

**FACTORS INFLUENCING THE APPLICATION OF BALANCE
SCORECARD AT NATIONAL SOCIAL SECURITY FUND**

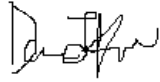
DAVID MUTUKU

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF
BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF
NAIROBI**

2023

DECLARATION

I hereby certify that my research project is a unique piece of work produced alone by me and has not been presented at any other institution.



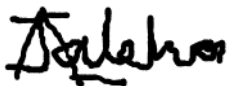
Signature: -----

Date: 27th October, 2023

David Mutuku

D61/72898/2009

This research project has been handed in for evaluation, and I, in my capacity as a supervisor at the University, have given my permission.



Signature: ----- Date: 27th October 2023

Mr. Alex Jaleha

Lecturer, Department of Business Administration,

Faculty of Business and Management Sciences

University of Nairobi

DEDICATION

I dedicate this thesis to my parents Joshua and Lydia for starting me on the path of my academic journey, for sacrifices, encouragement and prayers. I also dedicate it to my family for their constant encouragement; to my friends for their advice and support.

ACKNOWLEDGEMENT

I owe a tremendous debt of appreciation to Mr.Alex Jaleha, my university supervisor, for his guidance, thoughtful comments, and astute observations during this whole process. His perceptive comments and useful suggestions have been much appreciated. I'd want to thank everyone I've studied with and been taught by at the University of Nairobi for helping me succeed academically and furthering my quest of knowledge. It's important to let my loved ones and colleagues know how much they're appreciated. Thanks for their encouragement, I have been able to make significant academic progress. They helped ,motivated me, and for that I am eternally thankful.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
ABBREVIATIONS AND ACRONYMS.....	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Balanced Scorecard.....	3
1.1.2 Factors Influencing Application of Balance Scorecard.....	4
1.1.3 National Social Security Fund in Kenya	6
1.2 Research Problem	7
1.3 Research Objective	10
1.4 Value of the study.....	11
CHAPTER TWO: LITERATURE REVIEW	12
2.1. Introduction	12
2.2 Theoretical Foundation	12
2.2.1 The Agency Theory.....	13
2.2.2 Stakeholder Theory	14
2.2.3 Resource Based Theory	15
2.4. Factors Influencing the Application of Balance Scorecard.....	16
2.5 Summary of the Knowledge Gaps	19

CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction	20
3.2 Research Design	20
3.3 Data Collection	21
3.4 Data Analysis	22
CHAPTER FOUR: DATA ANALYSIS FINDINGS AND DISCUSSION	22
4.1 Introduction	22
4.2 Demographic Characteristics	23
4.3 Application of the Balanced Scorecard.....	23
4.4 Factors that Influence application of Balance Scorecard.....	30
4.5 Discussion of the Findings	35
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMENDATIONS	37
5.1 Introduction	37
5.2 Summary of Findings.....	37
5.3 Conclusion of the Study.....	38
5.4 Recommendations of the Study.....	39
5.5 Limitations of the Study.....	39
5.6 Suggestions for Further Study.....	40
REFERENCES	41
Appendix I: Interview Guide	48

ABBREVIATIONS AND ACRONYMS

BSC	Balanced Scorecard
HR	Human Resource
IT	Information Technology
NSSF	National Social Security Fund
RBT	Resource Based Theory
SPSS	Statistical Package for Social Sciences

ABSTRACT

The objective of this study was to determine the factors that influence the use of the balanced scorecard at National Social Security Fund. Despite the government enforcing a savings culture through various reforms including increasing contributions and making them mandatory, NSSF has failed to achieve its main objective of providing a source of income to retirees and enhance adequacy of benefits paid out to the beneficiaries. The research used a case study methodology, and data gathering was accomplished via the use of an interview guide. For the purpose of analyzing data of a qualitative character, content analysis was used. NSSF is able to have sufficient leader support, in which the top management provides effective monitoring and evaluation of BSC implementation and accounting for the result. This enables NSSF to have proper monitoring and assessment of BSC implementation. When it comes to putting BSC into action, an organization's success is dependent on its human assets. It would be beneficial for the NSSF to invest in training and development programs for its staff members in order to enhance their capabilities and level of knowledge in BSC implementation. The learning and development viewpoint of the NSSF score card takes into account the many actions that are geared at elevating the existing levels of expertise and abilities held by all staff members. The establishment of a cohesive team has been made easier by the use of communication in pursuing the strategic goals. The managers of the company communicated their strategy both horizontally and vertically, linking it to the goals of both departments and individuals. The resources provided by NSSF guarantee that the working atmosphere is favorable for workers to work pleasantly, which allows them to better use their abilities in BSC. Research shows that getting buy-in from the C-suite is crucial for successful balanced scorecard implementation. Organizational culture, strong linkages between departments, highly educated and experienced executors, open lines of communication, and the active participation of all employees have all had significant effects on BSC at the NSSF. Management assessment methods, openness to new information, and the Balanced Scorecard's perceived utility and simplicity of use were all highlighted as important factors to consider in the study's final analysis. The learning and development viewpoint of the NSSF score card takes into account the many actions that are geared at elevating the existing levels of expertise and abilities held by all staff members. According to the findings of the research, policymakers should consider implementing adjustments in order to provide a suitable response to trend setters including consultants, gurus, and business media with relation to aspects such as the balancing scorecard. The NSSF should enact rules that establish and improve the platforms necessary for the effective operation of the balancing scorecard. It is also necessary to make investments in resource allocation, leadership, and training of employees to BSC in strategy implementation in order to assist in clearing up the uncertainty that exists among some members of the staff who are unable to properly apply the BSC. It is also advised that the management should provide proper and regular information to the workers on new developments that influence BSC implementation so that the employees may comprehend the progress that is being made with the implementation.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The balanced scorecard is an essential strategic measuring tool that helps management to comprehend, monitor, and manage the processes of a company's key performance measures. The balanced score card (BSC) aims at overcoming the constraining factors associated with the traditional measurement indicators of organizational performance by operationalizing business strategies into key performance indicators (KPI) (Brunswicker & Vanhaverbeke 2015). The BSC helps managers visualize how stated goals can be achieved and the success factors necessary to achieve them. Misawo, (2016) asserts that the leadership behavior in the application of the balanced scorecard, is the most critical factor when evaluating organizational performance. On the other hand, Byars (2017) argues that financial resources are important considerations when implementing the balanced score card (BSC). Other studies show that an organization structure can hinder the effective application of balance scorecard (Chatman & Cha 2003). Generally, the BSC was designed to address the gap of the traditional measures of performance which lacked a clear alignment with an organization's strategic objectives.

This study conceptualization of the factors influencing the BSC was anchored on the Agency (Jensen & Meckling 1976), Stakeholders (Freeman, 1984) and Resource Based View (Wernerfelt 1984) respectively. According to Agency theory, the BSC monitors performance measures to enable shareholders monitor the manager/agent actions by striking a balance between risks and rewards. The Stakeholder theory suggests that the

balanced scorecard as a strategic management tool, could be used to set measures of performance for its key stakeholders to enable the organization to effectively allocate resources. The Resource-Based View (RBV) Theory, posit that by presenting a detailed approach to measure performance from different attributes, the BSC can aid organizations to align their strategies with resources and capabilities and create long term performance for its key stakeholders.

As a statutory body set up under the National Social Security Fund (NSSF) Act No. 45 of 2013, NSSF offers social security benefits to all Kenyan citizens, including retirement benefits, survivor benefits, and invalidity benefits. All economically active Kenyans are expected to deposit a certain proportion of their gross wages to the National Social Security Fund (NSSF), which transitioned from a provident fund to a pension system in 2014. This enables them to be eligible for benefits like as death and disability payments, as well as a monthly life pension upon retirement. Despite its transformation, NSSF has continued to experience organizational performance challenges affected by the unfavorable operating environment due to fluctuations in the stock market, layoffs by a number of organizations and the vagaries of the weather, which affected the agricultural sector, NSSF's largest market (Auditor General Report 2021). While various initiatives have been put in place, the fund has continually been performing dismally and has failed to achieve its required objectives.

