THE EFFECTIVENESS OF THE BALANCE SCORECARD 
AS A TOOL TO MEASURE ORGANIZATIONAL 
PERFORMANCE: A CASE STUDY OF CIC GROUP

BY

GLADYS W. NJEHU

UNITED STATES INTERNATIONAL UNIVERSITY-
AFRICA

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GLADYS W. NJEHU

A Research Project Report 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

SUMMER 2017
DECLARATION
I declare that this is my original work and has not been submitted to any other university or college or institution except the United States International University in Nairobi for academic credit.

Signed: _______________________ Date: ___________________________

Gladys W. Njehu (ID 648877)

This research project has been submitted for examination with my consent as the appointed supervisor.

Signed: _______________________ Date: ___________________________

Dr. Joyce Ndegwa

Signed: _______________________ Date: ___________________________

Dean, Chandaria School of Business
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All rights reserved. No part of this research project may be produced or transmitted in any form or by any means, electronic, mechanical, including photocopying, recording or any information storage without prior written permission from the author.
This study sought to analyze the effectiveness of the balance scorecard on organizational performance in relation to CIC Group. It was guided by the following research questions: how effective is customer satisfaction perspective of the BSC in measuring performance of CIC Group? how effective is financial perspective of the BSC in measuring performance of CIC Group? how effective is the internal business processes perspective of the BSC in measuring performance of CIC Group? and how effective is learning and growth perspective of the BSC in measuring performance of CIC Group? The target population under study was the employees of Upperhill, CBD, Buruburu and Westlands branches of CIC Group.

A descriptive research design was adopted and stratified sampling technique was used to obtain 196 respondents. A structured questionnaire was used to collect data from the respondents. Data was analyzed using SPSS and presented using frequencies, percentages, means, standard deviations and correlation tables. The study found that customer satisfaction perspective element of BSC adequately measures customer satisfaction and consequently the firm performance in CIC Group implying that CIC management has realized the importance of customer focus and customer satisfaction in their business as a measure of performance. The financial perspective of the balance scorecard was also found to adequately measure the performance of CIC Group with emphasis on cost efficiency and the ability to deliver maximum value to the customer at minimum cost and sustained stakeholder value.

Further analysis results indicated that internal business processes, learning and growth elements of BSC adequately measured the performance of CIC Group in terms of the efficiency of internal processes and procedures. The correlation analysis depicted a positive relationship between the customer satisfaction, financial, internal business processes and learning and growth perspectives of BSC and performance measurement within CIC Group with correlation coefficients of 0.471 (p-value 0.000), 0.309 (p-value 0.002), 0.248 (p-value 0.031) and 0.442 (p-value 0.032) respectively.

The study therefore concluded that all the four perspectives of BSC namely customer satisfaction, financial perspective, internal business processes and learning and growth
adequately measure the performance of CIC Group. The study recommends that CIC Group enhance employees’ skills to ensure high quality products and services. This will improve the customer satisfaction and increase the market share as a performance measure perspective of BSC. In addition, CIC Group should enhance its financial reports to help its management reduce costs, increase profits and maximize the use of the organization’s assets.
ACKNOWLEDGEMENT

The process of this master’s project proposal writing has been a wonderful learning experience in my academic life. It was filled with challenges and rewards. The completion of my present study leads to a new beginning and a step forward in my endeavors.

I am grateful to God for his unlimited grace and for enabling me to start and complete my studies without a hitch. Am most indebted to my project supervisor Dr. Joyce Ndegwa for her invaluable guidance, patience, guidance, support and tireless assistance on matters pertaining this proposal. In addition, my appreciation goes to the United States International University in Nairobi for admitting me to undertake a master’s degree in Business Administration.

I also wish to appreciate the support and encouragement of my family and friends during the writing of this work. They made it possible for me to create a balance between family, school and work.

I am also indebted to my family, colleagues and friends whom I may not mention in person for their moral support which have enabled me to clear my MBA course successfully.
DEDICATION

This study is dedicated to my late parents for their unending efforts and sacrifice in my education; my brothers and sister for standing with me all along and to my husband for his generous sacrifice, understanding and support during the research and my study.
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### ACRONYMS AND ABBREVIATIONS

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<th>Description</th>
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<tr>
<td>BSC</td>
<td>Balance Scorecard</td>
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<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
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<td>CIC</td>
<td>Co-operative Insurance Company</td>
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<td>GPM</td>
<td>Gross Profit Margin</td>
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<td>KPI</td>
<td>Key Performance Indicators</td>
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<td>NPM</td>
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<td>ROI</td>
<td>Return on Investment</td>
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<td>SPSS</td>
<td>Statistical Package for Social Scientists</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The main goal of virtually most firms is to maximize shareholders value by generating as much profit as possible (Blake, 2012). Thus, it is vital for any organization to track performance through measurement. According to Sayedi, (2016) there are various performance measurement tools that can be used in monitoring and evaluation of the various resources allocated for maximum optimization of the organizational goal.

The balance scorecard (BSC) is a strategic performance assessment tool that enables institutions to clarify their vision, mission and strategy and translate them into action (Kaplan & Norton, 2001). BSC provides feedback for both internal business processes and external outcomes that guides in continual improvement in organizational performance and results. Hence a lot of monitoring and evaluation is carried out once implementation has been done (Taylor, & Baines, 2012).

The balance scorecard saw its initial development in 1992 by Kaplan and Norton. It links performance measures by looking at an organization’s strategic vision in four different perspectives: financial, customer, learning and growth, and internal business process. These four perspectives provide a great support role on the goals of various management techniques like strategic planning, total quality management and core competence as shown in the diagram below (Giannopoulos, Holt, Khansalar & Cleanthous, 2013).

![Figure 1.1: Balance Scorecard Perspectives](source: Adapted from Kaplan and Norton, 1992)
Biazzo and Garengo (2012) found out that the potential of the balanced scorecard to create competitive advantage is positively linked to organizational performance. There are three strategic performance capabilities, each offering a path towards competitive advantage. Product leadership represents competition based primarily on product or service innovation. Customer intimacy represents competition based on understanding, satisfying and retaining customers. Operational excellence represents competition based on efficient internal operations. Organizations often implement the balanced scorecard perspectives to improve one or more of these three strategic performance capabilities. Many large organizations and institutions have used the various tools to measure performance in strategic management depending on the area of focus. For many organizations, the main objective is to maximize its overall performance. This can be achieved using various performance measures which normally assist the organizations in evaluation of the resources available and their allocation for optimal organizational goal (Johnson, Scholes, Whittington & Johnson, 2011).

In most instances, many performance measurement approaches have been based on the short-term bases considering the financial aspects alone while ignoring the other important aspect of non-financial measures like employee growth and development, customer service and relationship and internal business processes. For instance, the evaluation of performance of an organization usually employs the use of financial indices, giving a simple description of the organization’s financial performance in relation to previous periods. Therefore, it focuses entirely on the financial aspect of the organization in measuring the organization performance which is not enough to base management decisions of the organization on (Shahin, Shabani & Khazaei, 2014).

The balanced scorecard (BSC) is a strategy focused approach to performance management that includes performance measures derived from the organization’s vision and strategy. The measurement tool is used widely in corporate and industry, administration and non-profit establishments worldwide to match business actions to the plan and vision of organization, to improve communication both externally and internally and monitor the performance of the organization against the strategic goals (Kaplan & Norton, 2001).

When the BSC was first introduced, the performance tool was meant to provide the managers with a fast-comprehensive view of performance of business. Before, the
traditional financial measures of performance like cost minimizations, growth in revenues, profitability, returns on investments had long been argued as inadequate in guiding the decisions made by management in a turbulent and highly competitive environment. To the lower level manager, the measures that were more directly linked to the outcomes that they influenced remained common (Ratnasingam, 2014).

This study was carried out in CIC Group which is an insurance firm in Kenyan with branches all over the country with its headquarters in Upperhill, Nairobi. Currently it has 25 branches across the country and regional offices in South Sudan, Uganda and Malawi. As part of its strategy implementation plan, CIC Group introduced the Balance Scorecard as a tool for measuring performance across the organization to see the performance in the four perspectives. It was aligned with the vision of the organization before been implemented. After introducing the BSC in 2013, the company has realized progressive changes in its overall performance as compared to the previous tools it used for performance measurement which were ineffective, subjective and biased. It was introduced to continuously track progress and evaluate performance in line with the introduction of performance management. The various sectors, departments, divisions and employees were tasked with specific mandate upon which they are all evaluated and appraised. In order to reach the targeted goals, it was important that the organization abide by the training policies and procedures (CIC Human Resource Manual, 2015).

The choice of CIC Group as a case study is because the researcher was familiar with BSC usage within the organization, the ability to access necessary data regarding BSC at the organization and accessibility of the sampling frame from the relevant CIC branches.

1.2 Statement of the Problem

To assure returns anticipated from investment by shareholders in any organization, managers must have a clear understanding of the ultimate performance standards an organization needs to achieve and communicate such information down the line. It is observed that in the present day context in any organization, the intangible factors drive the tangible assets. According to Pearce and Robinson (2015), human capital and structural capital are an indication of an organization’s future value and ability to generate financial results. Therefore, a more systematic method of reporting on and managing these intangible dimensions is needed.
There are several organizations in Kenya that have embraced the balanced scorecard; however, limited empirical study that have been conducted to determine the effectiveness of balanced scorecard as a tool to measure performance of organizations in the insurance industry (Nzuve, 2011). Therefore, the topic of research focused on the effectiveness of balanced scorecard as a tool to measure organizational performance with emphasis on CIC Group because most organizations had issues with performance measurement and management since their models are composed of little more than a form that a manager uses to perform annual evaluations. Thus, this failed to work because performance measurement and management should be a continuous process that backs the achievement of an organization’s strategic goals (Pearce & Robinson, 2015). Hence, managers should utilize it all year round instead of considering it once a year so as to set clear goals evaluate outcomes and offer frequent feedback on performance.

Nzuve (2011) found out that in Kenya, both private and public organizations have come up with good strategies with an aim of evaluating their performance. One such strategy is the balance scorecard which offers a structure for an organization to change from wanting to follow their strategy to actually doing it. It defines the strategy by dividing it into small components through the selected measure and objectives. Ideally, the BSC is developed when the various stakeholders share a common understanding and transform the organization’s strategy into goals, measures and targets (Shu-Hua, 2012). Despite its benefits, only few organizations can implement the BSC successfully.

According to Broccardo (2015), there has been as many unsuccessful implementations of the BSC as successful ones. This was partly attributed to the fact that design and implementation of BSC has not yet been extensively utilized and researched in the organizations of the developing economies like Kenya. Hence the focus of this study was on CIC Group a company in a developing country, Kenya.

1.3 Purpose of the Study
The purpose of the study was to assess the effectiveness of Balance Scorecard as a tool to measure organizational performance.
1.4 Research Questions

1.4.1 How effective is customer satisfaction perspective of the BSC in measuring performance of CIC Group?
1.4.2 How effective is financial perspective of the BSC in measuring performance of CIC Group?
1.4.3 How effective is internal business processes perspective of the BSC in measuring performance of CIC Group?
1.4.4 How effective is learning and growth perspective of the BSC in measuring performance of CIC Group?

1.5 Significance of the Study

1.5.1 CIC Group
This study was of great help to the organization particularly in measuring performance as a whole. The research findings would help the management understand how well to link both the financial and non-financial indicators of performance to management hence create basis for improvement. The results would also contribute to the study of the subject of performance and evaluation measurement in the organization. The findings and recommendations was also of great value to employees as it will be used to improve the working conditions and compensation for organizational performance.

1.5.2 Researchers and Academicians
The research provides an understanding of the effectiveness of BSC as a tool to measure organizational performance. It is vital for future performance and contribute to the available body of knowledge. The finding of this research leads to further research in the same area by other researchers.

1.5.3 Other similar organizations
This research is of great value to other similar organizations that are using or would consider using the Balanced Scorecard tool for performance measurements. Other similar organizations can get many important lessons on the adoption, implementation and evaluation of the Balanced Scorecard in their organizations.

