THE EFFECTS OF BALANCED SCORECARD ON GROWTH OF SMALL AND MEDIUM ENTERPRISES
(A CASE OF SMEs IN LANGATA CONSTITUENCY, MUGUMOINI WARD)

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Kenya for academic credit.

Signed: ____________________________  Date: ____________________________
Samba Muthui (ID.642886)

This research project has been presented for examination with my approval as the appointed instructor.

Signed: ____________________________  Date: ____________________________
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ABSTRACT

The purpose of this study was to determine the effects of the balanced scorecard on growth of Small and Medium Enterprises in Mugumoini ward. The study was guided by the specific research questions: What is the effect of balanced scorecard on funding and financial stability of operations in SMEs? What is the effect of balanced scorecard on internal business processes in SMEs? What is the effect of balanced scorecard on learning and growth perspective on employees? What is the effect of balanced scorecard on customer satisfaction and loyalty?

The population of this study consisted of SMEs in Mugumoini ward. A sample size of 222 SMEs was used as the representative of the entire population which is 500 SMEs, however only 180 SMEs responded. Primary data was used for this study to achieve the stipulated objectives. Simple random sampling was used to get the exact sample size. The data analysis techniques that were used were descriptive and inferential techniques. Descriptive statistics was used to display characteristics of the location, spread and shape of the array of data. Quantitative analysis was done through editing and coding of filled questionnaires, data entry then cleaning of the data and finally analysis using Statistical Package for Social Sciences (SPSS). Data was presented using tables, graphs and figures in order to present the findings of the research.

The research findings revealed that the balanced scorecard has a positive significant effect on the growth of SMEs in regards to funding and financial stability. The mean of weight of the statements posed to respondents with regards to the effects of the balanced scorecard on funding and financial stability was 4.29 a clear indication that the respondents agreed that indeed the balanced scorecard has a positive significant effect on the growth of SMEs from the perspective of funding and financial stability.

The results from the research further showed that the balanced scorecard has a positive significant effect on the growth of SMEs in regards to internal business processes. The mean of weight of the statements posed to respondents with regards to the effects of the balanced scorecard on internal business processes was 4.25 a clear indication that the respondents agreed that indeed the balanced scorecard has a positive significant effect on the growth of SMEs from the perspective of internal business processes.
Furthermore the research conclusions uncovered that the balanced scorecard has a positive significant effect on the growth of SMEs in regards to learning and growth. The mean of weight of the statements posed to respondents with regards to the effects of the balanced scorecard on learning and growth perspective on employees was 4.04 a clear indication that the respondents agreed that indeed the balanced scorecard has a positive significant effect on the growth of SMEs from the perspective of learning and growth in employees.

Finally the research outcomes made it known that the balanced scorecard has a positive significant effect on the growth of SMEs in regards to customer satisfaction and loyalty. The mean of weight of the statements posed to respondents with regards to the effects of the balanced scorecard on customer satisfaction and loyalty was 4.36 a clear indication that the respondents agreed that indeed the balanced scorecard has a positive significant effect on the growth of SMEs from the perspective of customer satisfaction and loyalty.

On the aspect of funding and financial stability in SMEs it was concluded that the balanced scorecard does not greatly enhance accountability in the organization. On the feature of internal business process perspective in SMEs it was decided that the balanced scorecard does not enhance the order processing time in the organization. On the facet of learning and growth perspective in SMEs, it was settled that the balanced scorecard does not greatly enhance both knowledge management in the organization and training and skills acquisition by personnel in the organization. Finally on the viewpoint of customer satisfaction and loyalty in SMEs, it was determined that the balanced scorecard does not greatly enhance customer satisfaction and customer loyalty in the organization.

The study recommends that a study be done on the effects of the balanced scorecard on the growth of SMEs in other wards apart from Mugumoini ward. It should specifically seek to find out the effect of balanced scorecard on accountability, order processing time in the organization, knowledge management, training and skills acquisition by personnel in the organization, customer loyalty and customer satisfaction in the organization. These were the areas that were not greatly enhanced by adoption and application of the balanced scorecard by SMEs and therefore proper research should be conducted on the same in order to determine how accountability, order processing time in the organization, knowledge management, training and skills acquisition by personnel in the organization, customer loyalty and customer satisfaction in the organization can be enhanced by use of the Balanced scorecard in the SMEs.
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I would like to thank God Almighty for the gift of knowledge and intellect and for His generous providence in my academic and general life. Special thanks to my family for their undying love and support in all my academic ventures and for their constant encouragement towards this endeavor. My deep appreciation goes to my Supervisor for imparting ample skills unto me and for guiding me through the process of conducting this research and to USIU where I have garnered adequate knowledge and opportunity to develop mastery in my field, I am so grateful.
DEDICATION

I would like to dedicate this project to my family who did everything in their power to make sure I achieve this goal. Thanks for your love, support, encouragement, understanding and patience. Without you, this would not have been possible. Thank you.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Strategy is mainly concerned with the choice of making the best decision to drive the organization in a bid to achieve the sought after objectives and vision (Lawrie and Cobbold, 2010). Pearce and Robinson (2014) contends that strategic management is essentially the set of actions and decisions which ultimately result in the formulation and implementation of plans that are geared towards enabling a company to realize its underlying objectives. There are many tools that are widely used in Strategic Management; among the tools is the Balanced Scorecard, which will be discussed in detail in later literature.

The balanced scorecard is regarded as a strategic planning and management tool with broad applications in many facets of an organization. For example in the business industry, government, and many other organizations globally with the purpose of aligning business activities solely to the vision, mission as well as the strategy of the organization. Moreover, it can be used for monitoring the performance of the organization against strategic goals (Kaplan and Norton, 2001).

A strategic management tool such as the balanced scorecard is of great importance since it is very key to the firm’s planning process as it contends the firm’s vision and strategy which is further translated into four performance perspectives by the senior management (Pearce and Robinson, 2014). These are Financial perspective, Internal Business process perspective, Learning and Growth perspective and finally Customer perspective. With elaborate integration of these perspectives, the firm is able to achieve spectacular results.

For proper adoption, application and development of the balanced scorecard in an institution, there is a great need for support from the executive and top management of the same institution (Kaplan and Norton, 2001). Pearce and Robinson (2014) contend that the performance of any organization is normally measured in four perspectives of the balanced scorecard, which go further to enhance the strategic management system of the organization, these four perspectives are: Financial perspective, this scrutinizes the measurable economic results of actions already taken. Internal Business Process, this is concerned with the measurement of the key internal processes in which the organization has to succeed. Learning and Growth
perspective is concerned with the building of long-term growth and improvements through the measurement of the resources that the organization needs and finally Customer perspective, this is concerned mainly with the identification and measurement alongside focusing on the customer and market segments where the business unit will compete and have its performance gauged in these segments that are targeted (Kaplan & Norton, 2001).

For a strategy to become implemented successfully, there has to be existence of a relationship between the four perspectives of the balanced scorecard, this is usually considered as the cause and effect relationship of the four perspectives of the balanced scorecard. For this reason, achieving one perspective target consequently leads to desired developments in the next perspective, catapulting the overall organizational performance. It is worth noting that the core of the balanced scorecard is found in the cause and effect relationship that it emits when successfully adopted in an organization (Kaplan and Norton, 1996; Malmi, 2011).

Fathoming of cause and effect relationships can aid in adapting the balanced scorecard to any organization that is specialized. The relationships in the balanced scorecard should not at any one time be viewed as generic but rather as specific to the organization of concern, the relevant time frame and prevailing actual situation (Malmi, 2011).

With a primary focus on the outcomes, an organization has to well align its shared vision of success by getting people to work on the right things, invest in superior technology, processes, human skills, and develop an appropriate strategy, which should be gauged by an elaborate balanced scorecard system. The organizational transformational process is well a result of the expansion of the balanced scorecard system.

The balanced scorecard is used as framework that ultimately measures performance in order to precisely make proper follow up on deductions and findings of operations as well as the organization’s strategic plan which ultimately determine the service delivery that the organization emits this is usually measured by client satisfaction levels, the management and communications systems of the organization which satisfactorily align the tasks undertaken by personnel within the organization (Kaplan & Norton, 2001). For strategic intent of an organization to be clear throughout the organization, it should be well aligned with the vision and mission of
the organization and consequently be communicated to internal and external stakeholders within the organization so as to provide a solid foundation for ideal alignment of the resources of the organization (Kaplan & Norton, 2001).

The balanced scorecard can be developed into a complete and global tool if it is successfully integrated into day-to-day business operations of the organization. By doing so the balanced scorecard is able to better offer effectiveness which is seen in the exceptional performance levels of the organization. The tool that helps in the formulation, communication and implementation of strategy through necessitating all activities within a strategic framework and ensuring more clarity and regularity for all parties involved in the balanced scorecard. The balanced scorecard also offers support to strategy implementation therefore making it practical to comprehend its strategic value, that of a necessary tool used to undertake assignments on a daily basis and consequently be able to easily create a match between the assignments it undertakes regularly therefore making it of much essence as an operational tool within the organization (Lawrie and Cobbold, 2010).

The balanced scorecard significantly evolves and improves as a tool used for the measurement of performance management, this is so by being more adaptable and effective to cater for a wider range of varying organizations. This emanates from the fact that the balanced scorecard seeks to drive excellence in business by employing certain guiding principles in its practice such as the endorsement of accountability, transparency, as well as performance management (Kaplan and Norton, 2001).

The term Small and medium-enterprises (SMEs) covers a wide range of definitions and measures varying from country to country and between the sources reporting SMEs statistics. Although there is no universally agreed definition of SMEs, some of the commonly used criteria are the number of employees, value of assets, volume of sales and size of capital. Among them, the most common definitional basis used is the number of employees because of the comparative ease of collecting information (Weaver, Trevino and Cochran, 2008).

In Kenya a key issue for policy development surrounding SMEs concerns the determinants of successful SMEs. In Kenya, SMEs operation cut across almost all sectors of the economy and sustain majority of households. As time goes on, SMEs have come to be recognized more and more as the engines of employment growth in the economy. It is evident that SMEs have grown in major wards in Kenya,
especially Mugumoini ward that has contributed to an increasing large figure in the economic pattern of the constituency, Langata. For instance, the increasing numbers of SMEs in several industries like retail, transport and communication, restaurants, health, and education (GoK, 2013).

The rapid growth of SMEs in Mugumoini ward can be linked to a number of factors including; economic factors, political factors, social factors, cultural factors, financial factors and even other factors such as knowledge and skills. Knowing the balanced scorecard factors that determine the growth of SMEs will open up doors to a new era of modern SMEs that will survive longer in the changing economy. (Anderson and Johnson, 2005; Martin and Cullen, 2006).

1.2 Statement of the Problem

The SMEs play an important role in the Kenyan Economy. According to the Economic Survey (2009), the sector contributed over 50 percent of new jobs created in the year 2008. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). Although a number of researches have been done on factors that contribute to growth of SMEs, few have focused on the critical balanced scorecard factors affecting growth of SMEs in Mugumoini ward. Mugumoini is considered an ideal subject of study due to the growth and emergence of SMEs over the recent years.

This study therefore sought to determine the critical balanced scorecard factors affecting the growth of SMEs in Mugumoini ward by looking at the process through which the factors led to success or failure and further determined the integrative effect of various balanced scorecard factors in the SMEs in Mugumoini ward. This is because SMEs continue to experience challenges such as increased competition, inferior technology, and resource constraints among many other challenges (Kilby, 2000).

There exists a knowledge gap in this area of study especially concerning SMEs given the fact that little research had been reported regarding the application of the balanced scorecard in the SMEs sector. Ollila (2010) made it clearly known that the essential role played by the balanced scorecard in realizing effectiveness might be the only sustainable source of an organizations effectiveness and determines to a great extent the rate at which an organization learns. Goh (2013) who argued that in
order to remain effective and grow there is needed to put in place the balanced scorecard also emphasized this assertion. This study analyzed whether SMEs, which have applied the balanced scorecard, are able to create future value that will ensure their unrivalled success in their service delivery through a complete application of their balanced scorecard criteria while focusing exclusively on the current business issues. This study therefore sought to analyze the effects of balanced scorecard on the growth of SMEs in Mugumoini ward. Analyzing the balanced scorecard factors that determine the growth of SMEs in Mugumoini ward is the one thing that could trigger businesses in the region to look for growth opportunities available and even encourage new entrants into the market.

1.3 Purpose of the Study
The purpose of the study was to determine the effects of balanced scorecard on the growth of SMEs in Mugumoini ward.

1.4 Research Questions
The study was guided by the following research questions;

1.4.1 What is the effect of the balanced scorecard on funding and financial stability of operations in SMEs?
1.4.2 What is the effect of balanced scorecard on internal business processes in SMEs?
1.4.3 What is the effect of balanced scorecard on learning and growth perspective on employees in SMEs?
1.4.4 What is the effect of balanced scorecard on customer satisfaction and loyalty in SMEs?
1.5 Importance of the Study

1.5.1 The SMEs
The study will shed some light on the SMEs in Mugumoini ward to enable them to come up with solutions to the challenges that they face when they venture the path of growth and expansion of their SMEs.

1.5.2 The Government
Government will benefit from this research in the sense that this study determined the growth performance of SMEs in Mugumoini ward, which is essential for the investigation of economic factors, which will give way to the formation of the County’s budget.

1.5.3 Scholars and Academicians
They will find the study results useful as a source of reference. Additionally, the study provided information on effectiveness of the balanced scorecard among SMEs in Kenya to potential and current scholars. This will expand their knowledge exponentially on issues of strategic responses in the informal sector. It will help them in developing their theories concerned with the study and to the public at large by educating them on balanced scorecard and how to research further on it.

1.5.4 Funders and Banking Sector
They will benefit from this research in the sense that this study determined the potential growth and performance of SMEs in Mugumoini ward. It is essential for the investigation of key financial factors such as interest rate charged that would attract SMEs within the region and convince them into becoming beneficiaries of loans, which they can advance to them at favorable rates. Such initiatives can help the Funders and Banking sector grow by offering affordable interest rates to the SMEs.

1.6 Scope of the Study
The study covered the SMEs located in Mugumoini ward, Langata constituency. The population of this study comprised of SMEs owners and employees who provided the required information that was needed to undertake the study. This study was being conducted in the period of June 2015 to end August 2015 and it focused mostly on the operations of the SMEs sampled.

Access to information was the major anticipated challenge since most of the SMEs are individually owned and the proprietors felt that relaying certain information
would compromise their competitiveness. The respondents who were willing to share any information were assured of privacy and confidentiality of all information relayed.

1.7 Definition of Terms

1.7.1 Balanced Scorecard
The Balanced Scorecard is a set of four measures directly linked to a company’s strategy: financial performance, internal business process, learning, growth, and customer perspective (Kaplan & Norton, 2001).

1.7.2 Strategy
A plan of action designed to achieve a long-term or overall aim. It is a large scale and future oriented plan to achieve a company’s objectives (Pearce and Robinson, 2014).

1.7.3 Strategic Management
A Set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objectives (Smith, 2006).

1.7.4 Stakeholders
A person or institution that has stake in a business or industry (Lynch 2010)

1.7.5 Strategic Management Tool
A Measurement parameter that is used to assess the performance of an organization in achieving its objectives (Lumpkin, 2003)

1.7.6 Financial Stability
These are the measures that should be undertaken by an organization to appear successful to the shareholders (Ittner & Larcker, 2000).
1.7.7 Internal Business Process
These are the initiatives that should be undertaken by an organization in order to satisfy the shareholders and customers by excelling in a particular business process (Pearce and Robinson, 2014).

1.7.8 Learning and Growth
These are the target measures that are put in place to achieve the organizations vision and sustain their ability to change and improve continuously (Pearce and Robinson, 2014).

1.7.9 Customer Perspective
These are the objectives that an organization puts in place to achieve its vision and advance a positive perception to its customers (Lawrie & Cobbold, 2010).

1.8 Chapter Summary
This chapter was an introduction of the research project and clearly stated the background of the problem and the statement of the problem. It followed further by briefly stating the purpose of the research work, which was to determine the effects of balanced scorecard on the growth of SMEs in Mugumoini ward. The importance of the study to SMEs, Government, Scholars and Academicians and Funders and Banking institutions was also looked into. The scope of the study covered the SMEs located in Mugumoini ward, Langata constituency. The chapter also showed the research questions that were used to guide the study.

Chapter two will focus on the literature review of the study while chapter three focuses on the research methodology that was used to guide the study. Chapter four addresses the results and findings of the effects of the balanced scorecard on the growth of SMEs in Mugumoini ward while chapter five will provide a summary, discussions, conclusions and recommendations of the findings of the research.