To support the performance initiatives, NSSF transitioned from its traditional business model to a value driven approach where the focus has been to build an ecosystem for its stakeholders to connect their needs. As a result, the NSSF decided to adopt the Balance Scorecard in order to successfully operationalize and monitor its performance plan. In order

to provide value to its stakeholders, the National Science Foundation (NSSF) devised an efficient structure that prioritized its key performance metrics and projects. (NSSF Annual Report & Audited Financial Statements 2021). Therefore, it would be ideal to investigate the factors that influence the National Social Security Fund of Kenya's to adopt the balanced score card.

1.1.1 Balanced Scorecard

The Balanced Scorecard is a strategic performance measuring system that was defined by Kaplan and Norton (1996) as a tool that integrates an organization's goal and vision into real operational activities for the purpose of improving performance. According to Kahihu (2005), the Balanced Scorecard (BSC) is a management tool that gives stakeholders an all-encompassing evaluation of how well the firm is doing in its pursuit of the attainment of its strategic objectives. Velnampy and Nimalathan (2007) define BSC as a management system that maps an organization's strategy goals into performance measurements. These performance measures give meaningful feedback on how successfully the strategic plan is being implemented, which enables the required modifications to be made. BSC is also known as a balanced scorecard. Hence, BSC is a strategic planning and management system that helps companies better align their operations with their mission, vision, and long-term goals; measure their progress toward those goals; improve their internal and external communications.

The purpose of performance measurements is to obtain information that allows managers to make strategy decisions. Various scholars and organizations have developed a variety of strategic tools to monitor various dimensions of organizational performance. According to the Baldrige model (2005), it identified return on sales, customer satisfaction, financial

and market performance, employee performance, organizational effectiveness and social responsibility as performance measures. However, the BSC is characterized in terms of objective and subjective indicators, as well as in terms of financial and non-financial measurements (Jaleha & Machuki). Profitability and market performance are two aspects that may be used to evaluate a company's overall success (Bieker and Waxenberger 2002). According to Wati and Triwiyono's (2018) performance may be evaluated based on how efficiently and effectively it is carried out. Return on assets, return on equity, return on investment, sales growth, profit, business effectiveness, product/service quality, customer happiness, service innovation, and staff development are all examples of performance indicators cited by Venkatraman et al. (2006) and Delaney et al. (2006). Included in the list of accounting performance indicators proposed by Capon, Farley, and Hoenig (1990) are the ROE, ROA, ROMI, and ROIC. Kaplan & Norton (1992) suggests that the BSC offers a more all-encompassing view of an organization's performance. The goal of the BSC is to prevent any one measure of a company's success from being overemphasized. This present study will adopt Kaplan & Norton's (1992) BSC framework to measure organizational performance.

1.1.2 Factors Influencing Application of Balance Scorecard

Prior studies have shown that factors that could determine the use of the BSC are at the organizational and individual level (Tanyi, 2011). Wang & Gu (2016) found out that organization size, culture, market share and high turnover were critical factors that determined the seamless adoption of BSC systems. According to Norreklit, (2009), an organization's ability to successfully apply the balanced scorecard was based on leadership support, resources allocated, employee involvement, organization culture, communication

and organizational structure. Individual, organizational, management, leadership, cultural, and financial success elements were highlighted as the essential success factors in the successful implementation of BSC (Buchanan et al., 2005). According to Misawo (2016), the style of leadership is a significant variable in developing and implementing the balanced scorecard (Misawo, 2016). Management control systems, the capacity of managers to learn new information, employee assessment techniques, the usefulness and ease of using the BSC by managers, were determined to be variables that affected the use of the BSC (Truong et al., 2020). Giang (2019) found that implementation of the BSC is affected by organization size, the manager's perception of the importance of BSC, business strategy, corporate culture, cost of implementing BSC, and qualifications of the staff.

Study findings by Van and Toan (2018), show that size of the firm, the perspective of managers, the business strategy, the culture of the organization, and the cost of applying BSC are significant factors in the adoption of the BSC. The perceived utility and simplicity of use of the BSC, management control systems, manager assessment styles, and receptiveness to information were emphasized as essential elements to consider while using the Balanced Scorecard by Wang and Gu (2016). However, Wang and Gu (2016) found that while employing the Balanced Scorecard, the flexible appraisal of subordinates did not have a major role in the overall success of the project. Ta et al. (2022) identified the organizational size and culture, management awareness, accountant capacity, cost and advantages of using BSC as significant factors. A review of the factors that influence the application of the BSC reveals that the organization's vision, mission, and strategy; the organization's size, culture, and structure; the support of leadership; the availability of resources; the involvement of employees; communication and organizational structure;

control systems; employee evaluation methods; and the usefulness, ease, and cost of using the BSC are critical factors that this present study will adopt.

1.1.3 National Social Security Fund in Kenya

After the publishing of Sessional Paper Number 10 in 1965, the government moved on with the creation of the National Social Security Fund (NSSF) by passing an act known as Cap 258 into law. The Scheme was designed with a provident fund structure in mind, which gives it the ability to operate as a provident fund and, as a consequence, to dole out benefits in the form of lump amounts rather than making social security payments. In 2014, the NSSF shifted its primary function from that of a provident fund to that of a pension system. Because of this, it was possible for every working Kenyan to contribute a set amount of money every month in return for rudimentary benefits in the event of death, disability, or retirement. It also helped alleviate financial hardship for surviving family members. The National Social Security Fund (NSSF) has made significant strides in strengthening the efficacy of their services, which has led to a reduction in expenses and an increase in their overall performance. The present membership stands at roughly 3 million people. In the fiscal year 2020/2021, the fund was successful in attracting savings to the tune of 8.4 billion Kenyan shillings in the form of contributions.

Traditional reporting was used by NSSF, however this reporting method primarily evaluated the financial viewpoint. It did not take into account how organizational performance affected customers, internal processes, or people (NSSF annual report, 2014). Because of this, NSSF was compelled to embrace BSC, and the latter was subsequently integrated into the rules for performance contracts. Each department had its own individualized BSC that is connected to the BSC for the whole company. The

execution of its plan is centered on the key principles that it upholds. This is rooted in the process that the NSSF follows for planning, monitoring, and evaluating projects. Focusing on the consumer, having honesty and responsibility, being transformative, and caring are some of the basic principles. In order for the NSSF to effectively serve interests of all stakeholders, there has to be proactive steps taken to increase efficiency and cut down on expenditures that are unnecessary (Auditor General's report, 2021). Annual report of the NSSF, 2014). The balanced scorecard is used by NSSF to aid management in clarifying and translating the organization's vision and strategy into clear, actionable goals. Because of this, NSSF is able to continually enhance their strategic performance in comparison to the goals that they have established.

1.2 Research Problem

The balanced scorecard (BSC) helps visualize how the stated organizational goals could be achieved and what key success factors are necessary for adopting the BSC. In a study on the factors that influence the application of the Balanced Scorecard conducted by Truong et al., (2020), it was established that management control systems, the manager's knowledge-acquisition capacity, employees' evaluation methods, the Balanced Scorecard's usefulness to managers, and the tool's ease of use were the most influential factors. (2020). However, the study was limited to the tourism sector in Vietnam, therefore there is an obvious lack of local context. Gichuki's (2020) study on the factors that affect the use of balance scorecards in Kenyan insurance firms found that cultural norms acted as a buffer between the BSC's quantitative measures and the company's actual strategic goals. According to a study by Angwenyi (2017), the failure to effectively apply the BSC at Kenya's Kenya Reinsurance Corporation was due to a combination of factors, including a

lack of understanding of the BSC's role in strategy implementation, poor leadership, and a lack of resources. However, the study focused on implementation challenges, which revealed a gap in understanding.

The National Social Security Fund continues to face unprecedented challenges which have adversely impacted its ability to save on social protection. Despite the government enforcing a savings culture through various reforms including increasing contributions and making them mandatory, NSSF has failed to achieve its main objective of providing a source of income to retirees and enhance adequacy of benefits paid out to the beneficiaries. According to the Auditor General's report (2021), NSSF is bedeviled with performance challenges in terms of reconciling financial statements' reported balances, the legality and efficiency with which funds were spent, and the adequacy of the organization's internal controls, risk management, and governance. To address the unsatisfactory performance, NSSF incorporated the balance scorecard in its corporate strategic plans that revolved around governance and growth, customer engagement & service delivery and internal processes and corporate image that was expected to enhance improvements in performance (NSSF Annual Report 2020 -2021).