1.6 Scope of the Study
The study focused on the effectiveness of BSC as a tool to measure organizational performance. Since the BSC is used by many organizations both in private and public sector, this study was conducted at CIC Group because of several reasons which include;
the researcher’s familiarity with BSC usage at CIC Group, the ability to access necessary data regarding BSC at the organization and accessibility of the sampling frame from the relevant CIC branches. The study population included four Nairobi branches which included Upperhill, Westlands, Buruburu and CBD. The study was conducted in the month of February 2017.

1.7 Definition of Terms

1.7.1 Balance Scorecard
According to Kaplan and Norton (2001), this is a management model devise used to measure the overall organizational performance. It provides a comprehensive view of an organization based on its objectives. Balanced scorecard performance pays attention to people, processes and customers as considered to traditional financial measures which are inadequate. This is because key performance indicators (KPI) for firms are different across firms, they depend on the type of firm, and they could also be qualitative and/or quantitative.

1.7.2 Strategy
A strategy is a plan of actions to achieve a goal with the functions and attributes of setting direction, focusing effort and providing consistency. It refers to the direction and scope of an organization towards meeting the expectations of the market and stakeholders within a challenging environment. Situated at the center of the BSC system, all performance measures should align with the organization’s strategy (Pearce & Robinson 2015).

1.7.3 Strategic Management
This is a set of choices and actions that lead to the creation and implementation of plans aimed at achieving a company’s objectives or goals (Pearce & Robinson 2015).

1.7.4 Performance Measurement
The performance measurement is basically a quantitative method to bring together figures (mostly financial) that could help managers understand, manage and improve what their organizations do or to tell them how well they are currently doing or if their customers are satisfied and if they are meeting the settled goals (Taylor & Baines, 2012).

1.7.5 Organizational Performance Management
Organizational performance management involves all activities which organizations operate to align their resources, processes and employees to achieve their priorities. This
is about activities which ensure that goals are consistently being met in an effective and efficient manner or that business processes, individual's skills and behavior are continuously being enhanced (Valmohammadi & Ahmadi, 2015). It is basically based on people, work processes, management structure, information and knowledge, decision-making and rewards, each of which plays out differently within the context of the organization, creating a special link.

1.8 Chapter Summary
In this chapter, the background of the study on the effectiveness of BSC as a tool to measure organizational performance was discussed. The chapter presented the problem statement and the research objectives and research questions. Finally, the importance of the study, the scope of the study and definition of terms was also covered.

Chapter 2 consists of a literature review and address itself into what has been done in relation to the topic by exploring further the research objectives and finally identifying the gap in knowledge that exists locally. Chapter 3 highlights the methodology which comprises: introduction, research design, target population, data collection methods, research procedures, data analysis methods and a summary.

Chapter four contains data analysis, interpretation, presentation and discussion of findings of the research in line with the research objectives. Finally, chapter 5 focuses on a summary of the research findings and discussion, conclusions, recommendations and suggestions for further research.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter attempts to establish the effectiveness of the BSC as a tool to measure the overall organizational performance of CIC Group. The discussion of the chapter was guided by the research questions as outlined in the previous chapter. It further looked into analyzing and understanding other previous research work carried out which formed a base in carrying on with this study.

2.2 The Effectiveness of Customer Satisfaction of the BSC in measuring CIC Group’s Performance

Jovanovic (2012) cited that the customer perspective addresses how a company creates value for its customers. Kaplan and Norton (2001) argue that managers should identify the customer and the market segments in which the business will compete, as well as the generic and specific performance measures. Generic measures include customer satisfaction, retention, acquisition, profitability and market share in the targeted segment. Specific measures include measures which are deemed critical in determining whether customers will switch to, or remain loyal to, the supplier, for example short lead times, on-time delivery, a constant supply of innovative products and services, or new products developed to meet emerging needs.

Past research findings show that businesses are increasingly realizing the importance of customer focus and customer satisfaction. The findings further assert that customers will readily seek other suppliers (competitor) who meet their needs if they are not satisfied. Thus, dismal performance from this perspective is a sign of future decline for any organization even when financial picture looks good on the books. In developing metrics for satisfaction, customers must be exhaustively assessed in terms of the kinds of customers and the kinds of processes for which they are providing a product or service according to the group they belong to (Baker, 2014).
2.2.1 Customer Satisfaction

Customer satisfaction usually results from time, quality, performance and service and/or cost related to a product or service, and therefore organizations should consider these features when developing customer perspective measures. Michal and Miroslav (2013) suggested that an organization can measure time as a lead time: time required meeting customer’s needs, and quality can be measured based on on-time deliveries or defected products returned. In addition, performance and service should be measured based on how they create value to customers. However, there might be difficulties when defining for instance on-time deliveries as customers can define on-time delivery differently than the organization. Therefore, an organization should pay attention that measures are based on customers’ expectations, not on an organization’s expectations (Fisher & Smith, 2011).

The insurance industry is constantly under increased turbulence which has caused transformation and alignment with new regulations as well as technological development. In addition, there’s stiff competition for customers and profits and customer relationships have become more distant. Roohi, Gilaninia and Taleghani (2016) observe attributes these to the fact that interpersonal service encounters have been widely replaced by online interactions.
The idea business success has underlined the important of customer satisfaction, retention and loyalty as noted by Kotler (2011). To be successful, it has always been assumed that businesses must create exciting goods and services which customers are willing to buy. Over the years, firms have been undertaking customer satisfaction surveys to get their satisfaction index to provide better offers, increase sales, and ultimately realize increased revenues. However, most firms are struggling to profitably attract, satisfy and retain customers and therefore to create long term and valuable customer relationships. This is because the customers are now more demanding and empowered to perform many of the activities that insurance companies previously handled. De Gooijer, Jansen, Koziolek and Koziolek (2012) observed that are no longer only passive perceivers and recipients of firms’ performance. They are more knowledgeable and aware of many competing alternatives and have become independent value creators who negotiate their business with many different service providers’ customers.

Fisher and Smith (2011) suggested that applying customer-dominant business logic can be a solution, with the focus shifted from companies’ customer orientation to understanding the customers’ logic. Instead of concentrating on what firms; initiatives to create services that customers will prefer, focus should be geared towards what customers are doing with services to achieve their own goals (Martin & Heinonen 2013). This will be in line with what customer relationships entail from the provider perspective: what providers are doing to create and maintain customer relationships.

2.2.2 Customer Retention

Current relationships between firms and their customers can be viewed contrarily by both parties. Inadequate or lack of interaction and dialogue could signal the beginning of unstable relationships even though nothing seemingly critical or negative happens. In contrast to negative critical incidents caused by clear changes or failures these passive relationships are not necessarily very negative, but rather deteriorate through a silent fading process, typically through lack of commitment (Heinonen, Holmlund, & Strandvik, 2013).

Fisher and Smith (2011) demonstrates why customer relationships are not certainly manageable, harmonious and balanced. Managerial challenges related to a passive engagement style in the relationship, such as the inability to detect, analyze and respond
to various subtle signals about the present condition of an ongoing relationship. Some of the signals of a fading relationship are possible to detect in a service encounter only in its original place and managerial strategies in response to this include the empowerment of the financial advisors, continuous evaluation and recognition of the relationship, and deep customer insight.

2.2.3 Customer Acquisition

According to Kaplan and Norton (2001) new customer acquisition is one of the key performance metrics and a generic measure under customer perspective. Specific measures include measures which are deemed critical in acquiring new customers include having short lead times on-time delivery, a constant supply of innovative products and services, or new products developed to meet emerging needs. The value from intangible assets depends on organizational context and strategy. This value cannot be separated from organizational processes that transform intangibles into customer and financial outcomes. Better service quality enables easy customer acquisition which in the long run leads to customer loyalty.

2.2.4 Customer profitability

Customer profitability is directly led by customer satisfaction because customer profitability is relative to the measures of net profit of a customer (segment), after allowing for the unique expenses required to support that customer (Kaplan & Norton, 2001). In the early 1980s, the US government had introduced a quality award to promote quality awareness, recognize quality achievements and publicize successful quality strategies. The initial set of criteria in this quality award included customer-perceived quality metrics. Many organizations adopted it and realized customer profitability. Hence it was clear that increased customer loyalty generates increased revenues and margins.

2.2.5 Market Share

Strategy determines which customers an organization has decided to serve and the value proposition that it will offer to win the loyalty of those customer segments. The determination of strategy must come before defining measures of customer satisfaction and loyalty. Therefore, customer acquisition, retention and profitability together reflect the market share, which is reflecting the proportion of business in a given market that a
business unit sells. In the customer perspective, the main requirement is increasing the market share with the largest and most demanding customers and achieving the high level of customer satisfaction (Kaplan & Norton, 2001).

2.2.6 Market Segmentation, Targeting and Positioning

Besides the casual chain of relationship, Fisher and Smith (2011) identifies and defines the overall value proposition for the targeted market segments and measures the company’s success and growth in the chosen segments. It has therefore become of essence to focus on the customer and satisfy their needs. The tagline “customer is king” has got a lot of merit in the education sector than in any other industry due to the fact that customers play a major role of determining the quality of service or lack of it within an organization. Therefore, companies would not know how good their services are until they get feedback from their customers. BSC emphasizes on the need for firms to translate their core value on customer service into specific measures that reflect the factors that are of importance to customers. Different firms have diverse needs, market areas, people, products and services and stakeholders (Kotler, 2011).

It is of essence to effectively look at all aspects that constitute customer satisfaction including the core service, human element of service delivery, standardization of the service delivery process which is a non-human element and the systems which refers to the infrastructure and facilities. The importance of these four factors in influencing customer perceptions has been well acknowledged in the customer management and service quality literature. Improved profitability is the ultimate recognition for business excellence (Ebitu, Mbum & Okon, 2012).

2.3 The Effectiveness of Financial Perspective of the BSC in Measuring CIC Group’s Performance

The financial perspective of the BSC seeks to answer the question: to succeed financially, how should we appear to our shareholders? Financial measures convey the economic consequences for the actions already taken by the organization, and focus on the profitability related measures on which the shareholders verify the profitability of their investment. Therefore, under this perspective, managers are required to generate measures that answer that question (Al-Najjar & Kalaf, 2012)
Kaplan and Norton (2001) acknowledged the need for traditional financial data. The accurate and timely financial data are necessary for the efficient and smooth direction of the organization. The provision of the right and timely financial data to the right person in the organization helps much in the process of making the right decision in the right moment. Under this perspective, the most common performance measures considered include return on investment (ROI), cash flow, net operating income, and revenue growth. The financial perspective looks at how the investors or the shareholders see the firm in terms of dividend payout ratio, improvement on the cost structure, profit after tax, return on capital employed (ROCE) and growth in the sales volume (Hu Mingming, 2011).

Drury (2013) also viewed this perspective of the balanced scorecard that accounting has long been associated with and includes the use of such measures as return on capital employed, earnings per share and other financial ratios. Examples of such measures are: Return on capital employed, return on net assets, reduction of administrative expenses, reduction in bad debts, reduction in debtor days, and reduction in gearing. Kaplan and Norton (2001) appreciate the traditional need for financial data by highlighting that timely and accurate data will always be a priority. As such, firm management will always strive to provide it.

The implementation of a corporate database will ensure that more of the processing can be centralized and automated. But the point is that the current emphasis on financial perspective leads to the unbalanced situation regarding other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data in this category (Kaplan and Norton, 2001). This perspective specifies the financial performance objective anticipated from pursuing the organizational strategy. It also deals with the economic consequences of the outcomes expected from achieving the objectives specified from the other three perspectives. There are three financial themes that drive business strategy they include revenue growth and mix, cost reduction/productivity improvement, asset utilization/investment strategy and risk management (Shu-Hua, 2012).

### 2.3.1 Revenue Growth

Revenue growth and mix refers to expand and product and service offerings, reaching new customers and markets, changing the product and service mix towards higher value-
added offerings and repricing products and services. According to Sayedi (2016) revenue growth deals with every action or activity that can increase the revenue base of an organization. This theme focuses on how to increase the number of new products, develop new customer and how to change to a more profitable product or service mix. While looking at revenue growth, we focus on the profitability measures which are a class of financial metrics used to assess an organization’s ability to generate earnings as compared to its expenses and other relevant costs incurred during a specific period of time.