CHAPTER TWO
2.0 LITERATURE REVIEW
2.1 Introduction
This study explained the effects of the balanced scorecard in enhancing the growth of Small and Medium Enterprises (SMEs). The paper clearly brings out the balanced
scorecards value as an ideal and essential tool that is used to gauge an organizations performance against the goals it harbors with a strategic intent in mind. This paper goes further to give a detailed and elaborate scrutiny of the effects of the balanced scorecard on funding in ensuring financial stability on operations of the business; the effect of internal business process to an organization; learning and growth perspective of the balanced scorecard considering its effect to the essential foundation for success of any informed worker organization; and finally how the balanced Scorecard affects customer focus and customer satisfaction in regards to the ultimate success of the organization.

2.2 Effects of the Balanced Scorecard on Funding and Financial Stability

Financial performance is considered an index that is delayed which explains the definition of the success of an organization (Kaplan and Norton, 2001). Organizations therefore put in place strategies from the perspective of financial plans as well as through profit and income growth. Financial managers for this matter consider the organizations’ strategy on how it helps to create a conducive and stable environment for investors. In regards to this, it is without reasonable doubt that strategic principles revolve around a certain orbit, which consists of the organization planning, value of investors, production management, innovation, information technology, basic capacities, as well as quality (Lok, Hung, Walsh, Wang and Crawford, 2010).

2.2.1 Effects of the Balanced Scorecard on Funding

Shareholders of any business entity are mainly concerned with what the company has done for them in a number of different ways such as operating income by division, sales growth, and return on equity as well as increased market share by segment and cash flow, these are the main financial perspective of the balanced scorecard used to show shareholders the state of the organization (Kaplan and Norton, 2001). Financial performance measures in this regard label largely whether the company’s strategy, implementation as well as execution are making any significant amount of contribution to bottom line development of the organization. The ability of the firm to undertake its operations in a dynamic competitive business environment and further go onto realize profits determines to a great extent the performance of the organization and gives assurance of its sustainability in the future (Enteshari, Abadi, Karbasi, and Soltani, 2012).
It further goes ahead to measure and reflect the productivity, return on assets, cost, market share as well as the organizations profitability (Sale and Inman, 2013). In this regard, performance measures are widely used mainly to check the financial and non-financial health of a business on a regular basis by tools such as profit and loss statements, which are essentially financial tools.

2.2.1.1 Accountability
Accountability is considered very essential when it comes to the financial performance of an organization (Andersen, 2010). Research stipulates that controlling, planning coordinating, organizing and staffing are key management functions that greatly affect the financial results and the organizations productivity (Poon and Canon, 2012). Accountability is also seen to have a positive impact on financial performance leading to a positive effect on customer service in the context of the six quality management criteria that include: customer focus, knowledge management, measurement and analysis, leadership, process, human resource management, and strategic planning (Fotopoulos and Psomas, 2010).

Organizational structures have been translated by researchers to include management accounting techniques such as planning and controlling, cost management, and performance measurement albeit the formal and informal information and decision-making methods that can improve the firms performance and catapult it to becoming an industry leader in its geographical setting. This standpoint is therefore consistent with Cadez and Guilding (2012), who recognized that strategic management accounting usage, including costing; strategic decision making; competitor accounting; planning, controlling, and performance measurement; and customer accounting have influence on firm performance.

The effect on firm performance and cost information usefulness are two phenomena that are closely intertwined and are measured by aspects such as competence level of cost management, timeliness, accuracy and relevance and completeness of assignments. It was further established that strategic and operational decisions such as product design sourcing, pricing and product mix, customer profitability and performance measures are established by proper cost management systems which are of great essence in measuring the organizations performance (Poon and Canon,
2012). These results are also in covenant with a study by Cadez and Guilding (2012), who suggested that a firm’s decision-making is dependent on the cost management success.

2.2.1.2 Accuracy
Accuracy, fullness, dependability as well as Cost Management effectiveness are considered to be of great help and have a significant effect on cost information that is useful in corporate attractiveness resulting in the growth of the firm. Since cost management is considered to be among the most important modern management accounting techniques, that offers cost information that is helpful when it comes to the growth of strategic decision making as well as sustainable competitive advantage (Tontiset and Ussahawanitchakit, 2009). Furthermore, there exists one among the belongings of financial measures on performance measurement, which in this case focusses on measures that are key in driving profitability and growth. Anderson and Lanen (2009), contends that the internal processes that are key in ensuring precise and timely funding of business operations go a long way in benefiting the customers by producing value that aid them. The internal and external environmental situations and internal resources of an organization greatly impact on the financial perspective of an organization. In the past, organization managers had the notion of only wanting to meet financial perspective of the company but in this era they have found out that financial performance of any organization solely rest on customer's satisfaction or lack of it which is one of the main factors driving any organization.

2.2.1.3 Effectiveness
Effectiveness is also key to the functioning of an organization. Lorenzoni, Shank, and Silvi, (2009) contended that management accounting, such as cost management was used mainly to upset new ways of doing business in order to enhance the competitive advantage of any organization. He made further suggestions in what manner the cost system can well be managed in order to bring about sustainable competitive advantage. In the same matter, Nicolaou (2012) argued that cost management efficiency is likely to influence the ability of the firm to be able to
attain and maintain its competitive spot in the industry.

According to Kaplan and Norton (2001), there occurs select reliance on financial measures, which are considered inadequate. Furthermore, they argue that financial measures are delay indicators that report on the outcomes from previous undertakings. Select reliance on financial indicators could promote behavior that detriments long-term value creation for short-term recital.

2.2.1.4 Timely Funding

Financial perspective considers shareholder value and profitability. In the event that an organization enhances its asset utilization, makes significant reduction on its operating costs and significantly increases its sales revenue, it is bound to realize economic added value and ultimately realize a significant return on investment (Anderson and Lanen, 2009). In this reverence therefore, all organizations continue to renew themselves in order to survive since it is the vision of any institution to thrive in the business it undertakes.

Moreover, the management of costs drives focus on the strategic position of the firm nevertheless the complete value chain, and the full set of the organizations cost drivers (Walsh et al., 2006). Lorenzoni, Shank, and Silvi (2009), also suggested that the management of cost was in controlling and planning as one of management control systems (MCS) for heightened success of the organization.

2.2.2 Effects of the Balanced Scorecard on Financial Stability

When it arises to financial stability, the balanced scorecard is well thought out to be key. This yet is not the case for most organizations, which still depend on conventional financial performance measures such as return on investment. The test however is that overreliance on such traditional measures can alter strategy building and may clash with strategic objectives (Tangen, 2014).

Tontiset and Ussahawanitchakit (2009) contend that financial measures are inadequate for measuring the performance of organizations for numerous reasons: financial performance maximization at the expense of cross-functional performance; little predictive power; and lack of direct significance to personal prospects and inadequate value assessment of intangibles. Furthermore, as earlier stated financial measures look for short-term earnings at the price of outcomes in the long term. The
making of the balanced scorecard abides from the understanding that financial measures, conventionally considered as the foundations in the performance evaluation of firms, were not adequate enough for this scope given the fact that there exist other important aspects which are important when it comes to the focus on the thought and also because financial measures represent ex-post pointers and therefore the inclusion of non-financial factors in the balanced score card (Bourne, Franco and Wilkes, 2013).

According to Fouladgar, Chamzini, and Zavadskas (2011), organizations can improve their performance through a number of ways such as growing the investments, enhancing the benefit to customers and decreasing the costs and threats reduction. Furthermore, the financial perspective of the balanced scorecard has with it an objective of fathoming long-term stockholder’s equity, and is thus divided into productivity strategy and growth strategy. A considerable number of studies in accounting, operations management, marketing and management has shown clear evidence that brings out the existence of relationships between the organizations financial performance instruments such as profitability among many others and the firms overall customer satisfaction.

There has also been contradictory research as to whether nonfinancial variables are concurrent measures or principal indicators of financial performance. Whereas marketing theory proposes profitability through both increased recurrent business and amplified price premiums, it was found that increased profitability was only related to amplified recurrent business (Kaynak, 2003).

There exists significant research that has been acknowledged and accepted to show the existent of a strong affirmative relationship between profitability, customer approval and market stake. Furthermore, this connection has been established to be stronger for services than assets. It has been revealed by research that indeed there exists a substantial affiliation between customer loyalty and customer satisfaction. Customer loyalty has been shown to have a great impact on future revenues and costs (Harrington, 2012).

2.3 Effects of Balanced Scorecard on Internal Business Process
This viewpoint refers to the internal business processes. There are certain yardsticks that are used to measure performance that will allow the manager to know how well their business is running, and whether its products and services meet, their customer needs. Within any organization there is certain information which is highly regarded since it offers the organization an edge over its competitors, therefore such information is highly classified and is only in the possession of certain employees of the same organization. Such information is what is easily translated to trade secrets as it offer the organization a competitive advantage in the market place for this reason some yardsticks have to be developed by individuals with ‘insider’ knowledge (Kaynak, 2003).

The internal business processes have a direct impact on employee performance and the balanced scorecard. For example, a cashier at a supermarket is supposed to spend a maximum of five minutes serving a customer, and this is a consideration captured in their balanced scorecard to appraise them. However, there are instances where there are referrals for various transactions to a supervisor, who must authorize them before the transactions can be completed. This interferes with five-minute limit, and the system may need to be adjusted in order to cater for this (Kaplan and Norton, 2004).

2.3.1 Effective Leadership

The key to success of an organization is effective leadership (Shultz et al, 2013). Many organizations lack effective leadership (Anderson, Rungtusanatham and Crum, 2011), thus making it a crucial factor in developing nations. Such organizations place more efforts on shorter-term frames, predictability and control at the expense of motivation and employee empowerment. Megginson, (2012) recognized that management and leadership do differ yet both are required for better performance. He further stresses on the fact that there are leaders who are not managers and managers who are not leaders.

A proposal by the modern management suggests that while managers and leaders do the right things. Moreover, leaders solve problems creatively while managers combine resources for success. True leadership is required in harnessing the creative energies of all employees. Among the biggest challenges faced by leaders is the
dynamic business environment demanding flexibility, combining teamwork, human skills and integrity. Moral value is upheld in compassionate treatment of staff including subordinate and esteeming human dignity in all its forms (kyarimpa, 2009).

Mintzberg (2010) state that there exists a distinction between leadership and management. Leading is an integral part of managing, but not the whole of it (Megginson, 2012). It is the innate ability of one person to inspire others to strive to attain objectives. Planning, Staffing, controlling, and organizing (Harrison 2013). It is therefore very important for wise leaders to take precaution in order to cope with the changing business environment by examining the past in anticipation of the future happenings, a prediction strategy.

It is worth noting that the senior executive management has a significant impact on the strategies and performance of their organizations (Megginson, Byrd and Megginson 2009). Exceptional leadership also has an enormous positive influence. Leadership impact can take both negative and positive and dimensions. It therefore follows that weak leadership can have a commanding negative influence and as a result create discord amongst employees. The responsibility of formulating and implementing the strategy of an organization lies largely on leaders of an organization (White, 2014).

The people who decide what must be done are the leaders, and then essentially go a step further to figure out how to do it. The aspect of leaders having a skill set that permits them to evaluate the opportunities and the threats that may exist, both going forward concurrently, and thereafter having the ability to analyze the abilities and resources that an organization possesses to deal with those threats and opportunities.

2.3.2 Employee Empowerment

Employee empowerment is important to strategy implementation for the reason that some decisions about some of the issues are better left to people who are responsible for them and directly working on them. Employee empowerment is the act giving employees the skills, authority and self-control to execute their tasks accordingly with the highest level of proficiency (Brymer 1991). Empowerment is defined as the
act of allowing a person or team the leeway and flexibility to make decisions and initiate action (Pearce and Robinson, 2007).

Empowerment in this regard is a process of decentralizing decision making in an organization, where their superiors (Hellriegel, 2009) issue subordinates with more autonomy. In retrospect, he views empowerment as the use of certified methods to transform those without power into relatively equitable stance. Concerning this, thus it is clear that the notion of empowerment is the exercise of issuing employees with the mandate to make decisive decisions in order to improve the organizations processes as seen by the employee without concerning the superiors by constantly awaiting for a green flag in order to take action.

Competent employees are aware of the organizations’ strategy. Therefore, without being empowered to do so they cannot participate in its execution. Employee empowerment has a very strong relationship with the success of the organization (Bixler, 2002). Without such employees, being empowered the capabilities and skills of employees cannot be fully realized. In a study by Wharton and Gartner, it is shown that it takes too long to effect executed decisions. Furthermore when decisions take time to be executed it raises a red flag which signifies that there is a lack of empowerment since employees clearly lack the power to make their own decisions and for this reason need to wait until the engaged occupied top management makes them, regardless of the waiting period (Hellriegel, 2009).
2.3.3 Operation Processes

The merit of knowledge collaboration and creation need be well engrained throughout the organization. Operational processes including all the objectives and performance parameters must be allied with the Strategy and knowledge management framework (Argyris, 2008). Throughout the company, a system must be designed to facilitate knowledge management just as the organizational needs decree organizational alignment. For knowledge management to be integrated into business processes it requires organizational change in order to begin changing the organization (Bixler, 2002).

The term operations is normally used for industries which provide and create services, likewise in the same environment the term manufacturing is used to describe industries producing physical products (Kotler, 2010). In an airline company for example, the operations team includes the airhostesses and pilots, aircraft engineers, flight dispatch controller among others while marketing promising various service levels, Kotler explains the importance of these two departments working well together. When looking at the link between operational processes and organizational success, the implementation of effectiveness of business processes as a reliant variable may be more suitable than embracing complete firm performance as a reliant variable, as such the results are consistent with resource-based (Ray, 2006). Through strategic business processes, this can well be achieved.

2.3.4 Performance Targets

Increased cost awareness has been prompted by the use of performance-based targets. The organizations have to come up with appropriate cost-accounting systems and provide yearly financial statements (Olson and Slater, 2011). The control of the organizations’ financial practices is enhanced by the information provided that improves the company’s capacity. Performance management enhances the outlook on better budget estimates. This is primarily based on an increased knowledge of real costs, which is realistic.

However, in some cases, transfers are corrected based on achieved performance results such that a failure to meet performance targets results in a decrease of
financial transfer to a company. On the contrary, there is a positive financial return to the company in case performance results exceed set targets. However, these progressive corrections are dependent on developments of the overall budgetary position of the company (Hellriegel, 2009).

2.3.5 Quality Management Factors

The six quality management factors that are leadership, customer focus, knowledge management, analysis and measurement, strategic planning, human resource management, and process management have a positive effect on satisfaction of the customer (Schiemann, 2012). A company should gauge its performance through the customers’ eye. To put the balanced scorecard into perspective organizations should have clearly laid down targets which can be readily used to benchmark on certain parameters such as performance, service and time and then consequently be able to transform them into meaningful achievable and realistic goals that are thoughtful to their products costs (Kaplan and Norton, 2001).

It is concluded that measurement-managed organizations particularly those that gauge employee performance outdo those that moderate measurement (Poon and Canon, 2012). The study further found that key discoveries on the problems facing performance management relate to poor communication, failure to agree on strategy, as well as inability to focus on alignment of energies and the organization culture. A study of change management practice noted that organizations often identify one or more of seven elements as the most “perplexing” when executing performance management systems (Sumlin, 2002).

However, these are not unbeatable impediments, but basics that require the greatest attention and work. If not well looked into, they can cause the performance management system to fail. The challenges include keeping leaders focused, gauging dimensions, effecting performance management for staff, relating job descriptions to performance management, coupling compensation to performance management, matrix management, and finally keeping the system alive. He further noted that the best way to keep these challenges from denting a performance management implementation is to meet them head-on (Poon and Canon, 2012).
The use of performance agreements and the accompanying upsurge of operational autonomy have also induced some developments in the effecting of strategy in organizations (Armstrong, 2006). Numerous organizations are initiating types of internal devolution of management capacities. For example, Chetty (2010) noted that companies have formed business units that are accountable for the commercial activities growth. According to Chetty (2010), this has permitted business units to be able to manage their products better in a more reasonable way and for this reason; they are accountable for the different functions of human resources, public relations, financial management, marketing, logistics and strategic planning.

There are advances towards the timely devolution of operational autonomy to the regional offices that are within the locality (Armstrong, 2010). The key essentials in this whole process are subsidiary, communication networks, and differentiation. The worth of internal business processes and partnership must be well rooted throughout the organization. Operational processes including all the performance metrics and goals must be allied with the knowledge management framework and Strategy. A system must be created to ease knowledge management throughout the company just as the organizational needs decree organizational alignment (Bixler, 2002).

2.3.6 Social Capital

Dakhli and deClercq (2014), using data from the World Values Survey, provided 'partial' statistical support that social capital has positive effect on innovation. Furthermore, Kaasa (2009) in deliberating on the matter of knowledge management with the use of the infamous balanced scorecard (BSC) incorporates concepts such as culture, skills, values and customs as the parts of knowledge that are essential. Networking is considered social capital and a pertinent innovative activity (Adam, 2011). Fairchild (2012) argues that the sum of individual social capital of all persons who are concerned in innovation activities and factor analysis translates easily to the aggregate social capital.

