated to the implementation process. Aaltonen and Ikavalko (2001) further observed that a lack of resources would serve to stifle employee involvement in the strategy implementation as they would be less motivated and therefore less efficient in meeting targets set towards achieving set goals. Judson (2009) noted that organizational resources ensure that working environment is conducive for the employees to work comfortably and exploit their skills in strategy implementation. Financial and other resources should be made available to employees to facilitate the implementation process. The conflict between strategic plans and budgets is the most commonly perceived area of dissonance. The lack of a relationship between these two constructs as observed through the regression model therefore points to a need for further investigation into the reasons for high reported strategy implementation with the organizations.

4.6.3: Objective 3: The effect of leadership involvement on BSC implementation

In assessing the influence of leadership involvement, it emerged that as compared to those that indicated median ratings of 5, those with ratings 4 and 3.5 were more likely, by log odds of -0.184,

and -3.349 respectively, to provide lower scores on implementation. However, those that indicated a neutral score were more likely (log odds 3.756), as compared to those with rating 5, to provide higher scores on implementation. This therefore suggests an inconclusive trend in ratings between the two variables. Those with rating 2 were excluded from the model as their coefficients were considered redundant.

According to Thompson, Strickland and Gamble (2007), there are four pivotal leadership behaviour, and these serve to determine the course of an organization; these are - the determination of objectives, the manipulation of means, the control of the instrumentality of action and the stimulation of coordinated action. The lack of a relationship between BSC implementation and leadership involvement, as uncovered in this study therefore indicates that there is a need to the organizations to rethink their overall approach in leadership. Among the notable approaches may be a change in leadership style as these should be matched with the strategies of an organization (Mockler, 2013). The approach assumed by leadership should therefore serve to foster strategic support (Thompson, 2013) so as to ensure that strategies are well implemented.

Omollo, (2015) studied the balanced scorecard as a strategy implementation and performance measurement tool at the parliamentary service commission of Kenya. In this study, Omollo recommended that for successful application of the balanced scorecard, all staff must be involved and must understand the meaning and objectives of the balanced scorecard, and that all departments must be aligned towards achieving organizational objectives.

4.6.4: Objective 4: The intervening effect of organizational culture

There was a significant change in the variance explained in the models (from 30% to 35%) following the introduction of organization culture as a variable in the second iteration of the ordinal logistic regression; there however was no change in the significance of the variables as all presented significance values higher than 0.05. Additionally, there was a significant change in the magnitude of estimators for all median ratings assessing the impact of all three predictor variables. This therefore indicated that organization culture played a significant role as a moderating variable. In assessing the isolated impact of the factor, it emerged that as compared to those that indicated median ratings of 5, lower ratings of implementation were associated with ratings 4, 3 and 2 with

log odds of -0.994, -3.118 and -3.170 respectively. This finding therefore indicates a positive relationship between organization culture and implementation.

To further assess the intervening impact of organizational culture, a moderation-specific regression model was run; this however necessitated the treatment of the variable as continuous as opposed to ordinal in nature. This was identified as a limitation by the researcher, but the test was included as a diagnostic indulgence. Each of the variables effect on implementation was assessed independently with the interaction effect tested through inclusion of the product of the deviation values of the moderator and the variable in question. Findings from the assessment as run through Andrew Haye’s Process on SPSS (Hayes, 2018) are presented in tables 4.14 through 4.16 below.

Table 4.14 Model Summary – moderation of team involvement by organization culture

	R	R-sq	MSE	F	df1	df2	p
	.2844	.0809	.2854	1.7303	3.0000	59.0000	.1706
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	4.3509	.0673	64.6193	.0000	4.2162	4.4857	
TeamInvolv.	.0056	.1509	.0369	.9707	-.2964	.3076	
Org.culture	.2344	.1176	1.9931	.0509	-.0009	.4698	
Int_1	-.2445	.2856	-.8561	.3954	-.8160	.3270	

The model, as indicated by the r-square value accounted for 8.1 % of the variance in the dependent variable. Furthermore, as indicated by the generated significance values, none of the coefficients were significant at a 95% confidence level. The interaction effect was also non-significant thereby pointing to a lack of moderation as assessed through multiple linear regression.