Several studies have been carried out on a global, regional, and local scale in order to explore the factors that play a role in the adoption of balancing scorecards. According to Ta et al. (2022), the organizational size, culture, management awareness, accountant capacity, cost, and advantages of using balanced scorecard to increase operational efficiency in Vietnam Stock Exchange-listed enterprises were essential. The study was done in Vietnam, therefore the findings may not be applicable outside of that country. In a study by Ahmed, Mohamed, and Khalil (2018), on transformative leaders and the

application of the balanced scorecard, it was established there was a statistically significant relationship between the two variables. The study however ignored other factors that could determine the use of the BSC, thus leaving a gap both conceptually and contextually. A study (2019) the connection between organizational culture and the efficiency of the BSC in Florida, USA, it was shown that cultural dimensions of engagement, consistency, flexibility, and purpose had a positive and significant association. However, the study focused only on organizational culture and how it affected the BSC's performance, leaving important questions unanswered on both a conceptual and contextual level.

According to the findings of a research conducted by Sokah (2020) on the factors that contributed to the Revenue Authority of Tanzania's decision to use the Balanced Scorecard, it was found that well-defined job descriptions, efficient means of monitoring, and enough financial and human resources were crucial variables. The research was carried out at Tanzania's Revenue Authority, but the current study will be carried out at a state company in Kenya that deals with social security. This creates a gap in the context of the research that was done. A study conducted by Khomba et al., (2012) on the relevance of the balanced scorecard model in commercial companies listed at both the Malawi and Johannesburg stock exchanges found that the balanced scorecard model was not suitable for organizations operating in an African environment because it did not incorporate the African socio-cultural factors. This conclusion was reached as a result of the fact that the balanced scorecard model did not take into account the African socio-cultural factors. Due to the fact that the study was centered on companies that were listed on stock exchanges, the findings cannot be applicable to NSSF since the organization operates in a different environment.

A case study conducted by Wangombe (2017) on implementation of the BSC at the Cooperative Insurance Company (CIC) insurance group, it identified employee engagement as critical to effective implementation of the BSC. However, there is a conceptual gap since the research concentrated on the process of implementation, but it did not focus on the elements that impact the usage of the BSC. That is something that this current study will address. According to the findings of Kiio (2020), who investigated the elements that influenced the implementation of the BSC at ICEA Lion Group, the support of senior management was found to be the most important component. The study was however done at a private an insurance company, while this present study will be conducted in a state corporation dealing in social security, highlighting a contextual gap.

The studies cited revealed a number of conceptual and contextual gaps. Most studies focused on the challenges of implementing BSC or to establish the relationship between one factor such as leadership or organizational culture and BSC implementation. Studies have also been done in different contextual setting and their findings cannot be generalized to apply to the NSSF, Kenya. To address these gaps, this study sought to answer the following research question; what are the factors determining the application of the BSC at NSSF, Kenya?

1.3 Research Objective

The objective of this study was to determine the factors that influence the use of the balanced scorecard at National Social Security Fund.

1.4 Value of the study

The outcomes of this study will enable researchers and academics to enhance the theoretical foundation and advance knowledge in the domain of factors that impact the use of BSC. The findings of this study will provide a basis for further developing the concept of stakeholder theory, which posits that managing the diverse interests of a group in an organized manner is challenging. Additionally, the research will contribute to the enhancement of Resource Based Theory by determining the appropriate level of analysis, considering the broad definitions of resources.

The study's findings will benefit the National Social Security Fund's administration, which may use them to see whether the study's highlighted factors have an effect on the fund's adoption of the BSC model for better performance. The study was done with the intention of determining whether pension funds and social security schemes are managed effectively to maximize their value to the populace at large. Furthermore, management might use the research to pinpoint areas of administrative weakness.

The findings of the research will provide NSSF top management and the National government through the Retirement Benefits Authority a new perspective on the factors determining the operation and implementation of balance score cards, which will be helpful in formulating an appropriate framework of monitoring performance at NSSF in order to achieve its key mandate of providing social security.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

In this part, the theoretical basis for the implementation of the balancing scorecard as well as an empirical evaluation of the literature on the elements that influence its adoption were carried out. The purpose of the empirical assessment of the existing literature was to locate the unanswered research questions, which served as the foundation for resolving the research issues.

2.2 Theoretical Foundation

Jensen and Meckling's (1976) Agency theory was used as the basic theoretical foundation for this investigation. It argues that the BSC can offer a framework for setting performance standards and monitor the progress towards achieving them, which will then ensure that the goals of the principals and agents are properly aligned. The Agency theory was supplemented by the Stakeholders Theory (Freeman, 1984) and the Resource Based View theory (Wernerfelt, 1984). The Stakeholders theory suggests that by incorporating performance indicators that aligned to the interests of different stakeholders, the BSC aid organizations to prioritize decisions to address stakeholders' interests. The Resource Based

View theory which suggests that the BSC measures should capture the critical resources and capabilities that mirrors the distinct characteristics of the organization that will be instrumental in contributing to its performance.

2.2.1 The Agency Theory

The Agency theory was first proposed by Jensen and Meckling (1976), and it posits that shareholders (principals) hire company managers (agents), who are then tasked with making decisions in the principals' best interest. Jensen and Meckling developed this idea further. Managers may have biases that put their own interests ahead of those of their principals. The Agency theory indicates that monitoring systems should be put into place in order to settle the conflict between the interests of shareholders and those of management. According to Panggabean and Jermias 2020, the primary purpose of the Agency theory is to explain how to build plans that are based on performance evaluation in order to strike a healthy balance between risks and rewards. It is important to use the BSC as a performance assessment instrument in order to monitor the actions and decisions made by managers, according to the agency theory hypothesis, which states that doing so is necessary in order to inspire managers to work while simultaneously decreasing the risks such managers face (Shapiro, 2005). Specifically, it is necessary to use the BSC in this manner in order to motivate managers to work while simultaneously lowering the risks such managers face.

The proponents of the Agency theory claim that monitoring and control of performance measurements are essential components that must be present in order to steer dishonest management behavior. These methods include the use of contracts to enhance satisfaction and cut agency expenses, as well as the use of BSC measures in contracts to strengthen

agency relationships and, as a result, boost the efficacy of each BSC component in the contracts. (Mitnick, 2015). Nevertheless, the Agency theory has been challenged for its myopic emphasis on how owners settle dispute between themselves and managers, without appreciating the involvement of other investors in the conflict resolution process. (Donaldson, 1990). In addition, Eisenhardt, (1989) noted that even in situations when there is a high probability of unscrupulousness, the theory assumes managers would be opportunistic, and it overlooks the competency of the managers. This is despite the fact that there is a significant likelihood of managers engaging in unscrupulous behavior. The Agency theory, despite the criticisms that have been leveled against it, is pertinent to this investigation because, in the research on the balanced scorecard, the theory addresses implementation and organizational performance difficulties.

2.2.2 Stakeholder Theory

According to Freeman (1984), the Stakeholder theory states that the responsibility of the management is to safeguard the diverse legal rights held by all stakeholders. Organizations are considered to be social organizations, and as such, they have duties that extend beyond their fiduciary obligations to shareholders, directors, and workers. (Bowie, 1982). The formation of performance objectives is viewed as the primary purpose of the stakeholder's theory, which extends beyond the formulation of strategy as the primary objective of the theory. (Phillips, Freeman, & Wicks, 2003). The theory proposes that for a company to fully implement the balance scorecard, its managers must consider the viewpoints of the various stakeholders to ensure the company's survival and safeguard the long-term interests of all parties involved. According to Flak and Dertz (2005), knowing how the balance score card was used to involve project stakeholders and how those results turned out is crucial.

Better results indicate that the right strategy was used, and that the right approach was taken.

The proponents of the stakeholder theory claim that businesses may be classified as complex environments that are confronted by a wide range of stakeholders that have distinct, numerous, and sometimes hazy aims. When it comes to formulating and carrying out strategy, the balanced scorecard is an extremely helpful tool for putting emphasis on a number of different elements. The theory of stakeholders includes components that are especially well adapted for addressing the complexities that are faced by managers of companies. On the other hand, the Stakeholder theory has been critiqued on the grounds that it is impossible to harmonize the requirements and interests of the many different stakeholder groups in an equitable manner. (Freeman, 1984). In addition, Laplume, Sonpar, and Litz (2008) claimed that all groups engage in a firm in order to get advantages. These benefits include increasing wealth for shareholders, pay and incentive for directors, managers, and workers, and satisfactory service delivery for consumers. Even though some people are critical of stakeholder theory, it is nevertheless significant to this research since it may make the BSC better by emphasizing stakeholders more explicitly.