Ghazinoory and Soofi (2012), further goes on to gauge the effect of these factors on the innovative happenings at the regional level in Europe, and consequently infers that social capital plays a very significant role in innovation activities, which for this reason cannot be downplayed as insignificant but instead requires much attention.
Enteshari (2012) confirmed the role of social capital in both networks and partnerships on the performance of innovation. In order to facilitate human resource mobility there needs to be continuous training carried out which imparts learning and growth to both individuals and the organization and consequently translates to development within the organization (Kaasa, 2009). Khalad (2011) further explored the impact in the innovation systems that are regionally located.

According to Khalad (2011), balanced scorecard was more applicable in evaluating performance as opposed to other traditional methods such as earnings ratios. Previously, organization managers only thought to meet the financial perspective of the company currently they have found out that financial performance depends largely upon the customer's satisfaction since they are the ones who make or break a company, adhering to the new adage “customer is King”. Customers’ satisfaction or lack of satisfaction are also the result of quality, efficiency and the organization processes and the quality of accomplishment they derive as a result of services offered coupled with their biased viewpoint of the organization.

These processes also depends on the human power, quality, their authority and information systems and incentives, (Jamali, 2011). In recent times, most businesses have put in place a system for enhancing their duty to the customers in terms of job improvement. For example, after sales services which companies offer to their clients increases cost but improve efficiency of management. The balanced scorecard has been introduced by companies to evaluate their management as part of improvement in performance (Niven, 2006).

2.4 Effects of Balanced Scorecard on Learning and Growth Perspective to Employees

Learning and Growth Perspective is the next viewpoint that is portrayed by measuring the ability of the business to improve, innovate, as well as learn. This viewpoint goes a long way to identify the needed set-up while that help support the other three standpoints. It is further contended that measures of the Learning and Growth Perspective are the enablers of the other perspectives and represent the basis of the balanced scorecard (Cho, Choi, Kang, Park and Yang, 2010).
Furthermore, the continual developments as well as the ability to learn and present new products and services are the prerequisite to expand in the global marketplace, survive, and increase the company’s value (Kaplan and Norton, 2002). Furthermore, the employee skills, knowledge, as well as satisfaction aside the availability of information and satisfactory tools are often considered the source of growth and as such, they are thus considered as the most popular measures of this perspective (Enteshari, 2012).

Learning and growth perspective also enmeshes the ability of the company to improve, innovate, and additionally learn which openly links to its value (Kaplan and Norton, 2005). This also improves competitive advantage, robust internal human productivity, information sharing as well as organizational competencies, which are the constituents of learning and growth. Intangible assets are the end resources of a firm’s value creation. They further define the goals of growth and learning; while at the same time improve the quality of persons’ integration, technologies and, the other cases related to the organization to back the strategy. The enhancement of growth and learning measures are the leading indices for financial performance, internal processes and customers’ satisfaction (Niven, 2006).

2.4.1 Knowledge Management and Employee Performance

Knowledge management can be seen as the management purpose to create, transfer and interpret new knowledge in the context of the existing knowledge in order to increase organization’s innovativeness as well as mend decision-making (Ahmad and Daghfous, 2010). Novel knowledge is usually produced, shared and justified through the collaborative and social process as well as through the dealings with the environment. It encompasses innovating new process or substituting the existing methods within the organization’s inherent and explicit knowledge.

If an organization wants to influence on knowledge as well as raise performance of knowledge creation then knowledge transfer is key. Knowledge transfer can be either internal or external.

Internal knowledge transfer can be reached through activities such as mentoring and departmental reporting and in-house training sessions, while external knowledge
transfer can be gotten through activities such as seminars, university courses, training sessions, conferences, consulting and government extension program trade shows, workshops and consortiums (Ahmad and Daghfous, 2010).

A company’s knowledge management strategy should replicate its competitive strategy, the manner in which it creates value for its customers, how that value supports an economic model and consequently allows the people in the particular company to dispense on the worth of economics (Kruger and Johnson 2011). Companies labor in developing appropriate metrics to assess the effectiveness of knowledge management programs. There was a research conducted on Knowledge management maturity and settled that, companies, which recorded certain growth in Knowledge management maturity, also recorded certain growth in Organizational performance; in effect, there is a positive relationship between organizational performance and knowledge management (Kruger and Johnson, 2011).

In undertaking their research Ahmad and Daghfous (2009), unraveled that in order for companies to maintain a competitive edge and remain at the top, they must have a good strategy to develop, retain, organize and transfer their resources, which requires methodical knowledge management. Knowledge management has great effect on firms’ strategy formulation and implementation. Through knowledge sharing activities many organizations already achieve great merits such as increased visibility, improved competitiveness and flexibility (Ahmad and Daghfous, 2010). The Stakes of Knowledge management will be looked at in this section.

Creating organizational behavior that provisions knowledge management is critical to achievement of a knowledge management strategy and will endure long after the tools and processes are set up. Learning is an important part of knowledge management and ought to be addressed with tactics such as promoting cross-functional teams, increasing internal communications as well as forming a learning community. Learning can be described as the acquisition of knowledge through study, instruction or experience (Bixler, 2002). Organizations need to accept that employees operate and communicate through learning, which includes collaborating, knowledge sharing, as well as building on each other’s ideas.

Learning signifies the way people create new knowledge. Organizational learning
involves application of knowledge for a definite purpose. It is the link between working and innovating. There are two approaches of learning. The first approach analyses learning as community based where the specialists in the organization create knowledge in their own networks deeds. The second approach to organizational learning analyzes the firm as whole from a cognitive outlook (Lyles and Easterby-Smith, 2011).
2.4.2 Relevance of Organization Learning on Employees

Human resource management has an important consequence on organizational performance and can increase competitive advantage. In the service industry employees have constant direct contact with the customers, for this reason the human resource function of such an organization plays a very vital role in the development of such an organization (Sit et al., 2009). Certain literature claims that employee fulfilment and staff turnover rate impacts operation efficiency and customer fulfilment which in turn upsets overall organizational performance and financial performance.

Leadership not only helps organization in improving operationally (Samson and Terzirovski, 2009) but also raises customer satisfaction. Leadership plays a superior role in small organizations where leadership also has a considerable effect on financial performance. Leadership plays a very integral role within an organization. Effective leadership within an organization can greatly enhance its quality management factors that aid an organizations growth. These factors are human resource management, which looks at personnel as the ideal resource for an organizations competitive advantage, strategic planning which considers long term benefits for an organization, measurement and analysis of financial performance and process management which ultimately determines the efficiency and effectiveness of the organization (Enteshari et al., 2012). Contemporary strategic ideologies are formed around the notions of human resource, learning, organizational planning, information technology and innovation.

In a learning organization there is much flexibility and growth since individuals repetitively grow their skills by fully exploiting their potential and consequently enhancing their personal growth and development and therefore have a new perspective of how they look at things. Through working collaboratively people can accomplish things that they cannot do single handedly. A learning organization shapes combined relationships in order to draw strength from the varied capabilities, knowledge and experience, and ways of undertaking things that people and communities use and have (Armstrong, 2010).
Furthermore, a learning organization is one that enables both distinct and organizational learning with an outlook to continuously altering itself and letting go of the past by trying new ways in the days to come.

Zavadskas (2011) states that for a learning organization to derive competitive advantage it has to place much emphasis on continuous learning, both collective and individual, simply translating that it is both an individual and group effort. According to Zavadskas (2011), there are five contemporary disciplines namely mental models, this mainly suggests that people do away with their archaic manner of thinking, individual mastery, this basically suggests that people should learn to be open with others, team learning, this champions for teamwork in order to achieve a shared vision, systems thinking, this champions for integration of people and systems so as to fully understand how the organization functions, and finally shared vision which advocates for formation of a blueprint that is in covenant with all individuals of the organization.

Organizational learning may be the greatest valued vibrant capability and learning can improve organizational performance. Organizations can improve their competitive advantage via training and enhancing their learning ability. In any organization employee attitude is of great essence since it directly affects the satisfaction of the customer especially in the service industry, therefore for an organization to raise its revenue it has to ensure its customers are fully satisfied. Hence, more training is proposed to advance the working attitude of employees (Wang et al., 2012). In order to increase the effectiveness of sales, there has to be in place employees with a formidable combination of right skills and knowledge in order to influence greatly the business process (Kaplan and Norton, 2004).

Information based economies shows that companies should utilize the knowledge and experience of their employees in order to remain competitive which in a key to the organization (Burrows, Drummond & Martinsons, 2010). It is necessary to develop a formal knowledge management system to enhance employees' skills and consequently boost knowledge transfer throughout the organization (Poon and Canon, 2012).
The perspective of learning and growth is enmeshed on intangible assets and precisely linked with the notions of informative capital such as databases among many others; human capital which entails knowledge; and finally organizational capital which entails styles of leadership (Thompson and Mathys 2008). Learning and growth encompasses employing superior technology and competent staff, innovation and creativeness and finally continuous improvement of the work force efficiency (Curado and Manica, 2010). The non-financial aspects relate to customers; internal processes and learning and growth, which reveal how the firm is operating and planning its future.

The Aligned Balanced scorecard (ABS) major difference from the earlier balanced scorecard is the vibrant aspect of suggesting an organizational chain linkage of events to aid strategy (Tardivo and Viassone, 2010). In an case where strategic plans are readily interpreted into action plans for learning and growth purposes an organization has to incorporate the highly distinguished Aligned Balanced Scorecard (ABS) framework that clearly shows how the strategy of an organization impacts on the learning and growth and consequently enhances the internal process development of the organization (Kumar et al., 2009).

Non-financial pointers such as learning and growth indicators, particularly human resource skills and motivation seem to be valued by organizations since they are likely to have an impact on internal practices and these will consequently affect the satisfaction of the customer (Fouladgar, Chamzini, and Zavadskas, 2011).

2.5 Effects of Balanced Scorecard on Customer Satisfaction and Loyalty

Currently many companies have a corporate mission that focuses on the customer. This means to be the best company in delivering value to customers. In respect to this, urgency for top management has turned out to be how a company is performing from its customers' perspective. There are certain factors that customers consider to be of greatest importance for this reason managers have to put such factors into consideration and therefore use the balanced scorecard as a tool that translates their universal mission statement on customer service (Kaplan and Norton, 2002).
2.5.1 Effects of the Balanced Scorecard on Customer Perspective

In the Customer Perspective, the key is to provide an identification of the numerous customer and market segments through which the organization is likely to compete, and, as such, the measures to track connected performances (Kaplan and Norton, 2004). The Customer Perspective consequently desires to seek how an organization looks in the eyes of its customers to attain the organization’s mission and vision. This also offers a contemplation of the numerous factors that are contemplated to be key to customers (Kaplan and Norton, 2002).

There is an acknowledgement of some of these factors in the setting of quality, performance, time, service, and cost (Kaplan and Norton, 2004). It is well argued that in order for an organization to derive positive financial outcomes, organizations have to simultaneously create and deliver goods and services that customers perceive as enhancing value (Niven, 2006). Conferring to him, the instruments in the customer perspective need to be fundamental in answering the following questions: What would the value proposition for us be in serving them? What do they demand or expect from us?; What are our target groups of customer?; The worth proposition may be selected within three differentiators (Kaplan and Norton, 2001): Customer intimacy mainly focuses on long-term customer relationship through a deep knowledge of their requirements; Operational excellence mainly focus on low price and convenience; and finally Product leadership looks at availing the best product in the market.; The greatest common measures for this perspective comprise: customer loyalty, customer satisfaction and market share (Niven, 2006).

2.5.2 Effects of the Balanced Scorecard on Customer Focus

Niven (2006) contends that customer satisfaction is mainly concerned with ensuring the customer realizes worth in the aspects of price quality, partnership, reputation and service among many other aspects in order to retain and grow the organizations customer base. For this reason management of any organization has to well measure and continuously evaluate the satisfaction levels of its customers by putting into consideration factors such as lead time and service quality among many other factors (Kaplan and Norton 2001).

Likewise, it is important for the management to provide a resolve of exactly what the company wishes to do in order to prosper.

This contains the capabilities and processes that are most critical, and goes further to
specify measures such as cycle time, employee skills, productivity and quality. Furthermore, there is a detailed analysis of the ability of the company to improve its performance in ensuring customer satisfaction through improving operating efficiencies, launch of new products and creation of value and continuous improvements. Customer focus also is seen to have a constructive effect on organizational performance. It may also openly affect the financial performance of a firm through rapid growth of market share, market expansion and profitability (Thompson and Mathys, 2010).

Organization managers in the past mostly put thought on the need to meet financial obligations of the company. Nevertheless in today’s business environment things have changed in a way that managers have recognized that financial performance rest upon the customer's satisfaction or lack of satisfaction. Customer’s satisfaction or dissatisfaction is also the result of return and quality of the practices of the organization, the quality of triumph and efficiency. These processes are also dependent on the information systems, incentives and human power quality, coupled by their mandate (Cho, Choi, Kang, Park and Yang, 2010). In the contemporary times, majority of the businesses have gone further to provide an outline of a system necessary for improving their duty to the customers in terms of job improvement. Firms have gone a long way to present the balanced scorecard for the sole purpose of appraising their management as part of a performance enhancement initiative (Enteshari, Abadi, Karbasi and Soltani, 2012).

According to Verhoef (2003), there are six quality management factors which have a significant positive effect on the customer, these are process management, strategic planning, leadership, knowledge management, customer focus and human resource management. A firm should measure its performance through the customer’s satisfaction.

It is very important for companies to clearly articulate their goals for performance and service, time and quality so as to be well able to decipher the same into realistic, achievable and time bound objectives. By correctly implementing the balanced scorecard in an organization, performance and service is bound to greatly improve, time and quality of products and services is also bound to improve considerably.
Customer-based measures are well thought out to be very essential to the performance of an organization, yet they need to be interpreted into measures of what the company needs to do internally if indeed it needs to meet its customers' prospects. Outstanding customer performance is after all derived from decisions, processes, and actions happening throughout an organization. The priority of managers should be to focus most of their energies on internal operations of the organization which enable the customers’ needs to be met in order to grow the company by ensuring the aspect of customer’s satisfaction is met. It is very important to lay great emphasis on factors that directly concern customer satisfaction since they directly linked to the organizations productivity, employee skills, cycle time and quality and can only be clearly gauged by adoption and application of the balanced scorecard (Poon and Canon, 2012).

The capacity of a company to improve, innovate and learn ties directly to the company's value (Kaplan and Norton 2002). That is, it can only be through the capability to create more value for customers, launch new products and improve operating efficiencies regularly. Therefore, a company needs to have the ability to enter new markets and raise revenues and margins and in short, grow and thereby surge shareholder value.

Customers' perspective mainly aims at individuating measures as well as objectives in order to govern the degree of customer satisfaction in a number of indices (Fouladgar and Zavadskas, 2011). Internal processes perspective on the other hand tries to control the organizations ability to grow new productive processes that are cognizant with the market trends that are current. Concerning this, the greatest used indices are the number of new processes implemented and the time to market of a new product. These components do have a direct influence on customer satisfaction (Tardivo & Viassone, 2010).
2.5.2 Effects of Balanced Scorecard on Customer Focus and Customer Satisfaction

In order for an organization to achieve competitive advantage it has to lay great emphasis on its customers by ensuring that they are well satisfied in order to derive the merit of becoming a commercially profitable business entity by readily meeting the expectations of the customers’ satisfaction levels (Siddiqui and Rahman, 2007).

Conferring to Ittner and Larcker (2009), higher customer satisfaction is likely to contribute to higher performance in the organization. In this respect customer satisfaction consequently leads to customer loyalty, which then results to the firm’s profitability. Furthermore, satisfied customers may be willing to pay top prices for products, which then translate to a higher profitability of the organization. Tardivo and Viassone (2010), sought to inspect the impact that customer service had on customer satisfaction in the different industry sectors.

Their results concluded that increased satisfaction is likely to give higher profits for the organization, this came even after additional costs were incorporated and monitored. Therefore, it can be concluded from their findings that certainly higher levels of customer satisfaction lead to enhanced organization performance. The ultimate result that is derived from the enhancement of the level of services and customer management is customer satisfaction (Dresner and Xu, 2010).

Any organization that has a vision of being a market leader should develop an ideal business strategy that focuses on growing its market share by drawing more customers to them by ensuring that there is optimal customer satisfaction levels within the organization in order to grow the customer base of the organization, enhance the communication channels to ensure there is customers support by readily addressing the customers’ needs a key factor that is bound to greatly influence the financial performance of an organization.

The basic element of any ideal strategy is choosing the value that is satisfactory to the customer (Hatch, Lawson, and Stratton, 2007). Organizational accomplishments include sustained high levels of execution in: Customer satisfaction across a variety of customer attributes such as market share. The outcome of return and quality is
derived from the customers’ satisfaction or absence of satisfaction in the organization through areas of business processes, efficiency, and the value of accomplishment. These processes also depend on the quality of human power in terms of skills and expertise incentives, information systems and authority (Henri, 2006).