The second moderation effect was assessed for the variable leadership involvement. Results are presented in table 4.15 below.

Table 4.15 Table summary moderation of leadership by organization culture

Model Summary

	R	R-sq	MSE	F	df1	df2	p
	.3791	.1438	.2658	3.3018	3.0000	59.0000	.0264
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	4.3227	.0666	64.8763	.0000	4.1893	4.4560	
Leadersh	.3703	.1746	2.1203	.0382	.0208	.7197	
Org.culture	.2603	.1310	1.9866	.0516	-.0019	.5224	
Int_1	.2530	.1413	1.7907	.0785	-.0297	.5358	
Int_1	:	Leadersh	x	Organiza			

The generated model accounted for 14.4% of the variance in the dependent variable as a function of the predictor variables. The regression coefficient on the variable leadership culture was found to be significant with a significance value of 0.0382 (less than 0.05). Organization culture and the interaction variable were however non-significant at 95% confidence level. This indicated that for the variable, organizational culture did not play a moderating function.

Finally, in assessing moderating effect of the organizational culture on resource allocation, a subsequent regression model akin to the foregoing was run. Results are presented in table 4.16.

Table 4.16 Model Summary – moderation of resource allocation by organization culture

	R	R-sq	MSE	F	df1	df2	p
	.3266	.1067	.2773	2.3488	3.0000	59.0000	.0817
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	4.3332	.0674	64.2903	.0000	4.1984	4.4681	
Resource	.2185	.1603	1.3635	.1779	-.1022	.5392	
Organiza	.2928	.1345	2.1773	.0335	.0237	.5620	
Int_1	.1886	.1401	1.3462	.1834	-.0917	.4689	
Product terms key:							
Int_1	:	Resource	x	Organiza			

As indicated in the table, the generated model accounted for 10.7% of the variation in the dependent variable as a function of the predictor variables. Organization culture presented as the only significant predictor of implementation with the interaction coefficient being less than alpha 0.05 as indicated by the p-value of 0.1834. The moderation effect of organization culture on resource allocation was therefore not observed in the study. However, according to this assessment, organization culture was deemed to have a direct impact on implementation. The only

intervening effect was therefore evidenced by the change in magnitude of variables and variance explained in assessing the model through ordinal logistic regression.

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). Detert, Schroeder and Mauriel (2000) indicate that organizational culture involves that basic assumptions that organizations employ to deal with external adaptation and internal integration in problem solving approaches. The positive relationship observed between the two variables (organizational culture and BSC implementation) therefore serves to show that the high implementation rates observed within the organizations are more as a function of the organizations culture than of the other three factors – team involvement, resource allocation, and leadership involvement. Given that no positive relationships were observed for these variables, it may be surmised that the mediating role played by organizational culture serves to mitigate against a lack of resources and shortfalls in both team involvement and leadership. This finding is therefore in keeping with Chatman and Cha's (2003) observation that organizational culture has a strong relationship with strategy implementation; in the case of this study, it presents as the only valid indicator of implementation albeit the relationship identified is not valid at a 95% confidence level.

4.7 Comparative Trend Analysis

Trend analysis was conducted to compare the BSC implementation process of the two insurance companies, CIC General Insurance Limited and Britam General Insurance Limited. To measure the financial perspective, ROA was used, for the customer perspective, customer satisfaction index was used, for learning perspective number of trainings and the internal process was measured using number of innovations. Data was collected for three years before BSC adoption and three years after adoption.