Common profitability ratios used in analyzing a company's performance include gross profit margin (GPM), net profit margin (NPM), return on assets (ROA), return on equity (ROE), and return on investment (ROI) (Drury, 2013). The revenue growth objective can be achieved by developing new revenue sources like creating new products and services. This is primarily a projection of product leadership as one of the positioning strategies by the organization. Positioning strategies have long been recognized as core tools used in responding to competitive pressures, improving revenue growth and overall organizational performance. The firms market position mirrors how customers perceive its product’s performance on specific attributes relative to that of the competitors. In terms of revenue, strategic positioning is a competitive marketing tool that goes beyond image-making. It distinguishes an organization from its competitors, in order to be the most preferred firm for a certain market segment and generate more revenue. Further, it ensures that an organization establishes and maintains a distinctive place and image in the market for product offerings so that the target market understands and appreciates what the organization stands for in relation to its competitors. Firms which position themselves compared to competitors, earn higher rates of return. This is because competition and profitability pressures mean that firms must be responsive to the market conditions (Drury, 2013).

It can also be achieved by improving current profitability by working on customer value proposition. This is primarily a projection of customer value strategy in terms of the value an organization intends to create for its customers and all key stakeholders (Al-Najjar & Kalaf, 2012). Customer value proposition articulates the net benefit derived by a customer from using the organization’s products or services or the experience they get as a result of interacting with the firm and its product and services. According to Ries and Trout
(2015), customer value is perceived to have three broad dimensions namely: the physical attribute of the product or services such as price, quality, speed of delivery and completeness of the service; the relationship that a customer experiences by interacting with the company; and the emotional appeal of the company or its products and services to the customer. It is therefore a package of benefits that an organization delivers to its customers through its products and services. Customer Value Proposition informs an organization’s purpose to exist through its mission.

Revenue growth is a measure of the output by the strategies in place in as far as the outcome of the bottom-line is concerned. This perspective communicates the income generated by plans executed based on management decisions. It is the outcome of how other measures in the scorecard are performing (Matarneh, 2011). Using revenue levels, an organization can assess how much the operating income and capital employed results in increase in sales. This provides a basis for long-term strategic objectives setting by the organization as it incorporates the tangible outcomes of the strategy in traditional financial terms (Preston, 2011).

2.3.2 Cost Reduction

The cost reduction and productivity objective refers to efforts to lower the direct costs of product and services, reduce indirect costs and share common resources with other business units. This focuses on how to reduce product or service cost per unit and how to reduce selling and general administration cost. Productivity objective incorporates the projection of operation excellence strategy (Nzuve, 2011). According to Rompho, (2011) many organizations have different strategies for reducing cost to enhance performance and maximize returns. Some might adopt human resource measures, others might adopt procurement measures and others efficiency measures.

Cost reduction aims at creating low costs in all the value-chain activities of a firm namely firm infrastructure, human resource management, technology development and procurement. According to Colley (2015), the approach of specifying quantifiable goals that are within management’s control and linking rewards to their achievement is an extremely effective method of focusing on desired results. If a company’s returns as evidenced by peer-company performance, do not compare favorably with broader market returns then there is need to adjust the firm’s strategy accordingly. This can be done by
focusing on a variety of measures aimed at improving and motivating change in returns on investment. As earlier stated, this study borrows heavily on the generic strategy of overall cost leadership as presented by Dess et al. (2008).

2.3.3 Asset Utilization

Asset utilization measures which assets are capable of generating the amount of revenue and what they actually generate. This measure financial performance such as return on investment and economic value added and it focuses on recourse optimization (Al-Najjar & Kalaf, 2012). A critical appraisal of the financial perspective revealed, therefore, that the focus is on minimizing cost and maximizing revenue inflow. All steps and activities geared in this direction are therefore arrived at holding cost constant or reducing it while improving inflow of income (Hu Mingming, 2011).

In the absence of effective and efficiency monitoring, managers may choose to invest in low or negative net present value projects that reap financial rewards. Opportunistic behaviour of managers may be monitored by shareholders to ensure that assets are utilized efficiently to increase revenue generation and subsequently, the shareholders’ value. The balanced scorecard aids in enhancing asset utilization in the organization. However, it’s not very certain that the balanced scorecard enhances asset utilization in all organizations. Similarly, according to Nicolaou (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. According to Ittner and Larcker (2012), under the financial perspective, the firm sets an objective of realizing long-term stockholder’s value through improved cost and asset utilization.

The asset utilization theme, managers attempt to reduce the working capital levels required to support a given volume of business. They also strive to obtain greater utilization of their fixed asset base, by directing new business to resources currently not in used to capacity, using scarce resources more efficiently, and disposing of assets that provide inadequate returns on their market value.
This perspective aims at measuring the areas of internal excellence required to deliver customer satisfaction. The internal processes are a mechanism through which performance expectations are achieved (Blake, 2012).

Most of the internal business processes represent an organization fundamental mechanisms designed for efficient product delivery and customer service procedures, and often re-examining and repositioning corporate strategy (McHugh, Merli & Wheeler, 2015). Internal business processes create value by the capabilities it gives the company for competitiveness. Internal business processes are valued by the customer, the shareholder or the regulator and are critical to get right. They are required for success in the industry sector in which the company is doing business (McHugh et al., 2005). These processes are those that the business strategy has identified as critical to excel at performance in terms of matching or beating the competition.

Measures based on this internal business process perspective allow the managers to know their organization’s operations, and whether its products and services meet customer requirements. Whilst perspectives such as employee and customers deal with output criteria of a business performance, the core business processes play a role in ensuring a healthy connection between them. The performance of internal processes helps to create and deliver the value proposition for customers through the use of employees and other strategies as they are a leading indicator of subsequent improvements in customer and financial outcomes.

According to Mohapatra (2012), the internal process perspective is important for any organization. Organizations should identify the cost, quality, time and performance characteristics that will enable them to deliver superior products to targeted customers. Post-sales service processes enable a company to grow by way of referrals and cross-selling of products, and are therefore of the most important aspects for any business. The critical areas of internal business processes include its measurement, knowledge management, customer management and operations management (Danaei, Hemmati, & Mardani, 2014).
2.4.1 The Measurement

Biazzo and Garengo (2012) found out that output measures such as customer-based measures can be enhanced only by translating them into measures of what the organization must do internally to meet its customer’s expectations basically through a set of processes and a good information system. Further, employees need to feel responsible for the management of those processes in which they are involved and have the requisite experience and expertise to solve problems that may arise.

This perspective should not be viewed along the traditional aspects of costs; time and quality only but also include effectiveness, efficiency and people who have an interest in it, in other words stakeholders. The process dependent organizations can only remain competitive by applying efficient technology methods and techniques to their development processes. Technological changes in the industry are advancing in leaps and organizations that want to be competitive should not be found to be lagging behind. For this reason, the key to successful business performance is to reckon processes as a means to transfer knowledge thereby responding to the customers faster than competitors.

The measurements used under this perspective should be carefully developed by the individuals who know the processes most comprehensively, and not by any outside consultant. The internal business perspective focuses on the processes, skills, competencies and technology of the business and its ability to meet the needs of the customers, as well as the potential to add value to customers' businesses (Biazzo & Garengo, 2012).

2.4.2 Knowledge Management

The modern business world is characterized by dynamic, changing markets and continuous technological advance. To cope with these trends, organizations must be able to learn faster than the competitors. Thus, knowledge becomes an essential organizational driver and a key factor in value creation. Organizations are increasing their intellectual capital by either learning from others or creating new knowledge through innovation. Knowledge Management is a discipline of enabling individuals, teams and entire organization to collectively and systematically create, share and apply knowledge to better achieve the company objectives.
In response to the dynamic business environment, organizations continue to establish organizational knowledge management policies to provide a framework of ensuring knowledge is captured, shared, applied and stored appropriately within the institution with the aim of enhancing operational efficiency through the proper use of intellectual capital. Besides regular business processes, organizations need to embrace knowledge management and risk management which should be embedded in the overall business processes.

Knowledge management should be regarded as an intervention on the organizations culture (De Gooijer, 2012). Organizations need to gear themselves to face threats even during turbulent situations. Such threats could be either internal or external. The various categories of risk include technical, quality or performance risks; project management risks; organizational risks or external risks.

Business processes enable us to transform an organization’s strategy and vision into business results through operational procedures and methods thereby determining how exactly value is created and sustained. According to Mohapatra (2012), organizations offering total solutions to their clients through unmatched knowledge must focus on a holistic view of the processes involved, namely marketing, selling, delivery, and service.

Businesses record that when they acknowledge that for them to survive in the globalized environment, knowledge is the key to competitive advantage. This is because of their commitment to manage the organizational knowledge and ensure that it is embodied and embroiled in its employees, embedded in routine tasks and activities and encoded in the company policies, procedures, work instructions and other guidelines. They endeavor to leverage on their ability to create knowledge, innovate, and use knowledge to generate value to the shareholder.

2.4.3 Customer Management

Customer management refers to the series of activities designed to enhance the level of customer satisfaction. Customer satisfaction in this case is the feeling that a product or service has met the customer’s expectation and even beyond his/her expectation. Customers evaluate a product or service in terms of whether that product or service has met their needs and expectations. The goal of every organization is to meet the needs and the requirements of its stakeholders not only ensure the survival of the organization but
also allow it to flourish. Customers are presumed to be one of the most important stakeholders in any organization because without them, organizations are not likely to succeed.

Organizations must emphasize on research in consumer behavior and particularly behavioral intention. Knowledge of consumer behavior will go a long way in ensuring effective marketing policies towards the interest of customers which will eventually facilitates positive customer attitude towards the organizations. More especially, since customer behavioral intention is a strong indication of his actual behavior (Kotler, 2006).

In Kenya, customer service management is a compulsory section. The customer service unit has become important in many ways for most organizations, but the general view is that many organizations do not take it too seriously. Customer service may be provided by a person, group or by an automated means. Gupta (2012) also says that customers who experience poor service levels often tell their friends and family members about the bad experience to warn them away. Success of a service provider will depend on the high-quality relationship with customers, which determines customer satisfaction and loyalty. This is in line with the perception that the key to successful marketing of financial services is identification and packaging of customers” needs to their satisfaction.

According to Baker (2014) every customer "touch point" should have supporting performance measures that complement the entire process e.g. focusing only on marketing without a counterbalancing measure of post-sale service may lead to more customers, but a lack of attention to service could also lead to more frustrated customers and increased defections. With a base of customer information from which to work, it is possible for the customer-intimate firm to measure critical supporting activities such as developing total solutions and providing advisory services (Mohapatra, 2012).

2.4.4 Operations Management

Since this perspective revolves around action, objectives and measures in this perspective of the BSC focus on the operational aspects of the activities of an organization. Non-financial measures such as quality, timelines, and output volumes are commonly used for monitoring operational processes. According to Danaei, Hemmati and Mardani (2014) such measures, in conjunction with activity-based costing systems, provide a mechanism for control and improvement of an organization's processes'.

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A supply chain model is vital in operations management and it can be defined as a set of three or more organizations directly linked by one or more of the upstream and downstream flows of products, services, finances and information from a source to a customer. For effective supply-chain measurement, an organization should ensure consistency with strategy and value proposition. That is, the measures used should mirror the strategy and customer-value proposition as each will entail a different supply-chain measurement focus.

An organization should also consider understanding customer needs since they change over time. It is also important for an organization to know the costs involved in deciding how much customer service to offer by getting detailed cost information. At the process level, it is vital to define its measures and it is important to focus on key measures as functional and activity-related metrics can be derived directly from these (Mohapatra, 2012). Organizations that are able to measure their supply-chain performance effectively are sure to derive several benefits from it. There is a distinctive set of processes in each business for creating value for its customers and producing financial results.

However, according to Kaplan and Norton (2001), there is a generic value-chain model that provides a template that organizations can customize in preparing their internal business processes. This model encompasses three principal business processes. First is the innovation process where the emerging and hidden needs of customers are researched by the business unit, and then products and services necessary are produced and delivered to the customer. Secondly is the operation process which targets where existing products and services are produced and delivered to customers. Lastly, we have the post-sale service process which defines the service to the customer after the original sale or delivery of the product or service.