The level of information that is in the possession of people concerned in effecting their balanced scorecard system and running the operations of the organization impacts greatly on the level of customer satisfaction (Enteshari et al., 2012). Performance measurement, bank management practices, organization, competitors and wealth management all in one way or another affect the following factors: internal customer satisfaction, lead to innovative system programming, certified financial integration platform for professionals, operating quality for a group of customers and management band provision thus guaranteeing institutions such as banks the benefit of retaining and attracting customers by employing the customer satisfaction tactic that is captivating. Corporate capability comprising new lines of product, first movers, drastic response to customer’s queries, and operating to achieve customer satisfaction which is the primary objective of any competitive organization (Knapp, 2011).

For any meaningful organization, there has to be a high level of inclusiveness while developing a strategy. Internal and external stakeholders should be constantly consulted in order to well meet the customers’ needs by readily developing a product and service that cater well for the same needs and consequently project the organization as one lays priority on the needs of the customers (Kaplan and Norton, 2004). If for instance customers are dissatisfied with the products and service offered by the business, they would find other suppliers who will help them convene their needs and wants. It is very important for an organization to constantly conduct thorough analysis of themselves in order to establish their current position, organizations should not be blinded by their current financials which may look good on paper as there may be other factors such as customer dissatisfaction which may result to future decline of the growth of the company.

The research and design cycle which takes a long time pauses serious threats to the
customer in the sense that the customer is likely to be very much disturbed with the amount of time a manufacturer takes to present a new design, this is due to the simple reason that customers are always eager to see what new products will be launched by the manufacturer. This basically means that an organization seeking to be seen as the most innovative supplier to the industry, has to put into consideration the new product introduction cycle time since it is a fundamental statistic. For this reason innovators need to give resources in terms of money and time wisely in research and development in order to come up with products that are innovative and creative that meet the customers’ needs so as to cut a gap for themselves in the market segment and yield high returns by befitting themselves with the prestigious status of being a market and product leader (Kaplan and Norton, 2004).

Earlier studies of the Balanced Scorecard do not specifically lecture on the construction of an organization strategy (Knapp, 2011). Knapp (2011) contends that a combination of the strategy map of the organization with that of the company’s scorecard gives rise to the customer value discipline that clearly depicts the strategy that a company has towards its customers. Ittner and Larcker (2009) suggest that in order to accomplish optimal efficiency, a company must follow one of three customer value disciplines.

That is; Customer intimacy, is not just a product or service but rather availing the customer a total solution; Product leadership, this is offering products that continually redefine the state of the art and finally Operational excellence, this entails minimal difficulty by availing customers with reliable products or services at competitive prices.

One of the essential keys that show a successful balanced scorecard is the linkage that exists between the company’s value discipline and the customer perspective. The company’s value discipline articulates the measures in the customer perspective in terms of the success or failure it derives (Treacy and Wiersema, 1995). The customer value discipline also has a huge effect on the other measures in the company’s scorecard. Customer value discipline should openly support the company’s measures in the business process perspective within the company (Enteshari et al., 2012).
For instance, a company that pursues an operational excellence value discipline should have a focus on reliability. This emphasis on innovation should be reflected as actions in the business process perspective of the scorecard. Absence of proper innovation measures within an organization is bound to bring along discord due to non-conformance between the operational procedures of the organization and the earlier stated value discipline (Knapp, 2011).

2.6 Chapter Summary
The chapter offered a theoretical background on balanced scorecard and its responsibility in improving the efficiency of Small and Medium Enterprises. The goals of financial perspective, internal business processes, learning and growth perspective and customer focus of the balanced scorecard have been related to each other with an order of cause and effect relationships. The researcher was able to evaluate and establish the influence of the balanced scorecard to the development of employee productivity by looking at numerous key Small and Medium Enterprises that have successfully put in place this strategic tool to align and forge forward their growth.

Chapter three presents an elaborate description of the research methodology and design used in this study to collect and analyze data.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter focused on the methodology that was used in this study. Research methodology entails research design, population and sample, data collection procedures, data analysis procedures and measurement of variables (Kothari, 2004). This chapter expounded on the research methodology that was used to carry out the research project. The paper examined the value of balanced scorecard as a strategic management tool in measuring the organizational growth of SMEs against strategic goals.

This chapter outlined how the study was conducted to establish the effects of the balanced scorecard on growth of SMEs in Mugumoini. It discussed the research design, population, sample design, data collection methods and finally how the data was analyzed.

3.2 Research Design
Cooper and Schindler (2014) define research design as a plan of investigation to derive answers to research questions. The study adopted a descriptive survey design to obtain the required data aimed at determining the effects of balanced scorecard on growth of SMEs. A descriptive research design is used to describe systematically the characteristics and facts of a given population of concern, precisely and factually (Henn, Weinstein and Ford, 2003).

Descriptive studies mainly entailed collecting of data that tests the authenticity of the hypothesis pertaining to the present status of the subjects of the study, in this case the effects of balanced scorecard on growth of SMEs in Mugumoini. A descriptive study design is useful as it enables one to identify the variables, seek for data pertaining to the same and finally determines a correlation link between the identified variables (Cooper and Schindler, 2014). A descriptive research design was used since it employs the use of a sample survey research method.
3.3 Population and Sampling Design

3.3.1 Population

Mugenda and Mugenda (2009), defines a population as a complete census of all the items or people in a researchers area of study. Furthermore, according to Cooper and Schindler (2014) a population is the identified collection of elements to be used in a research study from which deductions are made. The population of this study consisted of all SMEs in Mugumoini ward with a particular focus on SMEs in the following three industries: retail, transportation and hospitality.

The main characteristic of the population is that the SMEs selected for the study were business entities that have been in existence for more than five years in Mugumoini ward. There were slightly over five hundred business entities registered in Mugumoini ward (Nairobi County, 2015).

Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Categories of Small and Medium Enterprises (2015)</th>
<th>Number of SMEs</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail stores</td>
<td>205</td>
<td>41</td>
</tr>
<tr>
<td>Transportation</td>
<td>145</td>
<td>29</td>
</tr>
<tr>
<td>Hospitality</td>
<td>150</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Nairobi County (2015)

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sampling frame is defined as a comprehensive catalogue of all the cases in the population from which a probability sample is derived (Cooper and Schindler, 2014). The sampling frame for this study was business owners and managers selected from the list of SMES in Mugumoini ward. The list of these SMEs was obtained from Nairobi County government through the Mugumoini ward administrator.

This was used to conduct a critical review on the effectiveness of the balanced
scorecard in the SMEs. The population was heterogeneous since it entailed all SMEs in Mugumoini ward; however, there was further classification of SMEs into subgroups in order to obtain a unique homogeneous population within each of the subgroups under study.

3.3.2.2 Sampling Technique
There are two main approaches expended in depicting samples from a population, these are probability or nonprobability samples. Probability samples enable a researcher to make probability-based confidence estimates of various parameters that cannot be made by nonprobability sampling. This ensures that that the sample chosen will facilitate determination of some affirmed hypothesis in respect to the population (Cooper and Schindler, 2014). Furthermore, Stratified random sampling, which is a form of the probability sampling method, was used to determine the exact sample size. Stratified random sampling enables the population, which is heterogeneous to be segregated into several mutually exclusive subpopulations, which are homogeneous in nature (Cooper and Schindler, 2014).

3.3.2.3 Sample Size
A sample size is depicted as a sub-group or portion of a greater population that is studied as a depiction of the sum population. Sample size can thus be defined as the assortment of components from a large population, on the core of which the data collected from the selection will deduce something on that population (Cooper and Schindler, 2014). Furthermore according to Chandran, (2003) a sample is a small proportion of an entire population, which is essentially a distinct selection from the population.

Due to the challenge of accessing the whole population of concern, emanating from the large numbers involved a sample frame of three industries was chosen. Stratified random sampling was undertaken to ensure the best chance of gathering unbiased data and making sure the various groups in the population were adequately represented (Cooper and Schindler, 2014).

For the purpose of this study, 222 respondents were considered an ideal representative sample of the total population, which was 500 SMEs. This sample size takes into account all the SMEs categories in Mugumoini ward. The sample size
needed was determined using Yamane’s formula. This was done by using a recommended confidence level of ninety five percent and a precision level of five (Yamane, 1967). The sample elements will consist of 91 SMEs in retail category, 64 SMEs in transportation category and 67 SMEs in the hospitality category, bringing it to a cumulative total sample size of 222 SMEs.

Yamane’s formula: \[ n = \frac{N}{1+N \times (e)^2} \]

Where:
- \( n \) = sample size
- \( N \) = population size
- \( e \) = level of precision

\[ n = \frac{500}{1+500(0.05)^2} = 222 \text{ SMEs} \]

**Table 3.2: Sample Size**

<table>
<thead>
<tr>
<th>Categories of SMEs</th>
<th>Number of SMEs (A)</th>
<th>Percent of market share – Mugumoini (B)</th>
<th>Sample size (B) X Sample size (222)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>205</td>
<td>41</td>
<td>91</td>
</tr>
<tr>
<td>Transportation</td>
<td>145</td>
<td>29</td>
<td>64</td>
</tr>
<tr>
<td>Hospitality</td>
<td>150</td>
<td>30</td>
<td>67</td>
</tr>
<tr>
<td>Totals</td>
<td>500</td>
<td>100</td>
<td>222</td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods

In order to realize the specified objectives for this study, Primary data was expended. Primary data signifies data collected precisely for research project being assumed (Cooper and Schindler, 2014). The tool that was used for this study was a questionnaire, which enabled data collection and documentation as interviews were undertaken on the designated respondents. Since it was worded properly, the main merit of using questionnaires as research tools was that they aided pin point and label the variability in different marvels.

The choice to use questionnaires emanated from the fact that they typically entail less skill and sensitivity to undertake, this is so since they can be directed over the phone or sent through email and ultimately, they provide documented confirmation of the research findings. Both open ended and closed ended questions were used in the questionnaire in order to obtain required data from the population. The open-ended questions allowed respondents to respond in their own way while closed ended questions offered a number of alternative responses from which the respondent was directed to choose from (Cooper and Schindler, 2014).

The questionnaire consisted of five main sections that aided in the collection and analysis of relevant information that was used to guide the study in order to establish proper findings and make thorough conclusions. The first section of the questionnaire provided general information concerning the respondent’s bio data. This included the gender, level of education, areas of work within the SME and finally the duration that they have been in employment. The second section focused on the effects of the balanced scorecard on financial stability of the SME. The third section focused on the effects of the balanced scorecard on internal business process of the SME. The fourth section focused on the effects of the balanced scorecard on learning and growth perspective on employees and finally the fifth section focused on the effects of the balanced scorecard on customer satisfaction and customer focus on SMEs.

The most frequently used scale in the questionnaire was the Likert scale among few others that were employed in the study. The Likert scale consists of a series of statements and the participant is asked to agree or disagree with each statement. Cooper and Schindler (2014) further contends that the Likert scale in essence consists of summated rating scales which consist of statements that express either a
favorable or unfavorable attitude towards a subject of interest and the participant is
normally asked to agree or disagree with each statement. Since each response is
given a numerical score that shows the attitude of the respondent, finally the scores
may be summed up in order to derive the overall attitude of all respondents. A
multiple-choice response scale is also used and it allows the rater to select one or
several alternatives that is deemed to be most ideal (Cooper and Schindler, 2014).

3.5 Research Procedures

The study performed a pilot before embarking on handing out the questionnaires to
the target population. This involved a pretest of the questionnaire early enough
ahead of the main research being undertaken. The goal of this was to help refine the
questionnaire to precision so that the respondents in the course of the main research
do not encounter difficulties in recording of data (Saunders, Lewis and Thornhill,
2003).

Following the pilot test of the questionnaire, analysis was undertaken to examine
each completed questionnaire to confirm that respondents had no glitches
understanding or answering the questions and that all the commands were correctly
trailed. Problem areas were acknowledged on the questionnaires based on the pretest
and afterwards amendments were made to certify that the final questionnaire was
very elaborate. The techniques that were used to direct the questionnaires was be to
book an engagement in advance so as to enable dropping the questionnaires and
waiting for it to be filled out. This was aimed at ensuring there is optimal response
rate from the selected respondents.

3.6 Data Analysis Methods

This study solely involved quantitative methods of data collection. Quantitative
analysis was done through editing and coding of filled questionnaires, data entry
then cleaning of the data and ultimately analysis using Statistical Package for Social
Sciences (SPSS). English was the ideal choice of language used to collect
quantitative data from the respondents. The data analysis techniques that were
utilized were inferential and descriptive techniques. Descriptive statistics was used
to display features of the location, spread and shape of an array of data.

The descriptive statistics utilized for this study included measures of central
tendency such as the mean, median and mode and measures of dispersion such as
the range, variance and standard deviation. Inferential statistics included the
estimation of population values and the testing of statistical hypotheses and drawing
deductions from data collected for the research (Cooper and Schindler, 2014). The
inferential statistics used are linear regression model, which was developed to test
the relationship between the balanced scorecard and effects on growth of SMEs.
Data was presented using both figures and tables to present the findings of the
research.

3.7 Chapter Summary
This chapter focused on the research methodology that was used to undertake the
study and explained why the methodology was relevant to the study. Population,
sampling technique, sample frame and sample size used have been explored. A
descriptive research design was selected for this study and it used a stratified
random sampling method.
The population of this study comprised of SMEs in Mugumoini ward operating in
different industry sectors. Data was collected by the use of questionnaires, which
were administered by the researcher directly to the target population. Quantitative
data collected was analysed by the use of descriptive statistics using statistical
analysis tools such as SPSS and presented through graphs and tables.
Chapter 4 discusses the results and findings of the study from the data that was
collected and analysed.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter addresses the results and findings on the effects of the balanced scorecard on the growth of SMEs in Mugumoini ward. The first section covers the background information with respect to the respondents. The findings are outlined according to specific objectives of the study. The findings are based on the responses from the questionnaires filled and information gathered on the research questions.

The first research question was to determine the effects of the balanced scorecard on funding and financial stability of operations in SMEs. The second research question was to determine the effects of the balanced scorecard on internal business processes in SMEs. The third research question was to determine the effects of the balanced scorecard on learning and growth perspective on employees in SMEs. The fourth research question was to determine the effects of the balanced scorecard on customer satisfaction and loyalty in SMEs. The target respondents were 222 out of which 180 responded indicating an 81.08 percent response rate.

4.2 Background Information

This section offers the background information concerning the respondents’ gender, level of education, area of work within the SME and the duration of years in employment. This was put into consideration because of the meaningful contribution it offered to the study as the variables helped to provide the background of the respective respondents.

4.2.1 Gender of the Respondents

From the Table 4.1, the study sought to find out the gender of the selected respondents. According to the study, 73.3% of the respondents were male while 26.7% were female. Therefore, the findings indicate that most of the respondents were male.
Table 4.1: Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>48</td>
<td>26.7</td>
</tr>
<tr>
<td>Male</td>
<td>132</td>
<td>73.3</td>
</tr>
<tr>
<td>Total</td>
<td>180</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.2 Level of Education

Table 4.2 indicates that 12.2% of the respondents involved in the study have attained a Master’s qualification as their highest educational level, 25.6% of the respondents have attained an undergraduate degree as their highest level of education, 35% of the respondents have attained a diploma certificate and 27.2% of the respondents have attained a high school certificate. Therefore, the study indicates most of the respondents were sufficiently educated.

Table 4.2: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masters level</td>
<td>22</td>
<td>12.2</td>
</tr>
<tr>
<td>Degree level</td>
<td>46</td>
<td>25.6</td>
</tr>
<tr>
<td>Diploma level</td>
<td>63</td>
<td>35.0</td>
</tr>
<tr>
<td>High school certificate</td>
<td>49</td>
<td>27.2</td>
</tr>
<tr>
<td>Total</td>
<td>180</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.3 Area of Work within SMEs

Table 4.3 indicates that 33.3% of the respondents were owners of the SMEs, 26.1% of the respondents were in the senior management level and 40.6% of the respondents were in the junior management level. Therefore from the findings it can be conclusively stated that majority of the respondents worked in the junior management level within the SMEs.
Table 4.3 Area of Work within SME

<table>
<thead>
<tr>
<th>Area of Work within SME</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td>60</td>
<td>33.3</td>
</tr>
<tr>
<td>Senior management</td>
<td>47</td>
<td>26.1</td>
</tr>
<tr>
<td>Junior management</td>
<td>73</td>
<td>40.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>180</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.4 Duration of Years in Employment

The study sought to determine the level of work experience among the respondents involved in the study. Table 4.4 revealed that majority of the respondents, 40.6% of the respondents had 1-5 years of service within the SMEs, 20% of the respondents had 6-10 years of service within the SMEs, 23.3% of the respondents had 11-15 years of service within the SMEs, 14.4% of the respondents had 16-20 years of service within the SMEs and 1.7% of the respondents have worked in the SMEs for more than 20 years, being the minority group of respondents. This is a clear indication that indeed most of the respondents have been working in the SMEs long enough to fully comprehend what goes on in these organizations as they have gained extensive knowledge about the SMEs.