4.7.1 Financial perspective

Figure 4.10 displays the ROA for the two companies

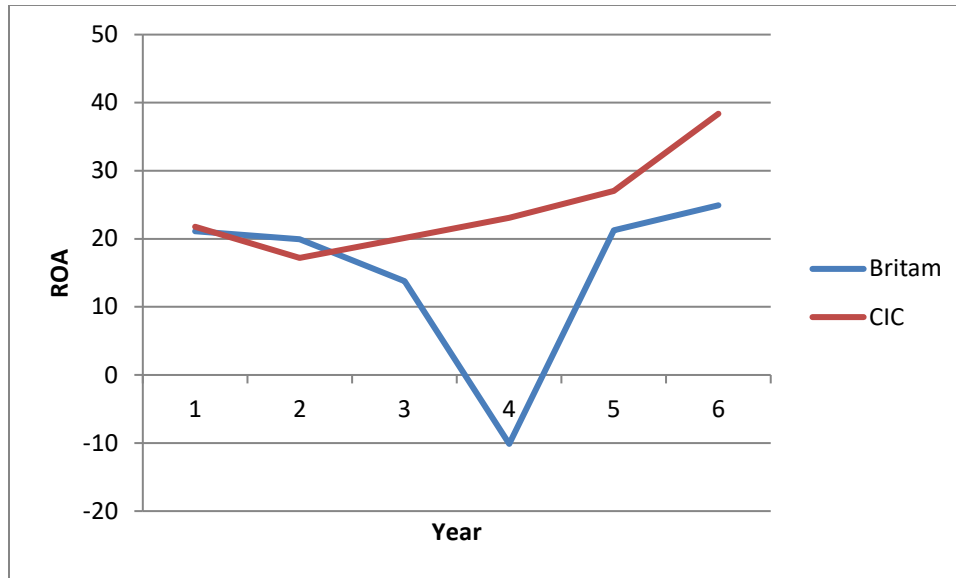


Figure 4.10 ROA Comparison for CIC and Britam

Results indicate that the ROA for CIC had a decrease from the first years to the second year, ROA then increased from the second year to the fifth year. The ROA from the fifth to the sixth year had a gradual increase. This indicated that ROA for the company for the first three years which was before BSC implementation was lowest. ROA for the first and second years after implementation slightly increased implying that the company was still adapting to the new system. By the third year, the company had fully adapted to the system and therefore the company's ROA shot up.

Britam's ROA was decreasing between the first year to the third year which were years before BSC adoption. The company's ROA still decreased in the first year after adoption indicating that the company had not adapted to the new system. ROA then increased from the first year of adoption to the third year showing that the company had fully adapted to the system.

4.7.2 Customer Perspective

Figure 4.10 shows the customer satisfaction index used to measure customer perspective for three years before BSC adoption and three years after BSC adoption.

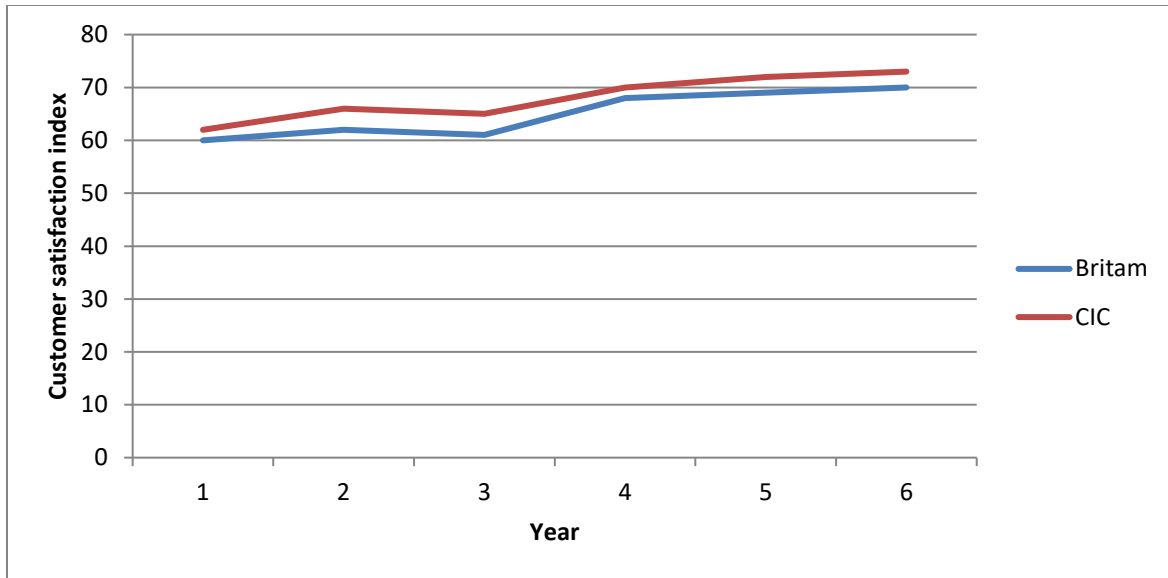


Figure 4.11 Customer Satisfaction Index for the Period

Figure 4.11 revealed that the customer satisfaction index for both companies was increasing between the first six months before adoption of BSC. The customer satisfaction index then decreased in the third year. After BSC adoption, the customer satisfaction index increased gradually up to the third year of implementation.