2.5 The Effectiveness of Learning and Growth Perspective of the BSC on CIC Group’s Performance

The perspective identifies the capabilities in which the organization must excel to achieve superior internal process that creates value for customers and shareholders. It is geared towards measuring a firm’s innovation and continual improvement capacity. It includes capacity building of human capital and corporate cultural attitudes. The current business
climate is filled with rapid technological changes and requires firms to have knowledge workers to be in a continuous learning mode (Danaei, Hemmati & Mardani, 2014). This is important because in a knowledge-worker organization, people, the only repository of knowledge, are the main resource. According to Roohi, Gilaninia Taleghani (2016) the critical areas in learning and growth perspective include the human resource management measure, employee’s development and information systems.

2.5.1 The Human Resource Management Measure

Kaplan and Norton (2001) emphasize that learning is more than mere training. It includes mentors and tutors within the organization and individuals learning from one another through communication. Measures can be formulated as a guide in appropriate allocation of capacity building resources as learning and growth constitute the essential foundation for success of any knowledge-worker organization.

According to Blake (2012) organizations should implement human-resource management measures, thereby recognizing that people are the true drivers of learning and improvement. This is the reason why organizations need to invest in developing people's skills and capabilities, information systems, and enhanced organizational procedures such as motivation and empowerment. It is important to continuously invest in learning and the improvement of strategy, goals or measures. Organizations should encourage feedback from staff and bottom-up information flow, by enhancing skills through education and training; improving supervisor/worker relationships; and empowering workers.

Employee learning and capacity building is a major factor affecting organizational performance. Employees skills development should allow for the identification of various user groups, assess the level of knowledge, recruiting needs, and define the scope of the training curricula, targeting the various key audiences (Balogun, 2003). According to Hendriks (2012), training and development programs should be based on training of and management needs identified by a training need analysis so that the time and money invested in training and management development is linked to the core business or goals of the organization during strategic change.

Njuguna (2009) states that employee learning and skills development is fundamental for organizational performance because it helps organizations in the development of unique learning knowledge resources and capabilities while facing challenges arising from the
dynamism and complexity of the business environment. DeNisi (2003) highlights that when a firm obtains individual level resources such as knowledge or human capital it has to leverage these resources so that the whole organization can benefit. Intellectual capital is therefore a key determinant of value creation for organizations.

Armstrong (2010) highlights that through organizational learning a firm can develop unique intellectual capital that other firms cannot imitate. Organizational learning helps people in the organization to question themselves about organizational systems and challenges and endeavor to seek for solutions (Murray and Donegan, 2003). By adopting the organizational learning approach, top management can put in place several strategic change management systems and structures that facilitate the strategic decision-making process. Internal weaknesses can be identified and eradicated, and external opportunities can be taken advantage of. As a result, organization managers can use the conceptual model to devise, plan and execute many change-oriented strategies.

2.5.2 Employees Development

One of the most important human resources systems is training and development of employees. It is the core of system based human resources management Kaplan and Norton (2001). The concepts of development not only cover the individual employee in the organization but also all the other factors which affect organizational performance. To consider the needs of the organization needs of the employees must be kept in mind. To meet the future demands of the organization the employees must be prepared at all stages of employee life cycle. Development initiatives are interwoven in all the human resources systems.

The development of an employee is one of the most important factors for the progress and growth of any organization (Callahan, 2013). It any activity which results in employees acquire new or advanced skills, knowledge by providing learning and training facilities. It is the employees who give competitive edge to the organization, so it becomes very imperative that employees are developed. From the moment an employee joins the organization, at various levels of his career progression, development programs are needed. These development programs in organizations are in form of training and development programs. There are orientation programs for the new employees, skill enhancement programs for the experienced employees. Whether it is working on a new
machine, new technology or new business environment, training and development of employee is critical at all the stages.

Three terms emanate from the concept of employee development namely training, development and education (Heimstead, 2014). Training is considered as a process of learning a sequence or programmed behavior. In training, there is application of knowledge and training makes people aware about the rules and regulations to guide their actions. It attempts to improve performance on the present job or prepare an individual for future role. Development is a related process. Development covers not only those activities which improve performance but also those which improve one’s growth and personality. Development helps an individual to realize his potentials. In organizational context, it helps an individual employee to grow and develop in terms of designation and responsibility. Education is the understanding and involvement of knowledge in progress of an individual.

The learning and growth quadrant focuses on enabling the organization in terms of its return on human capital. The objective of this segment of this perspective is to deal with the cultivation of an infrastructure for future development and organizational learning. These objectives deal with the strategic investment in people and organizational culture. The identification of the key strategic and organizational culture in this quadrant, the identification of the key strategic measures to be used, and the organizational culture to be developed represent a challenge for management. Although most businesses would agree with the logic of investing in skills training and efficient information systems, it is not always clear how to identify the strategic significance of the so-called "soft" issues such as team motivation, cultures of creativity, and knowledge management (Danaei, Hemmati, & Mardani, 2014).

Kaplan and Norton (2001) had found that most companies use employee objectives drawn from a common core of three outcome measurements, namely employee retention, which is the percentage of employee turnover, employee satisfaction, which is determined by how much staff is involved in decision-making; whether they experience job recognition; whether they have sufficient information to take action in their jobs; whether their initiatives are encouraged; whether the staff function is supported; and how much company satisfaction employees have; and employee productivity, namely revenue per employee, factoring in costs involved in generating the revenue.
Employee development is crucial for the growth and prosperity of any organization since the employees are the determining and differentiating factors among organizations (Petrecca, 2012). The more capable and competent is the workforce; the better is performance of the organization. Once the employees are well trained they can easily face any situation. They can take care of customer services and retain the customer base. The employee development programs are also a very big morale booster. These motivate the employees to take up additional responsibilities, change roles, delegate and do everything to make employees perform well. Employee development programs make positive contributions to organizational performance as employees like to learn new skills and face new challenges. They get motivated and feel the organization understands their worth. This also gives them a feeling that they have potential which can be utilized for personal growth. A more highly-skilled workforce can accomplish more and a supervisor's group can accomplish more as employees gain in experience and knowledge.

### 2.5.3 Information Systems

Information systems (IS) have been conceived a major contributing factor of business processes. While IS has been traditionally been used for supporting the existing business function, it now plays as a role enabler of new organisational forms and patterns of collaboration within and between organisation. Several disruptive information systems have been found to challenge how work was to be performed. For example, shared databases making information available at many places, expert systems allowing generalists to perform specialist task, telecommunication networks allowing organisations to be centralized and decentralized at the same time, decision-support tools allowing decision-making to be part of everybody’s job, wireless data communication allowing field personnel to work office independent and ERP systems such as SAP have been used to improve process efficiency.

Information systems and internal business processes have recursive relationship. The former should support business processes and business should be in terms of the capabilities IS can provide. The recursive view of the link between information systems and internal business processes represent a new approach to coordination across the firm, IS promises and its ultimate impact is to be the most powerful tool for reducing cost of coordination.
The BSC indicates the importance of investing for the future and not only in the traditional areas of investment, such as new equipment and new product development and research. Equipment, research and development investments are important, but they are unlikely to be sufficient by themselves. Organizations must also invest in their technological infrastructure and if they are to achieve ambitious, long-term financial growth objectives. Technological infrastructure which include the strategic technology, strategic database, the capturing of experience; propriety software, and the patents and copyrights of the organization and climate for action which refers to the key decision cycle, strategic focus, staff empowerment, personal alignment, morale, and teaming in the organization (Kaplan & Norton, 2001).

The learning and growth perspective may therefore be applied to monitor the acquisition, cultivation and exploitation of core competencies. With an enabling infrastructure in place, the organization will need to apply this potential to developing the key internal processes at which it must excel to meet its customer objectives or service delivery agreements (Danaei, Hemmati & Mardani, 2014).

2.6 Chapter Summary

This chapter has taken into consideration the literature review as per the research questions in chapter 1. It begins with an introduction of the topic under study followed by the four perspectives of the BSC. The chapter that follows highlights the methodology adopted by the study. It comprises introduction, research design, target population, data collection methods, research procedures, data analysis methods and a summary.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter discussed the methodology that was used for this research. It consisted of the research design, study population, sampling design, sampling frame, sampling technique, sample size, data collection methods, research procedures and data analysis methods that was adopted for the study. The chapter summary was presented last.

3.2 Research Design
Sekaran and Bougie (2013) describes that a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. A quantitative descriptive research design was adopted. Descriptive research is oriented toward the determination of the status of a given phenomenon rather than toward the isolation of causative factors accounting for its existence. Descriptive research investigates trend of characteristics of population (Cooper & Schindler, 2014).

According to Godwill (2015), descriptive research design is used when collecting information about people’s attitudes, opinions and habits and is appropriate for collecting and analyzing of both qualitative and quantitative data, without changing or influencing the study environment. Quantitative research involves numerical measurements and statistical analysis after the collection of data in order to test hypothesis or answer research questions of a study.

3.3 Population and Sampling Design

3.3.1 Population
According to Sekaran and Bougie (2013), a population refers to all the elements under consideration for a study. The target population is a segment of the entire population that meets a characteristic which the study intends to study to make inference on the whole population. The target population for this study will be 396 employees of CIC Group in four branches in Nairobi namely Upperhill, CBD, Buruburu and Westlands as indicated in table 3.3 below.
### Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Branches</th>
<th>Population</th>
<th>Distribution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upperhill</td>
<td>354</td>
<td>89%</td>
</tr>
<tr>
<td>CBD</td>
<td>32</td>
<td>9%</td>
</tr>
<tr>
<td>Buruburu</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td>Westlands</td>
<td>5</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>396</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### 3.3.2 Sampling Design

Sampling is the systematic process of choosing subjects for a study as a representation of the entire study population (Cooper and Schindler, 2014). It can also be defined as the process a research engages to select elements or units from population that are a representation of the whole, to carry a study on. Sampling design is the framework that guides the process of choosing the desired sample (Mugenda and Mugenda, 2012). It encompasses sampling frame, the sampling technique, and the sample size.

#### 3.3.2.1 Sampling Frame

A sampling frame is a list of accessible populations of people, events or documents that can be included in a survey and from which a researcher can pick a sample to collect data (Mugenda & Mugenda, 2012). The list is composed of the total units, both for homogeneous and heterogeneous group of a study. The sampling frame was gotten from the Human Resource and Administration department in CIC Group Head Office, Upperhill.

#### 3.3.2.2 Sampling Technique

Stratified and simple random sampling was used to ensure that the four branches are represented in the selection of the study. The managers and employee who took part in the study were picked using stratified sampling. The strata used was be formed based on the job group one is.

#### 3.3.2.3 Sample Size

A sample size is a representative of the entire study population (Cooper & Schindler 2014). To select a sample size, one is guided by the level of confidence the data requires for accuracy, the type of analysis to undertake, and the study population size. To come up
with the sample size, the Correction for Finite Population was used with a margin of error of 5% was used and a confidence level of 95%.

$$\text{ss} = \frac{Z^2 \times (p) \times (1-p)}{c^2}$$

$Z = Z$ value (e.g. 1.96 for 95% confidence level)

$p = \text{percentage picking a choice, expressed as decimal (.5 used for sample size needed)}$

$c = \text{confidence interval, expressed as decimal (e.g., .04 = ±4)}$

Using the Correction for Finite Population, the sample size (new ss) was 137 using the equation below where $\text{pop} = 396$ and is the population of staff at the selected CIC Group branches, $\text{ss} = 196$.

$$\text{new ss} = \frac{\text{ss}}{1+\frac{\text{ss}-1}{\text{pop}}}$$

The sample size distribution is indicated in table 3.2. This was proportionately distributed across the selected branches.

**Table 3.2: Sample Distribution Table**

<table>
<thead>
<tr>
<th>Branch</th>
<th>Population</th>
<th>Distribution%</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upperhill</td>
<td>354</td>
<td>88.8%</td>
<td>174</td>
</tr>
<tr>
<td>CBD</td>
<td>32</td>
<td>8.2%</td>
<td>16</td>
</tr>
<tr>
<td>Buruburu</td>
<td>5</td>
<td>1.5%</td>
<td>3</td>
</tr>
<tr>
<td>Westlands</td>
<td>5</td>
<td>1.5%</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>396</strong></td>
<td><strong>100%</strong></td>
<td><strong>196</strong></td>
</tr>
</tbody>
</table>

**3.4 Data Collection Methods**

Data collection is the procedure of getting data in a recognized orderly manner so as to answer research objectives or questions (Cooper & Schindler 2014). This study used both primary data and secondary data. A structured research questionnaire was distributed to the target population and collected later. Each subject was assured of the confidentiality
of his/her anonymous responses. The respondents from the four branches will be required to complete the questionnaire voluntarily. The questionnaire utilized the Likert scale of 5 measurements (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree). There was a section consisting of the demographic data and a section for the four research questions. The secondary data sources were used to supplement the primary data collected.