Table 4.4: Duration of Years in Employment

<table>
<thead>
<tr>
<th>Duration of Years in Employment</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5 years</td>
<td>73</td>
<td>40.6</td>
</tr>
<tr>
<td>6 - 10 years</td>
<td>36</td>
<td>20.0</td>
</tr>
<tr>
<td>11 - 15 years</td>
<td>42</td>
<td>23.3</td>
</tr>
<tr>
<td>16 - 20 years</td>
<td>30</td>
<td>14.4</td>
</tr>
<tr>
<td>Above 20 years</td>
<td>26</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>180</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3 Effects of Balanced Scorecard on Funding and Financial Stability

The first research question of the study sought to find out the effects of the balanced
scorecard on funding and financial stability of business operations.

4.3.1 Balanced Scorecard Enhances Accountability in the Organization

On the aspect of the effects of the balanced Scorecard in enhancing accountability in the organization as shown in Table 4.5 and Figure 4.1 below, 44.4% of the respondents agreed that the balanced scorecard enhances accountability in the organization, 26.1% of the respondents strongly agreed that the balanced scorecard enhances accountability in the organization, 21.7% of the respondents were uncertain on the same matter and 7.8% of the respondents disagreed and were not of the view that the balanced scorecard enhances accountability in the organization.

Table 4.5: Effects of Balanced Scorecard on Accountability in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances accountability in</td>
<td>47</td>
<td>80</td>
<td>39</td>
<td>14</td>
<td>3.89</td>
</tr>
<tr>
<td>the organization</td>
<td>26.1%</td>
<td>44.4%</td>
<td>21.7%</td>
<td>7.8%</td>
<td></td>
</tr>
</tbody>
</table>

*Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1*

![Figure 4.1: Effects of Balanced Scorecard on Accountability in the Organization](image)

Figure 4.1: Effects of Balanced Scorecard on Accountability in the Organization
4.3.2 Balanced Scorecard Enhances Revenue Growth in the Organization

As shown in Table 4.6 below, on the feature of the effects of the balanced Scorecard in enhancing revenue growth in the organization, 65% of the respondents strongly agreed that the balanced scorecard enhances revenue growth in the organization, 26.1% of the respondents agreed that the balanced scorecard enhances revenue growth in the organization, 8.9% of the respondents were uncertain whether the balanced scorecard enhances revenue growth in the organization while none disagreed on the same matter.

Table 4.6: Effects of Balanced Scorecard on Revenue Growth in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances revenue growth in the organization</td>
<td>117 65%</td>
<td>47 26.1%</td>
<td>16 8.9%</td>
<td>0 0%</td>
<td>4.56</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.3.3 Balanced Scorecard Enhances Maximization of Return on Investment in the Organization

On the facet of the effects of the balanced Scorecard in enhancing maximization of returns on investment in an organization as depicted in Table 4.7 below, it was noted that 37.2% of the respondents agreed that the balanced scorecard enhances maximization of returns on investment in an organization, 36.1% of the respondents strongly agreed that the balanced scorecard enhances maximization of returns on investment in an organization, 25% of the respondents were uncertain whether the balanced scorecard enhances maximization of returns on investment in an organizations while 1.7% of the respondents disagreed on the same matter.

Table 4.7: Effects of Balanced Scorecard on Maximization of Return on Investment in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances maximization of return on investment in the organization</td>
<td>165 36.1%</td>
<td>67 37.2%</td>
<td>45 25%</td>
<td>3 1.7%</td>
<td>4.08</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.3.4 Balanced Scorecard Enhances Increase in Sales Revenue in the Organization

lviii
On the issue of increase in sales revenue in an organization as shown in Table 4.8 below, it was found that 53.9% of the selected respondents agreed that the balanced scorecard enhances increase in sales revenue in the organization, 37.2% of the respondents strongly agreed that the balanced scorecard enhances increase in sales revenue in the organization, 7.8% of the selected respondents were uncertain whether the balanced scorecard enhances increase in sales revenue in the organization while a meager 1.1% of the respondents disagreed on the same issue.

Table 4.8: Effects of Balanced Scorecard on Increase in Sales Revenue in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances increase in sales revenue in the organization</td>
<td>67</td>
<td>97</td>
<td>14</td>
<td>2</td>
<td>4.27</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.3.5 Balanced Scorecard Enhances Reduction of Operating Costs in the Organization

As illustrated in Table 4.9 below on the subject of reduction of operating cost in an organization it was noted that 52.8% of the respondents strongly agreed that the balanced scorecard enhances reduction of operating costs in the organization, 31.7% of the respondents agreed that the balanced scorecard enhances reduction of operating costs in the organization, 15.6% of the respondents were uncertain whether the balanced scorecard enhances reduction of operating costs in the organization while none of the respondents disagreed on the same matter.

Table 4.9: Effects of Balanced Scorecard on Reduction of Operating Costs in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances reduction of operating costs in the organization</td>
<td>95</td>
<td>57</td>
<td>21</td>
<td>0</td>
<td>4.37</td>
</tr>
</tbody>
</table>
4.3.6 Balanced Scorecard Enhances Broadening of Revenue Mix in the Organization

On the position of the effects of the balanced Scorecard in enhancing broadening of revenue mix in the organization as shown in Table 4.10, it was noted that 50% of the respondents strongly agreed that the balanced scorecard enhances broadening of revenue mix in the organization, 30.6% of the respondents agreed that the balanced scorecard enhances broadening of revenue mix in the organization, 19.4% of the respondents were uncertain whether the balanced scorecard enhances broadening of revenue mix in the organization while none of the respondents disagreed on the same matter.

Table 4.10: Effects of Balanced Scorecard on Broadening of Revenue Mix in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances broadening of revenue mix in the organization</td>
<td>90 50%</td>
<td>55</td>
<td>35</td>
<td>0</td>
<td>4.31</td>
</tr>
</tbody>
</table>

4.3.7 Balanced Scorecard Enhances Return on Equity Investment in the Organization

As illustrated in Table 4.11 below, on the subject of return on equity investment it was concluded that 66.7% of the respondents strongly agreed that the balanced Scorecard enhances return on equity investment in the organization, 21.7% of the respondents agreed that the balanced Scorecard enhances return on equity investment in the organization, 11.7% of the respondents were uncertain whether the balanced Scorecard enhances return on equity investment in the organization while none of the respondents disagreed on the same matter.

Table 4.11: Effects of Balanced Scorecard on Return on Equity Investment in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances return on equity investment in the organization</td>
<td>120 66.7%</td>
<td>39</td>
<td>21</td>
<td>0</td>
<td>4.55</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.3.8 Balanced Scorecard Enhances the Cost Structure of the Organization

On the issue of the effects of the balanced scorecard in enhancing the cost structure of the
organization as depicted in Table 4.12 it was found that 50.6% of the respondents strongly agreed that the balanced Scorecard enhances the cost structure of the organization, 32.8% of the respondents agreed that the balanced Scorecard enhances the cost structure of the organization, 15% of the respondents were uncertain whether the balanced Scorecard enhances the cost structure of the organization, while a meagre 1.7% of the respondents disagreed on the same matter.

Table 4.12: Effects of Balanced Scorecard on Cost Structure of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the cost structure of the organization</td>
<td>91</td>
<td>59</td>
<td>27</td>
<td>3</td>
<td>4.32</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.3.9 Balanced Scorecard Enhances Asset Utilization in the Organization

As highlighted in Table 4.13 below, on the matter of effects of balanced scorecard on asset utilization in the organization, 53.3% of the respondents strongly agreed that the balanced Scorecard enhances asset utilization in the organization, 35.6% of the respondents agreed that the balanced Scorecard enhances asset utilization in the organization, 11.1% of the respondents were uncertain whether the balanced Scorecard enhances asset utilization in the organization while none disagreed on the same issue.

Table 4.13: Effects of Balanced Scorecard on Asset Utilization of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances asset utilization in the organization</td>
<td>96</td>
<td>64</td>
<td>20</td>
<td>0</td>
<td>4.12</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
4.3.10 Balanced Scorecard Enhances the Liquidity Level of the Organization

On the subject of the effects of the balanced scorecard on the liquidity level of the organization as shown in Table 4.14 it was determined that, 51.7% of the respondents strongly agreed that balanced Scorecard enhances the liquidity level of the organization, 42.8% of the respondents agreed that balanced Scorecard enhances the liquidity level of the organization, 5.6% of the respondents were uncertain whether the balanced Scorecard enhances the liquidity level of the organization while none of them disagreed on the same matter.

Table 4.14: Effects of Balanced Scorecard on the Liquidity Level of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the liquidity level of the organization</td>
<td>93</td>
<td>77</td>
<td>10</td>
<td>0</td>
<td>4.46</td>
</tr>
<tr>
<td></td>
<td>51.7%</td>
<td>42.8%</td>
<td>5.6%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

Table 4.15 Regression between Balanced Scorecard and Financial Perspective

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>R square</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. error</td>
<td>0.033</td>
</tr>
<tr>
<td></td>
<td>0.323</td>
<td>0.587</td>
<td>0.297</td>
</tr>
</tbody>
</table>

Table 4.15 above shows that there is a direct relationship between the balanced scorecard and the financial perspective. It shows that with an increase in efficiency of the balanced scorecard there is a 0.323 increase in financial perspective. There was a 3.3% increase in efficiency of the balanced scorecard variation explaining the financial perspective. The relationship between the two variables at α=0.05, p=0.297, p>0.05 was not significant.

4.4 Effects of Balanced Scorecard on Internal Business Processes Perspective

The second research question sought to find out the effects of balanced scorecard on internal business processes in SMEs. Several statements were included in the questionnaire, which sought information on the effects of balanced scorecard on internal business processes perspective.
4.4.1 Balanced Scorecard Enhances the Order Processing Time in the Organization

On the aspect of the effects of the balanced scorecard in enhancing the order processing time in the organization as shown in Table 4.16 and Figure 4.2 below, it was noted that 17.2% of the respondents strongly agreed that the balanced Scorecard enhances the order processing time in the organization, 5.6% of the respondents agreed that the balanced Scorecard enhances the order processing time in the organization, 49.4% of the respondents disagreed that the balanced Scorecard enhances the order processing time in the organization while 27.8% of the respondents strongly disagreed that the balanced Scorecard enhances the order processing time in the organization.

Table 4.16: Effects of Balanced Scorecard on the Order Processing Time in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the order processing time in the organization</td>
<td>31</td>
<td>10</td>
<td>0</td>
<td>89</td>
<td>50</td>
<td>2.25</td>
</tr>
</tbody>
</table>

*Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1*

![Figure 4.2: Effects of Balanced Scorecard on the Order Processing Time in the Organization](image)

4.4.2 Balanced Scorecard Enhances the Quality Assurance Process in the Organization
As depicted in Table 4.17 below on the subject of the effects of the balanced scorecard on quality assurance processes in the organization it was noted that 69.4% of the respondents strongly agreed that the balanced scorecard enhances quality assurance process in an organization, 30.6% of the respondents agreed that the balanced scorecard enhances quality assurance process in an organization while none of the respondents were either uncertain or disagreed on the same matter.

Table 4.17: Effects of Balanced Scorecard on the Quality Assurance Process in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the quality</td>
<td>125</td>
<td>69.4%</td>
<td>55</td>
<td>30.6%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>assurance process in the organization</td>
<td>125</td>
<td>69.4%</td>
<td>55</td>
<td>30.6%</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.3 Balanced Scorecard Enhances Superior Functional Management in the Organization

On the position of the effects of the balanced scorecard in enhancing superior functional management in the organization as depicted in Table 4.18 below, findings revealed that 32.8% of the respondents strongly agreed that the balanced Scorecard enhances superior functional management in the organization, 40% of the respondents agreed that the balanced Scorecard enhances superior functional management in the organization while 27.2% of the respondents disagreed that the balanced Scorecard enhances superior functional management in the organization.
Table 4.18: Effects of Balanced Scorecard on Superior Functional Management in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances superior functional management in the organization</td>
<td>59 32.8%</td>
<td>72 40%</td>
<td>0 0%</td>
<td>49 27.2%</td>
<td>0 0%</td>
<td>3.78</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.4 Balanced Scorecard Enhances Quality Service in the Organization

As highlighted in Table 4.19 below, on the side of quality service in the organization findings revealed that 37.2% of the respondents strongly agreed that the balanced Scorecard enhances quality service in the organization, 53.9% of the respondents agreed that the balanced Scorecard enhances quality service in the organization while 8.9% of the respondents disagreed that the balanced Scorecard enhances quality service in the organization.

Table 4.19: Effects of Balanced Scorecard on Quality Service in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances quality service in the organization</td>
<td>67 37.2%</td>
<td>97 53.9%</td>
<td>0 0%</td>
<td>16 8.9%</td>
<td>0 0%</td>
<td>4.19</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.5 Balanced Scorecard Enhances Health and Safety Standards in the Organization

On the feature of the effects of the balanced scorecard on health and safety standards in the organization as shown in Table 4.20 below, it was revealed that 63.9% of the respondents strongly agreed that the balanced Scorecard enhances health and safety standards in the organization while 36.1% of the respondents agreed that the balanced Scorecard enhances health and safety standards in the organization, however none of the respondents were either uncertain or disagreed on the same matter.

Table 4.20: Effects of Balanced Scorecard on Health and Safety Standards in the

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The Balanced Scorecard enhances health and safety standards in the organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances health and safety standards in the organization</td>
<td>115</td>
<td>65</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.64</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.6 Balanced Scorecard Enhances Technological Superiority in the Organization

As pinpointed in Table 4.21 below on the aspect of the effects of the balanced scorecard in enhancing technological superiority in the organization it was revealed that 62.8% of the respondents strongly agreed that the balanced Scorecard enhances technological superiority in the organization while 37.2% of the respondents agreed on the same matter, none of the respondents were either uncertain or disagreed on the same matter, a clear indication of the respondents high confidence in efficiency of the balanced scorecard with regards to enhancing technological superiority in the organization.

Table 4.21: Effects of Balanced Scorecard on Technological Superiority in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances technological superiority in the organization</td>
<td>113</td>
<td>67</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.63</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
4.4.7 Balanced Scorecard Enhances Creation of Innovative Services in the Organization

On the feature of the effects of the balanced scorecard in enhancing creation of innovative services in the organization as depicted in Table 4.22 below, findings revealed that 75% of the respondents strongly agreed that the balanced Scorecard enhances creation of innovative services in the organization while 25% of the respondents agreed that the balanced Scorecard enhances creation of innovative services in the organization, none of the respondents were either uncertain or disagreed that the balanced Scorecard enhances creation of innovative services in the organization.

Table 4.22: Effects of Balanced Scorecard on Creation of Innovative Services in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances creation of innovative services in the organization</td>
<td>135</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.75</td>
</tr>
<tr>
<td>75%</td>
<td>25%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.8 Balanced Scorecard Enhances Responsive Service Delivery in the Organization

On the position of the effects of the balanced scorecard in enhancing responsive service delivery in the organization as shown in Table 4.23 below, findings revealed that 56.7% of the respondents strongly agreed that the balanced Scorecard enhances responsive service delivery in the organization, 36.7% of the respondents agreed that the balanced Scorecard enhances responsive service delivery in the organization, 6.7% of the respondents disagreed that balanced Scorecard enhances responsive service delivery in the organization while 6.7% of the respondents disagreed that balanced Scorecard enhances responsive service delivery in the organization.
Table 4.23: Effects of Balanced Scorecard on Responsive Service Delivery in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances responsive service delivery in the...</td>
<td>102</td>
<td>66</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>4.43</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.4.9 Balanced Scorecard Enhances Minimization of Operational Challenges in the Organization

As indicated in Table 4.24 below, on the aspect of the effects of the balanced scorecard in enhancing minimization of operational challenges in the organization, findings revealed that 60.6% of the selected respondents strongly agreed that the balanced scorecard enhances minimization of operational challenges in the organization while 39.4% of the respondents agreed that the balanced scorecard enhances minimization of operational challenges in the organization. None of the respondents were either uncertain or disagreed that the balanced scorecard enhances minimization of operational challenges in the organization. None of the respondents were either uncertain or disagreed that the balanced scorecard enhances minimization of operational challenges in the organization. A clear indication of the respondents’ high level of confidence in the efficiency of the balanced scorecard with regards to enhancing minimization of operational challenges in the organization.

Table 4.24: Effects of Balanced Scorecard on Minimization of Operational Challenges in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances minimization of operational challenges in...</td>
<td>109</td>
<td>71</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4.61</td>
</tr>
</tbody>
</table>

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4.4.10 Balanced Scorecard Enhances Reduction of Delays in Processes in the Organization

Finally on the position of the effects of the balanced scorecard in enhancing reduction of delays in processes in the organization as highlighted in Table 4.25 below, 55% of the respondents strongly agreed that the balanced scorecard enhances reduction of delays in processes in the organization while 45% of the respondents agreed that the balanced scorecard enhances reduction of delays in processes in the organization, none of the respondents were either uncertain or disagreed that the balanced scorecard enhances reduction of delays in processes in the organization a clear indication of the respondents confidence in the efficiency of the balanced scorecard with regards to enhancing reduction of delays in processes in the organization.