4.7.3 Learning Perspective

Figure 4.12 shows the number of trainings held by the companies used to measure the learning perspective of BSC.

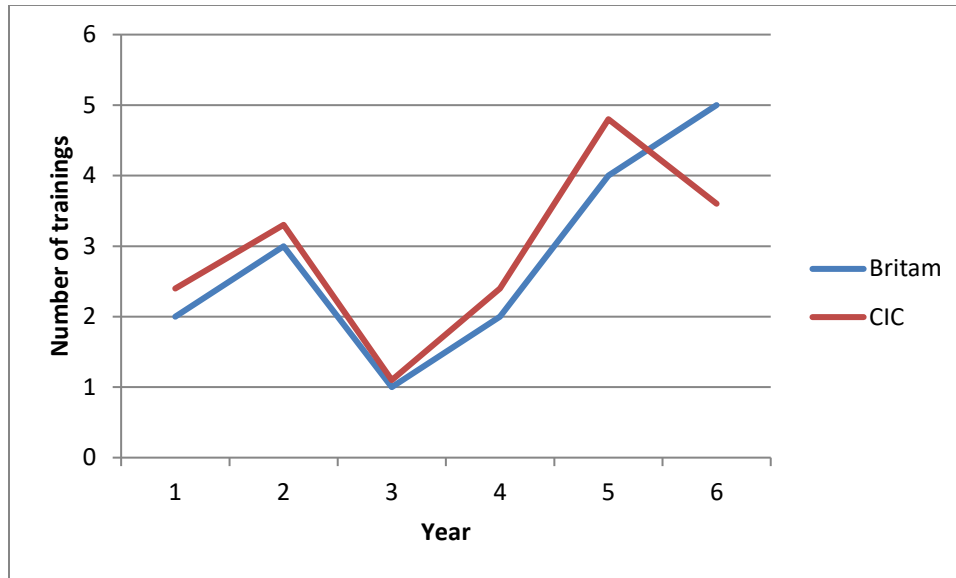


Figure 4.12 Learning Perspective for the Period

The results showed that the number of trainings held by the two companies increased between the first and second year but decreased by the third year. The number of trainings held by Britam increased up to the third year of BSC adoption. For CIC, the number of trainings increased up to the second year after BSC adoption but slightly dropped by the third year after adoption.

4.5.4 Internal Business Process Perspective

The internal business process perspective was measured using the number of new innovations in the company. Figure 4.13 presents the results.