3.5 Research Procedures
Research procedures refer to the in-depth description of step by step guide on how the research should be carried out to ensure that the study objectives are met (Cooper & Schindler, 2014). To establish the validity of the research instrument, the researcher shall seek opinions of experts in the field of study especially the supervisor and lecturers. After the project proposal had been approved, a letter was drafted to the Human Resource Manager of CIC Group. On the approval, a pilot test was undertaken using 15 subjects `to test validity, clarity, and reliability of the contents of the questionnaire. The pilot data was not included in the actual study but was used to correct any weaknesses in the questionnaire before using it for actual study. The questionnaire was administered using a drop and pick method.

3.6 Data Analysis Methods
Data analysis is the process of examining data collected and developing meaningful summaries using statistical techniques (Saunders, Lewis & Thornhill, 2012). To enable the researcher understand the data collected and assign meaning to the resulting statistics, an analysis of data was done to summarize the essential features and relationships of data in order to generalize and determine patterns and particular outcomes. Inferential statistics such as correlation and regression model were used. Data was organized and interpreted on account of concurrence to objectives using statistical package for social scientists (SPSS) to communicate research findings.

Tables and other graphical presentations such as bar charts, histogram, grouped frequency distributions and pie charts as appropriate were used to present the data collected for ease of understanding and analysis. After analysis and interpretation of data, a final report was presented summarizing the findings and conclusions as well as the research recommendations.
Further analysis using the following linear regression model will be used to establish the relationship between the independent and dependent variables:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \]

Where \( Y \) is the effectiveness, \( \beta_0 \) is constant \( X \) BSC perspectives measured using four data points.

\[
\begin{align*}
X_1 &= \text{Customer Satisfaction Perspective} \\
X_2 &= \text{Financial Perspective} \\
X_3 &= \text{Internal Business Processes} \\
X_4 &= \text{Learning and Growth Perspective} \\
\varepsilon &= \text{error term for the model}
\end{align*}
\]

3.7 Chapter Summary

This chapter highlighted the research methodology that is to be used in the research. It begins with the research design that was used which is the descriptive survey design followed by the population of 396 employees of CIC Group with a sample size of 196. The sampling technique that was adopted is stratified sampling. It also highlights the method of data collection and analysis methods that were incorporated for this study. The next section, chapter four, contains data analysis, interpretation, presentation and discussion of findings of the research in line with the research objectives.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter covers the data analysis, results and discussion of the study findings. The presentation of the data analysis, results and discussion is based on the sequence of questions in the questionnaire used to collect data.

4.1.1 Response Rate

The study targeted 196 employees of CIC Group who were working at the four-selected branches in Nairobi namely Upperhill, CBD, Buruburu and Westlands. Out of the 196 questionnaires that were administered, 141 filled questionnaires were collected. This translated to 72% return rate which was satisfactory according to Babbie (2008) who argues that any response of 50% and above is adequate for analysis. This response rate was made possible after several personal calls were made and visits to remind the respondents to fill-in and return the questionnaires as well as explaining the importance of their participation in this study. The response rate largely demonstrates a willingness of the respondents to participate in the study.

4.1.2 Reliability Analysis

A pilot study was conducted to pretest the validity and reliability of data collected using the questionnaire before the main study. The reliability of the questionnaire was tested using Cronbach's alpha value and the results are as shown in Table 4.3 where the values were 0.74, 0.88, 0.93, and 0.78 which averages to 0.8325. George and Mallery (2003) provide the following rules of thumb: Cronbach’s alpha coefficient > 0.9 = Excellent; Cronbach’s alpha coefficient > 0.8 = Good, Cronbach’s alpha coefficient > 0.7 = Acceptable; Cronbach’s alpha coefficient > 0.6 = Questionable; Cronbach’s alpha coefficient > 0.5 = Poor, and Cronbach’s alpha coefficient < 0.5 = Unacceptable. Thus, 0.8325 is rated as “Good” and was closer to 1.0 implying greater internal consistency of the items in the scale.
Table 4.3: Reliability Coefficients

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach's Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction Perspective of BSC</td>
<td>0.74</td>
<td>40</td>
</tr>
<tr>
<td>Financial Perspective of BSC</td>
<td>0.88</td>
<td>40</td>
</tr>
<tr>
<td>Internal Business Processes Perspective of BSC</td>
<td>0.93</td>
<td>40</td>
</tr>
<tr>
<td>Learning and Growth Perspective of BSC</td>
<td>0.78</td>
<td>40</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

The results show that the instrument consistently returned high scores averaging 0.8325 which is good and highly acceptable since Cronbach’s alpha coefficient of over 0.7 qualifies an instrument as reliable and consistent (Nachmias and Nachmias, 2006; Kothari, 2008; Sekaran, 2006). The research instrument therefore had relatively high internal consistency as a reliability coefficient of 0.8325 or higher is considered acceptable in most social science research situations.

4.2 Respondents’ Background Information

In this section, the study sought to establish background information and demographic data of the respondents. They were requested to indicate their gender, age, highest level of education, work experience in CIC and their current department.

The respondents were required to indicate their gender. The findings show that majority (51%) were female while 49% were male. Table 4.4 shows a summary of the findings.

Table 4.4: Respondents’ Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>69</td>
<td>49</td>
</tr>
<tr>
<td>Female</td>
<td>72</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

The study further investigated the composition of the respondent in terms of age. The findings show that majority were aged between 26 and 34 years comprising 84% of the respondents, 10% of the respondents were aged between 35 and 54 years while the rest (6%) were aged between 18 and 25 years. This implies that more than majority of the respondents is youthful and very active in productivity and hence can contribute constructively in this study. Table 4.5 shows a summary of the findings.
Table 4.5: Respondents’ Age

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 25</td>
<td>8</td>
<td>6%</td>
</tr>
<tr>
<td>26 – 34</td>
<td>119</td>
<td>84%</td>
</tr>
<tr>
<td>35 – 54</td>
<td>14</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

CIC employ staffs in different departments with different academic qualifications. The study thus sought to establish the highest academic qualifications attained by the respondents. According to the findings, most of the respondents had the first (undergraduate) degree (67%) followed by 29% who were post-graduates. Most of the respondents therefore understood the information sought by this study. Table 4.6 shows a summary of the findings.

Table 4.6: Respondents’ Highest Level of Education

<table>
<thead>
<tr>
<th>Highest Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate</td>
<td>94</td>
<td>67%</td>
</tr>
<tr>
<td>Post-Graduate</td>
<td>41</td>
<td>29%</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

It was further found that most of the respondents (69%) had worked in the organization for 1 - 5 years, 21% for 5 -10 years and 6% for less than 1 year. The rest (4%) had worked at CIC for 10 – 15 years. The results indicate that most of the staff who participated in the study had worked in CIC long enough understand the effectiveness of Balance Scorecard as a tool to measure organizational performance. The level of experience shown is an assurance of the credibility of the information gathered in this study. It proves data validity and reliability because the respondents’ skills, knowledge and expertise had been tested for a long period and their perception on the matter under study had been influenced by their experience. Table 4.7 shows a summary of the findings.

Table 4.7: Respondents’ Length of Service at CIC

<table>
<thead>
<tr>
<th>Length of Service at CIC</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>8</td>
<td>6%</td>
</tr>
<tr>
<td>1 – 5</td>
<td>97</td>
<td>69%</td>
</tr>
<tr>
<td>5 – 10</td>
<td>30</td>
<td>21%</td>
</tr>
<tr>
<td>10 – 15</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)
Further study findings show that respondents were drawn from all the departments within CIC; Claims (18%), Underwriting (21%), Customer Service (8%), Finance (16%), Human Resource (6%), Marketing (21%), Audit (2%), Information Technology (2%) among others. The results indicate that the respondents were from different management levels and thus they will give a clear picture of the effectiveness of Balance Scorecard as a tool to measure organizational performance. The findings of this study are therefore a representative of all the departments within CIC. Table 4.8 shows a summary of the findings.

**Table 4.8: Respondents’ Department at CIC**

<table>
<thead>
<tr>
<th>Department at CIC</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims</td>
<td>25</td>
<td>18%</td>
</tr>
<tr>
<td>Underwriting</td>
<td>30</td>
<td>21%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>11</td>
<td>8%</td>
</tr>
<tr>
<td>Finance</td>
<td>22</td>
<td>16%</td>
</tr>
<tr>
<td>Human Resource</td>
<td>8</td>
<td>6%</td>
</tr>
<tr>
<td>Marketing</td>
<td>30</td>
<td>21%</td>
</tr>
<tr>
<td>Audit</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

### 4.3 Effectiveness of Customer Satisfaction Perspective of BSC in Measuring CIC Group’s Performance

This section focused on the study objective which sought to determine effectiveness of customer satisfaction perspective of the BSC in measuring performance of CIC Group. The specific study question that corresponded to this objective was, “How effective is customer satisfaction perspective of the BSC in measuring performance of CIC Group?” Using a 5-point Likert scale where 1-1.499 was “Strongly Disagree”, 1.500 - 2.499 “Disagree”; 2.500 - 3.499 “Neutral”, 3.500 - 4.499 “Agree” and 4.500 - 5.000 was “Strongly Agree”, the respondents indicated their level of agreement to various aspects of customer perspective of BSC in relation to measuring the performance of CIC. Table 4.9 shows a summary of the findings.
From the findings, the respondents agreed with a mean of 4.24 and standard deviation of 0.68 that CIC staff are highly qualified in their line of duty as well as offering great customer service. They also agreed with a mean of 4.24 and standard deviation of 0.68 that over 50% of CIC clients like the features of the products they purchase from the insurance firm. The respondents agreed with a mean of 4.06 and standard deviation of 0.81 that during product development, CIC focuses on their clients’ needs and wants and not what CIC deems fit for them (clients). Further analysis showed that the respondents agreed with a mean of 4.00 and a standard deviation of 0.77 that CIC Group has a way of collecting customer feedback. In addition, the respondents agreed with a mean of 3.92 and a standard deviation of 0.72 that CIC clients like the firm’s approach of providing insurance services compared to its competitors.

**Table 4.9: Customer Satisfaction Perspective of BSC in Measuring Performance**

<table>
<thead>
<tr>
<th>Customer Satisfaction Perspective of BSC</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIC Group has a way of collecting customer feedback</td>
<td>141</td>
<td>4.00</td>
<td>0.77</td>
</tr>
<tr>
<td>Our clients like our approach of providing insurance services compared to our competitors</td>
<td>141</td>
<td>3.92</td>
<td>0.72</td>
</tr>
<tr>
<td>More than 50% of our clients like the features of the products they purchase from us</td>
<td>141</td>
<td>4.24</td>
<td>0.68</td>
</tr>
<tr>
<td>Our staff are highly qualified in their line of duty as well as offering great customer service</td>
<td>141</td>
<td>4.24</td>
<td>0.68</td>
</tr>
<tr>
<td>During product development, we focus on our clients’ needs and wants and not what we deem fit for them</td>
<td>141</td>
<td>4.06</td>
<td>0.81</td>
</tr>
<tr>
<td>The information from the BSC has helped the employees improve the customer satisfaction</td>
<td>141</td>
<td>3.88</td>
<td>0.95</td>
</tr>
<tr>
<td>The information from BSC has helped employees improve the quality of the products/services towards the customers</td>
<td>141</td>
<td>3.86</td>
<td>0.08</td>
</tr>
<tr>
<td>The information from BSC has helped CIC Group to increase market share.</td>
<td>141</td>
<td>3.67</td>
<td>0.75</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

Also, the respondents agreed with a mean of 3.88 and a standard deviation of 0.95 that the information from the BSC has helped the employees improve the customer satisfaction. Further, the respondents agreed with a mean of 3.86 and a standard deviation of 0.08 that the information from BSC has helped employees improve the quality of the products/services towards the customers. The organization is well informed about their supplier’s product and market. Finally, the respondents agreed with a mean of 3.67 and a standard deviation of 0.75 that information from BSC has helped CIC Group to increase market share.
The results indicate that customer perspective element of BSC adequately measures customer satisfaction and consequently the firm performance in CIC Group. These findings show that CIC management is increasingly realizing the importance of customer focus and customer satisfaction in their business as a measure of performance. The findings are consistent to those of Baker (2014) who highlighted the importance of focusing on the critical indicators customer satisfaction under BSC including retention, acquisition, profitability and market share.