2.2.3 Resource Based Theory

The resource-based theory was developed by Wernerfelt (1984), and it proposes that a company's competitive advantage stems from the distinctive combination of its assets and abilities. When a corporation responds to possibilities in its external environment with tactics that play to its strengths internally, the result is a competitive advantage, as described by Barney (1991). This is what we mean when we talk about having an edge in the market. According to this notion, every company has its own unique set of assets, both

physical and intangible, as well as the skills required to fully use those assets. An organization's resources have the potential to serve as the foundation for the growth of the company's capabilities, which, in turn, may result in improved performance over the course of time. The primary premise of this concept is that an organization's internal resources are a crucial factor in implementing a balanced scorecard. Hoopes, Madsen, and Walker (2003) provide a hypothesis that suggests firms may succeed by investing in ways to get a competitive edge.

Some have criticized the resource-based approach, claiming it fails to properly separate performance indicators that are tied to the organization's resources from those that are tied to the traits of the owner-manager. (Priem & Butler 2001). Furthermore, Dierickx and Cool (1989) argue that it is hard to ascertain which of the company's various resources are accountable for the firm's success. The RBV theory gives numerous important justifications for using BSC in this setting. Businesses that are serious in adopting BSC must do it with a substantial amount of resources, both monetary and human (Mintzberg et al., 2005). The theory provides support for the concept that the achievement of goals by an organization is strongly dependent on its people as a vital asset, and that organizations need to foster the growth of their workforce by providing them with a positive and encouraging place of employment

2.4. Factors Influencing the Application of Balance Scorecard

Extensive empirical research has been conducted to examine the determinants influencing the application of the Balanced Scorecard (BSC). Studies have been undertaken at different geographical scales in relation to this topic. Truong et al. (2020) conducted a study on the factors influencing the application of the balanced scorecard (BSC) in evaluating the

performance of tourist firms. The study identified several influential factors, including management control systems, the learning capacity of managers, employee appraisal techniques, the usefulness of the BSC to managers, and the ease of use of the BSC. However, the study was focused on Vietnam's tourism sector, suggesting a lack of context. Ta et al. (2022) looked at how balanced scorecards have been used in Vietnam to boost the productivity of publicly listed companies. The study's results suggest that an enterprise's level of BSC application is influenced by aspects such as its size, culture, managers' awareness, accountants' ability, the cost of applying BSC, and the benefits of using BSC. The more a company uses BSC, the more efficient its operations will be. Having said that, the research was conducted on publicly traded firms in Vietnam, so there is a contextual disconnect here.

Rababah and Bataine (2016) conducted research to investigate the variables that influence the adoption of balanced scorecards in Jordanian manufacturing enterprises. It was discovered that cultural influences have a substantial effect, both positively and significantly, on the process of BSC adoption. The study, however, does not include other aspects that impact the implementation of the balanced score card. This is the present as well as the research gap in this study, which is portrayed as a contextual gap. Wang and Gu (2016) investigated the elements that are mostly responsible for the widespread adoption of balanced scorecards in China. According to the findings of the research, the usage of the Balanced Scorecard by managers in China is significantly impacted by four of the five criteria (managers' assessment styles, perceived ease of use of the Balanced Scorecard, perceived utility, other control systems, and managers' receptiveness to

information). Only five of the many factors that might affect an application's score balance were examined in this research; the others and any contextual differences were disregarded.

Tanyi (2011) investigated the elements that affect the implementation of balanced scorecards. It was discovered that managers' perceptions of information from new sources tend to have a favorable and substantial impact on utilizing the BSC for a variety of various reasons. When the manager utilizes the BSC to assess and improve their own performance, the relationship is at its healthiest. The research, on the other hand, focused only on how people evaluated the information they obtained from new sources and how easy it was to utilize, which highlighted both a conceptual and a contextual void. Sokah (2020) studied factors affecting the application of the Balanced Scorecard at Tanzania's Revenue Authority and found out that thorough procedures, detailed job descriptions and sufficient resources were critical. However, the research was carried out at Tanzania's Revenue Authority, revealing a contextual vacuum that would be filled by the current study which will be carried out at the NSSF.

Misawo (2016)'s research on the elements impacting the effective implementation of the balance scorecard in the Kenyan insurance industry found that a company's culture had a significant part in the adoption process. The research concentrated only on culture without taking into account any other aspects; as a result, a conceptual void was left. According to the findings of a research conducted by Angwenyi (2017) on the difficulties associated with implementing the BSC at Kenya Reinsurance Corporation in Kenya, it was found out that lack of a clear knowledge of the function that the BSC plays, weak leadership, and a lack of resources were important factors. However, a conceptual void emerged since the research focused primarily on problems rather than on factors that affect the

implementation of BSC. Research by Kii (2020) on the usage of the balanced scorecard during strategy implementation at the ICEA Lion Group found that senior leadership endorsement was crucial to the project's successful completion. However, due to the fact that it will be conducted inside the framework of a state institution, its applicability to our investigation is restricted. Ngari (2014) asserts that the balanced scorecard made it possible for businesses to align their corporate strategy with key performance metrics. While previous studies have focused on how balanced scorecards may be used to better manage strategic processes, this investigation will instead look at the factors that determine whether such a tool is actually put to use.

2.5 Summary of the Knowledge Gaps

A review of the studies cited have shown a number of conceptual and contextual gaps. Studies have been done in different contextual settings and their findings cannot be generalized to apply to NSSF. On the subject of the notion of the elements that impact the usage of balance scorecards, there are conceptual gaps. Few research have focused entirely on the issues that organizations encounter when attempting to implement the BSC. There have been several studies on the BSC's popularity, its usefulness as a tool for measuring performance, and its practicality, but much less that examine the factors that businesses confront when trying to put the framework into practice. Countable research were conducted on the issues experienced by companies in the adoption of the BSC; nevertheless, these studies revealed that the factors varied from industry to industry; as a result, the conclusions cannot be generalized to apply to the firm that was the focus of the study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The research approach that was used in this study is the subject of this chapter's primary emphasis. It included the study design that was used, the instruments that was utilized for data collecting, and the methodology that will be utilized for data analysis.

3.2 Research Design

The research used the case study technique. Rashid et al. (2019) argue that the use of a case study methodology facilitates a comprehensive examination of a complex phenomena within a specific context. If you want to perform a scientific analysis of a phenomenon in the context of its real-world application, Yin (2009) says that a case study is the way to go. This is especially helpful if the boundaries between the phenomena and its surrounding environment are murky.

The researcher used an interview guide to facilitate data collection within the context of a case study technique. This approach enabled the acquisition of data only from a singular organization, namely NSSF. Consequently, the resulting conclusions are limited in their

applicability just to NSSF. Success stories using this format include Sokah (2020), Angwenyi (2017), and Kiio (2020). Yin (2018) highlighted how rigorous and comprehensive the monitoring of social units was over the whole of the case study. Case studies provide a first-person perspective on a topic whose unique qualities are not well known or understood. As part of a case study, almost everyone in the department will be interviewed to look for trends in employee behavior.

3.3 Data Collection

This study used data gathered from both primary and secondary sources. Primary data were gathered with the use of the interview guide, which was the main instrument of data collection. The first portion of the interview guide centered on the respondent's profile, the second on the balanced scorecard's application, and the third on the factors that decide the scorecard's usage. The interview guide method was used for this research because of its potential to effectively collect data from respondents and provide richer context for understanding the study's findings. Because of its adaptability, the interview guide technique was also suggested for usage.

Interviewees who were targeted for this research were NSSF executives who are actively engaged in strategy. A total of six replies were received, including the company's anticipated specialists on balance scorecards, namely the heads of finance, strategy, marketing, business development, administration, and risk and audit. Secondary data that was collected to validate primary data was sourced from the organization's strategic plan (2019 – 2022) and Auditor General Report (2022).

3.4 Data Analysis

In order to arrive at some findings on the interrelationships of the various data categories, the data that was acquired was put through a qualitative analysis that made use of content analysis. The researcher was able to explain, analyze, and critically assess the replies, as well as connect themes to them, thanks to the inclusion of qualitative analysis in the study, which was necessary since it is impossible to do this kind of activity using numerical techniques. Qualitative research was conducted using content analysis. Content analysis is defined as a systematic and qualitative description of the facts under study by Burns and Burns (2008).