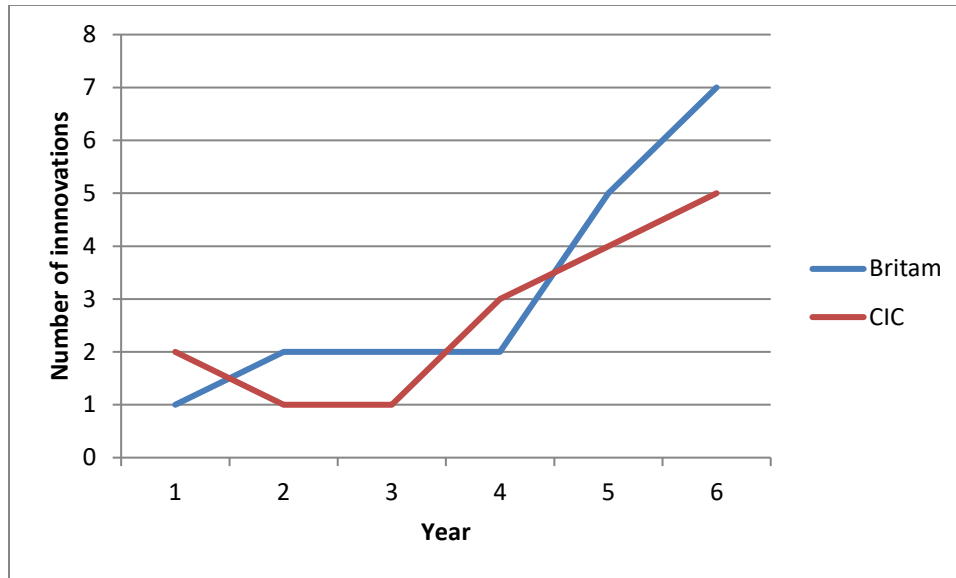


Figure 4.13 Internal Business Process Perspective

The number of new innovations in CIC dropped between the first and second year before BSC adoption and remained constant between the second and third years. After BSC adoption, the number of new innovations gradually increased. For Britam, the number of new innovations increased between the first and second year, remained constant between the second and third year and then gradually increased after adoption of BSC up to the third year.

4.5.5 Summary on comparison

The above findings implied that for both companies, the profitability was increasing after BSC adoption. Customer satisfaction also increased with BSC adoption. Further, more trainings were offered to employees for development of skills and knowledge and the number of new innovations increased after BSC adoption; the effect of this training was however not apparent as observed in the ordinal logistic model given the lack of positive relationship between team involvement and BSC implementation. This meant that the although the anticipated benefit from training on performance was not achieved, organizational culture served to steer the organizations towards achieving their goals. Kaplan and Norton (1992) highlighted that the BSC would improve firm performance. Norton, 2006). Kaplan and Norton (2006) indicate that the implementation of BSC would result in improved operational performance, increased profit, improved communication

among staff, improved long and short-term planning process, and better management of intangibles including capabilities and human capital.



CHAPTER FIVE: CONCLUSION RECOMMENDATIONS LIMATIONS AND AREAS FOR FUTHER STUDY

5.1 Introduction

This chapter presented the conclusion and recommendations based on the study findings.

5.2 Conclusion

Based on the study findings, it was observed that team involvement, resources allocated, and leadership involvement were not significant influencers of BSC implementation. However, the study concluded that organizational culture positively albeit not significantly at 95% confidence level, moderates the relationship between team involvement, resources allocated and leadership involvement and BSC implementation. The main implication of the finding, in light of the resource-based view, is that BSC implementation, in the two companies, cannot be viewed as a means by which to deliver additional value to consumers for the purposes of gaining competitive advantage. This finding is in keeping with observations by Khomba, Vermaak and Hanif (2012) who posit that the studies on the BSC in the African context should be precluded by an assessment of the defining values of the tool in light on the African setup. According to the researchers, BSC is crafted to fit the Western capitalistic system which highlights profit making for investors as the sole motivation for businesses and financial pursuits – the presupposition does not hold for the more humanistic and social context of Africa.

The lack of an inferred relationship between the three predictor variables – resource allocation, leadership and team involvement – therefore serves to highlight the intervening role of organizational culture in determining the implementation of strategy. It may therefore be surmised that the two companies employ the use of culture to overcome shortfalls in other requisite functions of the organization deemed, through extant literature, to bear a significant effect on the strategy implementation process. It is however noteworthy that all responses collected were self-reported and therefore respondents might have provided answers, despite assurances of confidentiality, that would align with the positive depictions of their organizations; this would account for the high incidence of ratings indicating agreement with statements inquiring on the performance aspects of the organizations.

The reported financial and customer survey trends however seem to indicate improvements within the organizations within the period on BSC implementation; this would therefore justify the observation that BSC strategies were successfully implemented within the organizations as it is observed that such would result in improved overall performance within the organizations. Addressing the three aspects of the organization – resource allocation, leadership and team involvement – can therefore be inferred to further spur development and the meeting of objectives of the company given that this would result in an added likelihood of higher implementation of strategy.

5.3 Recommendations

Based on the conclusions of the study, the researcher made the following recommendations.

Insurance companies should seek to understand how organizational culture mitigates the lack of relationship between implementation and the pivotal drivers – resource allocation, team involvement and leadership involvement. Such understanding would shed light into possible ways of further enhancing strategy implementation as it would allow the managers to put in place ways to further leverage organizational culture in dealing with inefficiencies in the current strategy implementation process.