Table 4.25: Effects of Balanced Scorecard on Reduction of Delays in Processes in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagreed</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances reduction of delays in processes in the organization</td>
<td>99 55%</td>
<td>81 45%</td>
<td>0 0%</td>
<td>0 0%</td>
<td>0 0%</td>
<td>4.55</td>
</tr>
</tbody>
</table>

*Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1*

Table 4.26 Regression between Balanced scorecard and Internal Business Processes

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>R squared</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-0.768</td>
<td>0.777</td>
<td>0.055</td>
</tr>
<tr>
<td>TNE</td>
<td>-0.031</td>
<td>0.028</td>
<td></td>
</tr>
</tbody>
</table>

The study also carried out regression analysis between the balanced scorecard and internal business processes. Table 4.26 above shows that the coefficient of internal process was $\beta=-0.031$ while the constant was $\alpha=-0.031$, both were negative direct effect between the two variables.
4.5 Effects of Balanced Scorecard on Learning and Growth perspective.

The third research question sought information on effects of Balanced Scorecard on Learning and Growth perspective.

4.5.1 Balanced Scorecard Enhances Knowledge Management in the Organization

From the Table 4.27 and Figure 4.3 below it was noted that 17.2% of the respondents strongly agreed that the balanced scorecard enhances knowledge management in the organization, 5.6% of the respondents agreed that the balanced scorecard enhances knowledge management in the organization, 49.4% of the respondents disagreed that the balanced scorecard enhances knowledge management in the organization, while 27.8% of the respondents strongly disagreed that the balanced scorecard enhances knowledge management in the organization.

Table 4.27: Effects of Balanced Scorecard on Knowledge Management in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances knowledge management in the organization</td>
<td>31</td>
<td>10</td>
<td>89</td>
<td>50</td>
<td>2.35</td>
</tr>
<tr>
<td></td>
<td>17.2%</td>
<td>5.6%</td>
<td>49.4%</td>
<td>27.8%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
Organization

4.5.2 Balanced Scorecard Enhances Training and Skills Acquisition by Personnel in the Organization

Results from Table 4.28 and Figure 4.4 below further revealed that 17.2% of the respondents strongly agreed that the balanced Scorecard enhances training and skills acquisition by personnel in the organization, 5.6% of the respondents agreed that the balanced Scorecard enhances training and skills acquisition by personnel in the organization, 49.4% of the respondents disagreed that the balanced Scorecard enhances training and skills acquisition by personnel in the organization while 27.8% of the respondents strongly disagreed that the balanced Scorecard enhances training and skills acquisition by personnel in the organization.

Table 4.28: Effects of Balanced Scorecard on Training and Skills Acquisition by Personnel in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances training and skills acquisition by personnel in the organization</td>
<td>31</td>
<td>10</td>
<td>89</td>
<td>50</td>
<td>2.35</td>
</tr>
<tr>
<td></td>
<td>17.2%</td>
<td>5.6%</td>
<td>49.4%</td>
<td>27.8%</td>
<td></td>
</tr>
</tbody>
</table>

*Key* Strongly Agree=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

D2. **The Balanced Scorecard enhances training and skills acquisition by personnel in the organization**

![Bar chart showing the distribution of responses](image)

Figure 4.4: Effects of Balanced Scorecard on Training and Skills Acquisition by Personnel in the Organization

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Personnel in the Organization

4.5.3 Balanced Scorecard Enhances a Positive Organization Culture in the Organization

Findings from Table 4.29 below indicate that 69.4% of the respondents strongly agreed that the balanced Scorecard enhances a positive organization culture in the organization, 30.6% of the respondents agreed that the balanced Scorecard enhances a positive organization culture in the organization while none of the respondents disagreed on the same matter.

Table 4.29: Effects of Balanced Scorecard on Positive Organization Culture in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances a positive organization culture</td>
<td>125 (69.4%)</td>
<td>55 (30.6%)</td>
<td>0%</td>
<td>0%</td>
<td>4.69</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.4 Balanced Scorecard Enhances the Structure of the Organization

Outcomes from Table 4.30 below revealed that 32.8% of the respondents strongly agreed that balanced scorecard enhances the structure of the organization, 53.9% of the respondents agreed that the balanced scorecard enhances the structure of the organization while 13.3% of the respondents disagreed that the balanced scorecard enhances the structure of the organization while none of the respondents disagreed on the same matter.

Table 4.30: Effects of Balanced Scorecard on Structure of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the structure of the organization</td>
<td>59 (32.8%)</td>
<td>97 (53.9%)</td>
<td>49 (13.3%)</td>
<td>0%</td>
<td>3.78</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.5 Balanced Scorecard Enhances the Leadership of the Organization

Pronouncements from Table 4.31 below revealed that 37.2% of the respondents strongly
agreed that the balanced Scorecard enhances the leadership of the organization, 53.9% of the respondents agreed that the balanced Scorecard enhances the leadership of the organization while 8.9% of the respondents disagreed that the balanced Scorecard enhances the leadership of the organization, none of the respondents disagreed on the same matter.

Table 4.31: Effects of Balanced Scorecard on the Leadership of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the leadership of the organization</td>
<td>67</td>
<td>97</td>
<td>16</td>
<td>0</td>
<td>4.19</td>
</tr>
<tr>
<td></td>
<td>37.2%</td>
<td>53.9%</td>
<td>8.9%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.6 Balanced Scorecard Enhances the Systems of the Organization

Outcomes from Table 4.32 below revealed that 63.9% of the respondents strongly agreed that the balanced scorecard enhances the systems of the organization, 36.1% of the respondents agreed that the balanced scorecard enhances the systems of the organization while none of the respondents disagreed on the same matter, a clear indication that indeed the balanced scorecard enhances the systems of the organizations which participated in the study.

Table 4.32: Effects of Balanced Scorecard on the Systems of the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the systems of the organization</td>
<td>115</td>
<td>65</td>
<td>0</td>
<td>0</td>
<td>4.64</td>
</tr>
<tr>
<td></td>
<td>63.9%</td>
<td>36.1%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.7 Balanced Scorecard Enhances the Accuracy of Data Available in the Organization

Findings from the study as shown in Table 4.33 below showed that 62.8% of the respondents strongly agreed that the balanced Scorecard enhances the accuracy of data available in the organization while 37.2% of the respondents agreed that the balanced Scorecard enhances the accuracy of data available in the organization, none of the
respondents disagreed with the statement a clear indication that indeed the balanced scorecard enhances accuracy of data available in the organizations which participated in the study.

Table 4.33: Effects of Balanced Scorecard on Accuracy of Data Available in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances the accuracy of data available in the organization</td>
<td>113</td>
<td>67</td>
<td>0</td>
<td>0</td>
<td>4.63</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.8 Balanced Scorecard Enhances Procedures which Ensure Incentives are Aligned with Strategy in the Organization

Results from Table 4.34 below revealed that 75% of the respondents strongly agreed that the balanced scorecard enhances procedures which ensure incentives are aligned with strategy in the organization while 25% of the respondents agreed that the balanced scorecard enhances procedures which ensure incentives are aligned with strategy in the organization, none of the respondents disagreed with the statement a clear indication that indeed the balanced scorecard enhances procedures which ensure incentives are aligned with strategy in the organizations which participated in the study.

Table 4.34: Effects of Balanced Scorecard on Procedures which Ensure Incentives are Aligned with Strategy in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances procedures which ensure incentives are aligned with strategy in the organization</td>
<td>135</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>4.75</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.9 Balanced Scorecard Enhances an Empowered Workforce in the Organization
Additional results from Table 4.35 below revealed that 56.7% of the respondents strongly agreed that the balanced scorecard enhances an empowered workforce in the organization, 36.7% of the respondents agreed that the balanced scorecard enhances an empowered workforce in the organization while 6.7% of the respondents disagreed that the balanced scorecard enhances an empowered workforce in the organization.

Table 4.35: Effects of Balanced Scorecard on an Empowered Workforce in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances an empowered workforce in the organization</td>
<td>102</td>
<td>66</td>
<td>12</td>
<td>0</td>
<td>4.43</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.5.10 Balanced Scorecard Enhances Employee Satisfaction in the Organization

Finally as depicted in Table 4.36, the study revealed that 60.6% of the respondents strongly agreed that the balanced scorecard enhances employee satisfaction in the organization while 39.4% of the respondents agreed that the balanced scorecard enhances employee satisfaction in the organization, none of the respondents disagreed with the statement a clear indication that indeed the balanced scorecard enhances employee satisfaction in the organization.

Table 4.36: Effects of Balanced Scorecard on Employee Satisfaction in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances employee satisfaction in the organization</td>
<td>109</td>
<td>71</td>
<td>0</td>
<td>0</td>
<td>4.61</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
Table 4.37 Regression between Balanced Scorecard and Learning and Growth Perspective.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>R square</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>- .894</td>
<td>.787</td>
<td>-1.136</td>
<td>.258</td>
</tr>
<tr>
<td>TSUBP</td>
<td>- .030</td>
<td>.029</td>
<td>-1.046</td>
<td>.297</td>
</tr>
</tbody>
</table>

Regression analysis was run to determine the relationship between the balanced scorecard on learning and growth perspective. As shown in Table 4.37 above.

4.6 Effects of the Balanced Scorecard on Customer Satisfaction and Loyalty

The study further sought to determine the effects of the balanced scorecard on customer satisfaction and loyalty.

4.6.1 Balanced Scorecard Enhances Customer Satisfaction in the Organization

Findings from Table 4.38 and Figure 4.5 below revealed that 21.7% of the respondents strongly agreed that the balanced Scorecard enhances customer satisfaction in the organization, 49.4% of the respondents agreed that the balanced Scorecard enhances customer satisfaction in the organization, 22.2% of the respondents were uncertain whether the balanced Scorecard enhances customer satisfaction in the organization while 6.7% of the respondents disagreed that the balanced Scorecard enhances customer satisfaction in the organization.

Table 4.38: Effects of Balanced Scorecard on Customer Satisfaction in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances Customer satisfaction in the organization</td>
<td>39 21.7%</td>
<td>89 49.4%</td>
<td>40 22.2%</td>
<td>12. 6.7%</td>
<td>0 0%</td>
<td>3.86</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
4.6.2 Balanced Scorecard Enhances Customer Profitability in the Organization

The results from Table 4.39 below also indicated that 65% of the respondents strongly agreed that the balanced scorecard enhances customer profitability in the organization, 26.75% of the respondents agreed that the balanced scorecard enhances customer profitability in the organization while 8.35% of the respondents were uncertain whether the balanced scorecard enhances customer profitability in the organization.

Table 4.39: Effects of Balanced Scorecard on Customer Profitability in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances Customer profitability in the organization</td>
<td>117 (65.0%)</td>
<td>48 (26.75%)</td>
<td>15 (8.35%)</td>
<td>0 (0%)</td>
<td>0 (0%)</td>
<td>4.57</td>
</tr>
</tbody>
</table>

Key: Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagree=1

4.6.3 Balanced Scorecard Enhances Customer Loyalty in the Organization

Pronouncements from Table 4.40 and Figure 4.6 below showed that 40% of the
respondents strongly agreed that the balanced scorecard enhances customer loyalty in the organization, 35.6% of the respondents agreed that the balanced scorecard enhances customer loyalty in the organization while 23.9% of the respondents were uncertain that the balanced scorecard enhances customer loyalty in the organization, however only a meagre 0.6% of the respondents disagreed that the balanced scorecard enhances customer loyalty in the organization.

Table 4.40: Effects of Balanced Scorecard on Customer Loyalty in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances Customer loyalty in the organization</td>
<td>72</td>
<td>64</td>
<td>43</td>
<td>1</td>
<td>0</td>
<td>4.15</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagree=2, strongly disagree=1

Figure 4.6: Effects of Balanced Scorecard on Customer Loyalty in the Organization

4.6.4 Balanced Scorecard Enhances Customer Retention in the Organization

Furthermore the findings from Table 4.41 below revealed that 43.3% of the respondents strongly agreed that the balanced scorecard enhances customer retention in the organization, 50% of the respondents agreed that the balanced scorecard enhances customer retention in the organization, 6.1% of the respondents were uncertain whether the balanced scorecard enhances customer retention in the organization while a meagre
0.6% disagreed on the same matter.

Table 4.41: Effects of Balanced Scorecard on Customer Retention in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances Customer Retention in the organization</td>
<td>78</td>
<td>90</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>4.36</td>
</tr>
<tr>
<td></td>
<td>43.3%</td>
<td>50%</td>
<td>6.1%</td>
<td>0.6%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.6.5 Balanced Scorecard Enhances Customer Acquisition by the Organization

Revelations from the findings in Table 4.42 below indicated that 51.7% of the respondents strongly agreed that the balanced scorecard enhances customer acquisition by the organization, 37.8% of the respondents agreed that the balanced scorecard enhances customer acquisition by the organization while 10.6% of the respondents were uncertain whether the balanced scorecard enhances customer acquisition by the organization.

Table 4.42: Effects of Balanced Scorecard on Customer Acquisition by the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances customer acquisition by the organization</td>
<td>93</td>
<td>68</td>
<td>19</td>
<td>0</td>
<td>0</td>
<td>4.41</td>
</tr>
<tr>
<td></td>
<td>51.7%</td>
<td>37.8%</td>
<td>10.6%</td>
<td>0%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.6.6 Balanced Scorecard Enhances Customer Relationships in the Organization

Additionally it was noted from the findings in Table 4.43 that 58.3% of the respondents strongly agreed that the balanced Scorecard enhances customer relationships in the organization, 22.8% of the respondents agreed that the balanced Scorecard enhances customer relationships in the organization, while 18.9% of the respondents were uncertain whether the balanced scorecard enhances customer relationship in the organization.

Table 4.43: Effects of Balanced Scorecard on Customer Relationships in the Organization
The Balanced Scorecard enhances customer relationships in the organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances customer relationships in the organization</td>
<td>105</td>
<td>41</td>
<td>34</td>
<td>0</td>
<td>0</td>
<td>4.39</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.6.7 Balanced Scorecard Enhances Customer Partnerships in the Organization

The results from Table 4.44 below indicated that 67.8% of the respondents strongly agreed that the balanced scorecard enhances customer partnerships in the organization, 15% of the respondents agreed that the balanced scorecard enhances customer partnerships in the organization while 17.2% of the respondents were uncertain whether the balanced scorecard enhances customer partnerships in the organization.

Table 4.44: Effects of Balanced Scorecard on Customer Partnerships in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances customer partnerships in the organization</td>
<td>122</td>
<td>27</td>
<td>31</td>
<td>0</td>
<td>0</td>
<td>4.51</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.6.8 Balanced Scorecard Enhances Customer Communication in the Organization

Outcomes from Table 4.45 below revealed that 52.2% of the respondents strongly agreed that the balanced Scorecard enhances customer communication in the organization, 31.1% of the respondents agreed that the balanced Scorecard enhances customer communication in the organization, 13.9% of the respondents were uncertain whether the balanced Scorecard enhances customer communication in the organization, while a merge 2.8% of the respondents disagreed that the balanced Scorecard enhances customer communication in the organization.

Table 4.45: Effects of Balanced Scorecard on Customer Communication in the Organization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances customer communication in the organization</td>
<td>122</td>
<td>27</td>
<td>31</td>
<td>0</td>
<td>0</td>
<td>4.51</td>
</tr>
</tbody>
</table>
The Balanced Scorecard enhances customer communication in the organization

| Statement |
|-------------------|---|---|---|---|---|
| The Balanced Scorecard enhances customer communication in the organization | Strongly Agree | Agree | Uncertain | Disagree | Strongly Disagree |
| | 94 | 56 | 25 | 5 | 0 |
| | 52.2% | 31.1% | 13.9% | 2.8% | 0% |
| Mean | 4.33 |

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.6.9 Balanced Scorecard Enhances Customer Account Share in the Organization

From Table 4.46 below the findings showed that 52.8% of the respondents strongly agreed that the balanced scorecard enhances customer account share in the organization, 36.1% of the respondents agreed that the balanced scorecard enhances customer account share in the organization while 11.1% of the respondents were uncertain whether the balanced scorecard enhances customer account share in the organization.