CHAPTER FOUR: DATA ANALYSIS FINDINGS AND DISCUSSION

4.1 Introduction

This section summarizes the findings of data obtained with the intention of addressing the study objective, which was to determine the factors that influence the use of the balanced scorecard at National Social Security Fund. The qualitative data that was gathered via the use of interview guides was examined through the utilization of content analysis, and the relevant interpretations were formed based on the results. The findings are arranged and presented in accordance with the study objective. NSSF's six top executives are actively involved in strategy and report to the board. They are the heads of finance, strategy, marketing, administration, business development, and risk and audit, respectively. Data obtained from secondary sources include the official NSSF website and the Auditor

General's report from 2021. A discussion of the conclusions of the research served as the conclusion to this chapter.

4.2 Demographic Characteristics

In order to achieve the objectives of the study, the researchers concentrated their attention on six members of the NSSF executive leadership team. According to the findings of the research, there were four females on the leadership teams, whereas there were only two males. The individuals who participated in the survey detailed the roles they played in the organization. According to the results, each respondent has worked for the firm for more than five years in a range of roles and capabilities, and as a result, they possess institutional memory of the organization in general, and particularly in areas related to strategic management. The respondents also indicated that the departments have their own balanced scorecard.

4.3 Application of the Balanced Scorecard

During the course of the interview, the respondents were questioned about the factors that played a role in the use of the balanced scorecard at National Social Security Fund. The vast majority of the people who were interviewed said that it was an objective and results-focused instrument that had the capability of being integrated with strategic planning. The organizational strategic plan and the yearly work plans both resulted in improved individual performance on the part of employees, as well as the need that employees perform much better overall. One of the respondents said that

“It provides a balanced view NSSF’S perspectives financial, customer, internal process in the strategic plan”.

The respondents also mentioned the necessity for a performance contractual evaluation tool, an employee performance evaluation tool, an applicability requirement, and a strategy plan implementation tool (NSSF Annual Report 2021). According to respondents, the last strategic plan was poorly implemented, and the company would benefit from adopting the use of a balance scorecard to evaluate the success of future strategic plans. The interviewees also suggested that the previous strategic plan should be evaluated using balance scorecard.

During the course of the interview, the respondents were questioned about the various methods of performance management that were used. It was brought to everyone's attention that in the past, NSSF had thought about performance-based initiatives and sensible targets. On the other side, the performance metrics included not only result measures but also the performance drivers that were trailing behind those outcomes. The organization's strategy should describe the results it intends, as well as the factors that will contribute to achieving those objectives. One of the interviewees said that

“We have monthly, quarterly, annual reviews and reports. We have performances target on Key performance indicators”.

The managers and supervisors of the company were successful in directing the efforts, skills, and insights of workers at all levels of the organization toward the accomplishment of the enterprise's long-term objectives. The investigation also indicated that the National Social Security Fund implemented the BSC tool in 2009, and that this tool is evaluated annually owing to the constantly changing environment (NSSF annual report, 2009). The Business Strategy Canvas was selected as the instrument for execution that would

consolidate all of the elements of the strategic plan into a single display. One of the interviewees said that

“Each functional unit has its own BSC. It is cascaded at each employee based on their JD”. BSC is negotiated with the mother ministry of labor then all the strategies are cascaded down to all the staff”.

According to the interviewees, each department of the organization is tasked with preparation of their scorecard and it’s cascading to lower levels. National Social Security Fund used the score card to outline the business objectives and the drivers of performance for these stated objectives within the four perspectives of the BSC (Audited Financial Statements 2021). The BSC is also used to implement strategy by communicating the strategy to employees, this has been done by the development of and inclusion of departmental objectives into the balanced score card and aligning these objectives with the corporate strategy.

The score card for the National Social Security Fund takes into account four different perspectives: the financial view, the customer perspective, the internal business process perspective, and the learning and development perspective. The NSSF corporate scorecard begins with an analysis of the company's financial position as the first viewpoint on the scorecard. The viewpoint takes into account the actions that need to be performed in order to fulfill the organization's financial commitments. It comprises of revenue targets, and utilization of allocated funds within the financial year. One of the interviewees said that:

“The financial perspective is cascaded down in the organization with each department having its own financial target; each department is also required to monitor the funds allocated to them”.

Scorecard holders are required to spread the allocated weight for this perspective across the different activities listed in their scorecard. The customer perspective in the National

Social Security Fund Scorecard is used to monitor customer value proposition, by evaluating satisfaction levels, monitoring number of complaints received and how many are resolved within set timelines, the perspective also places emphasis on how to meet customers' requirements and continually improve service delivery to its customers (NSSF annual report, 2014). The customer perspective is cascaded down from the corporate score card to the individual staff scorecards. One of the interviewees stated that:

“Every member of staff has a customer perspective on their score card”.

Internal business process perspective is comprised of strategic objectives both in the performance contract and NSSF strategic plan. Every member of staff has the internal business process perspective. The perspectives captures activities captured in the staffs job description including performance drivers cascaded from the corporate scorecard. According to interviewees the achievement of this perspective is based on the acquisition of required skills and competencies by staff as well as resources required to automate processes.

The learning and growth perspective of the NSSF score card captures various activities targeted at increasing the skills levels and competencies of all staff. Like all the other perspectives, it also comprises of objectives in the performance contract and NSSF strategic plan. The perspective is used to monitor the entrenchment of NSSF core values, the entrenchment of environmental sustainability values, implementation of succession plans, institutionalization of the balanced scorecard, and requirements of the performance contract such as having anti-corruption programs in place and gender mainstreaming. The perspective has a total weight and activities captured under the perspective have to be allocated a weight to allow the computing of the holders' performance against the targets.

The interviewees were probed with inquiries concerning the BSC's function inside the organization on a regular basis. Because of this, performance is tracked and measured accurately. Establishing a link between the company's day-to-day activities and the four performance indicators being monitored requires the construction of the key performance contribution framework at the beginning of the year. According to the study's results, each employee has a performance contract with his or her specific division that outlines crucial goals for the employee's contribution to the unit's success. One of the senior managers indicated:

“As a department it has help to focus on the most important strategic objectives and initiated so as to achieve our goals”.

The research also showed that a person is subjected to periodic monitoring in order to determine how effectively he or she is translating the key performance indicators that have been allocated into concrete performance outcomes. This result bolsters the argument that a Balanced Scorecard's objectives and measures originate in the guiding principles of a business. The financial, customer, internal business process, and growth and development aspects of the company's performance have all been included into the targets and indicators. Managers use the Balanced Scorecard to evaluate the effectiveness of individual departments in meeting the needs of both current and prospective customers, expanding the company's internal resources, and ensuring the continued success of the business as a whole. This is done so that the organization's current and future performance may be maximized.

The interviewees were asked to elaborate on the benefits that their company has seen from using the Balanced Scorecard. According to the great majority of respondents, the NSSF

has reaped real advantages and progress thanks to the Balanced Scorecard's incorporation into the organization's Performance Management programme. This is because the Balanced Scorecard provides a reference point for evaluating progress toward long-term objectives like as expanding and diversifying the company's offerings, delighting customers, inspiring and motivating workers, and demonstrating a commitment to CSR. One of the departmental heads noted:

” Before the BSC was implemented, there was no obvious connection between the day-to-day operations of the business and the overall performance plan for the various departments in the organization. They saw that despite the fact that the organization had developed a plan, there was not a clear guideline for the assessment and management of performance. This resulted in goals that were not clearly defined and the effort being directed toward the incorrect objectives”.

The study established that NSSF had aligned the BSC with the corporative strategic plan. The interviewees were further asked on what needs to be done to make BSC more effective. It was noted that more involvements of all employees and stake holders in the design and implementation. The training will be very necessary for the achievement of the balanced scorecard. Training on a more in-depth level will be offered to guarantee that every employee has the knowledge essential to get the most benefit from this practice. One of the senior managers said:

“Each person as well as their immediate supervisors are obligated to examine the scorecard on a quarterly basis in order to ascertain whether or not advancement is being made toward the goals that have been established. This makes it possible to take remedial action in areas where there are discrepancies between the objectives that were established and the reality of the situation on the ground”.