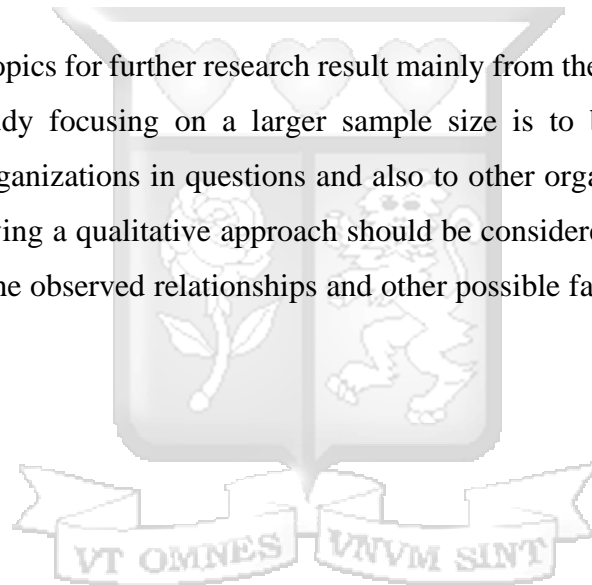
In addition, the organizations should encourage the participation of all team members such as stakeholders and subordinate staff in decision making especially when it comes to execution of a new strategy such as BSC. Appropriate resource allocation and leadership involvement should also be encouraged. They should encourage both the top-down and bottom-up approaches in the companies that gives freedom to the employees at the lowest level to discuss their opinions with the managers; such an initiative would serve to improve team involvement and although this has not been shown in this study to be significantly related to implementation, previous research (Misowa, 2016; Deem, 2009) indicates that improved team involvement would result in better strategy implementation. Finally, further research is required to assess the departure of findings in this study from multiple publications postulation a relationship between the variables considered.

5.4 Limitations of the study

The main limitation of the study presents in the score – the researcher considered two insurance firms hence the findings are not generalizable to the insurance market in the country. Furthermore, only 63 responses were collected and these predominantly featured responses from managers in the two organizations. The findings generalizability to the organization may also, as a consequence of omission of lower-ranking employees, may thus be trivial. Finally, the study was quantitative in nature hence the reasons behind the observed relationships were not captured through the data collection tool.

5.5 Areas for further study

The areas presenting as topics for further research result mainly from the limitations of the current study. A subsequent study focusing on a larger sample size is to be consider to allow for generalizability to the organizations in questions and also to other organizations in the industry. Secondly a study employing a qualitative approach should be considered to allow for exposition into the reasons behind the observed relationships and other possible factors that shape affect the implementation process.



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APPENDIX I: LETTER OF INTRODUCTION

Dear Participants,

I am student of Strathmore Business School conducting a research on **Factors influencing the implementation of BSC in insurance companies in Kenya**. Kindly fill up this information and return. Any information obtained for this purpose will be kept strictly confidential and will only be used for academic purpose. Your cooperation will be highly appreciated in this regard. Thank You!

Yours truly:

Jane Gichuki



APPENDIX II: QUESTIONNAIRE

Section A: Social demographic information

1. Gender of respondents

Male

Female

2. How old are you? (Years)

Less than 30:

31-40:

41-50:

Above 50:

3. What is your level of education?

Undergraduate

Masters

PhD

4. How long have you been employed in this company?

a) less than 1 year

b) 2 to 3 years

c) 4 to 6 years

d) More than 6 years

1. Which year was BSC adopted in your company?

2. Name of Insurance Company.....

Britam General Insurance Limited

CIC General Insurance Limited

Section B: Team Involvement.

This section attempts to establish the effect of employee involvement to BSC implementation on the performance of insurance firms. Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
There is clarity about overall vision, strategy and individual roles in BSC implementation					
The employees are provided with a nurturing environment where they learn, grow, improve and enhance their functioning.					
Employees are trained on the balanced scorecard					
Employees performance based on BSC strategy is reviewed continuously and feedback given					
Employees are recognized for doing good work					

Give your views on how employee involvement affects BSC implementation

.....
:

Section C: Resources Allocated.

This section attempts to establish the effect of resources allocated to BSC implementation on the performance of insurance firms. Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Resource allocation is a major management activity that allows for BSC strategy execution					
The firm allocates enough funds to drive implementation of BSC strategy.					
Human resources used in implementation of BSC strategy have BSC skills.					
The company has the right materials and equipment needed by employees to do their work.					
There is proper management of the available BSC implementation resources.					