Table 4.46: Effects of Balanced Scorecard on Customer Account Share in the Organization

| Statement |
|-------------------|---|---|---|---|---|
| The Balanced Scorecard enhances customer account share in the organization | Strongly Agree | Agree | Uncertain | Disagree | Strongly Disagree |
| | 98 | 65 | 20 | 0 | 0 |
| | 52.8% | 36.1% | 11.1% | 0% | 0% |
| Mean | 4.42 |

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1

4.10 Balanced Scorecard Enhances Timely Delivery of Goods and Services to Customers

Finally the deductions from Table 4.47 below indicated that 63.9% of the respondents strongly agreed that the balanced scorecard enhances timely delivery of goods and services to customers, 32.2% of the respondents agreed that the balanced scorecard enhances timely delivery of goods and services to customers while a meange 3.9% of the respondents were uncertain whether the balanced scorecard enhances timely delivery of goods and services to customers.

Table 4.47: Effects of Balanced Scorecard on Timely Delivery of Goods and Services to Customers

<p>| Statement |
|-------------------|---|---|---|---|---|
| The Balanced Scorecard enhances timely delivery of goods and services to customers | Strongly Agree | Agree | Uncertain | Disagree | Strongly Disagree |
| | 98 | 65 | 20 | 0 | 0 |
| | 52.8% | 36.1% | 11.1% | 0% | 0% |
| Mean | 4.42 |</p>
<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Balanced Scorecard enhances timely delivery of goods and services to customers</td>
<td>115 63.9%</td>
<td>58 32.2%</td>
<td>7 3.9%</td>
<td>0 0%</td>
<td>0 0%</td>
<td>4.60</td>
</tr>
</tbody>
</table>

Key Strongly Agreed=5, agreed=4, uncertain=3, disagreed=2, strongly disagreed=1
Table 4.48 Regression between Balanced Scorecard and Customer Satisfaction and Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>R squared</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.332</td>
<td>.568</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>BPB</td>
<td>-.078</td>
<td>.040</td>
<td>-1.921</td>
</tr>
</tbody>
</table>

The regression matrix is presented in Table 4.48 above indicated that there was indirect relationship between the balanced scorecard and customer satisfaction and loyalty with a positive $\beta=0.332$ and negative $\alpha=-0.078$. On the other hand, R square was 0.016, which implies that 1.6 percent of the balanced scorecard explains variation in customer satisfaction and loyalty. The relationship between the two variables was not significant at $\alpha=0.05, p=0.06, p>0.05$).

4.7 Chapter Summary

This chapter introduced the results and findings of the study. It also gave the general information based on gender, level of education, area of work within SME, and duration of years in employment. It also gave details based on the response of the selected respondents on specific objectives, which included the effects of the balanced scorecard on funding and financial stability, effects of the balanced scorecard on internal business processes in SMEs, effects of the balanced scorecard on learning and growth perspective on employees in SMEs and effects of the balanced scorecard on customer satisfaction and loyalty in SMEs.

The mean of weight of the statements posed to respondents with regards to the effects of the balanced scorecard on funding and financial stability, effects of the balanced scorecard on internal business processes perspective, effects of the balanced scorecard on learning and growth perspective on employees and finally effects of the balanced scorecard on customer satisfaction and loyalty was way above average, a clear indication that the respondents agreed with most of the statements posed in the questionnaire.

Chapter 5 discusses the summary, conclusions and recommendations of the study in detail.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this section, the researcher provides a summary of the findings of the research in comparison to the findings detailed in the literature review in chapter two. The discussions on the findings of the research are well elaborated, a detailed summary of the study expounding on each of the four perspectives of the balanced scorecard namely; Financial perspective, internal business process perspective, learning and growth perspective and finally customer satisfaction and loyalty perspective is given.

Conclusions, recommendations and suggestions for further studies are made through thorough analysis of effects of balanced scorecard on growth of SMEs in order to identify grey areas that need to be remedied in order to be able to derive maximum merit from the use of the balanced scorecard to realize growth.

5.2 Summary

The purpose of the study was to determine the effects of balanced scorecard on the growth of SMEs in Mugumoini ward. The objective of the study was to determine precisely how the four perspectives of the balanced scorecard affect growth of SMEs. These are the effects of the balanced scorecard on funding and financial stability of operations in SMEs, the effects of balanced scorecard on internal business processes in SMEs, the effects of balanced scorecard on learning and growth perspective on employees in SMEs and finally the effects of balanced scorecard on customer satisfaction and loyalty in SMEs.

The study adopted a descriptive survey design to obtain the required data aimed at determining the effects of balanced scorecard on growth of SMEs. The population of this study consisted of SMEs in Mugumoini ward. The sampling frame for this study was business owners and managers selected from the list of SMES in Mugumoini ward. For the purpose of this study, 222 respondents were considered an ideal representative sample of the total population, which was 500 SMEs. The tool that was used for this study was a questionnaire, which enabled data collection and documentation as interviews were undertaken on the designated respondents. This study solely involved quantitative methods of data collection. Quantitative analysis was done through editing and coding of
filled questionnaires, data entry then cleaning of the data and ultimately analysis using Statistical Package for Social Sciences (SPSS). Data was presented using both figures and tables to present the findings of the research.

The first research question sought to find out the effects of the balanced scorecard on funding and financial stability of operations in SMEs. From the findings, it was noted that most of the respondents selected among the targeted SME agreed that balanced Scorecard enhances revenue growth in the organization; it maximizes return on investment in the organization as well as increase in sales revenue in the organization. The findings also showed that the balanced Scorecard enhances reduction of operating costs in the organization; it aids in broadening of revenue mix in the organization and enhances return on equity investment in the organization. Balanced scorecard also enhances the cost structure of the organization, asset utilization in the organization and the liquidity level of the organization. However it was noted that majority of the respondents were uncertain on whether balanced scorecard enhances accountability in the organization. The overall mean response for all the respondents was 4.29 which shows that majority of them agreed with most of the statements posed in the questionnaire.

On the second research question, it was noted that most of the respondents agreed that balanced Scorecard enhances the quality assurance process in the organization and enhances superior functional management in the organization. Moreover, it was noted that the balanced scorecard enhances quality service in the organization, health and safety standards in the organization and technological superiority in the organization. Furthermore, from the findings it was noted that most of the selected respondents in the targeted SMEs agreed that the balanced scorecard enhances creation of innovative services in the organization, it enhances responsive service delivery in the organization, minimizes operational challenges in the organization and that balanced scorecard enhances reduction of delays in processes in the organization. On the contrary, it was noted that most of the respondents disagreed with the view that balanced Scorecard enhances the order processing time in the organization. The overall mean was 4.25 implying that majority of the respondents agreed that the balanced scored affected the internal business processes perspective.

From the response of the selected respondents on third research question, it was noted that
most of the selected respondents agreed that the balanced scorecard enhances a positive organization culture in the organization and enhances the structure of the organization alongside the leadership of the organization. Moreover, it was noted that the balanced scorecard enhances the systems of the organization and accuracy of data available in the organization. The findings also showed that the balanced scorecard enhances procedures, which ensure incentives are aligned with strategy in the organization, it enhances an empowered workforce in the organization and it enhances employee satisfaction in the organization. Nonetheless, the findings of the study showed that most of the respondents did not agree with the view that the balanced scorecard enhances knowledge management in the organization and that it enhances training and skills acquisition by personnel in the organization. The mean response for the 180 respondents was 4.04 which shows that majority of the respondents agreed that balanced Scorecard influenced learning and growth perspective.

The fourth research question sought to find out the effects of the balanced scorecard on customer satisfaction and loyalty in SMEs, the findings showed that most of the respondents agreed that the balanced scorecard enhances customer profitability in the organization; it enhances customer retention in the organization. The findings also showed that most of the selected respondents agreed that the balanced scorecard enhances customer acquisition by the organization, customer relationships in the organization, customer partnerships in the organization, customer communication in the organization and that it influenced customer account share in the organization. It also affects timely delivery of goods and services to customers. Nonetheless, majority of them were uncertain on the view that the balanced scorecard enhances customer satisfaction and customer loyalty in the organization. The overall mean was 4.36 implying that majority of the respondents were of the view that the balanced scorecard affected the customer satisfaction loyalty perspective.

5.3 Discussion

5.3.1 Effects of Balanced Scorecard on Funding and Financial Stability

On the aspect of the effects of the balanced scorecard in enhancing accountability in the organization, some of the respondents were of the view that indeed the balanced scorecard enhances accountability in the organization. However a sizeable number of respondents were sceptical and disagreed with the view that the balanced scorecard enhances...
accountability in the organization. Similarly, according to Sale and Inman (2013), accountability is of great importance concerning financial performance of an organization and one tool that indeed enhances accountability within an organization is the balanced scorecard.

On the feature of the effects of the balanced scorecard in enhancing revenue growth in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances revenue growth in the organization. However only a small number of respondents were uncertain whether the balanced scorecard enhances revenue growth in the organization. Similarly, according to Kaplan and Norton (2001), revenue growth is closely attributed to the balanced scorecard since it is an instrument used to measure what the company has done for its shareholders in a number of ways, revenue growth being one of the parameters used to measure and gauge the success of any organization.

The balanced scorecard aids in enhancing maximization of return on investment in the organization since majority of the respondents were of the view that indeed the balanced scorecard enhances return on investment in the organization. However only a small number of respondents were uncertain and disagreed with this statement. Similarly, according to Kaplan and Norton (2001), maximization of return on investment is closely attributed to the balanced scorecard since it is among the primary goals of shareholders affiliated to any company.

On the position of the effects of the balanced scorecard in enhancing increase in sales revenue in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances increase in sales revenue in the organization. However only a small number of respondents were uncertain about this. Similarly, according to Nicolaou (2012), increase in sales revenue in the organization is closely attributed to the balanced scorecard since it is used as a cost management indicator that is used to support the firms’ decision-making.

On the side of the effects of the balanced scorecard in enhancing reduction of operating costs in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances reduction of operating costs in the organization. However a small number of respondents were uncertain as to whether the balanced scorecard
enhances reduction of operating costs in the organization. Similarly, according to Caldez and Guilding (2012), reduction of operating costs in the organization is closely attributed to the balanced scorecard since it is used as a strategic management accounting tool to analyse the firm’s performance.

The balanced scorecard aids in enhancing broadening of revenue mix in the organization, this is so because majority of the respondents were of the view that indeed the balanced scorecard enhances broadening of revenue mix in the organization. However only a small number of the respondents were uncertain whether the balanced scorecard enhances broadening of revenue mix in the organization.

On the aspect of the effects of the balanced scorecard in enhancing return on equity investment in the organization, an overwhelming majority of the respondents were of the view that indeed the balanced scorecard enhances return on equity investment in the organization. However only a small number of the respondents were uncertain whether the balanced scorecard enhances return on equity investment in the organization.

On the viewpoint of the effects of the balanced scorecard in enhancing cost structure in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances cost structure in the organization. However few of the respondents were uncertain and disagreed with the view that the balanced scorecard enhances the cost structure in the organization. Similarly, according to Langfield-Smith (2014), enhancing cost structure in the organization is a technique used by an organization for proper planning and control and ultimately results to a firms heightened success.

The balanced scorecard aids in enhancing asset utilization in the organization, this is so because an overwhelming majority of the respondents were of the view that indeed the balanced scorecard enhances asset utilization in the organization. However a small number of respondents were uncertain whether the balanced scorecard enhances asset utilization in the organization. Similarly, according to Nicolauo (2012), enhancing asset utilization in the organization is likely to influence the ability of the firm to attain and maintain its competitive spot in the industry.

Finally on the position of the effects of the balanced scorecard in enhancing the liquidity level of the organization, majority of the respondents agreed with the view that the
balanced scorecard enhances the liquidity level of the organization. However only a small number of respondents were uncertain as to whether the balanced scorecard enhances the liquidity level of the organization.

5.3.2 Effects of Balanced Scorecard on Internal Business Processes Perspective

On the aspect of the effects of the balanced scorecard in enhancing order processing time in the organization, majority of the respondents opposed the view that indeed the balanced scorecard enhances order-processing time in the organization. However only a small number of respondents were of the view that the balanced scorecard enhances order-processing time in the organization. Similarly, according to Khalad (2011), order-processing time in the organization is of great importance since it determines the quality of accomplishments that an organization derives.

On the feature of the effects of the balanced scorecard in enhancing quality assurance process in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances quality assurance process in the organization. On the facet of the effects of the balanced scorecard in enhancing superior functional management in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances superior functional management in the organization while few respondents disagreed on the same matter. Similarly, according to Caldez and Guilding (2012), superior functional management plays a very important role in harnessing the creative energies of all the people in the business, which is key in enabling them to realize the full merit of the balanced scorecard.

The balanced scorecard aids in enhancing quality service in the organization, this is so because majority of the respondents were of the view that indeed the balanced scorecard enhances quality service in the organization, few respondents disagreed on the same. On the aspect of the effects of the balanced scorecard concerning enhancing health and safety standards in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances health and safety standards in the organization. Similarly according to Poon and Canon (2012), an organization that lays much emphasis on its human resource by ensuring health and safety standards at the work place are adhered to have a positive effect on customer satisfaction, which translates to achievement of one of the four perspectives of the balanced scorecard by enhancing the internal business
processes of the organization.

On the position of the effects of the balanced scorecard in enhancing technological superiority in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances technological superiority in the organization. Similarly, according to Bixler (2002), technological superiority is of great importance concerning the internal business process of an organization since it is the main determinant of the amount of change that an organization is able to make whether in its processes, systems or its structure.

The balanced scorecard aids in enhancing creation of innovative services in the organization, this is so since majority of the respondents were of the view that indeed the balanced scorecard enhances creation of innovative services in the organization. Similarly according to Olson and Slater (2011), creation of innovative services is of great importance with regards to the internal business process of an organization since it enables the organization establish appropriate system that enables the organization to easily meet its performance targets.

On the aspect of the effects of the balanced scorecard in enhancing responsive service delivery in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances responsive service delivery in the organization while few respondents disagreed on the same. Similarly according to Cho, Choi, Kang, Park and Yang (2002), responsive service delivery is of great importance with regards to the internal business process of an organization since it is easily translates to an improvement in the organizations efficiency levels which result to improvement in their performance and therefore a company can readily introduce the balanced scorecard to evaluate and gauge its performance and it will show magnificent results.

The balanced scorecard aids in enhancing minimization of operational challenges in the organization, this is so because majority of the respondents were of the view that indeed the balanced scorecard enhances minimization of operational challenges in the organization. Similarly according to Megginson, Byrd and Megginson (2009), minimization of operational challenges is of great importance with regards to the internal business process of an organization since it enables the organization establish proactive
measures to cope with changes and anticipate future challenges as well as better mitigate risks.

Finally on the position of the effects of the balanced scorecard in enhancing reduction of delays in processes in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances reduction of delays in processes in the organization.

5.3.3 Effects of Balanced Scorecard on Learning and Growth Perspective

The balanced scorecard does not greatly aid in enhancing knowledge management in the organization, this is so because majority of the respondents were not of the view that indeed the balanced scorecard enhances knowledge management in the organization although there were some few respondents who agreed that indeed the balanced scorecard enhances knowledge management in the organization. Similarly, according to Kaplan and Norton (2005), knowledge management in the organization is of great importance concerning the learning and growth perspective of an organization since it enables the organization to continuously improve, innovate and learn which directly translates to enhancement of the organizations value.

On the feature of the effects of the balanced scorecard with regards to enhancing training and skills acquisition by personnel in the organization, majority of the respondents were not of the view that indeed the balanced scorecard enhances training and skills acquisition by personnel in the organization although there were some few respondents who were of the view that indeed the balanced scorecard enhances training and skills acquisition by personnel in the organization. Similarly, according to Niven (2006), training and skills acquisition by personnel in the organization is of great importance concerning the learning and growth perspective of an organization since it enables the organization to nurture employee’s skills and knowledge, which are core ingredients for an organizations growth and prosperity.

On the position of the effects of the balanced scorecard in enhancing a positive organization culture in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances a positive organization culture in the organization. Similarly according to Armstrong (2010), a positive organization culture in the
organization is of great importance with regards to the learning and growth perspective of an organization since it enables the organization to easily become a learning organization and by doing so it is able to readily draw merits from the varied capabilities and knowledge present with the people within the organization.

On the aspect of the effects of the balanced scorecard in enhancing the structure of the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances the structure of the organization although there were some few respondents who were sceptical on the same subject. The balanced scorecard aids in enhancing the leadership of the organization, this is so since majority of the respondents were of the view that indeed the balanced scorecard enhances the leadership of the organization although there were some few respondents who were sceptical on the same subject. Similarly, according to Samson and Terzirovski (2009), leadership in the organization is of great importance concerning the learning and growth perspective of an organization since leaders play an integral role in an organization that cannot at any one time be overlooked.

On the feature of the effects of the balanced scorecard in enhancing the systems of the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances the systems of the organization. Similarly according to Tardivo and Viassone (2010), the systems of the organization is of great importance with regards to the learning and growth perspective of an organization since it enables the organization to easily introduce and adopt changes that are likely to enable the organization realize maximum merit by improving on output levels and reducing on the waste levels.