The research also found that using a balanced scorecard helps to break down the broad company goal into daily quantifiable objectives that workers can work towards achieving. According to the respondents, the BSC has not been effective in assessing the gap between the perceptions and expectations of service users across a range of defined characteristics

(including tangibles, dependability, responsiveness, assurance, and empathy) that characterize service in the Kenyan public sector. Respondents who were interviewed stated that a critical evaluation of standardized dimensions in the Kenyan public sector might not provide enough focus or detail to account for the singularity and realities of particular services or service relationships, as well as how these are expressed, evaluated, and interpreted by both service users and service deliverers.

Interviewees noted that since the adoption of the BSC several benefits have also been observed. Improved understanding of the NSSF vision and mission by members of staff and how they contribute to the NSSF vision. One of the interviewees said:

“BSC at NSSF has improved communication of strategic objectives and clarity on each individual's role and delivery”.

By developing their score cards staff are aware of the departmental objectives and how these relate to the overall NSSF strategy. The score card has been used by NSSF management to communicate the overall NSSF strategy. Interviewees also noted that there is a clear focus on what the targets are, one interviewee noted that some members of staff have internalized the score card to an extent that they request for the cascading to be done timely so that they can set their targets quickly and begin working towards achieving them. NSSF is able to monitor its performance against industry standards. Through the learning and growth perspectives employees are more motivated as they are aware that the organization is willing to invest in them and increase their skills and competencies. One of the senior managers stated as follows:

“The balanced score card initially was received skeptically by the members of staff but with the constant reviews and modifications of the BSC, and the appointment of moderation committees, members' of staff have begun embracing

and appreciating the balanced score card in the measurement of their measurement”.

The study further established that the balanced score card is used to continuously monitor the process of strategy implementation at any one time (NSSF annual report, 2014).

4.4 Factors that Influence application of Balance Scorecard

The respondents were asked to explain what how leadership engagement influences the use of balance scorecard in your company, and they were given the opportunity to elaborate. The vast majority of respondents pointed out that leadership guarantees efficient monitoring and assessment of BSC implementation as well as accountability for the results. It should come as no surprise that any significant reforms would be very difficult to implement without the backing of the senior management team. The development of the plan would suffer as a consequence of this. Based on the findings of this research, it is evident that BSC is a more effective way of understanding productivity and profitability than the old management control techniques; however, this is only the case if correct plans are put down with the assistance of top management. According to the findings of the research, the top management all agreed that the BSC approach was the appropriate method to use in order to accomplish the organization's goals.

The interviewees were asked the role of resource allocation in application of balance scorecard. It was revealed that contents in the BSC have resources implications. The work plan, which enables one to specify the resources that are needed, is the solution to this problem. The availability of NSSF resources ensures that the working environment is favorable for workers to work comfortably and fully use their abilities in the execution of plan. The respondents noticed that the supply of resources inspires workers to perform

effectively in order to meet their set objectives. This is the case since it improves their flexibility and speed in the execution of their duties, which in turn saves the organization substantial expenses in monitoring and communication. When we talk about resources, we are not always referring to the material possessions that are housed inside the business. One of the senior manager said indicated:

“Without resource allocation the key performance indicators will not be achieved”.

While implementing BSC, it was learned that human assets should be seen as another resource the organization depends on. Take notice of this important fact. According to the 2014 NSSF annual report, the organization would do well to provide training and development programs for its employees in order to raise both their proficiency and their understanding of best practices for implementing BSCs. Because of this, they will have a better grasp of how to put BSC into practice and how to deal with difficulties. The person who was interviewed said that as a result of this, the workers would be able to make use of their abilities and have a significant contribution to ensuring that the plan is successfully implemented. In addition, the NSSF has to provide training and development programs that educate individuals beyond the limits of their present job. This will allow the employees to be prepared for responsibilities that are wider and more complex within the company. Employees took engaged in decision-making processes pertaining to their jobs and shown a high level of creativity.

The respondents were questioned about their thoughts on how the implementation of balance scorecards has been impacted by communication at the National Social Security Fund. It was said that communication has been a facilitator in the process of team development towards the strategic goals. Individuals should be given the authority to

achieve their objectives, and there should be constant communication of strategic goals and progress. Respondents noted in the interviews that findings are shared to all line managers on a monthly basis via various channels. During these conventions, the efforts of the departmental managers toward the betterment of areas that need significant improvement are taken into consideration. Managers disseminated their strategy across the business and tied it to the goals of individual employees, departments, and the organization as a whole. One of the senior managers said that

“The NSSF makes use of the BSC in order to evaluate activities in terms of their own visions and plans. It offers management the ability to gain an all-encompassing perspective on the company's overall performance”.

According to the NSSF annual report from 2014, having management systems that are designed on a scorecard makes it possible for a business to get aligned on its long term goals and objectives. As a tool for management, it has made it possible for teams in different areas to collaborate on achieving the same goals and objectives. It has guaranteed that the aims of individual employees and departments are linked with the goals and objectives of the corporation. The workers were also able to increase their grasp of the BSC by discussing the objectives and strategy with their superiors, which was made possible via two-way communication. Since the employees now have a better understanding of the BSC, they are able to achieve higher performance results and improve the efficiency of the BSC itself.

The researcher inquired about the level of employee participation in the implementation of the balanced scorecard. It was observed that the degree of participation by the employees has a role in determining how successful the BSC is as a management tool. The extent to which staff members were involved turned out to be a factor that affected how well BSC

worked. The people who were interviewed believed that the engagement of middle managers is essential to enhancing the efficacy of BSC in the implementation of strategy. This is because middle managers are the ones that connect the strategic decision makers with the employees who physically work on a daily basis to accomplish the objective, therefore their participation in the process is essential. According to the findings of the research, the staff members at NSSF have a high level of expertise and were well prepared to put strategy into action inside the company. According to the findings of the research, workers received enough training in order to increase their capacity to perform, and management was committed to the same corporate purpose and served as examples for employees to emulate. In addition, they built training and development programs with the goal of educating people in areas that go beyond the needs of their present job. This is done in order to better prepare individuals for responsibilities within the company that are wider and more difficult. Employees were extremely innovative and actively involved in decision-making processes pertaining to their jobs. One of the senior manager noted:

“Training was an essential component to the achievement of the balanced scorecard. Training on a more in-depth level was offered to guarantee that each and every employee have the knowledge required to get the most benefit from this practice. The training was designed with three criteria in mind: how effective it should be, how efficient it should be, and how entertaining it should be”.

The staff were drawn into the event via interactive training sessions and seminars, which also guaranteed that their one-of-a-kind experiences were included into the procedure. The researcher inquired about the influence of organizational culture on the use of balanced scorecards (NSSF annual report, 2021). It was observed that the shift in culture, in particular the emphasis placed on putting the customer first, responsibility, and

accountability on the part of workers helped to the successful application for the BSC. One of the interviewees noted:

“Innovation culture values creativity and forward thinking focus on the customer, leads meeting the customer needs with the aim of exceeding the expectations”.

The practice of awarding bonuses at the end of the year to teams that have achieved goals that were originally set higher than expected has contributed to the development of a culture that values high-performing teams. This has offered a system for distinguishing outstanding performers and rewarding them for their efforts. A culture of accountability and ownership has been instilled across the organization as a result of the scorecard (NSSF annual report, 2014). Every quarter, the person and their line manager go through the scorecard to assess whether or not there has been any movement toward the goals that were originally established. This makes it possible to take remedial action in areas where there are discrepancies between the objectives that were established and the reality of the situation on the ground.

It was noted that clear and focused strategic plans, vision, mission and core values anchored the implementation of BSC at NSSF. The balanced approach through BSC ensured the organization is not pursuing financial success at the expense other facts like customer satisfaction and employee development has led to growth in service delivery. Second, the application of BSC to the management of employee performance guaranteed that the specific goals of each worker were in line with the viewpoint of the company as a whole. Therefore, the responsibility for one's acts lies solely with the individual.

4.5 Discussion of the Findings

The outcomes of the study seem to provide support for the empirical information that has been accumulated. Leadership is responsible for ensuring that the BSC implementation is effectively monitored and evaluated, as well as providing accounting for the results. It should come as no surprise that any significant reforms would be very difficult to implement if they lacked the backing of senior management. The finding agrees with Tanyi (2011) that managers' perceptions of information from new sources tend to have a favorable and substantial impact on utilizing the BSC for a variety of various reasons. When the manager utilizes the BSC to assess and improve their own performance, the relationship is at its healthiest. The workers were able to deepen their grasp of the BSC by discussing the organization's aims and strategy thanks to the two-way communication that was provided.