Explain the role of resource allocation in BSC implementation

.....

In your own view, does BSC implementation get adequate resource allocation?

.....

Section D: Leadership Involvement

This section attempts to establish the effect of leadership involvement to BSC implementation on the performance of insurance firms. Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Our leaders find motivation from within and use that as the driving force to effectively manage the direction of the company.					
Leaders in the company skillfully manipulate junior staff to implement BSC.					
Leaders have the ability to coordinate the contribution of all team members towards one goal of successful implementation of BSC					
The leaders are able to control the actions of team members effectively					

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Our leaders are willing to take risks, try new things and take an innovative approach to growing the organization					
Our leaders come up with clear objectives that are oriented towards effective implementation of BSC					

Explain how transformational leadership has affected BSC implementation in your company

.....

.....

Section E: Organizational culture

This section attempts to assess organizational culture of insurance firms. Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Our company is very results oriented. A major concern is with getting the job done. People are very competitive and achievement oriented.					
The leadership in our company is generally considered to exemplify entrepreneurship, innovation, or risk taking					
The management style in our company is characterized by individual risk taking, innovation, freedom, and uniqueness.					
The glue that holds our company together is commitment to innovation and development. There is an emphasis on being on the cutting edge.					
Our company emphasizes acquiring new resources and creating new challenges. Trying new things and prospecting for opportunities are valued.					
Our company defines success on the basis of having the most unique or newest products. It is a product leader and innovator,					
I feel that the team actively helps each other find ways to make					

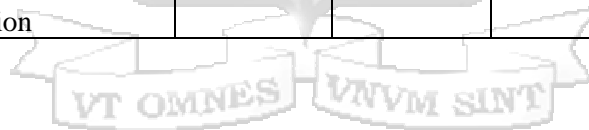
Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
innovation platforms a success in our company.					

Section F: Implementation

This section attempts to assess BSC implementation of insurance firms. Use the likert scale. The response scale for the questions is as below:

1= Strongly Agree, 2= Agree, 3= Neutral, 4= Disagree, 5 = Strongly Disagree

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Financial perspective measures have helped improve your revenue growth					
Customer perspective measures on BSC help improve performance on enhancing customer loyalty, retention, satisfaction and new customer acquisition					
Learning and growth measures and scores on BSC help the company to improve employee skills					
Internal process measures on BSC have helped to adopt and efficiently deal with matters related to efficient and effective systems and procedures					
Both the subordinate and senior staff have been able to develop key performance indicators which are aligned with the organization					



Secondary Data Collection Sheet

BSC implementation Secondary data correction sheet

Financial Perspective

	Before Adoption			After Adoption		
Aspect	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
ROA						

Customer perspective

	Before Adoption			After Adoption		
Aspect	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Customer satisfaction Index						

Learning and Growth Perspective

	Before Adoption			After Adoption		
Aspect	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Number of trainings						

Internal Processes Perspective

	Before Adoption			After Adoption		
Aspect	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Number of new innovations						