4.4 Effectiveness of Financial Perspective of the BSC in Measuring CIC Group’s Performance

This section focused on the second study objective which sought to determine the effectiveness of financial perspective of the BSC in measuring CIC Group’s performance. The specific study question that corresponded to this objective was, “How effective is financial perspective of the BSC in measuring performance of CIC Group?” Using a 5-point Likert scale where 1-1.499 was “Strongly Disagree”, 1.500 - 2.499 “Disagree”; 2.500 - 3.499 “Neutral”, 3.500 - 4.499 “Agree” and 4.500 - 5.000 was “Strongly Agree”, the respondents were requested to indicate their level of agreement to various aspects of financial perspective of BSC in measuring performance. Table 4.10 shows a summary of the findings.

From the findings, the respondents strongly agreed with a mean of 4.55 and a standard deviation of 0.97 that CIC Group preparers annual financial statements. Also, the respondents agreed with a mean of 4.35 and a standard deviation of 0.70 that CIC Group computes financial ratios to determine its performance. Further, the respondents agreed with a mean of 4.31 and a standard deviation of 0.88 that the financial ratios computed in CIC Group are key in measuring performance. Moreover, the respondents agreed that the financial perspective in CIC Group includes management of administration costs (mean of 4.24 and a standard deviation of 0.68) and that the information from BSC helps managers reduce costs (mean of 3.88 and a standard deviation of 0.17). Additionally, the respondents agreed information from BSC not only helps managers to increase profits (mean of 3.73 and a standard deviation of 0.83) but also employees maximize the use of the organization’s assets (mean of 3.73 and a standard deviation of 0.83).

The findings demonstrate the financial perspective of the balance scorecard adequately measures the performance of CIC Group with emphasis on cost efficiency. Drury (2013)
cited profitability ratios like gross profit margins and net profit margins as the common measures of firm performance under BSC. On the other hand, Rompho, (2011) found reducing cost and maximizing returns as alternative measures of firm performance.

Table 4.10: Financial Perspective of the BSC in Measuring Performance

<table>
<thead>
<tr>
<th>Financial Aspects</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIC Group preparers annual financial statements</td>
<td>141</td>
<td>4.55</td>
<td>0.97</td>
</tr>
<tr>
<td>CIC Group computes financial ratios to determine its performance</td>
<td>141</td>
<td>4.35</td>
<td>0.7</td>
</tr>
<tr>
<td>The financial ratios computed in CIC Group are key in measuring performance</td>
<td>141</td>
<td>4.31</td>
<td>0.88</td>
</tr>
<tr>
<td>Financial perspective in CIC Group includes management of administration costs</td>
<td>141</td>
<td>4.24</td>
<td>0.68</td>
</tr>
<tr>
<td>Information from BSC helps managers to increase profits.</td>
<td>141</td>
<td>3.73</td>
<td>0.83</td>
</tr>
<tr>
<td>Information from BSC helps managers reduce costs.</td>
<td>141</td>
<td>3.88</td>
<td>0.17</td>
</tr>
<tr>
<td>Information from BSC helps employees maximize the use of the organization’s assets</td>
<td>141</td>
<td>3.73</td>
<td>0.83</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

4.5 The Effectiveness of Internal Business Processes Perspective of the BSC in measuring CIC Group’s Performance

Another study objective was to establish the effectiveness of internal business processes perspective of the BSC in measuring CIC Group’s performance. The research question of this objective was, “How effective is internal business processes perspective of the BSC in measuring performance of CIC Group?” On a 5-point Likert scale where 1-1.499 was “Strongly Disagree”, 1.500 - 2.499 “Disagree”; 2.500 - 3.499 “Neutral”, 3.500 - 4.499 “Agree” and 4.500 - 5.000 was “Strongly Agree”, the respondents indicated their level of agreement with several internal business processes perspectives of BSC in measuring performance. The findings are as shown in table 4.11.
The respondents agreed with a mean of 4.06 and a standard deviation of 0.83 that CIC Group has encouraged knowledge management towards its employees. In addition, they agreed with a mean of 3.92 and a standard deviation of 0.91 that the information from BSC has helped managers to improve the service delivery time to customers. Moreover, the respondents agreed with a mean of 3.90 and standard deviation of 0.19 that system used is user friendly for employees and towards the employees using it has helped improve on operations management (mean of 3.78 and standard deviation of 0.94). Lastly, the respondents agreed with a mean of 3.73 and standard deviation of 0.96 that system used has helped improve on customer management.

Based on the findings, internal business processes element of balance scorecard adequately measured the performance of CIC Group in terms of the efficiency of internal processes and procedures. According to Blake (2012), internal business processes constitute a unique mechanism through which performance expectations are measured. They enhance the managers’ ability to establish how well their organizations are operating and whether its products and services meet customer needs.

### 4.6 Effectiveness of Learning and Growth Perspective of the BSC on CIC Group’s Performance

The final objective of the study sought to establish the effectiveness of learning and growth perspective of the BSC on CIC Group’s performance with the corresponding research question being, “how effective is learning and growth perspective of the BSC in measuring performance of CIC Group?” The respondents were requested to indicate their level of agreement with a list of learning and growth aspects of BSC used in measuring

<table>
<thead>
<tr>
<th>Internal Business Processes Aspects</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The information from BSC has helped managers to improve the service delivery time to customers.</td>
<td>141</td>
<td>3.92</td>
<td>0.91</td>
</tr>
<tr>
<td>CIC Group has encouraged knowledge management towards its employees</td>
<td>141</td>
<td>4.06</td>
<td>0.83</td>
</tr>
<tr>
<td>The system used has helped improve on customer management</td>
<td>141</td>
<td>3.73</td>
<td>0.96</td>
</tr>
<tr>
<td>The system used has helped improve on operations management</td>
<td>141</td>
<td>3.78</td>
<td>0.94</td>
</tr>
<tr>
<td>The system used is user friendly towards the employees using it</td>
<td>141</td>
<td>3.9</td>
<td>0.19</td>
</tr>
</tbody>
</table>

**Source:** Research Data (2017)
performance at CIC using a 5-point Likert scale. In the scale, 1-1.499 was “Strongly Disagree”, 1.500 - 2.499 “Disagree”; 2.500 - 3.499 “Neutral”, 3.500 - 4.499 “Agree” and 4.500 - 5.000 was “Strongly Agree”. Table 4.12 shows a summary of the study findings.

The findings show that the respondents agreed with a mean of 4.12 and a standard deviation of 0.96 that CIC Group facilitates employees’ development by offering incentives like study loans. Also, the respondents agreed with a mean of 4.06 and a standard deviation of 0.93 that CIC Group has good working environment for the staff. Further analysis show that the respondents agreed with a mean of 3.76 and a standard deviation of 0.97 that the information from BSC has helped managers to improve the employees’ skills. In addition, the respondents agree with a mean of 3.73 and a standard deviation of 0.98 that the information from BSC has helped managers increase the employees’ satisfaction levels. Finally, the respondents agreed with a mean of 3.35 and a standard deviation of 0.45 that the information from BSC has helped managers increase the employees’ satisfaction levels.

<table>
<thead>
<tr>
<th>Learning and Growth Aspects</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The information from BSC has helped managers to improve the employees’ skills.</td>
<td>141</td>
<td>3.76</td>
<td>0.97</td>
</tr>
<tr>
<td>The information from BSC has helped managers increase the employees’ satisfaction levels.</td>
<td>141</td>
<td>3.73</td>
<td>0.98</td>
</tr>
<tr>
<td>CIC Group facilitates employees’ development by offering incentives like study loans</td>
<td>141</td>
<td>4.14</td>
<td>0.96</td>
</tr>
<tr>
<td>CIC Group has good working environment for the staff</td>
<td>141</td>
<td>4.06</td>
<td>0.93</td>
</tr>
<tr>
<td>The information from BSC has helped managers increase the employees’ satisfaction levels.</td>
<td>141</td>
<td>3.35</td>
<td>0.45</td>
</tr>
</tbody>
</table>

*Source: Research Data (2017)*

The results show that learning and growth perspective of the BSC adequately measures the performance of CIC Group particularly towards innovation and adopting to the changing business environment. The findings are consistent with those of past studies which found human resource management measure, employee’s development and information systems as critical areas of assessing learning and growth perspective in a firm (Roohi, Gilaninia & Taleghani, 2016). The learning in this case includes mentors and tutors within the organization from which individuals learn from one through communication (Kaplan and Norton, 2001).
4.7 Correlation Analysis

A correlation is a number between -1 and +1 that measures the degree of association between two variables. A positive value for the correlation implies a positive. A negative value for the correlation implies a negative or inverse association (Zikmund, 2011).

Table 4.13: Correlation Coefficients

<table>
<thead>
<tr>
<th>Performance Measurenent</th>
<th>Performance Measurement</th>
<th>Customer Satisfaction Perspective of BSC</th>
<th>Financial Perspective of BSC</th>
<th>Internal Business Processes Perspective of BSC</th>
<th>Learning and Growth Perspective of BSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction Perspective of BSC</td>
<td>Pearson Correlation</td>
<td>0.471</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Perspective of BSC</td>
<td>Pearson Correlation</td>
<td>0.309</td>
<td>0.038</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.002</td>
<td>0.803</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Business Processes Perspective of BSC</td>
<td>Pearson Correlation</td>
<td>0.248</td>
<td>0.120</td>
<td>0.364</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.031</td>
<td>0.428</td>
<td>0.013</td>
<td></td>
</tr>
<tr>
<td>Learning and Growth Perspective of BSC</td>
<td>Pearson Correlation</td>
<td>0.442</td>
<td>0.223</td>
<td>0.254</td>
<td>0.633</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.032</td>
<td>0.052</td>
<td>0.083</td>
<td>0.579</td>
</tr>
</tbody>
</table>

Source: Research Data (2017)

The correlation analysis depicts a positive relationship between the customer satisfaction perspective of BSC and performance measurement within CIC Group, where the correlation coefficients was 0.471 and a p-value of 0.000. The study also found that the financial perspective of BSC and performance measurement correlate positively with correlation coefficients of 0.309 and p-value of 0.002. The study further established that there is a positive relationship between internal business processes perspective of BSC and performance measurement in CIC Group with a correlation coefficient of 0.248 and p-value of 0.031. Additionally, the study found that there is a positive relationship between the learning and growth perspective of BSC and performance measurement in
CIC Group with a correlation coefficient of 0.442 and a p-value of 0.032. Table 4.13 show a summary of the correlation coefficient results.

### 4.8 Regression Analysis

Regression analysis was conducted to establish the relationship between various perspectives of BSC in measuring firm performance of CIC Group. The main purpose of regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. Regression tests were done which included Model goodness of fit (Coefficient of determination). The coefficient of determination is a measure of how well a statistical model is likely to predict future outcomes. The coefficient of determination, $R^2$ explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (measuring firm performance) that is explained by all the independent variables (Customer Satisfaction Perspective, Financial Perspective, Internal Business Processes Perspective and Learning and Growth Perspective).

<table>
<thead>
<tr>
<th>Table 4.14: Coefficient of Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Customer Satisfaction Perspective</td>
</tr>
<tr>
<td>Financial Perspective</td>
</tr>
<tr>
<td>Internal Business Processes Perspective</td>
</tr>
<tr>
<td>Learning and Growth Perspective</td>
</tr>
</tbody>
</table>

A multiple regression analysis was conducted to establish the relationship between various dimensions of strategic change and firm performance and the four independent variables. Table 4.14 shows a summary of the multiple regression analysis.