When it comes to putting BSC into practice, it was discovered that it is important to keep in mind that an organization's human assets are also resources that it relies on. It would be beneficial for the NSSF to invest in training and development programs for its staff members in order to enhance their capabilities and level of knowledge in BSC implementation. The results are consistent with Karabul's (2015) findings. personnel are encouraged to perform effectively in order to meet the goals they have set for themselves due to the fact that resources improve their adaptability and the speed with which they carry out their jobs; thus, this results in significant cost savings for the business in terms of supervision and communication.

It was stated that communication has facilitated team building towards the strategic objectives. Empower individuals toward achieving their targets, consistent communication of strategic goals and progress. Respondents noted in the interviews that findings are shared

to all line managers on a monthly basis via various channels. According to Wang and Gu (2016), effective communication is a critical component that contributes to the timely and smooth completion of any given project.

In NSSF innovation culture values creativity and forward thinking focus on the customer, leads meeting the customer needs with the aim of exceeding the expectations. The results support the conclusion reached by Ta et al. (2022), which states that corporate culture is mostly comprised of values and beliefs that are maintained during the course of doing business. In order for BSC to be properly implemented, each and every employee who contributes to the NSSF's constituency of stakeholders will need to be involved. According to Wang and Gu (2016), the emphasis of stakeholders is centered on establishing what is the goal of the company and what is the obligation of management to stakeholders. In other words, the focus of stakeholders is on determining the "why" behind the organization. According to Van and Toan (2018), failing to take into account the interests of stakeholders would almost certainly result in the strategy's unsuccessful execution.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMENDATIONS

5.1 Introduction

This section provides a summary of the results, along with conclusions, recommendations and suggestions for further research. The goals of the research served as the basis for deriving both the results and the suggestions.

5.2 Summary of Findings

NSSF has being able to have proper leader support in which the top management ensures effective monitoring and evaluation of BSC implementation and accounting for the outcome. However, in order for BSC to be a successful technique of evaluating productivity and profitability, it is essential that the appropriate plans be carried out with the assistance of senior management. Only then will BSC be able to achieve its full potential.

When it comes to putting BSC into action, an organization's success is dependent on its human assets. It would be beneficial for the NSSF to invest in training and development programs for its personnel in order to increase their level of knowledge and proficiency in BSC implementation. The learning and growth perspective of the NSSF score card captures various activities targeted at increasing the skills levels and competencies of all staff.

Communication has facilitated team building towards the strategic objectives. Empower individuals toward achieving their targets, consistent communication of strategic goals and progress. The managers of the company communicated their strategy both horizontally and

vertically, linking it to the goals of both departments and individuals. The resources provided by NSSF guarantee that the working atmosphere is favorable for the workers, allowing them to easily work and make use of their abilities in BSC.

5.3 Conclusion of the Study

Support from upper management at every level is very necessary for the successful implementation of the balanced scorecard. The use of this instrument makes it possible to determine all of the pursuits that serve as a catalyst for the accomplishment of predetermined objectives and for which it is therefore practical to assign the National Science Foundation's resources.

The NSSF's BSC has benefited greatly from the company's culture, cohesive linkages across different divisions, high quality of education, highly experienced executors, communication, and involvement among all of its employees. The capacity of managers to learn new information, employee assessment techniques, the usefulness and ease of using the BSC by managers, were determined to be variables that affected the use of the BSC.

The perceived utility and simplicity of use of the BSC manager assessment styles, and receptiveness to information were emphasized as essential elements to consider while using the Balanced Scorecard. The learning and growth perspective of the NSSF score card captures various activities targeted at increasing the skills levels and competencies of all staff.

5.4 Recommendations of the Study

Policymakers need to make adjustments in order to adapt to trend setters like consultants, gurus, and business media with relation to elements like balancing scorecard. They should objectively evaluate such the factors that include BSC. The management needs to ensure inclusivity of all stakeholders including middle and lower level employees when designing the balanced scorecard at National Social Security Fund which is useful.

The NSSF should enact rules that establish and improve the platforms necessary for the effective operation of the balancing scorecard. It is also necessary to make investments in resource allocation, leadership, and training of employees to BSC in strategy implementation in order to assist in clearing up the uncertainty that exists among some members of the staff who are unable to properly apply the BSC.

It is also advised that the management should provide proper and regular information to the workers on new developments that influence BSC implementation so that the employees may comprehend the progress that is being made with the implementation. In addition, the staff members have to be commended for their contribution to the effective execution of the plan.

5.5 Limitations of the Study

The study only focused on factors and it did not further investigate how they influenced performance of NSSF. Organization's ability to successfully apply the balanced scorecard was based on leadership support, resources allocated, employee involvement, organization culture, communication and organizational structure.

Because this research was conducted with just a single company, the NSSF, it is impossible to draw any broad conclusions from the results. The results of one company may not be applicable to those of other organizations in the sector; as a result, it is impossible to generalize based on these findings. An additional drawback of the case study technique is that it necessitates a profound reaction to the phenomena that is being investigated, which at times might result in a biased representation of the results of the research.

5.6 Suggestions for Further Study

The National Social Security Fund was the subject of this research, which focused on the variables that impact the usage of balanced scorecards there. There has to be further investigation into how the balanced score card has affected the NSSF's efficiency.

In conclusion, a mixed approach should be used to conduct this research, as the case study method of the NSSF may not have fully explored the issue or produced reliable results, and in-depth interviews and surveys may be necessary to identify the causes of the issues and develop effective solutions.

REFERENCES

- Ahmed, M. N. Mohamed, A.T. Khalil, A.A. (2018). Relationship between Transformational Leadership and Balanced Scorecard in South Valley University. *International Journal of Business Management and Economic Research*. 5(6), 104-110.
- Alfes, K., Shantz, A., Truss, C. & Soane, C. (2018). The link between perceived human resources management practices, engagement and employee behavior: A moderated mediation model. *Special Issue: Human Resource Management and the Line*, 52, (6), 839–859
- Angwenyi, C. (2017). *Challenges Facing the Implementation of the Balanced Scorecard at Kenya Reinsurance Corporation* (Doctoral dissertation, University of Nairobi).
- Armstrong, M. (2003). *A Hand Book of Human Resource Management*, (sixth Edition). London, Kogan Page Publishers.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-121.
- Burns, R. B. & Burns, R. A. (2008). *Business research methods and statistics using SPSS*. London. Sage Publications Limited.
- Chatman, J. A. & Cha, S. E. (2003). Leading by leverage culture. *California Management Review*, 45 (4), 20—34.

- Chavan, M. (2017). The balanced scorecard: a new challenge. *Journal of management development*, 28(5), 393-406.
- Chelimo, F. K. (2015). *Strategy evaluation and control practices at National Social Security Fund, Kenya* (Doctoral dissertation, University of Nairobi, Kenya).
- Chi, D. J., & Hung, H. F. (2016). Is the balanced scorecard really helpful for improving performance? Evidence from software companies in China and Taiwan. *African journal of business management*, 5(1), 224.
- Cooper, D. R., & Schindler, P. S. (2014). *Business research methods* (12thed.). New Delhi: Tata McGraw-Hill Publishing Company Limited
- Cytonn financial report (2021) Financial statement. Available on: www.cytonn.com
- Deem, J. W. (2019). The relationship of organizational culture to balanced scorecard effectiveness. Nova Southeastern University.
- Donaldson, L. (1990). A rational basis for criticism of organizational economics: a reply to Barney. *Academy of Management Review*, 15, 394-401
- Freeman R E (1984), "Strategic Management: A Stakeholder Approach", *Advances in Strategic Management*.
- Freeman, R. E. (2015). Stakeholder theory. *Wiley encyclopedia of management*, 1-6.
- Giang, M. H., Xuan, T. D., Trung, B. H., & Que, M. T. (2019). Total factor productivity of agricultural firms in Vietnam and its relevant determinants. *Economies*, 7(1), 4.
- Gichuki, J. (2020). *Factors influencing the implementation of balance scorecard in insurance companies in Kenya* (Doctoral dissertation, Strathmore University).