APPENDIX III: LIST OF REGISTERED INSURANCE FIRMS IN KENYA

1	AAR Insurance Kenya Limited	PO Box 41766 - 00100, Nairobi
2.	AIG Kenya Insurance Co Ltd	PO Box 49460 - 00100, Nairobi
3.	Africa Merchant Assurance Co. Ltd	PO Box 61599 - 00100, Nairobi
4.	Allianz Insurance Co of Kenya Ltd	PO Box 66257- 00800, Nairobi
5.	APA Insurance Limited	PO Box 30065 - 00100, Nairobi
6.	APA Life Assurance Limited	PO Box 30389 - 00100, Nairobi
7.	Barclays Life Assurance K Ltd	PO Box 1140 - 00100, Nairobi
8.	Britam General Ins. Co. (K) Ltd.	PO Box 40001 – 00100, Nairobi
9.	British-American Insurance Co. Ltd.	PO Box 30375 – 00100, Nairobi
10.	Cannon Assurance Ltd	PO Box 30216 - 00100, Nairobi
11.	Capex Life Assurance Limited	PO Box 12043 - 00400, Nairobi
12.	CIC General Insurance Limited	PO Box 59485 - 00100, Nairobi
13.	CIC Life Assurance Ltd	PO Box 59485 - 00100, Nairobi
14.	Continental Reinsurance Ltd	PO Box 76326 - 00508, Nairobi
15.	Corporate Insurance Co. Ltd	PO Box 34172 – 00100, Nairobi
16.	Directline Assurance Co Ltd	PO Box 40863 - 00100, Nairobi
17.	EA Reinsurance Company Ltd	PO Box 20196 - 00200, Nairobi
18.	Fidelity Shield Insurance Co Ltd	PO Box 47435 - 00100, Nairobi
19.	First Assurance Company Ltd	PO Box 30064 - 00100, Nairobi
20.	GA Insurance Limited	PO Box 42166 - 00100, Nairobi
21.	GA Life Assurance Ltd	PO Box 42166 - 00100, Nairobi
22.	Geminia Insurance Company Ltd	PO Box 61316 - 00200, Nairobi
23.	ICEA LION General Insurance Co Ltd	PO Box 30190 - 00100, Nairobi
24.	ICEA LION Life Assurance Co Ltd	PO Box 46143 - 00100, Nairobi
25.	Intra Africa Assurance Co Ltd	PO Box 43241 - 00100, Nairobi
26.	Invesco Assurance Company Ltd	PO Box 52964 - 00200, Nairobi
27.	Kenindia Assurance Co Ltd	PO Box 44372 - 00100, Nairobi
28.	Kenya Orient Insurance Ltd	PO Box 34530 - 00100, Nairobi
29.	Kenya Orient Life Assurance Ltd	PO Box 34540 - 00100, Nairobi
30.	Kenya Reinsurance Corp Ltd	PO Box 30271 - 00100, Nairobi
31.	Liberty Life Assurance Kenya Ltd	PO Box 30364 - 00100, Nairobi
32.	Madison Insurance Company Ltd	PO Box 47382—00100, Nairobi
33.	Mayfair Insurance Company Ltd	PO Box 45161 - 00100, Nairobi
34.	Metropolitan Cannon Life Ass Ltd	PO Box 46783 - 00100, Nairobi
35.	Occidental Insurance Co Ltd	PO Box 39459 - 00623, Nairobi
36.	Old Mutual Life Assurance Co Ltd	PO Box 30059 - 00100, Nairobi
37.	Pacis Insurance Company Ltd	PO Box 1870 - 00200, Nairobi
38.	Pioneer Life Assurance Company Ltd	PO Box 20333 - 00200, Nairobi
39	Pioneer General Insurance Ltd	PO Box 20333 - 00200, Nairobi
40.	Phoenix of EA Assurance Co Ltd	PO Box 30129 - 00100, Nairobi
41.	Prudential Life Assurance K Ltd	PO Box 25093 - 00100, Nairobi
42.	Saham Assurance Company K Ltd	PO Box 20680 - 00200, Nairobi
43.	Sanlam General Insurance Ltd	PO Box 60656 -00200, Nairobi

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| 44. | Sanlam Life Assurance Ltd | PO Box 44041 – 00100, Nairobi |
| 45. | Tausi Assurance Company Ltd | PO Box 28889 - 00200, Nairobi |
| 46. | The Heritage Insurance Company Ltd | PO Box 30390 - 00100, Nairobi |
| 47. | Trident Insurance Company Ltd | PO Box 55651 - 00200, Nairobi |
| 48. | Resolution Insurance Company Ltd | PO Box 4469 - 00100, Nairobi |
| 49. | UAP Life Assurance Limited | PO Box 23842 - 00100, Nairobi |
| 50. | UAP Insurance Company Limited | PO Box 43013 - 00100, Nairobi |
| 51. | Takaful Insurance of Africa Limited | PO Box 1811- 00100, Nairobi |
| 52. | The Jubilee Insurance Co. Ltd | PO Box 30376 – 00100, Nairobi |
| 53. | The Monarch Insurance Co. Ltd. | PO Box 44003 - 00100, Nairobi |
| 54. | The Kenyan Alliance Insurance Co Ltd | PO Box 30170 - 00100, Nairobi |
| 55. | Xplico Insurance Limited | PO Box 38106 - 00623, Nairobi |