Using the results in Table 4.14, the regression model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

now becomes:

$$Y = 3.374 + 0.089X_1 + 0.023X_2 + 0.330X_3 + 0.167X_4$$

Whereby;

$Y$ = Firm Performance Measurement,

$X_i$ = Customer Satisfaction Perspective.
\[ X_2 = \text{Financial Perspective.} \]
\[ X_3 = \text{Internal Business Process Perspective.} \]
\[ X_4 = \text{Learning and Growth Perspective.} \]
\[ \beta_1, \beta_2, \beta_3 \beta_4 = \text{Standardized coefficients of determination} \]
\[ \varepsilon = \text{Error term} \]

**Table 4.15: Multiple Regression Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.374 0.842</td>
<td>4.009 0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>0.205 0.105</td>
<td>0.089 0.849</td>
<td>0.0067</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>0.118 0.084</td>
<td>0.023 0.954</td>
<td>0.0046</td>
<td></td>
</tr>
<tr>
<td>Internal Business</td>
<td>0.853 0.146</td>
<td>0.33 2.276</td>
<td>0.0015</td>
<td></td>
</tr>
<tr>
<td>Learning and</td>
<td>0.753 0.088</td>
<td>0.167 1.379</td>
<td>0.0041</td>
<td></td>
</tr>
</tbody>
</table>

**a. Predictors:** (Constant), Customer Satisfaction Perspective, Financial Perspective, Internal Business Processes Perspective and Learning and Growth Perspective.

**b. Dependent Variable:** Firm Performance Measurement

From the above regression model, for every added unit in customer satisfaction perspective, financial perspective, internal business processes perspective and learning and growth perspective of BSC, there will be an increase in effective measuring of CIC Group performance by 0.089, 0.023, 0.330 and 0.167 respectively. These further results infer that all the explanatory variables of the study are statistically significant (P = 0.0067, P = 0.046, P = 0.0015, P = 0.0041). In statistics, a significant level of p <0.05 is significant. This means that the four predictor variables are useful for predicting the effective performance measurement at CIC Group.

**Table 4.16: Regression Model Goodness Of Fit**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.981(a)</td>
<td>0.863</td>
<td>0.691</td>
<td>0.752</td>
</tr>
</tbody>
</table>

Table 4.16 presents the regression model goodness of fit statistics to determine whether firm performance measurement has a linear dependence on customer satisfaction.
perspective, financial perspective, internal business processes perspective and learning and growth perspective of BSC. The study established a correlation value of 0.981. This depicts a very good linear dependence between firm performance measurement and the four predictor variables.

An $R^2$ value of 0.863 was established in the model and adjusted to 0.691. The coefficient of determination depicts that the four independent variables contribute about 86.3% to the variation in performance while other factors not included in the study contribute 13.7% of the performance. Therefore, further research should be conducted to investigate the other factors (13.7%) that effectively measure organizational performance.

Further, Table 4.17 shows the ANOVA findings as explained by the P-value of 0.000 which is less than 0.05 (significance level of 5%) confirming the existence of correlation between the independent and dependent variables. The model shows the model fitness i.e. how well the variables fit the regression model. The sum of squares gives the model fit and hence the variables fit the regression model. From the results, the F ratio of 0.587 and the significance of 0.000 shows that there was no much difference in the means. Since F calculated is greater than the F critical (value = 2.371), this shows that the overall model was significant.

<table>
<thead>
<tr>
<th></th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig or P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.797</td>
<td>2</td>
<td>3.399</td>
<td>0.587</td>
<td>000a</td>
</tr>
<tr>
<td>Residual</td>
<td>11.582</td>
<td>2</td>
<td>5.791</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18.379</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Predictors:** (Constant), customer satisfaction perspective, financial perspective, internal business processes perspective and learning and growth perspective of BSC.

**4.9 Chapter Summary**

This chapter presented results and findings of the study. The chapter begins with an introduction followed by the respondents’ demographic information, customer satisfaction, financial perspective, internal business processes and learning and growth adequately measure the performance of CIC Group and correlation analysis. Chapter five is on summary of the findings, discussion of key data findings, conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter highlights the main data findings and conclusion drawn from these findings. It also presents the recommendations made based on the purpose of the study.

5.2 Summary of Findings

The purpose of this study was to assess the effectiveness of Balance Scorecard as a tool to measure organizational performance. Specifically, the study sought to determine the effectiveness of customer satisfaction, financial, internal business processes and learning and growth perspectives of the BSC in measuring performance of CIC Group. This study used descriptive research design and stratified sampling technique to obtain 196 respondents from the selected branches. A structured questionnaire was used to collect the relevant information from the respondents. Qualitative analysis was used to analyze qualitative data while inferential and descriptive statistics were used to analyze the quantitative data. Descriptive statistics included mean, standard deviation, frequency and percentages. In relation to inferential statistics, the study used correlation analysis to establish the relationship between the independent and the dependent variables.

In relation to customer satisfaction aspect of BSC in measuring the performance of CIC Group, the study found that CIC Group has a way of collecting customer feedback. In addition, the staff is highly qualified in their line of duty as well as offering great customer service. In addition, CIC Group’s clients like how that firm’s approach of providing insurance services compared to its competitors with over 50% of the clients happy with the features of the products purchased from CIC. This is because during product development, CIC focuses on their clients’ needs and wants. The information from the BSC has helped the employees improve the quality of the products/services, customer satisfaction and subsequently increased the Group’s market share.

Under the effectiveness of financial perspective of BSC in measuring the CIC Group, the study established that the Group preparers annual financial statements and computes
financial ratios to determine its performance. The study further found that the financial ratios computed in CIC Group are key in measuring performance. These ratios and other financial information helps CIC managers increase the group’s profits by reducing costs and maximizing the use of the firm’s assets.

In relation to the effectiveness of internal business processes perspective of BSC in measuring the performance of CIC Group, the study found that information from BSC has helped managers to improve the service delivery time to customers and enhance its customer management. The processes have enhanced knowledge management by its employees following encouragement from the management. The study also established that the system used is user friendly for the employees. The system used has also helped CIC Group improve on operations management.

On effectiveness of learning and growth perspective of BSC, the study established that information from BSC has helped managers to improve the employees’ skills and satisfaction levels. In addition, the learning and growth perspective of BSC has facilitated employees’ development as CIC Group offers incentives like study loans. Using the information from BSC under this perspective, CIC Group has been able to provide good working environment for the staff, contributing to higher employee satisfaction levels.

5.3 Discussion of Key Findings

5.3.1 Effectiveness of Customer Satisfaction Perspective of BSC in Measuring CIC Group’s Performance

The study found that CIC Group has a way of collecting customer feedback. This implies that CIC management is increasingly realizing the importance of customer focus and customer satisfaction in their business as a measure of performance. The findings are in line with those of Baker (2014) who emphasized that it is important for firms to focus on the critical indicators customer satisfaction under BSC including retention, acquisition, profitability and market share.

The study also found that the staff at CIC Group are highly qualified in their line of duty as well as offering great customer service. This implies that CIC Group strives to attract and retain customers by enhancing and focusing on competitive product
selection, product pricing, product quality, in time delivery and lead time. These findings resonate with those of Heinonen, Holmlund and Strandvik (2013) who established that adequate interaction and dialogue between customers and the firm ensures stable relationships. Highly qualified staff at CIC Group enhances the firm’s customer relationships are managed appropriately and that any negative critical incidents are handled expeditiously. In the long run therefore, any changes or failures in the passive relationships are prevented from deteriorating through increased commitment from the customer relationship personnel within CIC Group.

To understand its customers, the findings indicate that CIC Group has emphasized on the superiority of its customer’s relationship by offering apt and complete solutions to its customers and in providing special services. The results are consistent with those of Fisher and Smith (2011) who demonstrated the importance of harmonious and balanced customer relationships management. They highlighted the managerial challenges related to a passive engagement style in the customer relationship process including the inability to detect, analyze and respond to various subtle signals about the present condition of an ongoing relationship. Its therefore recommended that CIC Group formulates and implements managerial strategies in response fading customer relationships by empowering its financial advisors, continuous evaluation and recognition of the relationship and deep customer insight.

In addition, CIC Group’s clients like how that firm’s approach of providing insurance services compared to its competitors with most of the clients happy with the features of the products purchased from CIC. This is because during product development, CIC focuses on their clients’ needs and wants. This implies that CIC Group is focused on meeting customers’ needs within the required time as noted by Michal and Miroslav (2013). They suggested that an organization can measure time as a lead time: time required meeting customer’s needs, and quality can be measured based on on-time deliveries or defected products returned. The information from the BSC has helped the employees improve the quality of the products/services, customer satisfaction and subsequently increased the Group’s market share. These results are similar to those of Fisher and Smith (2011) who established that any should pay attention to customers’ expectations and not just on its expectations.
5.3.2 Effectiveness of Financial Perspective of the BSC in Measuring CIC Group’s Performance

The study established that CIC Group prepares annual financial statements and computes financial ratios to determine its performance. The insurance firm therefore uses financial perspective as a representation of the financial measures under BSC. These measures include elements such as sales growth, revenue per sales and profitability as traditional methods of analyzing the organizational success. In terms of organizational performance, these are used to assess whether CIC Group realize larger returns based on capital financed in the long-term goals (Sayedi, 2016). The findings are in line with Kaplan and Norton (2001). They acknowledged the organizational need for traditional financial data while emphasizing the importance of accurate and timely financial data in the efficient and smooth management of any organization.

The study further established that CIC Group ensures that the right financial data is timely provided to the right person in the organization. This has helped that organization in making the right decision in the right moment. Hu Mingming (2011) agrees with these findings in their study which found that the financial perspective of an organization looks at how the financial data facilitates investors and key shareholders in assessing their firm in terms of dividend payout ratio, improvement on the cost structure, profit after tax, return on capital employed (ROCE) and growth in the sales volume.

The study further found that the financial ratios computed in CIC Group are key in measuring performance. Drury (2013) posited that profitability ratios like gross profit margins and net profit margins are the common measures of firm performance under BSC. Further analysis show that the profitability ratios and other financial information helps CIC managers increase the group’s profits by reducing costs. According to Nzuve (2011), financial information and profitability rations guides an organization on how to reduce product or service cost per unit and how to reduce selling and general administration cost. Since productivity objective incorporates the projection of operation excellence strategy, CIC Group follows the recommendations on Rompho (2011); it has managed to reduce their costs while maximizing the return as an alternative measure of firm performance.

The study also found that profitability ratios and financial information has helped CIC managers increase the group’s profits by maximizing the use of the firm’s assets. This is
in concurrence with a study by Al-Najjar and Kalaf (2012) which highlighted the importance of resource optimization for increased return on investment and economic value addition. The study concluded that a critical appraisal of the financial perspective focuses on minimizing cost and maximizing revenue inflow and steps and activities should be geared in this direction to hold cost constant or reduce it while improving inflow of income (Hu Mingming, 2011).

5.3.3 Effectiveness of Internal Business Processes Perspective of the BSC in Measuring CIC Group’s Performance

The study found that information from BSC has helped managers to improve the service delivery time to customers. These finding imply that CIC Group managers have the ability to assess and establish how well their organizations are operating and whether its products and services meet customer needs. Internal process perspective of BSC has therefore provided CIC Group with a unique mechanism through which performance expectations are measured (Blake, 2012).

The study found that information from BSC has helped managers to enhance its customer management. Mohapatra (2012) emphasized on the importance of customer management particularly customer information database from which an organization measure its critical customer supporting activities namely developing total solutions and providing advisory services to enhance the customer-firm relationship. The findings are also in line with those of Baker (2014) which concluded that every customer interaction point should have supporting performance measures that complement the entire process.

The study also found that the processes have enhanced knowledge management by its employees following encouragement from the management. This implies that CIC Group has incorporated knowledge management and risk management as an organization culture within the firm’s overall business processes (De Gooijer, 2012). This implies that CIC Group has geared its strategies towards facing internal and external threats even during turbulent situations. Knowledge management, as opined by Mohapatra (2012) enables a firm to transform its strategy and vision into business results through operational procedures and methods thereby determining how exactly value is created and sustained. In addition, any firm offering total solutions to their clients through unmatched knowledge must focus on a holistic view of the processes
involved, namely marketing, selling, delivery, and service.

The study also established that the system used is user friendly for the employees and that it has helped CIC Group improve on operations management. Danaei, Hemmati and Mardani (2014) support these findings in their study which concluded that activity-based costing systems provide a mechanism for control and improvement of an organization’s processes. They added that non-financial measures such as quality, timelines, and output volumes are commonly used for monitoring operational processes.