- Gitonga, K & Nyambegera, T (2015), BSC implementation in the public sector by studying Kenya Wildlife Service (KWS). Unpublished MBA Project. University of Nairobi.
- Hoopes, D. G., Madsen, T. L., & Walker, G. (2003). Guest editors' introduction to the special issue: why is there a resource-based view? Toward a theory of competitive heterogeneity. *Strategic management journal*, 24(10), 889-902
- Jenni, S. (2010). Effect of Balanced Scorecard on strategy participation: a case study at Casex limited, Finland. Unpublished masters thesis, University of Aalto, Finland.
- Jensen, M. (1986). Agency costs of free cash flow, corporate finance and takeovers. *American Economic Review*, 76(2), 323-329.
- Jones, T. M., & Wicks, A. C. (1999). Convergent stakeholder theory. *Academy of management review*, 24(2), 206-221.
- Kahihu, P (2005). Implement the BSC” presentation of BSC by Strategic Leadership Centre.
- Kaplan, R. S., & Norton, D. P. (2001). The strategy-focused organization: How balanced scorecard companies thrive in the new business environment. Harvard Business Press.
- Kaplan, R. S., & Norton, D. P. (2006). Alignment: Using the balanced scorecard to create corporate synergies. Harvard Business Press.
- Kaplan, R.S., and Norton, D.P. (1992). The balanced scorecard - measures that drive performance. *Harvard Business Review*, 70, 71-9
- Khan, J. A. (2008). *Research Methodology*. New Delhi. APH Publishing Corporation

- Khomba, J. K., Vermaak, F. N., & Hanif, R. (2012). Relevance of the balanced scorecard model in Africa: Shareholder-centred or stakeholder-centred?
- Kiio, S.W (2020). *Balanced Score Card application and Strategy Implementation at the Icealion Group-Kenya*
- Kiriiri, F.N. (2015). Challenges of Implementing the Balanced Scorecard at Novel Technologies (E.A) Limited, Kenya. University of Nairobi (Unpublished).
- Kwamboka, G.C (2016). The balanced scorecard as a strategy implementation tool at Orange Telkom Kenya.
- Laplume, A. O., Sonpar, K., & Litz, R. A. (2008). Stakeholder theory: Reviewing a theory that moves us. *Journal of management*, 34(6), 1152-1189.
- Mei, L. I., & Jiang, W. U. (2017). The Reconstruction of the Balanced Scorecard in Chinese Local Governments: Correction Model Based on Service-Oriented Government Strategic Goals. *Canadian Social Science*, 9(5), 156-161.
- Misawo, R. M. (2016). *Factors Influencing Successful Implementation of Balance Scorecard in the Insurance Sector in Kenya: The Case of Pacis Insurance Company Limited* (Doctoral dissertation, United States International University-Africa).
- Morisawa, T. (2002), "Building performance measurement systems with the Balanced Scorecard approach", Nomura Research Institute, Tokyo, NRI Papers No. 45, pp.1-15.

- Musyoki, R. (2015). The Role of Balanced Score Card as a Strategic Management Tool at Kenya Ports Authority, Mombasa, Kenya. *International Journal of Scientific and Research Publications*, 240.
- National Social Security Fund report (2022). Financial Statement. NSSF, Nairobi
- National Social Security Fund. (2021). 2020–2021 annual report. Kenya: Author.
- Ngari, M. M. (2014). Application of balanced score card as a strategy management process tool by Kenya petroleum refineries limited.
- Norreklit, H. (2009). The balance on the balanced scorecard – a critical analysis of some of its assumptions, *Management Accounting Research*, Vol. 11, pp. 65-76
- Nzuve, M. & Nyaega, G. (2016). *Application of the Balanced Scorecard in performance measurement at Essar Telecom Kenya Limited*. Unpublished MBA Project. University of Nairobi.
- Pearce, I. I. J, Robinson R (2011). Strategic Management; Formulation, Implementation, and Control.
- Priem, R. L., & Butler, J. E. (2001). Is the resource-based “view” a useful perspective for strategic management research? *Academy of management review*, 26(1), 22-40
- Rababah, A., & Bataineh, A. (2016). Factors influencing balanced scorecard implementation. *Research Journal of Finance and Accounting*, 7(2), 204-212.

- Schaufeli, W.B., Salanova, M., Gonzalez-Roma, V. & Bakker, A. B. (2002). The Measurement of Engagement and BurnOut: A Two Sample Confirmatory Factor Analytic Approach, *Journal Of Happiness Studies*, 3, 71-92.
- Selznick, P (1957). *Leadership in Administration: A Sociological Interpretation*. New York, NY: Harper & Row.
- Sirmon, D. G., Hitt, M. A., & Ireland, R. D. (2007). Managing firm resources in dynamic environments to create value: Looking inside the black box. *Academy of management review*, 32(1), 273-292.
- Sokah, F. (2020). *Factors Affecting Implementation of Balanced Scorecard in Tanzania, a case study of Tanzania Revenue Authority (TRA)* (Doctoral dissertation, Mzumbe University)
- Ta, T. T., Doan, T. N., Tran, H. N., Dam, T. A., & Pham, T. M. Q. (2022). Factors affecting the application of balanced scorecard to enhance operational efficiency of listed companies: The case of Vietnam. *Cogent Business & Management*, 9(1), 2149146.
- Tanyi, E. (2011). Factors influencing the use of Balanced Scorecard. *Unpublished MAS Thesis (Hanken School of Economics)*.
- Truong, D. D., Nguyen, H., & Duong, T. Q. L. (2020). Factors influencing balanced scorecard application in evaluating the performance of tourist firms. *The Journal of Asian Finance, Economics and Business*, 7(5), 217-224.

- Van Nhi, V., & Toan, P. N. (2018). Factors influencing to the application of balanced scorecard among listed companies in Ho Chi Minh City. In International Conference on Business, Management and Accounting.
- Wang, R., & Gu, H. (2016). Determinant Factors influencing the use of Balanced Scorecard in China.
- Wang'ombe, D. M. (2017). Balanced scorecard implementation at CIC insurance group. Unpublished Research Project. University of Nairobi, Kenya.
- Wati, L. N., & Triwiyono, G. (2018). The Effect of Using Balanced Scorecard on Competitive Advantage and Its Impact on Firm Performance. *JAAF (Journal of Applied Accounting and Finance)*, 2(1), 1-17.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5, 171-180.
- Yin, R. K. (2018). *Case study Research: Design and methods* (12th Ed.). Newbury Park, CA: Sage Publications
- Zahoor, A., & Sahaf, M. A. (2018). Investigating causal linkages in the balanced scorecard: an Indian perspective. *International Journal of Bank Marketing*.
- Zizlavsky, O. (2014). The balanced scorecard: Innovative performance measurement and management control system. *Journal of technology management & innovation*, 9(3), 210-222.

Appendix I: Interview Guide

This interview guide collects information to assist understand the factors that influence application of balance scorecard at National Social Security Fund. The information gathered in this interview guide will be for academic purpose only and confidentiality will be observed.

PART A: RESPONDENT PROFILE

- 1). Name of interviewee (optional)
- 2). GenderMale.....Female.
- 3) What is your current position in the firm?
- 4) For how long have you been with the firm overseeing this function?
- 5). Does the department you work in has its own Balanced scorecard.....

SECTION B: APPLICATION OF THE BALANCED SCORECARD

- 6). What informed the use of the balanced scorecard at National Social Security Fund?
- 7). Were other techniques for managing performance considered? If yes explain.
- 8). Explain how the BSC is applied at National Social Security Fund?
- 9). Has the BSC helped in the discharging of your day to day work, and if so, how?
- 10). What have been the benefits of adopting the Balanced Scorecard to your department and /you?
- 10). What things would you like done in order for you to be able to use the BSC more

effectively?

11).Is there any other information you would like to share regarding the application of the BSC at National Social Security Fund?

SECTION C: FACTORS THAT INFLUENCE APPLICATION OF BALANCE SCORECARD

12). Do leadership involvement affect the application of balance scorecard in your firm?

13). Explain the role of resource allocation in application of balance scorecard in your firm?

14). Explain how communication has affected application of balance scorecard at National Social Security Fund?

15). Give your views on how employee involvement affect the success of the BSC at National Social Security Fund?

16). Explain how organization culture has affected application of balance scorecard at National Social Security Fund?

17), What are the others factors that have led to the successful use of the BSC at National Social Security Fund?

Thank you for your co-operation