The balanced scorecard aids in enhancing the accuracy of data available in the organization, this is so since majority of the respondents were of the view that indeed the balanced scorecard enhances the accuracy of data available in the organization. Similarly according to Tardivo and Viassone (2010), the accuracy of data available in the organization is of great importance with regards to the learning and growth perspective of an organization since it enables the organization to easily conduct analyses and come up with proper deductions from which they can make sound and informed decisions that will eventually improve overall organizational performance.
On the position of the effects of the balanced scorecard in enhancing the procedures that ensure incentives are aligned with strategy in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances procedures that ensure incentives are aligned with strategy in the organization. On the aspect of the effects of the balanced scorecard in enhancing an empowered workforce in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances an empowered workforce in the organization although a few of the respondents disagreed on the same. Similarly, according to Curado and Manica (2010), the empowered workforce in the organization is of great importance concerning the learning and growth perspective of an organization since it enables the organization to easily nurture the human resource skills and therefore realize their full potential that in the end translates to satisfied customers.

Finally the balanced scorecard aids in enhancing employee satisfaction in the organization, this is so because majority of the respondents were of the view that indeed the balanced scorecard enhances employee satisfaction in the organization.

5.3.4 Effects of the Balanced Scorecard on Customer Satisfaction and Loyalty

From the findings of the study majority of the respondents agreed with most of the statements posed in the questionnaire that sought to find out the effects of the balanced scorecard on customer satisfaction and loyalty. Knapp (2011) suggested that the customer value discipline is a combination of the customer perspective of a company’s scorecard and strategy map that must equal the company’s strategy towards its customers. On the aspect of the effects of the balanced scorecard in enhancing customer satisfaction in the organization, some of the respondents were of the view that indeed the balanced scorecard enhances customer satisfaction in the organization although there was another category of respondents who were of the view that the balanced scorecard does not enhance customer satisfaction in the organization. Similarly, according to Poon and Canon (2012), customer satisfaction in the organization is of great importance concerning the Customer satisfaction and loyalty perspective of an organization since customers play an integral role in an organization that cannot at any one time be overlooked, in the absence of customers the business will close down.
The balanced scorecard aids in enhancing customer profitability in the organization, this is so since majority of the respondents were of the view that indeed the balanced scorecard enhances customer profitability in the organization although there were some few respondents who were sceptical on the same subject. On the aspect of the effects of the balanced scorecard in enhancing customer loyalty in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer loyalty in the organization although there were some few respondents who were sceptical on the same subject. Similarly, according to Dresner and Xu (2010), customer loyalty in the organization is of great importance concerning the Customer satisfaction and loyalty perspective of an organization since customers are the people who drive profitability in an organization.

On the feature of the effects of the balanced scorecard in enhancing customer retention in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer retention in the organization although there were some few respondents who were sceptical on the same subject. Similarly according to Verhoef (2003), customer retention in the organization is of great importance with regards to the Customer satisfaction and loyalty perspective of an organization since customers influence an organizations service offering, performance and costs.

On the facet of the effects of the balanced scorecard in enhancing customer acquisition by the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer acquisition in the organization although there were some few respondents who were sceptical on the same subject. Similarly according to Verhoef (2003), customer acquisition by the organization is of great importance with regards to the Customer satisfaction and loyalty perspective of an organization since customers determine the success or failure of rivals of businesses, if customers mass exit an organization for that of its main competitor then the former business is likely to fail in the long run.

On the attribute of the effects of the balanced scorecard in enhancing customer relationships in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer relationships in the organization although there were some few respondents who were sceptical on the same subject. Similarly according
to Treacy and Wiersema (1996), customer relationships in the organization is of great importance with regards to the Customer satisfaction and loyalty perspective of an organization since customers provide feedback for the products and services offered by an organization and only then can improvements be made on the same in order to enhance the product or service offering.

On the position of the effects of the balanced scorecard in enhancing customer partnerships in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer partnerships in the organization although there were some few respondents who were sceptical on the same subject. Similarly according to Treacy and Wiersema (1996), customer partnerships in the organization is of great importance with regards to the Customer satisfaction and loyalty perspective of an organization since customers are able to offer candid ideas and opinions which businesses can use to improve on their products.

On the viewpoint of the effects of the balanced scorecard in enhancing customer communication in the organization, majority of the respondents were of the view that indeed the balanced scorecard enhances customer communication in the organization although there were some few respondents who were sceptical on the same subject. Similarly, according to Niven (2006), customer communication in the organization is of great importance concerning the Customer satisfaction and loyalty perspective of an organization since communicating with customers enables an organization to create and deliver goods and services that customers perceive as enhancing value to them.

The balanced scorecard aids in enhancing customer account share in the organization, this is so since majority of the respondents were of the view that indeed the balanced scorecard enhances customer account share in the organization although there were some few respondents who were sceptical on the same subject. Finally on the aspect of the effects of the balanced scorecard in enhancing timely delivery of goods and services to customers, majority of the respondents were of the view that indeed the balanced scorecard enhances timely delivery of goods and services to customers although there were some few respondents who were sceptical on the same subject. Similarly, according to Niven (2006), timely delivery of goods and services to customers is of great essence since it enables an organization to have the merit of commanding a bigger share of the market due to
efficiency and timing, which customers greatly value.

5.4 Conclusions

5.4.1 Effects of Balanced Scorecard on Funding and Financial Stability

The balanced scorecard aids in enhancing the following aspects of funding and financial stability perspective; the liquidity level of the organization, asset utilization in the organization, the cost structure of the organization, return on equity investment in the organization, broadening of revenue mix in the organization, reduction of operating costs in the organization, increase in sales revenue in the organization, maximization of return on investment in the organization and revenue growth in the organization. However as shown by the findings it was concluded that the balanced scorecard does not greatly enhance accountability in the organization with regards to the funding and financial stability perspective of operations in SMEs. Consequently, based on the findings of the study it was seen that the balanced scorecard positively affected funding and financial stability of operations in SMEs.

5.4.2 Effects of Balanced Scorecard on Internal Business Processes Perspective

Based on the findings of the study it was seen that the balanced scorecard enhances the following aspects of internal business process perspective; reduction of delays in processes in the organization, minimization of operational challenges in the organization, responsive service delivery in the organization, creation of innovative services in the organization, technological superiority in the organization, health and safety standards in the organization, quality service in the organization, superior functional management in the organization and quality assurance process in the organization. Based on the findings of the study it was seen that the balanced scorecard positively affected the internal business processes of operations in SMEs. Nonetheless, it was concluded that the balanced Scorecard does not greatly enhance the order processing time in the organization with regards to the internal business process perspective in SMEs.

5.4.3 Effects of Balanced Scorecard on Learning and Growth perspective

From the deductions made on the study it was seen that the balanced scorecard enhances the following aspects of learning and growth perspective; employee satisfaction in the organization, empowered workforce in the organization, enhancing procedures which
ensure incentives are aligned with strategy in the organization, enhancing the accuracy of data available in the organization, enhancing the systems of the organization, enhancing the leadership of the organization, enhancing the structure of the organization and enhancing a positive organization culture in the organization. Based on the findings of the study it was seen that the balanced scorecard positively affected the learning and growth perspective in SMEs. However, it was concluded that the balanced Scorecard does not greatly enhance training and skills acquisition by personnel in the organization and knowledge management in the organization with regards to the learning and growth perspective in SMEs.

5.4.4 Effects of the Balanced Scorecard on Customer Satisfaction and Loyalty

The balanced scorecard aids in enhancing the following aspects of customer satisfaction and loyalty perspective: timely delivery of goods and services to customers, customer account share in the organization, customer communication in the organization, customer partnerships in the organization, customer relationships in the organization, customer acquisition by the organization, customer retention in the organization and customer profitability in the organization. However it was concluded that the balanced Scorecard lacks a significant influence on customer satisfaction and customer loyalty in the SMEs.

5.5 Recommendations

5.5.1 Recommendations for Improvements

5.5.1.1 Effects of Balanced Scorecard on Funding and Financial Stability

Based on the findings of the study and conclusions it was recommended that in order to guarantee effectiveness of SMEs, accountability is key and needs to be given the due attention that it deserves due to the influence of the balanced scorecard on the same. The organizations should not primarily focus on the performance measures but the results desired to be achieved. If the balanced scorecard is successfully integrated into day-to-day business operations, it can be developed into a complete and worldwide tool that will ensure accountability in the business.

5.5.1.2 Effects of Balanced Scorecard on Internal Business Processes Perspective

From the second research question, it was recommended that SMEs should re-evaluate
their balanced scorecard systems in order to survive since it is the vision of any institution to thrive in the business it undertakes. SMEs should ensure that their organizations businesses are timely and efficient in order to ensure their ultimate unrivalled success in the industry by enhancing the order processing time in the organization.

5.5.1.3 Effects of Balanced Scorecard on Learning and Growth perspective

From the third research question, it was recommended that firms should come up with policies and new ideas that will ensure that balanced scorecard systems in the SMEs are geared towards enhancing knowledge management as well as improving training and skills acquisition by personnel in the SMEs. This will in turn enable organizations to have a better understanding of their customers by constantly monitoring and evaluating their trends which will ultimately result in meeting their needs in the long run and eventually enable the personnel in SMEs to be more efficient and creative in their duties and responsibilities.

5.5.1.4 Effects of the Balanced Scorecard on Customer Satisfaction and Loyalty

From the fourth research question, it was recommended that firms should ensure that the balanced scorecard improves customer satisfaction and customer loyalty in the organization. It should translate universal mission statement on customer service into specific measures that clearly mirror the fact that customers are considered to be of greatest importance in order to keep and grow exponentially their customer base.

5.5.2 Recommendations for Further Studies.

Based on the major findings of the study it was suggested that a study be done on the effects of the balanced scorecard on the growth of SMEs in other wards apart from Mugumoini ward. It should specifically seek to find out the effect of balanced scorecard on accountability, order processing time in the organization, knowledge management, training and skills acquisition by personnel in the organization, customer loyalty and customer satisfaction in the organization.

These were the areas that were not greatly enhanced by adoption and application of the balanced scorecard by SMEs and therefore proper research should be conducted on the same in order to determine how accountability, order processing time in the organization, knowledge management, training and skills acquisition by personnel in the organization,
customer loyalty and customer satisfaction in the organization can be enhanced by use of the Balanced scorecard in the SMEs.
Dear Sir/Madam

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROJECT

I hereby request you to kindly participate in a management research project that I am currently undertaking as part of my Master of Business Administration (MBA) program at United States International University. My MBA research project seeks to investigate the effects of the balanced scorecard on growth of SMEs in Mugumoini ward.

The objectives of this study is to investigate the effects of the balanced scorecard on funding and financial stability of operations in SMEs, the effects of balanced scorecard on internal business processes on SMEs, the effects of balanced scorecard on learning and growth perspective on employees and finally the effects of balanced scorecard on customer satisfaction and customer loyalty in SMEs located within Mugumoini ward.

The information you will provide is strictly for academic purposes and will not be disclosed to third parties. The identity and information of your organization will be treated confidentially.

Yours Sincerely,

SAMBA MUTHUI.
APPENDIX II- QUESTIONNAIRE

This study seeks to determine the effects of the balanced scorecard on the growth of SMEs in Mugumoini ward. The following questionnaire has been developed to help the researcher gather information necessary to meet the purpose of the study that has been highlighted above.

Section A: General Information

Kindly put a cross (X) on the response you find to be the most appropriate

A1. Gender
   1. Male (  )
   2. Female (  )

A2. Level of education
   1. High School graduate (High/Grad) ( )
   2. Certificate holder (  )
   3. Diploma Holder (  )
   4. Undergraduate (  )
   5. Graduate (  )

A3. Area of work within the SME
   1. Owner (  )
   2. Senior Management (  )
   3. Junior Management (  )
   4. Other (specify)…………………………..

A4. Duration of Years in employment
   1. 1 – 5 years (  )
   2. 6 – 10 years (  )
   3. 11 – 15 years (  )
   4. 16 – 20 years (  )
   5. Above 20 years (  )

Section B:

Part I

Effects of the Balanced Scorecard on Funding and Financial Stability

Kindly put a cross (X) on the response that you find to be most appropriate

B1. Have you ever used the Balanced Scorecard as a performance measurement tool on the financial stability of the organization?
   1. YES (  )
   2. NO (  )

If yes, how would you gauge the outcome?

Excellent..............................5 (  )
Good...................................4 (  )
Fair......................................3 (  )
Bad....................................2 (  )
Poor...................................1 (  )

If NO Give reasons……………………………………………………………………………………………………
B2. Do you think it is an appropriate tool for evaluating your performance?
1. YES ( )  2. NO ( )
If yes, Specify...........................................................................................................
If No, give details........................................................................................................
On the aspect of Funding and Financial Stability, how would you rate the following
aspects of the financial perspective of the Balanced Scorecard?
Kindly circle the most appropriate response (ranging from Strongly Agree to Strongly
Disagree) from the statements below

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>B3. The Balanced Scorecard enhances Accountability in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B4. The Balanced Scorecard enhances revenue growth in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B5. The Balanced Scorecard enhances maximization of return on investment in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B6. The Balanced Scorecard enhances increase in sales revenue in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B7. The Balanced Scorecard enhances reduction of operating costs in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B8. The Balanced Scorecard enhances broadening of revenue mix in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B9. The Balanced Scorecard enhances return on equity investment in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B10. The Balanced Scorecard enhances the cost structure of the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B11. The Balanced Scorecard enhances asset utilization in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>B12. The Balanced Scorecard enhances the liquidity level of the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
B13. What are other effects of the Balanced Scorecard on the perspective of Funding and financial stability in the organization

Part II

Effects of the Balanced Scorecard on the Internal Business Processes

On the aspect of Internal Business Processes, how would you rate the following aspects of the Internal Business Processes perspective of the Balanced Scorecard?

Kindly put a circle on the response that you find to be the most appropriate (ranging from Strongly Agree to Strongly Disagree) from the statements below

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1. The Balanced Scorecard enhances the order processing time in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C2. The Balanced Scorecard enhances the quality assurance process in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C3. The Balanced Scorecard enhances superior functional management in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C4. The Balanced Scorecard enhances quality service in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C5. The Balanced Scorecard enhances health and safety standards in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C6. The Balanced Scorecard enhances technological superiority in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C7. The Balanced Scorecard enhances creation of innovative services in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C8. The Balanced Scorecard enhances responsive service delivery in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C9. The Balanced Scorecard enhances minimization of operational challenges in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>C10. The Balanced Scorecard enhances reduction of delays in processes in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

C11. What are other effects of the Balanced Scorecard on the perspective of Internal
Business Process in the organization ……………………………………………………………

Part III

Effects of the Balanced Scorecard on the Learning and Growth Perspective of Employees

On the aspect of Learning and Growth Perspective of Employees, how would you rate the following aspects of the Learning and Growth Perspective of the Balanced Scorecard?

Kindly put a circle on the response that you find to be the most appropriate (ranging from Strongly Agree to Strongly Disagree) from the statements below

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1. The Balanced Scorecard enhances knowledge management in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D2. The Balanced Scorecard enhances training and skills acquisition by personnel in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D3. The Balanced Scorecard enhances a positive organization culture in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D4. The Balanced Scorecard enhances the structure of the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D5. The Balanced Scorecard enhances the leadership of the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D6. The Balanced Scorecard enhances the systems of the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D7. The Balanced Scorecard enhances the accuracy of data available in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D8. The Balanced Scorecard enhances procedures which ensure incentives are aligned with strategy in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D9. The Balanced Scorecard enhances an empowered workforce in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>D10. The Balanced Scorecard enhances employee satisfaction in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

D11. What are other effects of the Balanced Scorecard on the perspective of Learning and growth of employees in the organization?
Part IV

Effects of the Balanced Scorecard on Customer Focus and Customer Satisfaction

On the aspect of **Customer Focus and Satisfaction**, how would you rate the following aspects of the Customer Focus and Satisfaction perspective of the Balanced Scorecard?

Kindly put a circle on the response that you find to be the most appropriate (ranging from Strongly Agree to Strongly Disagree) from the statements below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1. The Balanced Scorecard enhances customer satisfaction in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E2. The Balanced Scorecard enhances customer profitability in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E3. The Balanced Scorecard enhances customer loyalty in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Uncertain</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>E4. The Balanced Scorecard enhances customer retention in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E5. The Balanced Scorecard enhances customer acquisition by the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E6. The Balanced Scorecard enhances customer relationships in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E7. The Balanced Scorecard enhances customer partnerships in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E8. The Balanced Scorecard enhances customer communication in the organization</td>
<td>5</td>
<td>4</td>
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<td>2</td>
<td>1</td>
</tr>
<tr>
<td>E9. The Balanced Scorecard enhances customer account share in the organization</td>
<td>5</td>
<td>4</td>
<td>3</td>
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<td>1</td>
</tr>
<tr>
<td>E10. The Balanced Scorecard enhances timely delivery of goods and services to customers</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

**E11.** What are other effects of the Balanced Scorecard on the perspective of customer focus and satisfaction in the organization?
THANK YOU