5.3.4 Effectiveness of Learning and Growth Perspective of the BSC on CIC Group’s Performance

The study established that information from BSC has helped managers to improve the employees’ skills and satisfaction levels. CIC Group is therefore able to measure its capacity to innovate, continuously improve and learn through employee training and corporate cultural attitudes related to both individual and corporate self-improvement (Danaei, Hemmati & Mardani, 2014). Using the information from BSC under this perspective, CIC Group has been able to provide good working environment for the staff which has contributed to higher employee satisfaction levels.

Findings showed that the learning and growth perspective of BSC has facilitated employees’ development as CIC Group offers incentives like study loans. The insurance firm therefore recognizes that the human capital is the true driver of learning and improvement (Blake, 2012). The firm has, as a result, invested in developing people's skills and capabilities and enhanced organizational procedures such as motivation and empowerment. The results indicate that CIC Group mixes financial measures with some other non-financial measures such as employees’ satisfaction to measure organizational performance when using BSC. Past studies found that financial benefits alone are not enough when assessing factors that promote employee retention (Danaei, Hemmati, & Mardani, 2014). This is because individuals are very sensible regarding their self-respect, working conditions, growth and health etc. Thus, to achieve higher commitment from employees, there should be training, growth opportunities, awards distributions, tours, self-respect and more important is promotions and incentives for employees.
5.4 Conclusions

5.4.1 Effectiveness of Customer Satisfaction Perspective of BSC in Measuring CIC Group’s Performance

The study concludes that there is a positive relationship between the customer satisfaction perspective of BSC and performance on CIC Group. The results indicate that customer perspective element of BSC is an effective and adequate way of measuring customer satisfaction and consequently the firm performance in CIC Group. The study also concludes that CIC management had recognized the importance of customer focus and customer satisfaction in their business as a measure of performance. Under BSC, CIC Group gives attention to retention, acquisition, profitability and market share focusing as critical indicators of customer satisfaction.

5.4.2 Effectiveness of Financial Perspective of the BSC in Measuring CIC Group’s Performance

The study established effectiveness of financial perspective of BSC measures CIC Group’s performance and therefore concludes that financial perspective element of BSC adequately measures the performance. The study also concludes that profitability ratios like gross profit margins and net profit margins are the common measures of firm performance under BSC at CIC Group. The ratios are computed and included in the preparation of the annual financial statements. The study further concludes that information on profitability ratios helps CIC managers increase the group’s profits by reducing costs and maximizing the use of the firm’s assets.

5.4.3 Effectiveness of Internal Business Processes Perspective of the BSC in Measuring CIC Group’s Performance

Based on the findings, the study concludes that internal business processes perspective of the BSC adequately measures the performance of CIC Group. Information regarding the internal process in CIC Group has helped firm managers improve service delivery time to customers and enhance its customer management. The management is therefore able assess and to establish how well their organizations are operating and whether its products and services meet customer needs. The study also concludes that internal processes have enhanced knowledge management by its employees following
encouragement from the management.

5.4.4 Effectiveness of Learning and Growth Perspective of the BSC on CIC Group’s Performance

The study concludes that learning and growth perspective of the BSC adequately measures the performance of CIC Group. CIC Group is therefore able to measure its capacity to innovate, continuously improve and learn through employee training and corporate cultural attitudes related to both individual and corporate self-improvement.

The study further concludes that CIC Group now provides good working environment for the staff which has contributed to higher employee satisfaction levels, using the information from BSC under this perspective. Another conclusion is that CIC Group recognizes that the human capital is the true driver of learning and improvement. It has invested in developing people’s skills and capabilities and enhanced organizational procedures such as motivation and empowerment.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Effectiveness of Customer Satisfaction Perspective of BSC

It was found that customer perspective element of BSC sufficiently measures the performance in CIC Group. The study recommends that CIC Group management team enhances and frequently assess customer feedback. This will lead to increased customer satisfaction and consequently its performance. Failure to consider customer feedback may adversely affect customer acquisition, retention, profitability and market share.

5.5.1.2 Effectiveness of Financial Perspective of the BSC

The financial perspective element of BSC was found to adequately measure the performance of CIC Group. The study recommends that CIC Group adopts software solutions that accurately computes profitability ratios. This will enhance the group’s financial reports to help in reducing costs, increasing profits and maximizing the use of the organization’s assets.

5.5.1.3 Effectiveness of Internal Business Processes Perspective of the BSC

Based on the findings, the study established that internal business processes perspective of the BSC adequately measures the performance of CIC Group. The study recommends that CIC Group continuously updates and enhances its systems and processes. This will
ensure that the management gets that appropriate information that is important in improving service delivery time and enhancing customer management. Failure to enhance their systems, the management may not be able to measure and assess how well their organization is running and whether its products and services conform to customer requirements.

5.5.1.4 Effectiveness of Learning and Growth Perspective of the BSC

The study found that the learning and growth perspective of the BSC adequately measures the performance of CIC Group. It is therefore recommended that CIC Group provides conducive working environment that promotes innovation and continual improvement. This will contribute to higher employee satisfaction levels. The study also recommends for increased training and capacity building of the Group’s human capital. This will enhance employees’ skills as a catalyst for motivation and empowerment.

5.5.2 Recommendations for Further Studies

This project was focused on to assess the effectiveness of Balance Scorecard as a tool to measure organizational performance. It was further limited to four CIC Group branches of Upperhill, CBD, Buruburu and Westlands. This study therefore recommends that further studies be conducted to cover all the insurance companies in Kenya. This will ensure that the findings obtained are representative of most players in the industry. Further studies should also be conducted on all other branches of CIC Group as well as other insurance firms.
REFERENCES


companies. _1st Annual International Conference on Accounting and Finance (AF 2011)._}


APPENDIX 1

COVER LETTER

Gladys Njehu
P.O.BOX 105270-00101,
Nairobi.

Dear Respondent,

RE: RESEARCH QUESTIONNAIRE

I am a graduate student pursuing Masters of Business Administration (MBA). I am currently undertaking a research on “The Effectiveness of Balance Scorecard as a Tool to Measure Organizational Performance: A case study of CIC Group”. This is a requirement in partial fulfillment of my MBA degree at United State International University Africa (USIU).

This study seeks to explore the effectiveness of the four perspectives of balance scorecard in measuring organizational performance as a whole.

This is an Academic research and confidentiality shall strictly be adhered to. Your name will not appear anywhere in the report. Kindly spare at least 10 minutes to complete the five sections of the questionnaire attached.

Yours faithfully

Gladys Njehu
APPENDIX 2
RESEARCH QUESTIONNAIRE

SECTION A: Demographic Information

Kindly respond to the following questions by checking on the appropriate box (X)

1. What is your gender?
   □Male                  □Female

2. How old are you?
   □18-25 years           □26-34 years           □35-54 years
   □55-64 years           □Over 65 years

4. What is your highest level of education?
   □High School           □Graduate
   □Post graduate         □PHD                 □Other

5. How long have you worked for CIC Group?
   □Less than 1 year      □1-5 years
   □5-10 years            □10-15 years          □Over15 years

6. What is your area of specialization (department) in CIC Group?
   □Claims                □Underwriting         □Customer service
   □Procurement           □Finance              □HR
   □Legal                 □Marketing            □Audit
   □IT                    □PR                   □Any other
SECTION B: Customer Satisfaction

This section has questions and statements regarding the effectiveness of customer satisfaction perspective of the balance scorecard in measuring CIC Group performance.

Please indicate the extent to which you agree with the following customer perspective statements by placing an "X" mark in the box of your answer.

<table>
<thead>
<tr>
<th>Statements</th>
<th>(1) Strongly Disagree</th>
<th>(2) Disagree</th>
<th>(3) Neutral</th>
<th>(4) Agree</th>
<th>(5) Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CIC Group has a way of collecting customer feedback</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Our clients like our approach of providing insurance services compared to our competitors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. More than 50% of our clients like the features of the products they purchase from us</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Our staff are highly qualified in their line of duty as well as offering great customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. During product development, we focus on our clients’ needs and wants and not what we deem fit for them</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The information from the BSC has helped the employees improve the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. The information from BSC has helped employees improve the quality of the products/services towards the customers.

8. The information from BSC has helped CIC Group to increase market share.

### SECTION C: Financial Performance

This section has questions and statements regarding the effectiveness of the financial perspective of the balance scorecard in measuring CIC Group performance.

Please indicate the extent to which you agree with the following financial perspective statements by placing an "X" mark in the box of your answer.

<table>
<thead>
<tr>
<th>Statements</th>
<th>(1) Strongly Disagree</th>
<th>(2) Disagree</th>
<th>(3) Neutral</th>
<th>(4) Agree</th>
<th>(5) Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 CIC Group preparers annual financial statements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 CIC Group computes financial ratios to determine its performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 The financial ratios computed in CIC Group are key in measuring performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial perspective in CIC Group includes management of administration costs.

Information from BSC helps managers to increase profits.

Information from BSC helps managers reduce costs.

Information from BSC helps employees maximize the use of the organization’s assets.

SECTION D: Internal Business Processes

This section has questions and statements regarding the effectiveness of the internal business process perspective of the balance scorecard in measuring CIC Group performance.

Please indicate the extent to which you agree with the following internal business processes perspective statements by placing an "X" mark in the box of your answer.

<table>
<thead>
<tr>
<th>Statements</th>
<th>(1) Strongly Disagree</th>
<th>(2) Disagree</th>
<th>(3) Neutral</th>
<th>(4) Agree</th>
<th>(5) Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The information from BSC has helped managers to improve the service delivery time to customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. CIC Group has encouraged knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

62
<table>
<thead>
<tr>
<th>Statements</th>
<th>(1) Strongly Disagree</th>
<th>(2) Disagree</th>
<th>(3) Neutral</th>
<th>(4) Agree</th>
<th>(5) Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The information from BSC has helped managers to improve the employees’ skills.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 The information from BSC has helped managers increase the employees’ satisfaction levels.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 CIC Group facilitates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
employees’ development by offering incentives like study loans

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>CIC Group has good working environment for the staff</td>
</tr>
<tr>
<td>5</td>
<td>CIC Group rewards the top performers either by promoting them or otherwise</td>
</tr>
</tbody>
</table>

THANK YOU FOR YOUR TIME & COOPERATION
APPENDIX 3
RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Budget Line Items</th>
<th>Cost in (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Proposal Development</strong></td>
<td></td>
</tr>
<tr>
<td>▪ Materials</td>
<td>1,000.00</td>
</tr>
<tr>
<td>▪ Printing</td>
<td>4,500.00</td>
</tr>
<tr>
<td>▪ Photocopying</td>
<td>5,500.00</td>
</tr>
<tr>
<td>▪ Internet</td>
<td>3,000.00</td>
</tr>
<tr>
<td><strong>2. Data Collection (Fieldwork)</strong></td>
<td></td>
</tr>
<tr>
<td>▪ Photocopying</td>
<td>2,500.00</td>
</tr>
<tr>
<td>▪ Travelling</td>
<td>4,500.00</td>
</tr>
<tr>
<td>▪ Research Assistant</td>
<td>8,000.00</td>
</tr>
<tr>
<td><strong>3. Data Analysis &amp; Interpretation</strong></td>
<td></td>
</tr>
<tr>
<td>▪ Data Analysis</td>
<td>8,800.00</td>
</tr>
<tr>
<td>▪ Printing</td>
<td>2,500.00</td>
</tr>
<tr>
<td><strong>4. Report Writing &amp; Dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>▪ Report writing</td>
<td>1,700.00</td>
</tr>
<tr>
<td>▪ Binding &amp; Dissemination</td>
<td>5,700.00</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>46,400</strong></td>
</tr>
</tbody>
</table>
## IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>Research Activities</th>
<th>Start</th>
<th>Finish</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Data Collect (Fieldwork)</td>
<td>1st Feb 2017</td>
<td>28th Feb 2017</td>
<td>1 Month</td>
</tr>
<tr>
<td>3. Data Analysis &amp; Interpretation</td>
<td>1st March 2017</td>
<td>30th March 2017</td>
<td>1 Month</td>
</tr>
<tr>
<td>4. Report Writing</td>
<td>1st April 2017</td>
<td>30th April 2017</td>
<td>1 Month</td>
</tr>
<tr>
<td>5. Report Dissemination</td>
<td>1st May 2017</td>
<td>31st May 2017</td>
<td>1 Month</td>
</tr>
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